MOLOGEN AG
THE POWER OF IMMUNOTHERAPIES

QUARTERLY STATEMENT
AS OF 30 SEPTEMBER 2018

HIGHLIGHTS

New studies being prepared, timeframe for evaluation of IMPALA further substantiated

- Clinical trials with lead product candidate lefitolimod:
  - IMPALA: Updated data-based prediction for the availability of top-line data from the study: Between summer and year-end 2019 – Further increase in planning accuracy
  - IMPULSE: Final results presented at ESMO 2018 in Munich and published in *Annals of Oncology* form the basis for a potential further development in this indication
  - New studies in different indications in preparation, e.g. TITAN in HIV

Further funding and partnering:

- MOLOGEN & ONCOLOGIE: International partnership for lead compound lefitolimod; first licensing revenue of €3 million received; €2 million convertible bond subscribed by ONCOLOGIE
- Financing capabilities restored: Reverse stock split concluded in July
- Set of financing measures implemented with total gross proceeds of around €20 million
- R&D expenditure below the same period of the previous year due to completion of two studies
- EBIT significantly up to the same period of the previous year: first licensing revenue and lower R&D expenses

Dr Ignacio Faus (PhD) new CEO since 1 August 2018: in charge of Business Development, Investor Relations & Corporate Communications, Partnering, Production and Strategy

Dr Michael Schultz new member of Supervisory Board since 8 June 2018

KEY FIGURES (IFRS)

*economic view / minus = neg. impact on business, plus = pos. Impact

In million €	**Q3 2018**	**Q3 2017**	**Change %**	**Q1 – Q3 2018**	**Q1 – Q3 2017**	**Change %**
Revenues	0.0	0.0	n.a.	3.0	0.0	n.a.
Profit (loss) from operations (EBIT)	-4.3	-4.0	-7	-8.8	-14.5	+39
Expense structure						
Personnel expenses	1.3	1.3	0	4.0	3.9	-3
Research & Development expenses	2.8	2.6	-8	8.4	10.6	+21
Earnings per share in € (basic)	-0.59	-0.12	-390	-1.25	-0.43	-190
Cash flows from operating activities	-3.5	-4.2	+18	-10.0	-15.4	+35
	30 Sep 2018	**31 Dec 2017**	**Change %**			
Cash and cash equivalents*	4.2	6.5	-36			
Shareholders' equity	-7.6	-4.9	-55			
Equity ratio	-133%	-60%	-122			
Total assets	5.7	8.1	-29			
Number of employees	51	52	-2			

*Excluding €8.2 million from capital increase, registered 1 October 2018

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INTERIM MANAGEMENT REPORT

for the period from 1 January to 30 September 2018

- Continuation of clinical trials with lefitolimod
  - IMPALA study proceeding according to plan, availability of top-line data expected between summer and year-end 2019
  - Final evaluation of the IMPULSE study provides the basis for possible further development in this indication
  - New studies in preparation, e.g. TITAN in HIV
- Strong preclinical TME data translating into impressive anti-tumor effects presented for lefitolimod and EnanDIM®
- Strategic milestone reached: MOLOGEN and ONCOLOGIE sign licensing and development cooperation contract for lefitolimod for greater China; furthermore, parties signed a term sheet with regard to an expansion of this cooperation
- Funding measures implemented in the first nine months of 2018 secure short-term liquidity:
  - Framework agreement for up to €12 million in convertible bonds, of which €1 million has already been drawn
  - Two Capital increases with gross proceeds of around €13.2 million
  - €2 million from first convertible notes issued to ONCOLOGIE
- First revenues from license agreement with ONCOLOGIE and inflow amounting to €3.0 million
- R&D expenses down year on year: completion of two studies
- At €-8.8 million, EBIT up on previous year owing to the first income from licensing contracts

In the first nine months of 2018, the focus of operational activities remained on the lead compound, the TLR9 agonist lefitolimod. Further progress was made in the preparatory activities for the potential approval of the immunotherapeutic agent and the clinical trials are on track. The pivotal study IMPALA in metastatic colorectal cancer continued smoothly and the regular six-monthly assessments by the independent data review committee in April and October 2018 concluded that the study may continue as planned. Furthermore, an updated prediction for the expected read out time point has been conducted on the basis of more mature patient data collected up to October 2018. This forecast now predicts the time frame for the availability of top-line data between summer and year-end 2019.

The exploratory phase II IMPULSE study in extensive-stage small-cell lung cancer (ES-SCLC), of which key data have been announced already in April 2017, has been finally evaluated in the first quarter 2018.The final data have been presented in October 2018 at the ESMO Congress in Munich. Furthermore, the study has been published in *Annals of Oncology*, a high-ranking, peer-reviewed journal of the European Society of Medical Oncology.

In the HIV indication, detailed study results from the expansion phase of the TEACH trial were presented at the Conference on Retroviruses and Opportunistic Infections (CROI) in Boston in March 2018. Preparations are currently underway for a planned study where lefitolimod is tested in combination with innovative antibodies (TITAN). This combination study has secured funding by Gilead Sciences and is currently in the initiation phase with clinical start expected for 2018 or early 2019. TITAN, like the previous TEACH study, will be conducted in cooperation with the Aarhus University Hospital (see also Annual Report 2017 on p. 26).

Progress continues to be made in patient recruitment for the phase I combination study with the checkpoint inhibitor Yervoy® in collaboration with MD Anderson Cancer Center at the University of Texas, USA. The first part of the study to evaluate the safety of the combination therapy and ascertain the highest tolerable dosage of lefitolimod is expected to be completed in 2018. First results will be presented at the SITC conference in Washington on 9 November 2018 (Society for Immunotherapy of Cancer) and the planned expansion phase of the study is expected to provide further valuable insights in the clinical effects of lefitolimod in combination with checkpoint inhibitors.

In February 2018 MOLOGEN and ONCOLOGIE signed a licensing and co-development agreement for lefitolimod. This contract covers the development, manufacturing and commercialization of lefitolimod in Greater China as well as a potential global development cooperation. MOLOGEN has therefore achieved one of its most important strategic goals. In August 2018 the Company signed a term sheet outlining the framework for a global assignment of all intellectual property and other rights in lefitolimod to ONCOLOGIE and an expansion of the existing global co-development agreement.

With €8.4 million the expenses for research and development (R&D) were below the same period of the previous year (9M 2017: €10.6 million). EBIT was at €-8.8 million and significantly higher than the €--14.5 million recorded in the same period of the previous year. As of 30 September 2018, cash and equivalents totaled €4.2 million (12/31/2017: €6.5 million), excluding the €8.2 million from the capital increase registered on 1 October 2018.

First licensing deal for lead compound lefitolimod: License and co-development agreement relating to MOLOGEN's lead compound lefitolimod for selected Asian territories.

In February 2018 MOLOGEN reached an important milestone with the signing of a licensing and co-development agreement for lefitolimod with the American ONCOLOGIE. To mark the conclusion of the contract, MOLOGEN received a first payment of €3 million. The cancer drug company, with headquarter in Boston, Massachusetts, U.S. and operational unit Shanghai, China, aims to develop novel personalized immuno-oncology drugs. This contract covers the development, manufacturing and commercialization of lefitolimod in the markets of China including Hong Kong, Macao, Taiwan and Singapore as well as a potential global development cooperation.

Additionally, in August 2018 MOLOGEN signed a term sheet outlining the framework for a global assignment of all intellectual property and other rights in MOLOGEN's lead compound lefitolimod to ONCOLOGIE and an expansion of the existing global co-development agreement between MOLOGEN and ONCOLOGIE. The potential total deal value would be over €1 billion plus low double digit royalties on net sales, representing an attractive upside for MOLOGEN.

As part of the recently signed term sheet MOLOGEN issued first convertible notes to ONCOLOGIE with a volume of €2 million without subscription rights. The overall proceeds from this transaction would secure the financing of the Company until mid-2020.

So far, MOLOGEN received overall payments of €5 million as part of cooperation with ONCOLOGIE.

Financing

The Company continued to focus on further sustainable financing in the first nine months of 2018. The following measures were taken accordingly:
First, MOLOGEN carried out a second capital increase in the course of the exercise of the share purchase agreement with the US investor Global Corporate Finance (GCF), which was concluded in October 2017. As a result of this second exercise, MOLOGEN received gross proceeds of around €0.5 million in 2018, which together with the first exercise results in a total amount of around €1 million.

This was followed by a capital increase with subscription rights amounting to €5 million from authorized capital, which was successfully concluded and fully placed in March 2018.

On 20 February MOLOGEN entered into an agreement with Luxembourg-based financing provider European High Growth Opportunities Securitization Fund (EHGO), (the "Investor"), a fund advised by Alpha Blue Ocean Advisors (ABO), pursuant to which the Company can, over the period of two years from February 2018 onwards, require the Investor to subscribe for convertible bonds of the Company in an aggregate amount of up to €12 million (see Annual Report 2017, p. 97 for more details). MOLOGEN exercised tranches on 1 and 20 March 2018 each amounting to €0.5 million. These have already been fully converted by EHGO.

To secure financial viability of the Company, a reverse stock split at a ratio of 5:1 which was resolved at the Company's Annual General Meeting (AGM) on 8 June 2018 was recorded in the Commercial Register relevant to the Company on 9 July 2018. As of 9 July, the share capital therefore amounted to €7,537,287.00 and is divided into 7,537,287 non-par value shares. Since 18 July 2018, the converted bearer instruments have been trading on the Frankfurt Stock Exchange under the new ISIN DE000A2LQ900 (WKN: A2L Q90).
MOLOGEN concluded a further capital increase from authorized capital at the end of September. In total 1,734,345 new shares were issued to national and international investors at a subscription price of €4.70 raising the share capital of the Company to €9,271,632. The gross proceeds amounting to around €8.2 million are not yet included in the cash and cash equivalents of the reporting period; they will mainly be used for funding the phase III IMPALA clinical trial.

Overall MOLOGEN received liquid funds of around €20 million from these capital measures in the first nine months of 2018 together with the additional funds from its partner ONCOLOGIE. Cash reach will be presumably until mid-2019 - based on capital measures and framework agreements concluded in 2017 and 2018 – excluding additional proceeds potentially deriving from ONCOLOGIE.

New Chief Executive Officer (CEO)

With effect from 1 August 2018, the Supervisory Board has appointed Dr Ignacio Faus as member of the Executive Board and new Chief Executive Officer (CEO) of MOLOGEN AG. He is responsible for the areas of Business Development, Investor Relations & Corporate Communications, Partnering, Production and Strategy. For purely personal reasons, the previous CEO of MOLOGEN AG, Dr Mariola Soehngen, did not prolong her contract beyond 31 October 2018.

Research and Development (R&D)

In the field of Research & Development MOLOGEN primarily drove forward its clinical studies within the first nine months of 2018: the pivotal phase III study IMPALA in the indication metastatic colorectal cancer and the clinical phase I combination study with a checkpoint inhibitor in advanced solid tumors. In the indication HIV (Human Immunodeficiency Virus), a further clinical trial entitled TITAN has been initiated and is expected to start in 2018 or early 2019.The study will be conducted by Aarhus University Hospital in Denmark and other prominent international centers and has been funded by Gilead Sciences, Foster City, California, USA, a leading pharmaceutical Company in the field of HIV. For the exploratory Phase II IMPULSE study in extensive-stage small-cell lung cancer (ES-SCLC) the final evaluation was carried out in the first quarter 2018. Essentially, the results of the initial evaluation could be confirmed, in particular the statements on the predefined subgroups. Meanwhile, the final results have been presented at the ESMO 2018 meeting in Munich and the study has been published in *Annals of Oncology,* the highly regarded journal of the ESMO.

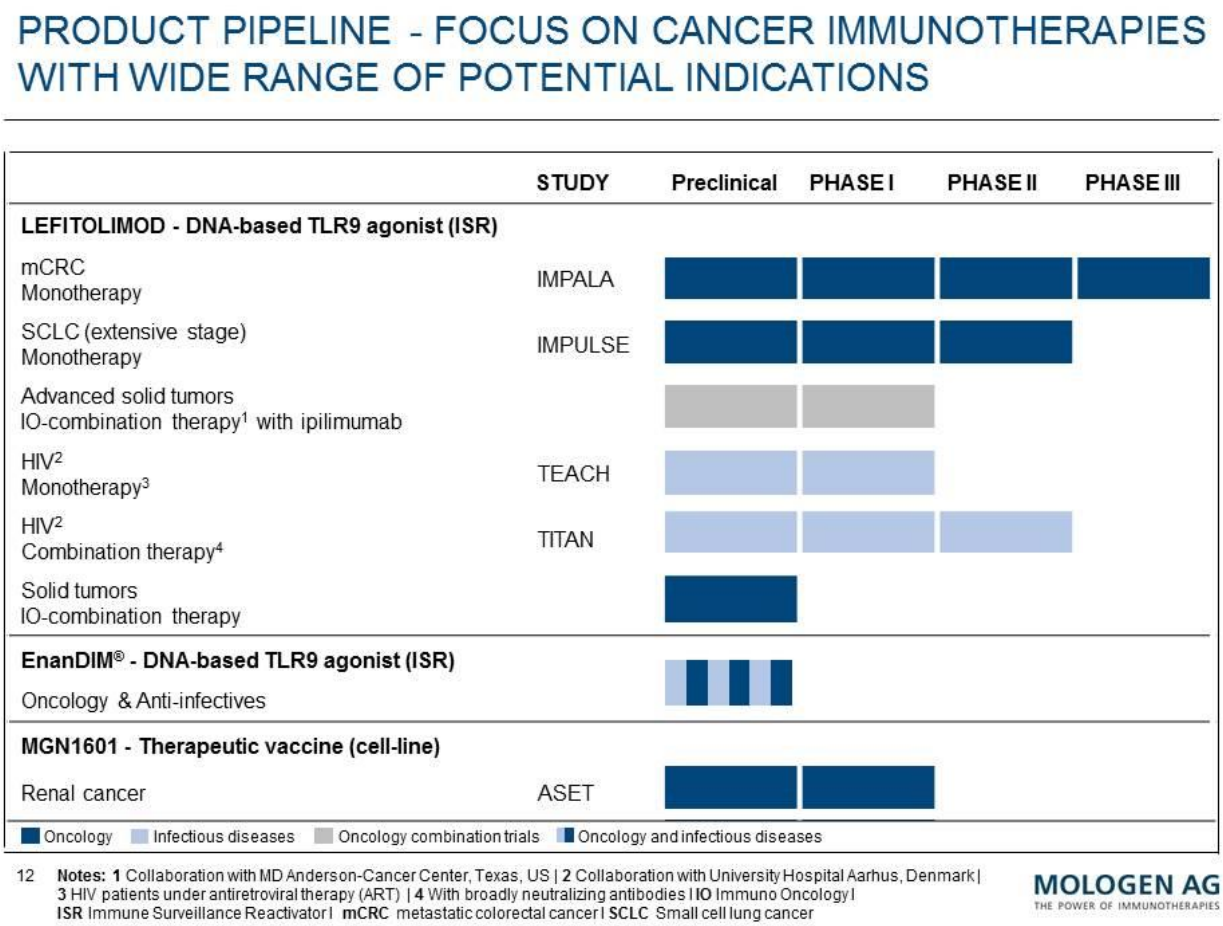
In addition, promising results from preclinical studies with lefitolimod were presented during the reporting period; for example, in January 2018 at the Annual Gastrointestinal Cancers Symposium (ASCO GI) in San Francisco. Monotherapy with lefitolimod resulted in

beneficial modulation of the tumor microenvironment (TME) associated with decreased tumor growth in a colorectal cancer model. This finding of an advantageous lefitolimod-induced modulation of the TME represents a strong support for the potential of the compound as a cancer immunotherapeutic agent.

On 9 November 2018 MOLOGEN will present preclinical data on the induction of tumor-specific immune responses and modulation of the TME by TLR9 agonist lefitolimod in murine syngeneic tumor models at the SITC conference (Society for Immunotherapy of Cancer) in Washington, U.S.

With regard to the successor molecules EnanDIM®, MOLOGEN has presented data at the ITOC-5 (Immunotherapy of Cancer Conference) in March 2018 showing that TLR9 agonists from the EnanDIM® family inhibit tumor growth in various syngeneic murine models. Furthermore, strong preclinical TME data from EnanDIM® were presented at the Annual Meeting of the AACR (American Association for Cancer Research|) 2018 in Chicago, Illinois, U.S. in April this year.

Product pipeline



MOLOGEN's product pipeline is focused on the close-to-market lead compound lefitolimod and the follow-up molecules of the EnanDIM® family. Furthermore, this pipeline contains a cell-based therapeutic vaccine (MGN1601). The further development of MGN1601 is currently on hold and may be resumed depending on available funding, e.g. via a suitable collaboration partner.

Based on study data available so far, all drug candidates have presented with a favorable safety profile. For lefitolimod and EnanDIM®, the expected effects of immune surveillance reactivation are increasingly being confirmed by pre-clinical and clinical studies.

TLR9 agonists lefitolimod and EnanDIM®

Lefitolimod is an immunotherapeutic agent and the most advanced TLR9 agonist in MOLOGEN's portfolio. In the period under review, the immunotherapeutic agent was tested in the phase III IMPALA trial as well as in a combination study with the checkpoint in-

hibitor Yervoy® (ipilimumab). Besides a final analysis of the IMPULSE study was carried out in the first quarter 2018 and confirmed the data published in April 2017. The final data have been presented in October 2018. In the field of infectious diseases MOLOGEN is evaluating lefitolimod in HIV patients: Based on the results of the completed phase I/II study (TEACH) in HIV patients, lefitolimod will be investigated in combination with innovative broadly virus-neutralizing antibodies (bNAb). This study called TITAN funded by Gilead Sciences, Inc. (Foster City, USA) and is expected to start in 2018 or early 2019.

Based on its mode-of-action, i.e. the broad activation of the innate and adaptive immune-system, and its favorable safety profile lefitolimod is particularly suitable for combination approaches with other immuno-oncology strategies. This is supported by numerous pre-clinical data. Also in the reporting period pre-clinical data of the lead compound were presented, showing that lefitolimod induces a modulation of the TME associated with decreased tumor growth in a colorectal cancer model.

Phase III pivotal study for colorectal cancer (IMPALA)

The patient enrollment that started in September 2014 was concluded in May 2017. More than 540 patients from approximately 120 centers in eight European countries, including the five largest European pharmaceutical markets, participate in the study.

The study protocol of the IMPALA study foresees the conduct of the primary analysis when a prospectively defined amount of data on overall patient survival is available. An updated prediction for the expected read out time-point for the phase III IMPALA trial has been conducted on the basis of more mature patient data collected up to October 2018. This forecast now predicts the availability top-line data between summer and year-end 2019. The difference to the last forecast which predicted the time point for the primary analysis to be most likely between year-end 2019 and summer 2020 can be explained by the availability of a larger amount of data which was used to feed the statistical model. MOLOGEN will use this updated forecast to adapt its planning and operational activities to prepare for a smooth and timely primary analysis. Of course also this current statistical forecast still involves a degree of uncertainty, therefore this type of analysis may be repeated in due time for a potential adaptation.

In parallel to this forecast the same data basis served for a regular safety review by an independent expert committee, the data safety monitoring committee. In case of safety concerns for the trial population this independent committee would recommend adaptations, changes or even termination of the trial. The study protocol of the IMPALA study foresees such regular safety reviews to occur at least every six month. The conclusion of the October meeting was that the IMPALA study may continue as planned.

IMPALA (**I**mmunomodulatory **M**GN1703 in **P**atients with **A**dvanced Colorecta**l** C**a**rcinoma with tumor reduction during induction treatment) is an international phase III multicentric, randomized, non-blinded, two-arm clinical pivotal study. The study includes patients with metastatic colorectal cancer who have responded to standard first-line treatment. Lefitolimod is subsequently administered as maintenance therapy. The primary endpoint is overall survival and secondary study endpoints include progression-free survival, safety and tolerability, as well as Quality of Life (QoL).

Exploratory phase II study in extensive stage small-cell lung cancer (IMPULSE)

The study comprised 103 patients who are suffering from an extensive stage small-cell lung cancer (ES-SCLC) and whose tumors have responded to the standard first-line therapy with chemotherapeutics. Topline results were presented in April 2017: IMPULSE showed positive data regarding overall survival in two patient subgroups in comparison with the control group (local treatment standard or best supportive care). Thus, the results of this study may provide guidance for defining patient populations that are most likely to benefit from lefitolimod, even though no benefit in terms of overall survival was determined in the total population for this highly challenging indication.

In particular, an overall survival benefit was shown in patients with a low count of certain immune cells (activated B cells). Moreover, a benefit from treatment with lefitolimod was seen in patients with a history of chronic obstructive pulmonary disease, which is a common concomitant illness. At the ESMO Conference in September 2017 in Madrid, Spain, key data from the IMPULSE study were presented by the Principal Investigator, Prof Michael Thomas (Heidelberg, Germany) in a proffered paper session hosted by the Co-Chairman of the meeting, Prof Sanjay Popat (London, UK), who discussed the data. The final evaluation was carried out in the first quarter 2018. Essentially, the results of the initial evaluation could be confirmed, in particular the statements on the predefined subgroups.

Meanwhile, the final results of the study have been presented at the ESMO 2018 meeting in Munich in October 2018 and the study has been published in *Annals of Oncology,* the highly regarded journal of the ESMO.

The principal investigator of this trial was Prof. Michael Thomas (Heidelberg, Germany). Together with Prof Thomas, Prof. Rudolf Huber (München, Germany) and Prof. Martin Wolf (Kassel, Germany) formed the Scientific Study Steering Committee of the IMPULSE trial. In Germany, the study was conducted in collaboration with the Aktion Bronchialkarzinom e.V. (ABC Group), a renowned oncology study group of lung cancer specialists in Germany.

The potential further development of lefitolimod in this indication is currently discussed with international clinical and scientific experts.

Extension phase Ib/IIa study in HIV (TEACH)

TEACH (**T**oll-like receptor 9 **e**nhancement of **a**ntiviral immunity in **c**hronic **H**IV infection) is an early exploratory phase Ib/IIa study of lefitolimod in HIV-infected patients under antiretroviral therapy (ART). The Company announced the key results of the extension phase of the TEACH study in August 2017.

The study, a co-operation with the Aarhus University Hospital in Denmark, was extended based on the positive results seen in the initial study phase. Main results of the extension phase have been published already in 2017. Although lefitolimod alone on top of antiretroviral therapy (ART) did not show the desired effect on the viral reservoir, the study nonetheless delivered important positive results with regard to the effects of lefitolimod on the reactivation of the immune system in HIV patients. These data together with the favorable safety profile of lefitolimod now confirmed also in HIV form the basis for our future development strategy for lefitolimod in combination therapies. The Company is confident that lefitolimod can be an important component of therapeutic approaches aiming to cure HIV, e.g. in combination with monoclonal antibodies or vaccines.
Detailed study results from the TEACH extension phase were presented at the Conference on Retroviruses and Opportunistic Infections in March 2018 in Boston, U.S. In February 2017, additional important data for the indication of HIV was presented at the annual Con-

ference on Retroviruses and Opportunistic Infections in Seattle, USA, and subsequently published in the scientific journal Mucosal Immunology (Krarup et. al., 2017): For the first time, it could be shown that lefitolimod administered subcutaneously can trigger a local beneficial immune response in sigmoid colon biopsies without causing inflammation. These findings not only support the continued development of lefitolimod in HIV, but also the mode-of-action of subcutaneous administration of lefitolimod in colorectal cancer.

A key element of the strategy to use lefitolimod as part of treatment approaches to treat HIV patients is a combination study for which financing has already been secured: In January 2017, the Aarhus University Hospital in Denmark received a grant of US $2.75 million from the biopharmaceutical company Gilead Sciences, Inc. (Foster City, USA). The grant funds the planned TITAN clinical study in HIV patients on antiretroviral therapy in which lefitolimod will be investigated in combination with innovative virus-neutralizing antibodies (broadly neutralizing antibodies, bNAb). The antibodies have been developed by the Rockefeller University (New York, USA). MOLOGEN will be providing lefitolimod for the study. Preparations are currently underway for the planned study start in 2018 or early 2019.

Combination study ISR lefitolimod with checkpoint inhibitor Yervoy® in collaboration with MD Anderson Cancer Center

The collaboration agreement with the MD Anderson Cancer Center at the University of Texas (MD Anderson) relates to cooperation on a phase I study. In this study, lefitolimod is being tested in combination with the commercially available immunotherapeutic agent Yervoy® (ipilimumab) in patients with advanced solid malignancies. This is the first time that lefitolimod will be evaluated in combination with a checkpoint inhibitor. If lefitolimod enhances the efficacy of immune checkpoint blockades, and/or positively influences the side effects profile, this could expand the potential range of applications of the compound. This study has been initiated based on the idea that the combination of these two immunotherapies could have synergistic effects by a broader activation of the immune system. The combination of various cancer immunotherapies has shown promising results in other studies.

The aim of the study entitled “A Phase I Trial of Ipilimumab (Immunotherapy) and MGN1703 (TLR Agonist) in Patients with Advanced Solid Malignancies” is to initially ascertain the highest tolerable dose of lefitolimod that can be given in combination with Yervoy® (ipilimumab) to patients with advanced tumors. The safety of this drug combination will also be studied. Furthermore, this study aims to evaluate the efficacy of a combination of these two therapies in an expansion phase. The combination of lefitolimod and a checkpoint inhibitor is of particular interest: lefitolimod is a TLR9 agonist that can trigger the body’s own immune system to fight cancer on a targeted basis by reactivating immune surveillance. Yervoy®, from Bristol-Myers Squibb Co., is a recombinant, human monoclonal antibody and immune checkpoint inhibitor, which is already approved to treat patients with unresectable or metastatic melanoma.

MD Anderson is conducting the trial at its Cancer Center in Texas, USA. MOLOGEN is providing lefitolimod and funding for the study. The Company anticipates that the dose escalation part of the trial will be completed in 2018. First results will be presented at the SITC conference in Washington on 9 November 2018 (Society for Immunotherapy of Cancer) and the planned expansion phase is expected to provide further valuable insights on the clinical effects of lefitolimod in combination with checkpoint inhibitors.

EnanDIM®

EnanDIM® represents a new generation in immunoactivating TLR9 agonists and is therefore a follow-up compound to MOLOGEN TLR9 technology with a longer period of patent protection. EnanDIM® is expected to trigger a broad immune activation while being well tolerated. It is our expectation that the mechanisms of action of EnanDIM® molecules should facilitate their application in a range of cancer indications, either as a monotherapy or in combination with additional immune-oncological treatments, such as checkpoint inhibitors. Moreover, compounds from the EnanDIM® family may also be used in the area of infectious diseases – such as HIV.

In the period under review, MOLOGEN published strong preclinical EnanDIM® Data. In murine tumor models, monotherapy with EnanDIM® resulted in beneficial modulation of the TME translating into remarkable anti-tumor effects with highly increased survival rates. In two cancer models complete tumor regression in the majority of mice was observed. Im-

portantly, in a subsequent re-challenge study all surviving mice rejected tumor cells, which indicates a sustained anti-tumor memory of the immune system. Hence, the data provide an excellent basis for further development of EnanDIM® in cancer.

The successor molecules are targeted for clinical proof of concept in 2022.

Financial performance and financial position

- First proceeds from licensing agreement in the amount of €3.0 million
- Decline in R&D expenditure to €8.4 million (9M 2017: €10.6 million)
- As a result, EBIT at €-8.8 million and therefore significantly up on the same period of the previous year (9M 2017: €-14.5 million)
- Average cash utilized per month of €1.2 million (9M 2017: €1.8 million per month)
- Cash and cash equivalents totaled €4.2 million (12/31/2017: €6.5 million)

Overall, the Company's financial performance and financial position has developed according to plan. The cash and cash equivalents available on the reporting date secure the short-term financial needs of the Company.

Results of operations

In the first nine months of 2018, revenues of €3.0 million have been realized (9M 2017: €0.04 million). Other operating income amounted to €1.0 million (9M 2017: €0.06 million), of this the majority was attributable to the receipt of grants in the amount of €0.9 million.

At €5.7 million, cost of materials and costs for external services were down on the previous year's figure (9M 2017: €7.5 million) and were primarily incurred in connection with carrying out clinical trials; of this, €5.6 million was attributable to costs for external services (9M 2017: €7.4 million). Costs for raw materials, supplies and goods totaled €0.1 million in the reporting period (9M 2017: €0.1 million).

At €3.0 million, other operating expenses were on the level of the prior year period (9M 2017: €3.0 million).

Personnel expenses of €4.0 million were on the level of same period of last year (9M 2017: 3.9 Mio. €).

At €27 thousand, scheduled depreciation and amortization of assets was down year on year (9M 2017: €37 thousand).

Financial results in the first nine months of 2018 amounted to €-0.4 million, matching that in same period of last year (9M 2017: €-0.4 million). In the reporting period, interest expenses were essentially accrued in relation with the issuance of convertible bonds.

Of the total expenses, €8.4 million was used for research and development projects (9M 2017: €10.6 million) and was primarily attributable to expenses incurred in connection with conducting the IMPALA and IMPULSE clinical trials.

At €-8.8 million, EBIT for the first nine months of 2018 was significantly up on the same period of the previous year owing to the first income from licensing contracts and lower R&D expenditure (9M 2017: €-14.5 million).

Net assets and financial situation

At €5.7 million, total assets were below the level at year-end 2017 (12/31/2017: €8.1 million). As of 30 September 2018, assets essentially comprised cash and cash equivalents amounting to €4.2 million (12/31/2017: €6.5 million).

In the reporting period, MOLOGEN was always in a position to comply with all its financial obligations.

At €6 thousand, the volume of the investments made in the nine months of 2018 was lower than scheduled depreciation and amortization in the same period (€27 thousand). At €0.02 million as of 30 September 2018, non-current assets were below with the level on the previous year's reporting date (12/31/2017: €0.04 million).

Equity and liabilities consist of current and non-current liabilities as well as shareholders' equity. Non-current liabilities include liabilities from the issuance of convertible bonds in the amount of €7.0 million (12/31/2017: €5.4 million). Current liabilities totaling €6.3 million essentially includes liabilities to service providers and suppliers (12/31/2017: €7.5 million). Shareholders' equity amounted to €-7.6 million (12/31/2017: €-4.9 million).

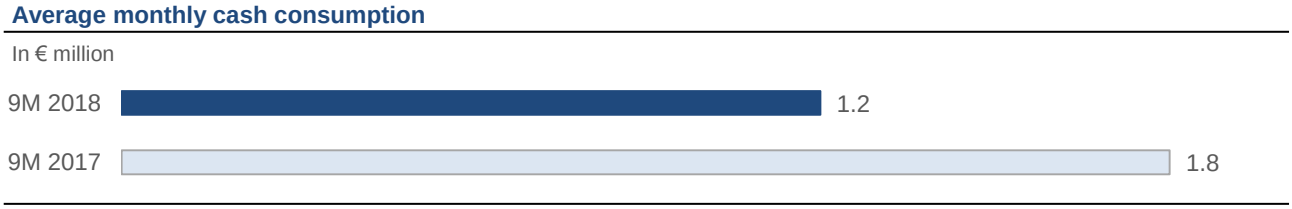
Other financial liabilities amounted to €7.4 million as of 30 September 2018 (12/31/2017: €11.8 million) and were especially due to the conclusion of short-term service contracts for the IMPALA clinical trial that commenced in fiscal year 2014.

Liquidity development

In the first nine months of 2018, cash and cash equivalents used for operating activities in the amount of €10.0 million were down on the previous year's value (9M 2017: €15.4 million) and were mostly committed to research and development.

Cash flows from investing activities were at a low level of €6 thousand (reference period: €-15 thousand). Cash flows from financing activities amounted to €7.6 million (9M 2017: €4.7 million). Inflows in the reporting period were attributable to capital increases (€4.8 million) and the issuance of convertible bonds (€3.0 million).

Monthly cash consumption amounted to an average of €1.2 million per month in the first nine months of 2018 and was therefore lower than the value of €1.8 million in the same period of the prior year



Forecast, risk and opportunity report

Forecast

The statements made in the Management Report for fiscal year 2017 on the objectives in the areas of research and development, cooperations and partnerships, earnings and liquidity development as well as personnel remain valid, with the exception of the following amendments (cf. Annual Report 2017, page 55 et. seq).

R&D expenses are expected to be below the previous year level due to limited activities with regard to the upscaling of the production. Operating result is expected to be above prior-year's level due to first revenues from the Chinese licensing agreement.

Opportunities and risk report

The opportunities and risks, including their assessment, as presented in the Management Report for fiscal year 2017 essentially remain unchanged (cf. Annual Report 2017, page 57 et seq.).. In an environment of further decreasing and low interest rates, it continues to be challenging to sufficiently secure the future financing via the capital market. The funding instrument with Global Corporate Finance (CGF) is therefore effectively not usable at present as the liquidity in trading with the shares is not sufficiently high. However, the line of funding through convertible bonds of up to €12 million can still be exploited. The cash balance, which had declined further as at the reporting date, has reduced the Company's operational scope and means that additional financial inflows will be required. Should these not materialize, the Company will be forced to reduce or stop its activities. The survival of the Company could be jeopardized if it would not able to secure further funding in general.

Information on significant events after the reporting date of 30 September 2018

Agreement with the principle creditor on the waiver of terminations and adjustment of bond conditions of convertible bonds 2016/2024 and 2017/2025

On 26 October, the Executive Board of MOLOGEN AG reached, with the approval of the Supervisory Board, an agreement with the majority creditor of the (i) €2,540,000 6% convertible bond 2016/2024 (ISIN DE000A2BPDY4) issued by the Company and (ii) the €4,999,990 6% convertible bond 2017/2025 (ISIN DE000A2DANN4) with respect to the

waiver of terminations and an adjustment of the terms and conditions of both convertible bonds. The adjustment of the terms and conditions of the convertible bond 2017/2025 is to be submitted to the creditors for approval at a Creditors' Meeting on 29 November 2018.

The negotiations with the principle bondholder, who holds all bonds of the convertible bond 2016/2024 and more than 75% of the outstanding bonds of the convertible bond 2017/2025, were concluded on 26 October 2018. Following the agreement reached, the principle bondholder waives its right to exercise the currently existing special termination right, which currently exists due to the capital reduction carried out by the Company in summer 2018 under the terms of both convertible bonds. This would avert the immediate maturity of both convertible bonds and the associated immediate repayment obligation of approximately €6.4 million. In return, the Company offers to amend the terms and conditions of the bonds as follows:

With regard to the convertible bond 2016/2024, (i) the conversion price shall be reduced from €7.50 to €2.74 (equivalent to 89% of the volume-weighted average of the market prices of the Company's shares in XETRA trading on the Frankfurt Stock Exchange over the last 10 trading days), (ii) to increase the interest rate from 6% to 8% and (iii) in the event of a change of control of the Company, to grant bondholders the right to demand repayment of 103% of the principal amount of the bonds. This right granted in the event of a change of control corresponds to the conditions already applicable today for the convertible bond 2017/2025.

With regard to the 2017/2025 convertible bond, the conversion price is to be reduced from €7.61 to €2.46 (equivalent to 80% of the volume-weighted average value of the Company's share price in XETRA trading on the Frankfurt Stock Exchange over the last 10 trading days).

In addition, a special right of termination is to be included in the terms and conditions of both convertible bonds in the event that the described adjustments to the terms and conditions of the bonds are not effectively implemented by 30 June 2019 at the latest.

On 29 November the Company will hold a Creditors' Meeting on the convertible bond 2017/2025 in order to present the agreement reached with the principal creditor to all creditors of the convertible bond 2017/2025 for voting.

Interim Statement as at September 30, 2018

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

for the period from 1 January to 30 September 2018

€ '000	**Q3 2018**	**Q3 2017**	**Q1 – Q3 2018**	**Q1 – Q3 2017**
	unaudited	**unaudited**	**unaudited**	**unaudited**
Revenues	47	0	3,047	36
Other operating income	233	18	957	55
Cost of materials	-2,098	-1,697	-5,693	-7,561
Personnel expenses	-1,307	-1,289	-4,007	-3,901
Depreciation and amortization	-10	-12	-27	-37
Other operating expenses	-1,151	-1,042	-3,061	-3,072
Profit (loss) from operations	**-4,286**	**-4,022**	**-8,784**	**-14,480**
Cost of financing	-150	-139*	-437	-423*
Finance income	0	4	0	4
Profit (loss) before taxes	**-4,436**	**-4,157***	**-9,221**	**-14,899***
Tax result	0	0	0	0
Profit (loss) for the period/ comprehensive income	**4,436**	**-4,157***	**-9,221**	**-14,899***
Loss carried forward	-11,304	-136,516*	-6,519	-125,774
Accumulated deficit	**-15,740**	**-140,673***	**-15,740**	**-140,673***
Basic earnings per share (in €)**	-0.59	-0.12	-1.25	-0.43
Diluted earnings per share (in €)**	-0.47	-0.10*	-1.04	-0.38*

* The figures for the previous year were adjusted in accordance with IAS 1.45 in conjunction with IAS 8.14 et seq.
** The figures for 2018 reflect the capital reduction.

STATEMENT OF FINANCIAL POSITION (IFRS)

as of 30 September 2018

€ '000	**30 Sep 2018 unaudited**	**31 Dec 2017 audited**
ASSETS		
Non-current assets	**22**	**44**
Intangible assets	18	27
Property, plant and equipment	4	17
Current assets	**5,691**	**8,061**
Cash and cash equivalents	4,173	6,523
Trade receivables	0	13
Inventories	706	16
Other current assets	811	1,508
Income tax receivables	1	1
Total assets	**5,713**	**8,105**
EQUITY AND LIABILITIES		
Non-current liabilities	**7,005**	**5,474**
Deferred income	5	55
Other non-current liabilities	7,000	5,419
Current liabilities	**6,309**	**7,502**
Trade payables	3,829	4,400
Other current liabilities and deferred income	2,467	3,093
Liabilities to banks	13	9
Shareholders' equity	**-7,601**	**-4,871**
Issued capital	7,537	34,295
Deposits made to implement the agreed capital increase*	0	275
Capital reserve	602	105,614
Accumulated deficit	-15,740	-145,055
Total assets	**5,713**	**8,105**

* Entered in the Commercial Register on 11 January 2018.

STATEMENT OF CASH FLOWS (IFRS)

for the period from 1 January to 30 September 2018

€ '000	**Q1 - Q3 2018**	**Q1 - Q3 2017**
	unaudited	**unaudited**
Cash flows from operating activities		
Loss for the period before taxes	-9,221	-14,899*
Depreciation and amortization of fixed assets	27	37
Profit (loss) from the disposal of fixed assets	0	-34
Other non-cash expenses and income	109	243*
Change in trade receivables, inventories and other assets	18	-337
Change in trade payables and other liabilities	-1,330	-806
Interest expenses/income	437	419*
Income tax expenses/income	0	0
Income tax payments	0	0
Net cash used in operating activities	**-9,960**	**-15,377**
Cash flows from investing activities		
Proceeds from the disposal of fixed assets	0	35
Cash payments to acquire property, plant and equipment	-5	-15
Cash payments to acquire intangible assets	-1	-2
Interest received	0	-3
Net cash used in investing activities	**-6**	**15**
Cash flow from financing activity		
Cash proceeds from issue of share capital (authorized capital)	4,848	4,988
Cash proceeds from issuance of convertible bond (following deduction of expenses relating to equity component)	2,985	0
Interest paid	-217	-311
Net cash used in investing activities	**7,616**	**4,677**
Effect of exchange rate changes on cash	**0**	**-23**
Total changes in liquidity (cash flow)	**-2,350**	**-10,708**
Cash and cash equivalents at the start of the reporting period	**6,523**	**20,520**
Deposits with a term of more than three months at the start of the reporting period	0	0
Cash and cash equivalents at the end of the reporting period	**4,173**	**9,812**
Deposits with a term of more than three months at the end of the reporting period		0
Liquid funds at the end of the reporting period	**4,173**	**9,812**

* The figures for the previous year were adjusted in accordance with IAS 1.45 in conjunction with IAS 8.14 et seq.

STATEMENT OF CHANGES IN EQUITY (IFRS)

as of 30 September 2018

In € '000 except share data	**Issued capital**		**Deposits made to implement the agreed capital increase***	**Capital reserve**	**Statement of financial position**	**Shareholders' equity**
	Number of ordinary shares	Share capital				
As of 31 December 2016 (audited)	**33,947,251**	**33,947**	**0**	**103,664**	**-125,774**	**11,837**
Exercised conversion right of cb (with proportionate consideration of the equity component posted at the time of issue)	346,261	347		207		**554**
Equity component of cb				1,263[1]		**1,263[1]**
Value of services rendered by employees (according to IFRS 2)				205		**205**
Profit (loss) for the period					-14,899[1]	**-14,899[1]**
As of 30 September 2017 (unaudited)	**34,293,512**	**34,294**	**0**	**105,339[1]**	**-140,673**	**1,040[1]**
As of 31 December 2017 (audited)	**34,295,343**	**34,295**	**275**	**105,614**	**-145,055**	**-4,871**
Capital increase in exchange for cash contributions	2,832,368	2,832		2,291		**5,123**
Deposits made to implement the agreed capital increase*			-275			**-275**
Exercised conversion right of cb (with proportionate consideration of the equity component posted at the time of issue)	558,728	559		443		**1,002**
Equity component of cb				516		**516**
Cancellation of shares	-4	0				**0**
Release of capital reserve				-108,387	108,387	**0**
Capital reduction	-30,149,148	-30,149			30,149	**0**
Value of services rendered by employees (according to IFRS 2)				125		**125**
Profit (loss) for the period					-9,221	**-9,221**
As of 30 September 2018 (unaudited)	**7,537,287**	**7,537**	**0**	**602**	**-15,740**	**-7,601**

* Entered in the Commercial Register on 11 January 2018 cb: convertible bonds

[1] The figures for the previous year were adjusted in accordance with IAS 1.45 in conjunction with IAS 8.14 et seq.

FINANCIAL CALENDAR 2018

25 April 2018
Annual Financial Statement
and Annual Report 2017

15 May 2018
Quarterly Statement
as of 31 March 2018

8 June 2018
Annual General Meeting

9 August 2018
Half-Year Report
as of 30 June 2018

8 November 2018
Quarterly Statement
as of 30 September 2018

FOR FURTHER INFORMATION PLEASE CONTACT

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