MOLOGEN AG

Pioneering Immune Therapy

Annual report 2013

Key Data

according to IFRS	Dec. 31, 2013	Dec. 31, 2012	Change
in million €			
Statement of financial position			
Liquid funds	14.8	23.8	-38 %
Non-current assets	0.5	1.3	-62 %
Current assets	15.5	24.5	-37 %
Non-current liabilities	0	0	0 %
Current liabilities	0.9	0.9	0 %
Shareholders' equity	15.0	24.9	-40 %
Equity ratio	94 %	97 %	-3 %
Results			
Revenues	0.2	0.1	100 %
Personnel expenses	4.4	3.6[1)]	22 %
EBIT	-10.9	-8.0[1)]	36 %
Profit (loss) for the year	-10.8	-8.0[1)]	35 %
R&D expenses	7.9	6.0[1)]	32 %
EPS in € (basic)	-0.7	-0.57[1)]	23 %
Statement of cash flows			
Cash flows from operating activities	-8.9	-6.9	29 %
Cash flows from investing activities	-6.1	1.9	—
Cash flows from financing activities	0	23.4	-100 %
Number of employees as of Dec. 31	58	53	9 %
MOLOGEN share			
Outstanding shares as of Dec. 31	15,419,512	15,412,449	0 %
Year end price in €	11.48	11.70	-2 %

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

Our research – for you

We conduct research – with a professional approach and passion – to develop safe and well tolerated medicines. Our development work focuses on oncological and infectious diseases. Our universally applicable platform technologies thereby form the basis for our broad and attractive product pipeline. What is remarkable: the active principle of our medicines utilizes the defense system of the human body and enables the patient's immune system to fight against the disease on its own again. An approach that our team enforces with great dedication.

With our unique technologies and innovative products we want to be among the leading biotechnology companies in the field of DNA-based and cell-based therapies and vaccines.

We conduct research for you – for innovative medicines that are highly effective and well tolerated.

Content

References in this Annual Report:
informs of related links on the internet

Alfredo Zurlo, M.D.,
Chief Medical Officer (CMO)

is responsible for the clinical development and clinical strategy of the company. Dr. Zurlo is a physician with specializations in oncology and radiotherapy and has long-standing and extensive expertise in the pharmaceutical industry.

Before moving into the industry he worked as Medical Advisor at the European Organization for Research and Treatment of Cancer (EORTC) in Brussels, Belgium.

Dr. Matthias Schroff,
Chief Executive Officer (CEO)

is responsible for research, business development, strategy and partnering. Working since its foundation for MOLOGEN AG – initially as a leading scientist – the biochemist with doctor's degree is the co-inventor of numerous proprietary technologies. To date he is the driving force behind further groundbreaking developments.

After moving into management he joined the Executive Board in 2005 and was appointed Chief Executive Officer in 2008.

Jörg Petraß,
Chief Financial Officer (CFO)

is responsible for finance, investor relations, administration and human resources. He has long-standing experience in leading positions in the areas of administration and finance of SME.

Joining the company in 2001, he was appointed Chief Financial Officer in February 2007. From that time he supervised important strategic transactions and several capital increases.

Dear shareholders,

2013 was a special year for scientists and companies working on immunotherapies for the treatment of cancer worldwide. In the Science magazine edition from December 20, 2013, one of the most prestigious international science journals, cancer immunotherapies were referred to as the "breakthrough of the year 2013". At the same time, the journal detects the beginning of a paradigm shift in cancer, quote: "Immunotherapy tackles the treatment of cancer in a completely different way – by targeting the immune system and not the tumor itself. Oncologists, a very down-to-earth group, speak of a trend reversal which will be irreversible."

At MOLOGEN AG we feel that the long-term research and development work in the field of immunotherapies that we and our colleagues around the world have been doing on a daily basis, and still do, has been appreciated. It also confirms the positive impressions and feedback that we have received from experts in the past two years at various conferences during the presentation of our research results. However, it is also a clear signal for you, our shareholders: immunotherapies are recognized as a full-fledged alternative cancer therapy, and your company, MOLOGEN AG, has a promising and advanced pipeline of appropriate products.

Also in financial year 2013 we continued our research and development programs and therefore also increased the number of members of the Executive Board: in March 2013 we were able to appoint Dr. Alfredo Zurlo, an oncologist and highly experienced specialist in strategy and design of clinical trials, as new Chief Medical Officer. In June we were able to submit the final evaluation of the IMPACT study with MGN1703 in the colorectal cancer indication, which was presented in the same month at the Annual Meeting of the American Society of Clinical Oncology and in July at the ESMO World Congress on Gastrointestinal Cancer. This was followed in September by the data from the final evaluation of the ASET study with MGN1601 in the indication of renal cancer and an application for a clinical safety trial with MGN1703 in the United States, which was begun shortly thereafter in October. In the same month, we applied for a new phase II study for the use of MGN1703 in small cell lung cancer (SCLC). In addition, the Berlin Charité started a phase I clinical trial to test the MOLOGEN compound MGN1404 against skin cancer. At the end of the financial year in December we were at last able to announce the successful completion of the safety study with MGN1703 started in the United States in October.

As you can see, a very eventful year now lies behind us, during which, in particular, the final evaluations of the clinical trials substantiated the very welcome positive data collected up to that point or in some cases even exceeded it. At the same time, and for the first time in the company's history, there are now three different MOLOGEN product candidates in four different indications in the clinical testing.

Despite this expansion of our activities, the business results for 2013 also remained within the scope of expectations. Total revenues were at a low level, albeit with 0.2 million euros above the 0.1 million euros from the same period in the previous year. As opposed to the previous year, there was no significant other operating income in 2013. The expenses of 6.0 million euros incurred during the previous year for research and development rose to 7.9 million euro on the cost side in 2013. Nevertheless, the average monthly cash consumption rate remained stable at 0.75 million euros (previous year: 0.74 million euros), and we continue to enforce strict controls on our cash consumption.

The total annual net loss of MOLOGEN AG for financial year 2013 increased to 10.8 million Euros as planned. As of the reporting date 2013 the company had liquid funds amounting to 14.8 million euros. In February 2014 we were able to further bolster this liquidity through a capital increase, which resulted in additional 15.7 million euros gross for MOLOGEN AG. These funds allow us to make scheduled progress in our scientific activities, including the preparation of the pivotal phase III study with MGN1703, with which we would like to enter the final development phase for our main product in 2014. In addition, it also gives us the freedom to continue the two-pronged strategy in relation to the licensing activities for MGN1703: to pursue the partnership conversations and the product development in parallel.

Dear shareholders, every year at the end of this foreword we would like to express our thanks to you for your loyalty and to our employees for their commitment. We look forward to another year of collaboration!

Sincerely,

Dr. Matthias Schroff Dr. Alfredo Zurlo Jörg Petraß

Our successful product pipeline

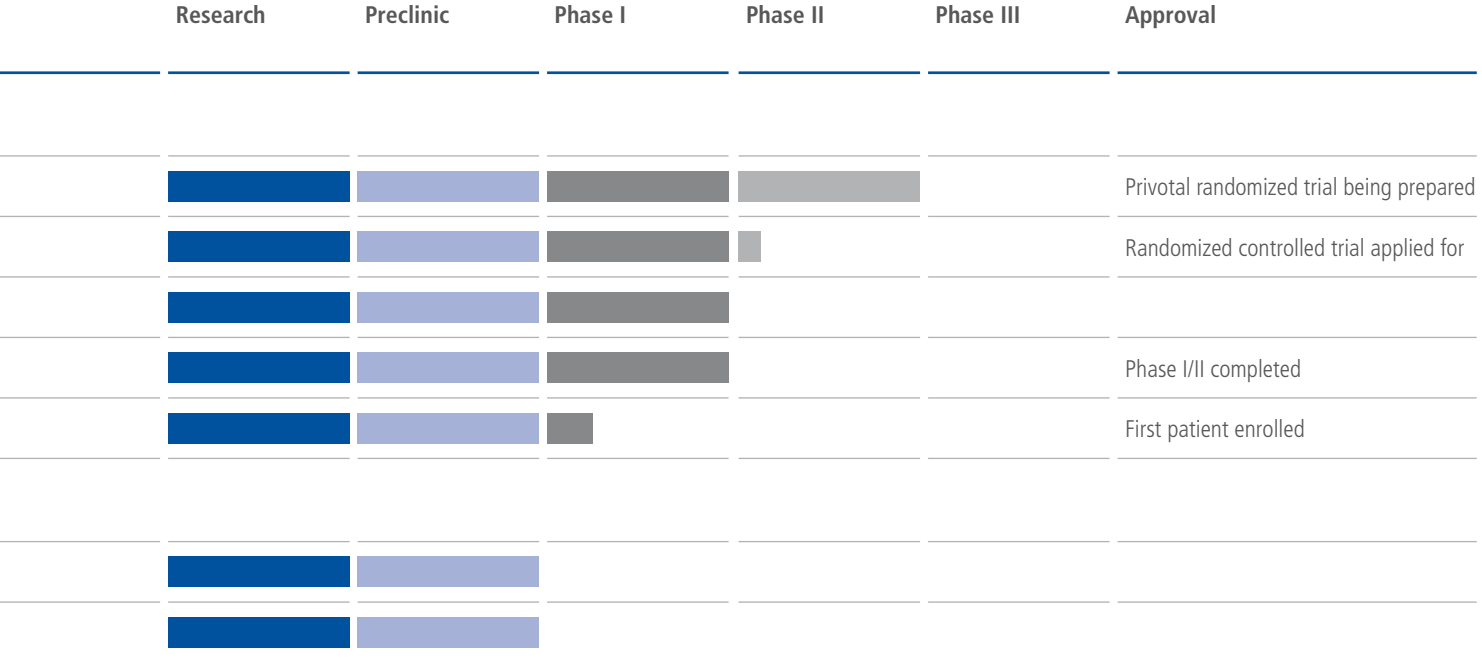
We are developing innovative medicines and vaccines on the basis of our proprietary platform technologies. Thus we focus our research and development activities on diseases with high un-met medical need: the treatment of cancer and combating of severe infectious diseases.

Product	Page reference see page	Indication	
Oncology			
MGN1703[1]	6	colorectal cancer	
MGN1703[1]	6	small cell lung cancer	
MGN1703[1]	6	other solid tumors	
MGN1601	11	renal cancer	
MGN1404[2]	14	malignant melanoma	
Infectious Diseases			
MGN1331	14	leishmaniasis	
MGN1333	14	hepatitis B	

[1] IND filed in U.S.; safety trial in U.S.: treatment phase completed
[2] Collaboration with Max-Delbrück-Center for Molecular Medicine and Charité Universitätsmedizin, Berlin

- Excellent data from two clinical trials with MGN1703 and MGN1601
- Randomized study with MGN1703 in lung cancer applied for
- Collaboration partners Charité Universitätsmedizin and Max-Delbrück Center start phase I study with MGN1404 in malignant melanoma

You will find further information at
www.mologen.com/en/products/product-pipeline



MGN1703

Cancer immunotherapy

MGN1703 is our innovative cancer immunotherapy for the treatment of solid tumors. The product candidate showed excellent results and a very good safety profile in the previously completed clinical trials. As a result, MGN1703 can be used in various cancer indications, leading to an exceptionally high market potential.

THE BASIS IS dSLIM® TECHNOLOGY

MGN1703 is based on the dSLIM® technology developed by MOLOGEN AG. The dSLIM® molecules are small dumbbell-shaped DNA molecules that consist exclusively of natural DNA components, which belong to the class of TLR9 agonists. The molecules are recognized by certain immune cells of the human body and trigger a broad and strong immune reaction.

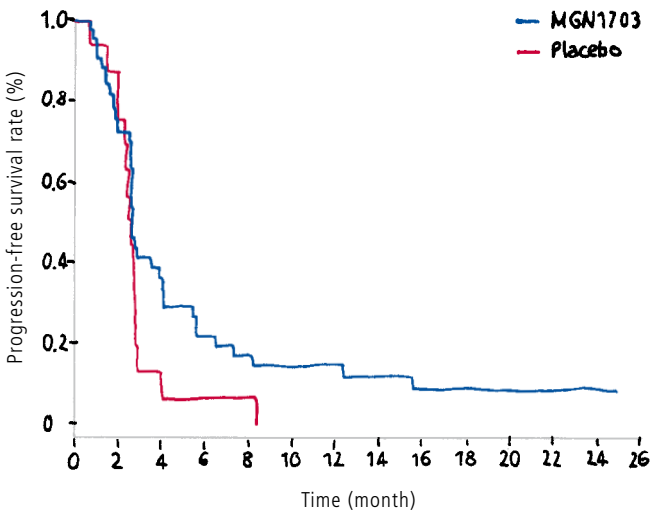
The special structure of the dSLIM® molecules, the dumbbell shape, consists of two single-stranded loops which are connected by a double-stranded stem. This creates a closed DNA molecule without open ends. In the body DNA molecules with open ends are normally very quickly identified and removed by enzymes. Competitors use, among other things, chemical modifications to prevent DNA molecules with open ends from being degraded. The dSLIM® molecules of MOLOGEN do not require such chemical modifications. They are therefore much more compatible and cause only minimal side effects, which are rather characteristics of a typical and desirable immune response (e.g. redness at the injection site or mild fever).

The dSLIM® molecules of MOLOGEN do not require such chemical modifications. They are therefore much more compatible and cause only minimal side effects.

Within the context of the development of the product candidate MGN1703, MOLOGEN benefits from the mechanism of action of the dSLIM® molecules to combat cancer. Due to a strong and broad activation the patient's immune system is able to reidentify and combat the cancer cells – against which it had previously developed a tolerance. Since the activation is independent of the type of cancer, the use of MGN1703 is not restricted to a specific type of cancer. The product candidate can be used in the treatment of various solid tumors, in addition to colorectal cancer, for example, lung cancer.

IMPACT STUDY WITH MGN1703

Progression-free survival



The Kaplan-Meier curve displayed here compares the progression-free survival of both patient groups. The hazard ratio of 0.55 ($p = 0.04$) is in favor to MGN1703 patients. This means that in this study the risk of tumor progression for MGN1703 patients in comparison to Placebo patients was reduced by 45%. The data is based on the assessment of the local investigators.

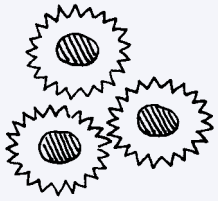
PHASE II STUDY IN COLORECTAL CANCER (IMPACT-STUDY)

MOLOGEN has conducted a phase II clinical trial, created as a randomized, placebo-controlled, double-blinded, multicenter study to examine the efficacy of MGN1703. In the study the efficacy of MGN1703 as maintenance therapy following successful first line therapy of advanced colorectal cancer was examined. Patients who were admitted to the study previously received a first line-therapy, to which they reacted within 4 to 6 weeks with a stabilization of their colorectal cancer or a partial or full remission. In the IMPACT study, patients were treated twice a week with MGN1703. The patients in the control group received a placebo. The treatment was continued until further tumor progression.

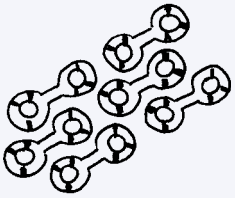
MODE OF ACTION

The cancer immunotherapy MGN1703 leads to a broad activation of the patients' immune defense. This enables the immune system to recognize cancer cells and to combat them.

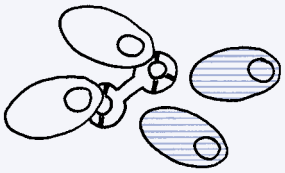
Cancer cells remain in patient's body after chemotherapy.



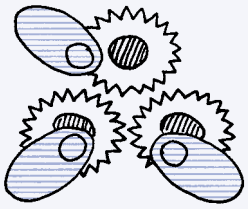
Incection of dSLIM®.



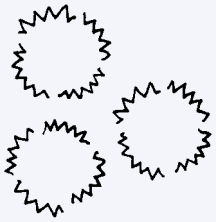
Immune cells will be activated by dSLIM®.



Immune cells recognize and fight the cancer cells.



Cancer cells will be destroyed.



The primary objective of the study was the determination of progression-free survival of patients. The secondary objectives included the determination of overall survival and the survival rates, as well as the assessment of immunological and pharmacodynamic parameters.

IMPACT STUDY: EXCELLENT RESULTS IN TERMS OF EFFICACY AND TOLERABILITY

The final analysis comprises the results for progression-free survival (PFS) for all 59 patients included in the study (initially planned: 129 patients). The patient characteristics were balanced between the two treatment arms. The median follow-up time was more than 17 months at the time of the final analysis.

In addition, the final analysis also includes data on overall survival (OS) of the patients. These are currently still provisional, since the majority of patients from the MGN1703 group were fortunately still alive at the time of the evaluation. Exploratory evaluations of patient characteristics and immunological biomarkers were also carried out before treatment start.

The positive results of the first evaluation (conducted in May 2012 and presented at the ESMO scientific conference 2012) were able to be confirmed in terms of progression-free survival.

The assessment of the response and tumor progression by the local trial physicians indicated a hazard ratio of 0.55 (p=0.04) for progression-free survival in maintenance therapy (primary study endpoint). The hazard ratio for the progression-free survival from the start of the first-line therapy (secondary endpoint) was 0.50 (p=0.02).

You will find further information at
www.mologen.com/en/products/oncology/mgn1703

In some cases, a long-lasting response to the treatment with MGN1703 was observed. Four patients no longer showed tumor progression as of June 2013. The duration of treatment in these patients was at that time already between 15 and 30 months. Overall, the treatment with MGN1703 was well tolerated and safe.

THE NEXT STEP: PIVOTAL STUDY IN COLORECTAL CANCER (IMPALA STUDY)

MOLOGEN has largely prepared for an international pivotal study with MGN1703 in the indication of colorectal cancer in order to confirm the results of the IMPACT study in a larger number of patients. This included the development and coordination of the study protocol with specialist physicians and other experts. In addition, a scientific consultation on the basis of the provisional protocol was conducted with the Paul Ehrlich Institute to clarify details.

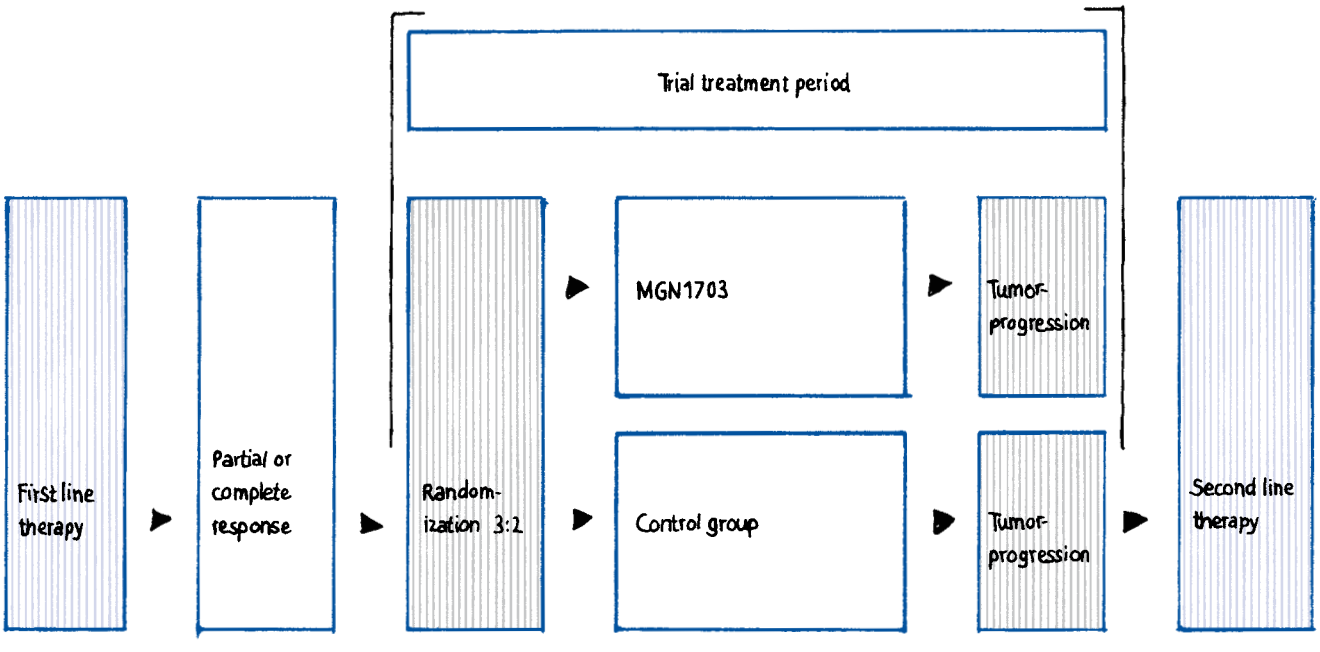
The randomized controlled study will examine the overall survival of patients. The study is scheduled for initiation in 2014.

RANDOMIZED STUDY IN LUNG CANCER (IMPULSE STUDY)

Due to its mechanism of action, which is independent of the type of tumor, MGN1703 can be used in various cancer indications. In the next step the compound shall be examined in a further indication, namely small cell lung cancer.

The IMPULSE study is designed as an open-label, controlled, two-arm, randomized and multicenter study. The objective of the study is the examination of the efficacy and tolerability of MGN1703. The primary endpoint is overall survival. ▶▶▶

IMPULSE STUDY: A RANDOMIZED CONTROLLED TRIAL IN SCLC
Study design



100 patients suffering from an advanced stage ("extensive disease") of small cell lung cancer (SCLC) and whose tumors have responded to the first-line therapy with chemotherapy should be included in the study. The treatment with MGN1703 should begin after completion of the first-line therapy and be continued until renewed progression of the cancer.

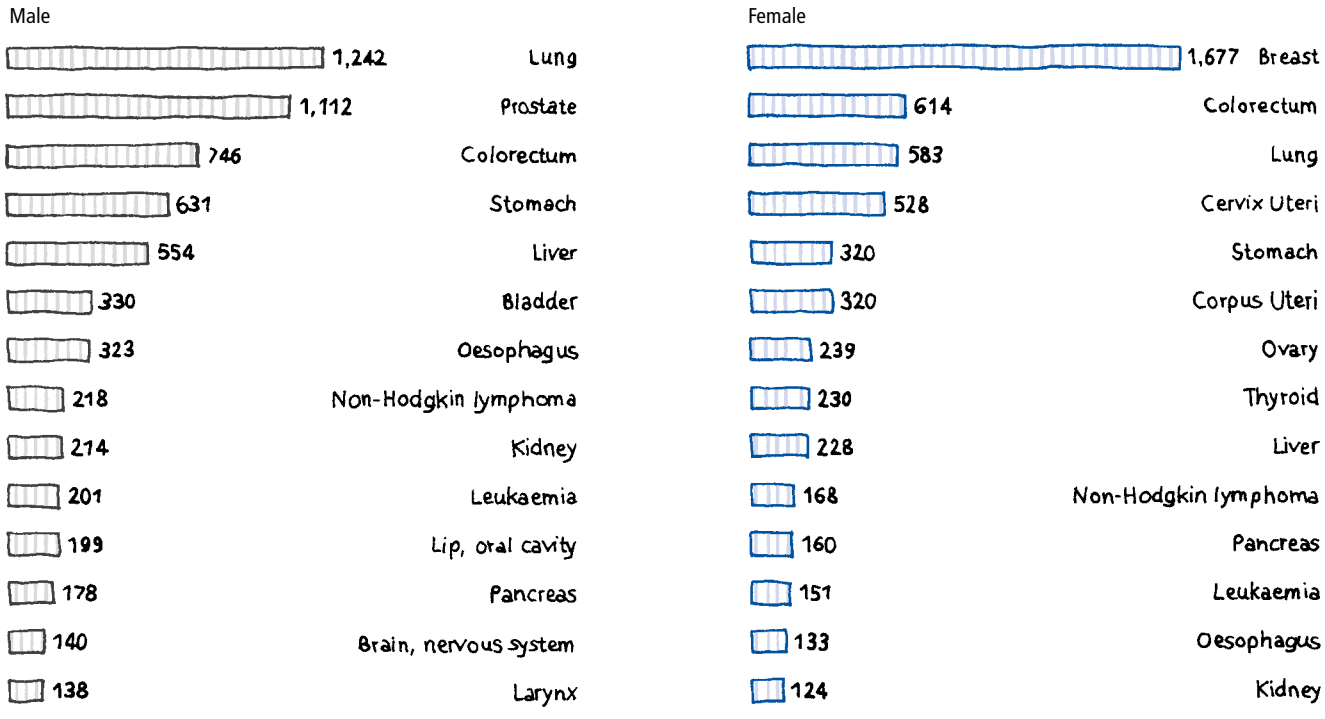
The study will be conducted in Belgium, Austria and Germany. The principal investigator is Prof. Dr. med. Michael Thomas, Senior Physician and Head of the Thoracic Oncology Department in the Thorax Clinic at the University Clinic Heidelberg. In Germany the study will be conducted in collaboration with "Aktion Bronchialkarzinom e.V." (ABC Group), a renowned oncology study group of lung cancer specialists.

EXCEPTIONAL MARKET POTENTIAL

The mechanism of action of MGN1703 is based on a broad activation of the immune system in a way that is required for the successful fight against cancer. As a result, MOLOGEN AG has a compound whose distinctive feature is that it can be used in completely different cancer indications.

With colorectal cancer and lung cancer MOLOGEN is focusing on two major cancer indications. The demand for new and significantly improved cancer drugs is huge here. Against this background, MGN1703 has an exceptionally high market potential, which for the two indications of colorectal cancer and lung cancer alone should lie within the blockbuster range of over 1 billion euros.

NUMBERS OF NEW CANCER CASES WORLDWIDE
Figures in thousand per year



Source: WHO GLOBOCAN 2012 (IARC)

MGN1601

Therapeutic vaccination against renal cancer

MGN1601 is our immunotherapy against renal cancer. The compound was examined for safety and tolerability within a phase I/II clinical trial (ASET study). The therapy indicated a very good safety profile and an excellent tolerability. In the last financial year additional survival data were collected from the study, which have shown very promising signs of the efficacy of the compound.

THERAPEUTIC VACCINATION AGAINST CANCER

We use genetically modified human tumor cells as a "search grid" for the immune system of the patients, so that they can identify and combat their own cancer cells. The foundation is a cell bank which MOLOGEN has created from human renal cancer cells in accordance with pharmaceutical regulatory requirements. These (allogeneic) cancer cells foreign to the patient are "genetically modified" using four different proprietary MIDGE® vectors containing additional genetic information and combined with the proprietary DNA immunomodulator dSLIM® as an adjuvant.

The principle of MGN1601 is to first trigger a strong immune reaction against genetically modified cancer cells. After the immune system has "learned" how cancer cells look like on the basis of these cells, a cross-reaction of the immune system is then generated, whereby it can identify and combat the body's own cancer cells. MGN1601 is therefore referred to as a therapeutic vaccination.

PHASE I/II STUDY IN RENAL CANCER ("ASET" STUDY) – SAFETY AND TOLERABILITY

The objective of the study was to examine the safety and efficacy of MGN1601 and to collect first data on the efficacy of the compound in patients whose tumor growth could no longer be stopped using available standard therapies. During the study, the patients were given eight MGN1601 injections in 12 weeks. At the end of the treatment period the patients showed at least a stabilization of the disease and were treated further during the extension phase. In this way the patients received up to five more treatments at increasing intervals over a period of up to two years.

THE STUDY RESULTS IN DETAIL

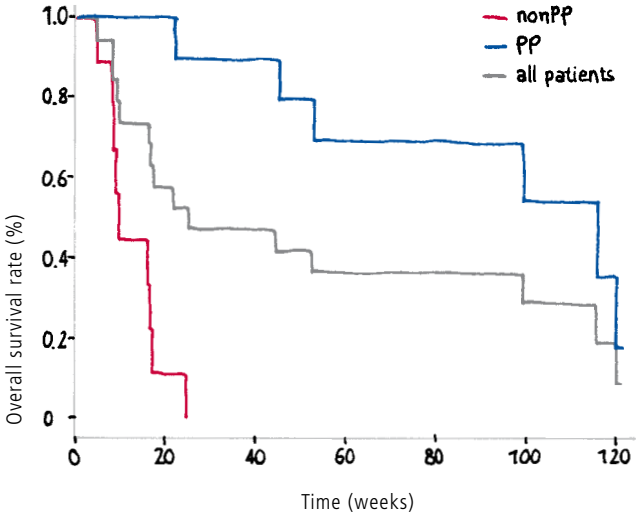
Overall, 19 patients were included who received at least one MGN1601 injection (ITT group). Ten patients completed the study (PP group). Nine patients could not complete the study due to a worsening of their cancer (non-PP group).

During the study 109 adverse events were observed, of which only ten (9.2%) were due to the treatment with MGN1601: eight adverse events were of mild intensity (grade 1) and two were of moderate intensity (grade 2). For the most part, reactions at the injection site and skin irritation were observed. 16 serious adverse events were also observed, all unrelated to MGN1601.

Two patients from the PP group responded to the treatment with MGN1601 and continued treatment during the extension phase of the study. One patient had a renewed tumor progression after 48 weeks, i.e. an advance in his disease, while another patient was able to complete all five provided

ASET STUDY WITH MGN1601

Overall survival



This is the Kaplan-Meier curve for overall survival of the patients. Here the patients from the PP-group (blue line) show very promising results.

vaccinations with an objective tumor response. This patient had a reduction in tumor volume after 120 weeks of treatment. The median overall survival was 24.8 weeks in the ITT group and 115.3 weeks in the PP group.

All 19 ITT patients were included in the biomarker evaluation. The analysis of the characteristics of the patient before starting treatment showed that, among other things, the MSKCC score and the neutrophil/lymphocyte ratio could be predictive in terms of overall survival.

IMMUNOLOGICAL MECHANISM OF ACTION PROVEN EXEMPLARILY

The building of a significant immune response, the strength of which increased with increasing duration of treatment, was able to be proven exemplarily in patients from the PP group. Therefore the mechanism of action shown in preclinical examinations was also able to be confirmed in patients.

RENAL CANCER – A LIFE-THREATENING DISEASE

The diagnosis is often surprising. A third of all patients already have distant metastases at the initial diagnosis, which significantly reduces the success of therapy. The drugs already currently on the market also have considerable side effects. The demand for new effective drugs with minor side effects for the treatment of renal cancer, such as MGN1601, is huge.

The number of annual new incidences is estimated at around 200,000 worldwide. In Germany 15,000 patients are affected, according to the Robert Koch Institute.

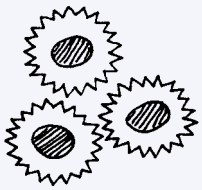
Since renal cancer is one of the rare cancers, MGN1601 has been awarded orphan drug status by the European Medicines Agency (EMA). This allows MOLOGEN a 10-year marketing exclusivity of the therapy within the EU.

You will find further information at
www.mologen.com/en/products/oncology/mgn1601

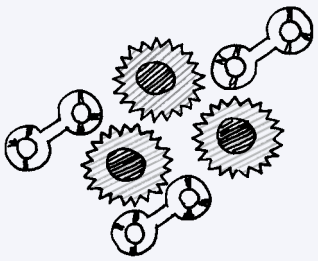
MODE OF ACTION

MGN1601 is based on modified tumor cells. These cells serve the immune defense of the cancer patients as an example for the patients' own tumor cells. Subsequently the immune system is also able to recognize the own cancer cells and to combat them. Thus MGN1601 works like a therapeutic vaccination against cancer.

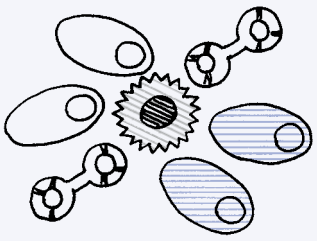
Tumor cells are not recognized by immune-system.



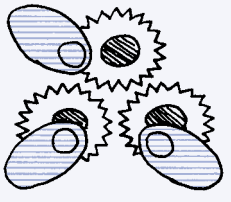
Injection of allogeneic tumor cells.



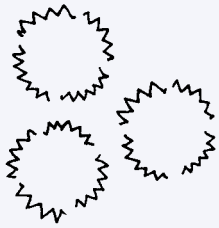
Immune cells are recognizing allogeneic tumor cells.



Immune cells are now recognizing patient's tumor cells.



Patient's tumor cells are destroyed.



MGN1404 | MGN1331 | MGN1333

MIDGE®-based immune therapy

Even if the areas of application of the cancer drug MGN1404 (cancer therapy malignant melanoma) and the DNA vaccines MGN1331 (leishmaniasis) as well as MGN1333 (hepatitis B) are very different they can be summarized as „immune therapies" due to their mechanism of action. Another commonality of these drug candidates: all of them are based on our MIDGE® platform technology. Thereby, MGN1404 is our third product which has entered the clinical development phase. It is currently being investigated by our collaboration partners in a clinical study phase I.

MGN1404 – CANCER IMMUNOTHERAPY AGAINST MALIGNANT MELANOMA

In financial year 2013, MGN1404 was the third MOLOGEN product candidate entering the clinical development phase. For the development of this cancer immunotherapy MOLOGEN works closely together with the Max-Delbrück Center for Molecular Medicine (MDC) and with various facilities at the Charité Universitätsmedizin (Charité University Hospital), namely the Charité Comprehensive Cancer Center (CCCC), the Experimental and Clinical Research Center (ECRC) and the Hauttumorcentrum Charité (HTCC, Skin Cancer Center). Within this cooperation, the Charité has started a phase I clinical trial in the past year.

The trial will be conducted as a translational project for non-viral gene therapy and examines the safety and tolerability of MGN1404 in the treatment of malignant melanoma. In addition, data on the mechanism of action will be collected.

▸▸ The trial examines the safety and tolerability of MGN1404 in the treatment of malignant melanoma. In addition, data on the mechanism of action will be collected. ◂◂

Within the framework of the trial it will be examined, in particular, whether the MIDGE® vectors applied intratumorally using a jet injector are safe and whether the application leads to the efficient expression of the hTNF-alpha gene. The levels and dimension of this expression and the distribution of the MIDGE® vectors inside and outside the injected tumor will also be examined. Three different dosages of the MIDGE® vectors are used. A total of nine patients should be included in the trial. This trial is a first step in the clinical use of a local gene therapy for malignant melanoma.

MIDGE® VECTOR FOR THE EXPRESSION OF TNF-ALPHA

MGN1404 is a minimalist, non-viral DNA expression vector (MIDGE® vector). Unlike other DNA vectors (plasmids, viruses), the MIDGE® vector is free from undesirable information that is only used for the manufacturing process. Its DNA structure is linear and firmly closed at both ends by single-stranded hairpin structures. This results in the characteristically small size of the vector. MIDGE® vectors are around 50-80% smaller than plasmid-based vectors and are even considerably smaller than viral vectors.

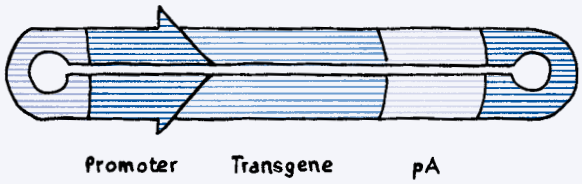
The MIDGE® vector is coded for TNF-alpha and based on MOLOGEN's proprietary MIDGE® platform technology. The needle-free, intratumoral jet injection of MGN1404 transports the MIDGE® vectors directly into the tumor mircoenvironment. There the expression of TNF-alpha is released by the MIDGE® vectors with the aim of inducing cell death in tumor cells.

The tumor necrosis factor alpha (abbreviated to TNF-alpha) is a signaling substance (cytokine) of the immune system. It can stimulate cell death, among other things, and thus has – when applied to the tumor – a direct antitumoral effect. At the same time, it also leads to the sensitization of tumors to other therapies, such as, for example, chemotherapy and radiotherapy.

MALIGNANT MELANOMA

Malignant melanoma of the skin is one of the most vicious forms of skin cancer. The incidence of malignant melanoma in the white population worldwide has increased continuously and significantly in the last few decades. Each year approximately 77,000 people in the United States and approximately 100,000 people in Europe fall ill with malignant melanoma.

MIDGE® VECTOR SYSTEM



In biotechnology and genetic engineering transport vehicles for the transfer of nucleic acids are known as vectors. Vectors are often used to inject genetic material into specific cells.

In the development of a vaccine this genetic material can for example be the DNA of a pathogen (disease-causing agent) or an antigen of a pathogen. The antigen is transported by means of the vectors to the target cells and there expressed. As a result, the immune system can form an immune response against this antigen and therefore also against the pathogen and thus combat it.

Vectors can be used to inject specific genetic material into cancer cells in cancer immunotherapy. The vectors usually have – in addition to the genetic information necessary for the effect – a variety of additional information. This information is required, among other things, for the production or reproduction of the vectors, such as, for example, genes resistant to antibiotics, and can be accompanied by significant disadvantages or undesirable side effects.

The distinctive feature of the MIDGE® (minimalistic immunologically defined gene expression) platform technology developed and patented by MOLOGEN is that it contains only the information required for the actual effect. MIDGE® vectors are about 50–80% smaller than plasmid vectors and still significantly smaller than viral vectors.

MOLOGEN AG uses the MIDGE® vectors (also referred to as DNA vectors) for the development of cancer immunotherapies and DNA vaccines as well as for the genetic modification of tumor cells in the context of cell-based gene therapy against cancer.

Melanoma can form metastases in lymph nodes and in other organs at an early stage despite an absence of symptoms and a relatively small size. When distant metastases are already present at diagnosis, the five year survival rate is approximately 10–20%. The treatment options for advanced malignant melanoma include chemotherapy, immunotherapy and radiotherapy.

MGN1331 – LEISHMANIASIS VACCINE

The vaccine candidate MGN1331 is based on the company's proprietary MIDGE® technology, and what is impressive in the context of this project is how powerful the technology itself is in a disease such as leishmaniasis that is so difficult to treat.

For the extensive preclinical development of this vaccine MOLOGEN AG had teamed up with international partners in leishmaniasis research to form a consortium (www.leishdnavax.org):

- London School of Hygiene & Tropical Medicine,
- Charité – Universitätsmedizin Berlin (Charité – University Hospital Berlin)
- Indian Institute of Chemical Biology,
- Institut Pasteur de Tunis,
- Hebrew University of Jerusalem, Rajendra Memorial,
- Research Institute of Medical Sciences and Drugs for Neglected Diseases Initiative

The consortium received extensive financial support from the European Union. The aim of the research project was to develop a prophylactic and therapeutic DNA vaccine against leishmaniasis. The project was successfully completed in 2012 with excellent data. Last year, the plans for a clinical phase I program using the innovative, broadly applicable DNA vaccine MGN1331 were conducted and largely completed.

LEISHMANIASIS

Around 12 million people worldwide – the trend is clearly rising – are currently ill with leishmaniasis. In this connection an increasing geographic spread is to be seen in 88 countries on four continents. This serious and often fatal infectious disease in humans and animals is one of the 17 "neglected diseases", which the World Health Organisation is paying increased attention to combatting against.

The worldwide demand for a medically effective prevention and treatment of leishmaniasis is high: according to estimates by the WHO, about 300,000 people fall ill with the severe form of leishmaniasis each year, which claims over 20,000 deaths annually.

MGN1333 – HEPATITIS B VACCINE

With MGN1333 MOLOGEN AG developed a new, highly effective vaccine against infection by the hepatitis B virus. The vaccine is preventive (prophylactic) and can also be used for treatment (therapeutic). Although effective vaccines exist, there is a great demand for innovative and improved vaccines which, for example, achieve immunization with only one administration (until now, three vaccinations have usually been required) or which can also be used therapeutically.

The goal: a highly effective and highly compatible, patient-friendly DNA vaccine.

In order to be able to implement these objectives as optimally as possible, MOLOGEN cooperated in the preclinical development of the vaccine candidate with the Dutch company Synvolux Therapeutics B.V., whose highly compatible SAINT® transfection reagent contributes to increasing the efficacy and efficiency of the vaccine.

1 million people

die every year from chronic active hepatitis B or its consequences

The preclinical development of the vaccine was funded by the Federal Ministry of Education and Research within the framework of the EuroTransBio initiative. The project has been successfully concluded with the submission of the final report in June 2013.

HEPATITIS B

More than 2 billion people alive today – approximately one third of the world population – have been infected with the hepatitis B virus at one point in their lives. Of these, about 350 million people developing a chronic disease and become carriers of the virus. The disease can lead to serious consequences such as cirrhosis of the liver or liver cancer. According to the estimations of the World Health Organization, every year one million people die from chronic active hepatitis B or its consequences. Chronic hepatitis B is difficult to treat, so a preventive vaccination is the most important measure.

You will find further information at
www.mologen.com/en/products/infectious-diseases

Review of our year 2013

June 3

TRIAL DATA PRESENTED:

The final evaluation of the colorectal cancer phase II trial (IMPACT) with cancer immunotherapy MGN1703 is completed. In addition to confirming the very positive data already known, results for the overall survival of trial patients and an exploratory evaluation of immunological biomarkers are also successfully shown for the first time. The results are presented in the form of a poster to experts at the Annual Meeting of the American Society of Clinical Oncology and within the framework of a presentation at the ESMO World Congress on Gastrointestinal Cancer with great positive feedback.

ESMO

January | February | March | April | May | June

APRIL 1

EXECUTIVE BOARD EXPANDED:

Dr. Alfredo Zurlo is appointed as a new member of the Executive Board of MOLOGEN AG and its Chief Medical Officer. He has more than 10 years of experience in the areas of clinical strategy, clinical drug development, planning of clinical trials and regulatory affairs. He assumes responsibility for the strategy and design of the clinical development programs of MOLOGEN.

You will find further information at
www.mologen.com/en/press

October 18

BERLIN COOPERATION:

A phase I skin cancer trial using the MOLOGEN product candidate MGN1404 is launched under the scientific guidance of the Berlin Charité. MOLOGEN AG cooperates in this examination with the Charité Comprehensive Cancer Center, the Experimental and Clinical Research Center, the Max-Delbrück Center for Molecular Medicine Berlin-Buch and the skin cancer center of the Charité. For the first time in the history of MOLOGEN AG there are thus three different product candidates in four different indications in the clinical development phase at the same time.

September 30

FURTHER TRIAL COMPLETED:

The final evaluation of the phase I/II clinical trial (ASET) with MGN1601 in the renal cancer indication is presented. Treatment using MGN1601 proves to be safe and is very well tolerated. Previously displayed data are therefore confirmed and the primary study endpoint is achieved. The data for overall survival are promising in a subgroup of patients and exceed the expectations of MOLOGEN.

November 12

CAPITAL MARKET DISCUSSIONS:

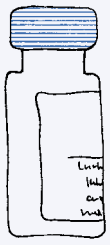
The Executive Board of MOLOGEN AG presents the company's current development to analysts, investors and interested parties at the German Equity Forum in Frankfurt/Main. In the subsequent question and answer session Dr. Matthias Schroff, chairman of the Executive Board, answers questions from a diverse audience of interested listeners. A variety of one-on-one meetings are also completed. The company will also participate in the event again next year.

July | August | September | October | November | December

October 28

SCOPE OF APPLICATION EXPANDED:

A phase II trial to examine the efficacy of MGN1703 against small cell lung cancer is applied for in Belgium. This is followed by appropriate applications to the authorities in Germany and Austria. With this trial, MOLOGEN not only expands its own clinical pipeline by an additional disease with a high medical demand worldwide. The trial also highlights the huge potential of the most advanced product candidate, since the application of MGN1703 is not limited to a specific type of cancer due to its mechanism of action.



November 20

FDA APPROVES TRIAL:

A clinical safety trial (phase I) using MGN1703 is launched in the United States. The trial examines the general tolerability and specifically the cardiac tolerability and pharmacodynamic parameters of MGN1703 in healthy volunteers for the first time. The treatment phase is successfully completed in December. No significant clinical abnormalities are observed. The trial complements the already extensive data package on the tolerability and mechanism of action of MGN1703. At the same time, also the foundation for the further clinical development of MGN1703 to market approval in the United States is laid now.

The MOLOGEN share

- High volatility in 2013
- At times highest share price since 2001
- Annual performance 2013: -1.9%

STOCK MARKETS CONTINUED UPWARD TREND IN 2013

The German stock market, similar to the previous year, also showed positive development across the board in 2013. On January 2, the German stock index (DAX) launched the new year at 7,689 points and initially rose to 8,074 points. Political uncertainties following the parliamentary elections in Italy and the impending national bankruptcy in Cyprus only briefly affected the stock market situation and led to a low of 7,418 points on April 19, 2013. Supported by the FED's renewed assurances to maintain a favorable monetary policy for the time being, in the first half of the year the DAX reached a new all-time high of 8,557.86 points on May 22, despite high volatility.

Overall, the price performance of the DAX in the second half of 2013 was characterized by lower volatility than the first half of the year. Uncertainties about further development in Europe, the ongoing crisis in Syria and also the slow economic development in China provided for interim downturns in July and September. Nevertheless, positive corporate news, improved economic indicators, as well as the continued setting of low central bank interest rates by the FED and ECB prepared the way for a gradual rise in the DAX until the end of the year. The German benchmark index DAX ended the trading year at 9,552 points and thus increased by approximately 22.8% in 2013.

There was also a clearly positive development in terms of shares in the German pharmaceutical and biotechnology industry. The industrial sector index DAXsector Pharma & Healthcare started 2013 on 2,369 points, reached a year high of 2,944 points in between and ended the year at 2,931 index points, close to the peak. Overall, the index thus showed a positive performance and grew by approximately 23.7% in 2013. The narrower index DAXsubsector Biotechnology showed an increase of almost 34.8% over the same period.

MOLOGEN SHARE SLIGHTLY INTO THE RED WITH HIGHER VOLATILITY IN 2013

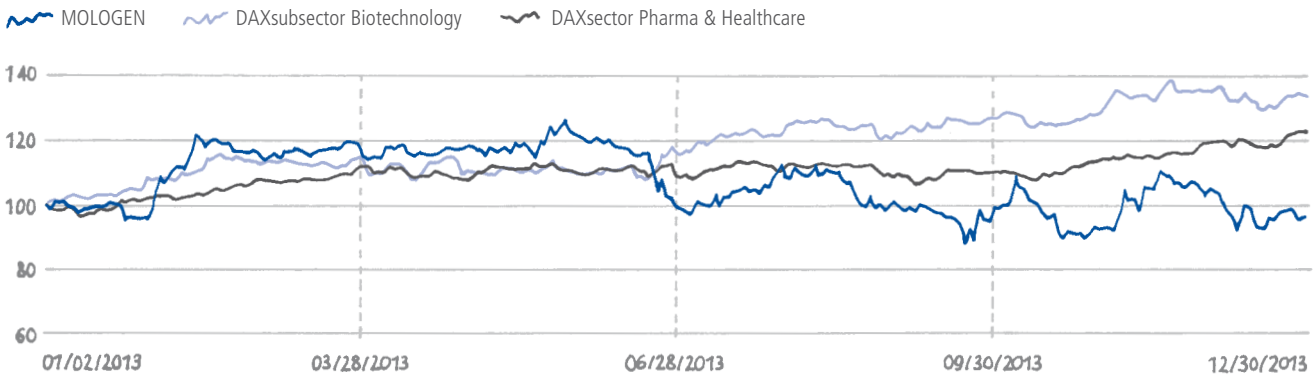
The share opened on January 2, 2013, at a price of 11.80 euros. From the end of January, it showed a dynamic price increase, parallel with the appearance of new analyst comments that showed evidence of upward potential. So the MOLOGEN share was already briefly at 14.55 euros in mid-February and on May 31, 2013, achieved 15.10 euros, the highest level since 2001. The share was able to maintain a level above 14 euros until mid-June. During this period, in addition to the expansion of the Executive Board with the addition of a very experienced Chief Medical Officer and the approval of a collaborative study with the Berlin Charité, MOLOGEN AG was able to announce very positive data from the final analysis of the company's most important product candidate.

In the further course of the year, despite positive news from the company, due to significant swings the price fell to a year low of 10.26 euros on September 20 and until the end of the year fluctuated between 11 and 13 euros. At the end of trading on December 30, 2013, the MOLOGEN share closed with 11.48 euros and thus recorded a slight decline of 1.9% over the course of the year.

Key Capital Market Figures

Key data (XETRA)	2013	2012
First trading day (€)	11.85	7.10
Last trading day (€)	11.48	11.70
Year high (€)	15.10	12.97
Year low (€)	10.49	7.10
Year average (€)	12.73	9.99
Number of shares outstanding on Dec. 31	15,419,512	15,412,449
Weighted number of shares	15,414,804	13,916,040
Market capitalization on Dec. 31 (in million €)	177.02	180.33
Average market capitalization (in million €)	196.23	139.02
Average trading volume at Frankfurt Stock Exchange (shares)	13,309	14,825

Performance comparsion of MOLOGEN share in 2013



Up until the completion of this report the share price hovered around the 11.60 euro mark and broke through the 12.00 euro mark again at the beginning of March after a slight upward trend.

The market capitalization of MOLOGEN AG remained relatively stable at around 180 million euros due to this development. There were also no significant changes in the shareholder structure in 2013. The largest blocks of MOLOGEN AG shares (as of March 2014, with rounded figures) are held by: Global Derivative Trading GmbH with 24%, Deutscher Ring Krankenversicherungsverein a.G. with 8%, Baloise Holding AG with 8% and Salvator Vermögensverwaltungs GmbH with 7%.

INVESTOR RELATIONS

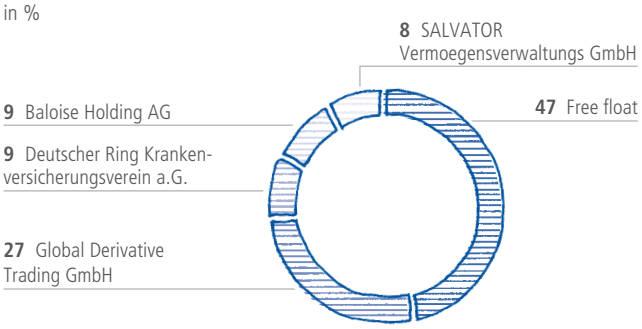
With an active and transparent communications policy, we always promptly provide comprehensive information concerning all developments of MOLOGEN AG. Our contact persons in the area of investor relations are available at any time to answer your questions and offer advice.

In 2013 MOLOGEN AG was accompanied by five independent research houses which regularly assess the business development with their studies: DZ Bank AG, Edison Investment Research Ltd., First Berlin Equity Research GmbH, Independent Research GmbH and Montega AG. Further information as well as the contact details can be found in the investor relations area on the homepage of MOLOGEN AG.

Shareholder Structure

Share ownership as of December 31, 2013

in %



Report of the Supervisory Board

During the 2013 financial year the Supervisory Board of MOLOGEN AG has taken great care to comply with the obligations incumbent upon it under the law, the company's bylaws and internal rules of procedure.

The Executive Board has been constantly monitored and advised by the Supervisory Board in the management of the company. The Supervisory Board was always involved from an early stage in decisions of fundamental importance.

The Executive Board has complied with its obligations to provide information and has regularly provided the Supervisory Board with timely, detailed and comprehensive information. This took place both in meetings of the Supervisory Board as well as outside through written and oral reports on business development, the company's situation, including the risk situation, risk management and compliance, and the strategic direction of the company including financial and liquidity planning. Deviations from the plans in terms of business performance were also the subject of reporting. The chairman of the Supervisory Board was regularly informed about the current business situation and significant events in face-to-face meetings or by telephone. The Supervisory Board has discussed the reports of the Executive Board in detail and has discussed them with the Executive Board.

As far as individual measures of the Executive Board, which require the approval of the Supervisory Board according to the law or the company's bylaws, required decisions of the Supervisory Board, the Supervisory Board has advised and has made the appropriate decision within the Supervisory Board meetings. Where justified, decisions made outside meetings were made in writing, electronically or in the form of circular resolutions.

TOPICS OF THE SUPERVISORY BOARD MEETINGS

In financial year 2013 the Supervisory Board held a total of ten meetings. All three members of the Supervisory Board attended the meetings.

The topics discussed at the balance sheet meeting held on March 11, 2013, included in particular the annual financial statements and the individual annual financial statements for 2012, the risk management system and further planning in the field of clinical research and development. In addition, the expansion of the Executive Board with the position of Chief Medical Officer and the agenda for the 2013 Annual General Meeting were discussed.

The second meeting was held on April 10, 2013. The focus was the situation of the company. Other topics included the setting of performance targets for the new member of the Executive Board, as well as the adaptation of the business distribution plan of the Executive Board.

The discussions on the issues of the agenda for the Annual General Meeting continued, in particular, at the meeting held on May 21, 2013.

In the meetings held on May 29, 2013 and on July 8, 2013, the members of the Supervisory Board prepared the court appointment of Mr. Stefan ten Doornkaat as successor to Dr. Schlichting, who resigned his office for personal reasons, by a corresponding recommendation.

In the meeting held on July 16, 2013, the Supervisory Board together with the Executive Board discussed in particular the current situation of the company as well as the status of planning for further clinical trials with the product candidates MGN1601 and MGN1703.

The partnership activities for MGN1703 were the main item on the agenda at the meeting held on August 8, 2013, but they were also the subject of all other meetings of the Supervisory Board carried out in financial year 2013.

On October 23, the Supervisory Board gave advice concerning the 2014 business plan and the 2013 employee participation program, which was also the focus of the meeting held on November 26, 2013. The Supervisory Board also dealt with the performance targets of the members of the Executive Board for financial year 2014 and – as, among other things, at the meeting held on December 18, 2013 – with the objectives of the Executive Board achieved in financial year 2013.

Furthermore, outside its meetings, the Supervisory Board dealt in particular with the following topics which required appropriate resolutions of the Supervisory Board: the appointment of Dr. Alfredo Zurlo as the new member of the Executive Board, adoption of the agenda for the 2014 Annual General Meeting and the engagement of the auditor of the annual financial statements for financial year 2013. The basic debates on these topics were mostly held in the meetings in advance of the decisions.

Gregor Kunz
Chairman of the Supervisory Board

Dipl.-Kfm. | Auditor, tax consultant and partner at
RBS RoeverBroennerSusat, auditing company, tax consultants, Berlin

Stefan ten Doornkaat
Deputy Chairman of the Supervisory Board

Lawyer | Lawyer and certified specialist in tax law in his own law firm. He is spokesperson for Schutzgemeinschaft der Kapitalanleger e.V. (SdK) (Association of Investors) and also active on the supervisory boards of other companies.

Susanne Klimek

Tradeswoman | Managing Director of
SALVATOR Vermögensverwaltungs GmbH, Munich

No committees have been formed in the past financial year due to the small number of members of the Supervisory Board.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

Conflicts of interest of members of the Executive Board and the Supervisory Board, which are to be brought to the attention of the Supervisory Board without delay and reported at the Annual General Meeting, have not occurred in the year under review.

The compliance with the German Corporate Governance Code was continuously monitored by the Supervisory Board. The company complies in most respects with the recommendations of the Government Commission on the German Corporate Governance Code.

The current joint declaration by the Executive Board and the Supervisory Board concerning the Code can be found on the company's homepage.

ANNUAL FINANCIAL STATEMENTS AND INDIVIDUAL ANNUAL FINANCIAL STATEMENTS, AUDIT

At the Annual General Meeting held on July 16, 2013, Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft (formerly Rölfs RP AG Wirtschaftsprüfungsgesellschaft) was reelected as auditor for the financial year ending on December 31, 2013. On behalf of the Supervisory Board, the annual financial statements as of December 31, 2013, provided by the Executive Board and the management report for financial year 2013 provided by the Executive Board were audited by Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft

according to the regulations of the German Commercial Code (Handelsgesetzbuch=HGB). The Executive Board has also provided individual annual financial statements as of December 31, 2013, according to IFRS in accordance with Section 325 Para. 2a HGB, as adopted by the EU. The management report provided by the Executive Board also refers to the individual annual financial statements in accordance with IFRS, as adopted by the EU. The Supervisory Board also awarded Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft the commission to audit the individual annual financial statements in accordance with IFRS, as adopted by the EU.

The audit by Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft has led to no objections. The auditors judge that the individual annual financial statements according to Section 325 Para. 2a HGB as of December 31, 2013, in accordance with IFRS, as adopted by the EU, gives a true and fair view of the state of the company in terms of the financial performance and financial position. An unqualified auditors' opinion was also issued for the annual financial statements as of December 31, 2013, in accordance with HGB. Furthermore, the auditors also noted that the management report, which complies with the individual annual financial statements according to Section 325 Para. 2a HGB and the annual financial statements according to HGB, provides on the whole a true picture of the state of the company and accurately represents the opportunities and risks of future development.

The annual financial statements according to HGB, the individual annual financial statements according to IFRS, as adopted by the EU, and the management report, which also refers to the individual annual financial statements, as well as the audit reports, were submitted to the members of the Supervisory Board on time, examined by the Supervisory Board according to the legal provisions and then discussed in detail at the balance sheet meeting held on March 10, 2014, in the presence of the Executive Board and the auditor. The auditor has reported on the key findings of its audit to the Supervisory Board and is available to answer questions and provide further information.

The Supervisory Board has approved the findings of the audit. The in-house audit and discussion also led to no objections to the annual financial statements and the individual annual financial statements. In addition, the Supervisory Board has approved of the management report, which also refers to the separate financial statements, and the statements contained therein concerning the company's development. As a result, the annual financial statements were endorsed by the Supervisory Board without restrictions or supplements. The annual financial statements as of December 31, 2013 in accordance with the German Commercial Code (HGB) are hereby adopted.

MEMBERSHIPS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

Dr. Alfredo Zurlo was appointed as a new member of the Executive Board for a period of three years with effect from April 1, 2013. He expanded the company's Executive Board in his capacity as Chief Medical Officer. Dr. Zurlo, a specialist in oncology and radiotherapy, has many years of professional experience in the areas of clinical strategy, clinical drug development, and planning of clinical trials and regulatory affairs. He is responsible for the strategy and design of clinical development programs and for the application and implementation of the clincial trials of MOLOGEN AG.

Dr. Mathias P. Schlichting resigned his mandate as a member of the Supervisory Board and chairman of the Supervisory Board on July 1, 2013, for personal reasons. Mr. Stefan ten Doornkaat, an independent lawyer, has been appointed by the court as succeeding member for the period up until the 2014 Annual General Meeting. Following this appointment, the Supervisory Board has elected Mr. Gregor Kunz as the new chairman and Mr. ten Doornkaat as his deputy. The Supervisory Board would like to thank Dr. Mathias P. Schlichting warmly for his longstanding commitment and his achievements for the benefit of the company.

The Supervisory Board also thanks the members of the Executive Board and all employees of MOLOGEN AG for the work they have done and for their great dedication over the past year.

Berlin, March 10, 2014

Gregor Kunz
Chairman of the Supervisory Board

HIGHLIGHTS

- Positive clinical data from colorectal cancer study with MGN1703
- Positive clinical data from renal cancer study with MGN1601
- Lung cancer study for MGN1703 submitted for approval
- Investigational New Drug (IND) application for MGN1703 submitted in the US
- R&D expenditures amounting to € 7.9 million
- Liquid funds amounting to € 14.8 million

FINANCIAL INFORMATION

MANAGEMENT REPORT

for the fiscal year 2013

- Positive clinical data from colorectal cancer study with MGN1703
- Positive clinical data from renal cancer study with MGN1601
- Lung cancer study for MGN1703 submitted for approval
- Investigational New Drug (IND) application for MGN1703 submitted in the US
- R&D expenditures amounting to € 7.9 million
- Liquid funds amounting to € 14.8 million

The highly eventful financial year 2013 proved to be exceedingly successful for MOLOGEN AG. Important milestones have been achieved especially in the area of research and development. The results from final evaluations of clinical studies with the product candidates MGN1703 and MGN1601 for colorectal and renal cancer, respectively, confirmed and even exceeded in part the positive clinical data obtained so far. Furthermore, a clinical study with MGN1703 in the indication of lung cancer was submitted for approval, and the pre-clinical work on the hepatitis B vaccine candidate MGN1333 was successfully completed. Not least, a clinical study was started with MGN1404 in the indication of skin cancer within the cooperation with the Charité and the Max-Delbrück-Center.

These intensified activities involved additional personnel increases. On December 31, 2013, the company employed a total of 58 employees (12/31/2012: 53 employees).

The company's expenses also increased accordingly. The operating result in accordance with IFRS dropped as expected by € 2.9 million to € -10.9 million. The monthly cash consumption rate in the amount of € 0.75 million only slightly exceeded the figure of the previous year in the amount of € 0,74 million. With liquid funds in the amount of € 14.8 million by December 31, 2013, the company continues to be financed soundly (previous year value of € 23.8 million).

Company overview

MOLOGEN AG (hereinafter abbreviated as: MOLOGEN) is an internationally operating biotechnology company. Apart from the focus on oncology, the research- and development activities also concentrate on infectious diseases. MOLOGEN researches and develops various drug candidates in these fields primarily addressing diseases with substantial unmet needs.

These are based on proprietary technologies enabling, or decisively facilitating, the use of DNA (deoxyribonucleic acid, carrier of genetic information for all living beings) as a drug to treat previously untreatable or only insufficiently treatable diseases or improve the quality of life. The technologies are patented and conducted under the brands MIDGE®, dSLIM® and EnanDIM®. In addition, MOLOGEN has a unique tumor cell bank characterized according to pharmaceutical regulatory requirements, which is also used as a basis for drug development.

MOLOGEN investigates the proprietary product candidates and develops them within the framework of pre-clinical tests and clinical studies. The aim is to out-license the product candidates to pharmaceutical companies after successful proof of clinical efficacy. With the help of licensing revenue that may consist of upfront- and milestone payments, as well as royalties, further growth should be enabled and should make MOLOGEN profitable.

MOLOGEN was founded in 1998 as a stock corporation under German law and the company went public in the same year. Since June 2009, the company's shares are traded in the Prime Standard on the Frankfurt Stock Exchange.

The company's registered office is in Berlin; no other locations exist. The company is registered in the Commercial Register of the Local Court at Berlin-Charlottenburg under the number HRB 65633 B.

Accounting

This management report refers to the annual financial statements drawn up in accordance with the German Commercial Code (HGB). In addition, it refers to the individual annual financial statements in accordance with Section 325 Para. 2a HGB in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. MOLOGEN will disclose these individual annual financial statements in accordance with Section 325 Para. 2a HGB in accordance with IFRS, as adopted by the EU pursuant to the provisions of the German commercial law.

The financial figures in this management report refer to the IFRS individual annual financial statements of MOLOGEN. Figures referring to the annual financial statement in accordance with the Commercial Code are marked accordingly.

SEGMENT REPORTING

MOLOGEN does not prepare segment reporting since the technologies and product candidates are still in the research and clinical development. Cash flows and corresponding expenses cannot be clearly attributed to the individual product candidates or technologies since different combinations of proprietary and licensed technologies are used for different product candidates. In this context, segment reporting would not provide any additional information compared to the information contained in the other components of the financial statements or the management report.

General conditions

MACROECONOMIC DEVELOPMENT

- Gradual recovery of the global economy through moderate growth
- Recovery in the Eurozone with Germany as the driving force
- Positive expectations for 2014

In the first quarter of 2013, a worldwide economic stabilization and recovery took place which continued and strengthened further over the course of the year. However, this development was marked by large regional differences. Although the uncertainty caused by the finance- and euro debt crisis slowly decreased over the course of last year and this trend continues to maintain, further considerable structural challenges had to be overcome, especially in Europe, but also in most newly industrialized countries and the US, which have not yet been completed. The adjustment processes necessary, therefore, depress the economic development for the time being so that the global economy continues to remain less dynamic than before the crisis. Looking back at the year 2013, the International Monetary Fund (IMF) assumes a global GDP growth rate of 3.0% and predicts a growth of 3.7% in 2014. It is expected that the industrial countries are above all the driving force for the future positive trend.

The US economy has proven, after an initially restraint start of the year in the third quarter of 2013, to be surprisingly dynamic and was able to experience strong growth. Thus, the macroeconomic performance rose in the third quarter by 0.7% and confirmed the prevailing positive business climate index. Despite a somewhat moderate development in the fourth quarter, hence looking back at the fiscal year 2013, the IMF expects a growth of 1.9% and thereby marks an upward shift in its forecast published in October 2013 by 0.3 percentage points. For the year 2014, the IMF expects a solid growth of 2.8% in the United States.

In the second and third quarter, the Eurozone was able to record a slight growth for the first time since one and half years of recession. This development was mainly driven by the recovery of some of the key countries, especially in Germany. The economic performance slightly increased again in Ireland, Portugal and Spain. However, the development of individual member states varied considerably and, in particular, the peripheral countries were still faced with major structural problems in the past year. For the overall fiscal year 2013, the International Monetary Fund calculated a decline in the economic performance by 0.4% for the Eurozone and again predicts a slight growth of 1% in 2014.

In 2013, the German economy was also marked by a moderate and stable growth and thus defied the general trend in the Eurozone. This was largely due to a robust dynamic of the domestic economy, a stable labor market and moderate price development providing a positive consumer climate and thereby boosting private consumption. According to the assessment of IMF, a GDP growth rate of 0.5% was achieved in 2013 (2012: 0.7%). In fact, a significant growth rate of 1.6% is predicted for 2014.

The economic growth in emerging nations, which was marked highly dynamic at the beginning of 2013 and thus contributed significantly to the recovery of the global economy, has weakened somewhat in the course of the year. The GDP growth rate of 5.5%, initially predicted by the IMF for these regions, could not be confirmed and was adjusted to 4.7% at the beginning of the year. For the year 2014, the IMF expects a stable, although less dynamic growth of 5.1% for the emerging economies.

In Japan, the economic stimulus package and expansive monetary policy of the Government made a short-term impact in response to local recession and, according to the IMF, ensured a 1.7% growth in 2013, which is likewise predicted for 2014.

Despite obvious signs of recovery and an increasingly positive fundamental state of mind, the global economic situation remains uncertain and is marked by challenges. Although more and more member states are slowly recovering from the European debt crisis, the crisis shall not be deemed as over yet and, especially the marked regional differences represent a risk to a continuous positive development of the global market. Further risk factors include the handling of the emerging nations and the US with their domestic structural problems.

In 2013, the interest rate policy of the European Central Bank was once again marked by historically important decisions. In November 2013, the ECB's Governing Council lowered the European key rate by another 25 basis points to 0.25%, which is the lowest level since the introduction of the Euro. In its latest monetary policy decision, the ECB's Governing Council also expects that this interest rate level shall remain for a while to come due to the weak price developments in the Eurozone, as well as the only hesitantly and also unevenly invigorating economy.

Since the beginning of 2012, the interest rate of the US Federal Reserve remains unchanged between 0% and 0.25% and is expected to remain in this range until at least the end of 2014.

DEVELOPMENT OF THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES

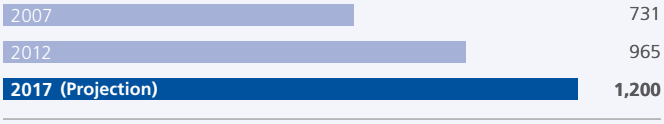
- Recovery of the global pharmaceutical market: "patent cliff" is considered to be largely overcome
- Global sales increase for drugs expected to be up to US$ 1.2 trillion in 2017
- Oncology by far the largest therapeutic area in terms of sales in industrial countries

In recent years, the pharmaceutical market had to struggle against weak economic growth basing the main reason on a variety of expired patents. The low point of the growth stagnation is now considered, according to the assessment of the market research institution IMS Health, to be bridged over and was a response to the so-called patent cliff which bottomed out in 2012 and is now considered being largely overcome.

The prospects for the sector are again very positive, and a variety of innovative drug developments is expected by 2017. Annual sales growth will increase from 2–3% in 2013 up to 5–7% in 2017. The focus will be more and more on personalized medicine, niche products and increasingly on so-called "ultra orphan drugs" aiming at rare and very rare diseases. On the other hand, the share of generic products will increase from the current 27% to 36% within the next four years. According to IMS Health, the global pharmaceutical expenses in 2014 will exceed the trillion mark for the first time and will reach a value of nearly US$ 1.2 trillion by 2017.

Development of the global pharmaceutical market 2007–2017

in billion US$*



* Source: IMS Health

Growth drivers continue to be the so-called "pharmerging markets" including China, Brazil, Russia, India, Mexico and Turkey. Over the next four years, double-digit growth rates are predicted for these countries while only single-digit moderate growth is expected for the US, Japan and the European markets. According to IMS Health analysts, China will develop within the pharmaceutical market as number two behind the US by 2017. Nevertheless, the established markets remain relevant when it comes to the introduction of new drugs and medical products.

In the field of cancer, the World Health Organization (WHO) expects a sharp rise in incidences: this figure could rise by 40% in the coming decade and 20 million people worldwide could fall ill each year from cancer by 2025. The WHO warns in its 2014 World Cancer Report that even an increase of about 70 percent could be expected in the next two decades. High hopes are placed in the emerging field of immunotherapies for cancer having become increasingly the focus of cancer research in the last 2–3 years. For the first time, they also enabled the observation of a significant prolongation of survival in some cancers, although only in some of the treated patients. The combination

of different cancer immunotherapies has also shown promising data during initial studies, but many of these hopes are still in clinical development. With a predicted market volume of up to US$ 84 billion by 2017, the field of oncology remains by far the largest therapeutic area in terms of sales in industrial countries.

Despite the good prospects, the sector continues to face major challenges. These include, in particular, expiring patents and the associated expansion of the market share for generics, as well as stricter laws and approval regulations. In many countries, health reforms associated with cost savings also render the conditions for market approvals or subsequent market penetration more difficult. New trends can be observed in response to patent losses and shrinking pipelines by pharmaceutical companies. Hence, they enter into new business segments, invest increasingly in the development of niche products and personalized medicine or strengthen their activities in the field of mergers and joint ventures. New opportunities also arise for the ambitious biotechnology sector based on the increasing demand for innovative drugs and treatment methods. In this context, the business prospects for MOLOGEN should be assessed as very positive over the long term.

LEGAL FRAMEWORK

For MOLOGEN, the regulatory framework conditions for research and development of new drugs are particularly relevant. This area is regularly subjected to changes and further development. As a whole, the changes in the framework conditions have not excessively affected the business activities of MOLOGEN.

For the market potential of the proprietary product candidates, the framework conditions in the health sector are especially relevant in the EU and US and, thereby, the continuing cost pressure in the health care systems in particular.

Business performance

- Final evaluations of clinical studies confirm previous results
- Lung cancer study with MGN1703 submitted for approval
- Investigational New Drug (IND) application for MGN1703 submitted in the US

RESEARCH AND DEVELOPMENT (R&D)

MOLOGEN has committed itself to develop highly innovative drugs for the treatment of cancer and serious infectious diseases based on its proprietary platform technologies.

During the fiscal year 2013, further progress has been made in research and development with the product pipeline. The final evaluations of the clinical study with MGN1703 (IMPACT study) as well as the concluding evaluation of the clinical study with MGN1601 (ASET study) were the focus of R&D activities in the reporting period. In addition, the plans for the lung cancer study with MGN1703 were completed, and the study was submitted for approval. Furthermore, an IND (Investigational New Drug) procedure was opened for MGN1703 with the US Food and Drug Administration (FDA) and in this context a phase I study applied for and conducted.

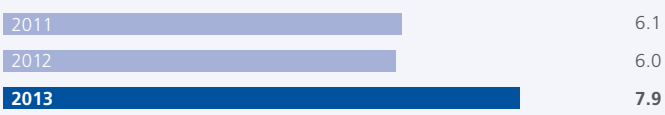
The development for MGN1404 within the cooperation with the Charité Universitätsmedizin and the Max-Delbrück-Center for Molecular Medicine has progressed successfully as well. The study submitted in the previous year was approved and has been started.

R&D expenditures

The progress in the R&D field represents an important basis for the continued positive development of the company. In the fiscal year 2013, recognized measures and investments in the amount of € 7.9 million were, therefore, carried out as planned (reference period: € 6.0 million).

R&D expenditures

in million €



Composition of the product pipeline:

As of December 31, 2013

Product	Research	Preclinic	Phase I	Phase II	Phase III	Approval
Oncology						
MGN1703[1] (colorectal cancer)						Privotal randomized trial being prepared
MGN1703[1] (small cell lung cancer)						Randomized controlled trial applied for
MGN1703[1] (other solid tumors)						
MGN1601 (renal cancer)						Phase I/II completed
MGN1404[2] (malignant melanoma)						First patient enrolled
Infectious Diseases						
MGN1331 (leishmaniasis)						
MGN1333 (hepatitis B)						

[1] IND filed in U.S.; safety trial in U.S.: treatment phase completed
[2] Collaboration with Max-Delbrück-Center for Molecular Medicine and Charité Universitätsmedizin, Berlin

ONCOLOGY – CANCER IMMUNE THERAPY MGN1703

Phase II study for colorectal cancer ("IMPACT" study)

MOLOGEN has concluded the randomized, placebo-controlled, double-blinded, multi-centered clinical phase II study assessing the efficacy of MGN1703 in the reporting period. MGN1703 was thereby used as maintenance therapy after successful first-line therapy of metastatic colorectal cancer.

Initial results from this study were already presented during the fiscal year 2012. After this first evaluation, patients still participating in the study were treated according to the study protocol. In the first quarter of 2013, the treatment phase of the study was finally fully completed. Four patients showed no progression of their tumor disease at that time. A so-called "compassionate use" program (in Germany) and a "named patient" program (in Austria), respectively, was set up for these patients. Within these programs, patients have the opportunity to continue to be treated with MGN1703.

All patients, who participated in the study, will continue to be monitored with regard to their overall survival; these data will further be recorded.

In the second quarter of 2013, MOLOGEN has conducted a final evaluation of the IMPACT study. The results were presented at the scientific conventions "American Society of Clinical Oncology Annual Meeting 2013" in Chicago and "ESMO 15th World Congress on Gastrointestinal Cancer" in Barcelona.

The final evaluation includes the results for progression-free survival (PFS) for all 59 patients participating in the study. The positive results of the first evaluation conducted in May 2012 and already presented at the ESMO Congress 2012 could be confirmed in terms of PFS. The median follow-up period was at the time of the final analysis more than 17 months.

In addition, the final analysis also includes data on patients' overall survival (OS). These are currently still provisional as the majority of the patients of the MGN1703 group was fortunately still alive at the time of the evaluation. In addition, exploratory evaluations of patient characteristics before initiating treatment and immunological biomarkers were performed.

The results in detail:
A total of 59 patients were included in the study. The patient characteristics were well balanced between both treatment arms.

The hazard ratio for progression-free survival in the maintenance therapy (primary endpoint of the study) was 0.55 (p=0.04); hazard ratio for the progression-free survival from the start of the first-line treatment (secondary endpoint) was 0.50 (p=0.02), when the evaluation of response and tumor progression in each case by local investigators was taken into account.

During the evaluation of response by two independent reviewers, a hazard ratio of 0.56 (p=0.07) for progression-free survival in the maintenance therapy and of 0.49 (p=0.03) for progression-free survival from the start of the first-line treatment was identified.

In some cases, a long-lasting response was observed on treatment with MGN1703. As of June 2013, four patients still showed no tumor progression. The duration of treatment in these patients was at the time between 15 and 30 months.

The findings from the IMPACT study will be incorporated in future continuative studies in order to identify patients who are likely to benefit the most from a treatment with MGN1703.

Parallel to the final analysis of the study results of the very promising product candidate MGN1703, MOLOGEN has further advanced the licensing activities for this compound but could not conclude it in the past fiscal year. A two-pronged strategy was pursued parallel to the licensing activities to advance the plans for the final clinical pivotal study in the field of colorectal cancer and thus also enabling MOLOGEN to carry out this study independently.

Pivotal study for colorectal cancer ("IMPALA" study)

During the reporting period, MOLOGEN has widely prepared an international pivotal study for MGN1703 in the treatment of colorectal cancer to confirm the results of the IMPACT study in a larger number of patients. This included the development and coordination of the study protocol with medical specialists and other experts. In addition, a scientific advice meeting based on the preliminary protocol and to address detailed issues was conducted with the Paul Ehrlich Institute. In addition, raw materials for the manufacturing of MGN1703 were purchased.

Lung cancer study ("IMPULSE" study)

Furthermore, the plans for a clinical study with MGN1703 in small cell lung cancer were completed in the reporting period. In this study the findings of the final evaluation of the IMPACT study were considered. The study was submitted to the competent authorities and ethics committees in Belgium and Austria. The application in Germany followed in January 2014.

The study is designed as an open label, controlled, two-armed, randomized and multi-centered study. The aim of the study is to assess the efficacy and tolerability of MGN1703. The primary endpoint is overall survival.

The study will include patients suffering from an advanced stage ("extensive disease") of small cell lung cancer (SCLC) and whose tumors have responded to first-line chemotherapeutic treatment.

The treatment with MGN1703 will start after the completion of the first-line treatment and shall be continued until recurring progression of the disease. The principal investigator is Prof. Dr. Michael Thomas, oncologist and Head of the Thoracic Oncology Department in the Thorax Clinic at the University Hospital in Heidelberg.

Safety study in the US

In September, MOLOGEN has filed a so-called IND application for MGN1703 for the treatment of solid tumors with the US Food and Drug Administration (FDA). A clinical phase I study was also applied for in connection with the IND and the study was conducted in the fourth quarter of 2013.

The placebo-controlled double-blinded study examined the cardiac tolerance and general tolerance, as well as pharmacodynamic parameters of MGN1703 in healthy volunteers and complements the already extensive data packet on the tolerability and the mechanism of action. The IND procedure forms the basis for further clinical developments of MGN1703 in the US up to market approval. The FDA and the competent ethics committee approved the study application in October 2013 so the study could be initiated in November. The treatment phase of the study could be completed on schedule in December. As a result thereof, no significant clinical abnormalities were observed at this time with regard to safety and tolerability.

ONCOLOGY – CANCER IMMUNE THERAPY MGN1601

Phase-I/II study for renal cancer ("ASET" study)

MOLOGEN has completed the clinical phase I/II study which assessed the safety and tolerability of the cancer vaccine MGN1601 in the reporting period. Within the ASET study, patients suffering from advanced renal cancer and for whom no other treatment options were available, received about a total of eight treatments with MGN1601 over a period of twelve weeks.

The patients were examined after the treatment phase. Provided that, after these twelve weeks, they reacted to treatment with at least a stabilization of the initially advancing cancer, the patients could then be treated within an expansion phase. During this expansion phase, patients received up to five more treatments at increasing intervals spread over two years. A total of 19 patients were included in the study.

MOLOGEN carried out the final study results in the third quarter of 2013. The data confirm the preliminary results that were already presented at the ESMO Congress 2012. Thus, the primary endpoint of the study, the proof of safety and tolerability, was achieved. In addition, a subgroup of patients showed a promising overall survival during treatment with MGN1601. Some of these patients were still alive at the time of the evaluation and will continue to be observed.

The results in detail:
In total 19 patients were included into the study and received at least one MGN1601 injection (ITT population). 10 patients completed the study per protocol (PP population). 9 patients discontinued the study early without completing the planned treatment phase due to the worsening of their tumor disease (non-PP population).

During the study 109 adverse events (AE) were documented. Only 10 (9.2%) AE were assessed having a relationship to MGN1601: 8 AE were mild (grade 1) and 2 AE moderate (grade 2). Mainly administration site reactions and skin disorders were observed. 16 serious adverse events (SAE) have been reported of which none was assessed as drug related.

Overall, 2 patients of the PP population achieved disease control after 12 treatment weeks and continued treatment in the extension phase of the trial. One patient had tumor progression after 48 weeks, the other completed all 5 vaccinations of the extension phase with an objective tumor response and was still in tumor remission after 120 weeks of treatment. The median overall survival (OS) was 24.8 weeks in the ITT population and 115.3 weeks in the PP population.

ONCOLOGY – CANCER IMMUNE THERAPY MGN1404

MOLOGEN cooperates with facilities of the Charité Universitätsmedizin Berlin, as well as the Max-Delbrück-Center for Molecular Medicine (MDC) Berlin-Buch. A clinical phase I study assessing the safety and tolerability of a MIDGE®-based cancer immunotherapy (MGN1404) for the treatment of malignant melanoma was carried out within the framework of the cooperation. The study collects additional data on the MGN1404 mechanism of action. MGN1404 is applied in different doses in skin metastases by means of needle-free jet injectors. A total of 9 patients shall be included in the study.

The study is carried out by the Charité Universitätsmedizin in collaboration with the Charité Comprehensive Cancer Center (CCCC), the Experimental and Clinical Research Center (ECRC),

the Max-Delbrück-Center for Molecular Medicine (MDC) Berlin-Buch, as well as the Skin Cancer Center Charité (HTCC). The principal investigator is Dr. Felix Kiecker, specialist in dermatology and venereology at the Skin Cancer Center Charité.

The Paul Ehrlich Institute approved the study application submitted in the fiscal year 2012 in the first quarter of 2013. Hence, MOLOGEN has delivered the study medication to the cooperation partners. In October 2013, the study was started with the admission and dosage of the first patient.

INFECTIOUS DISEASES

The project of pre-clinical work for the hepatitis B vaccine candidate MGN1333 subsidized by the Federal Ministry of Education and Research as part of the EuroTransBio Initiative by the European Union has been concluded. The final report was completed in June 2013.

For MGN1331, a vaccine candidate against leishmaniasis, the possibilities of additional subsidies were examined in the reporting period and planning for a clinical phase I study was further advanced. The "LEISHDNAVAX" project for conducting pre-clinical work for the MGN1331 product candidate was subsidized by the European Union as part of the 7th Framework Programme of the EU and concluded as planned in the fiscal year 2012.

The development of a MIDGE®-based DNA vaccine against leishmaniasis in animals has failed again to achieve substantial progress in the reporting period. As a result, the project was suspended until further notice. The product candidate has only a very limited market potential compared to the other drug candidates thus not having a significant impact on the value of the MOLOGEN product pipeline. Moreover, since no development activities were carried out in the reporting period with other product candidates in the field of veterinary vaccines, an impairment loss on a license, which was acquired in 2006 for this area of application, became necessary due to the termination of the project.

COOPERATIONS AND PARTNERSHIPS

Apart from the previously described cooperation with institutions of the Charité Universitätsmedizin Berlin and the Max-Delbrück-Center for Molecular Medicine (MDC) Berlin-Buch for the product candidate MGN1404, MOLOGEN cooperates for many years with the Free University of Berlin (FU Berlin) in the field of basic research. The aim is to continue to discover and further develop promising technologies. Within the framework of cooperation, the parties have established the "MOLOGEN Foundation Institute for Molecular Biology and Bioinformatics" at the FU Berlin. MOLOGEN supports the Foundation Institute both financially and through the provision of personnel and materials.

ACHIEVEMENT OF OBJECTIVES 2013

MOLOGEN has achieved important goals in the past financial year 2013 with regard to the product candidate MGN1703. The IMPACT study in the indication of colorectal cancer could be completed, and the final results have confirmed, and partly exceeded, the interim results presented last year.

The preparations for the pivotal trial in this indication were also carried out as planned, the study design was presented to the German regulatory authority and detailed issues were addressed. Since the conclusion of a license agreement with a partner from the pharmaceutical industry was not achieved in financial year 2013, the out-licensing activities are on-going. The planning and preparation of the pivotal trial carried out in the reporting period consequently stipulate that MOLOGEN advances with the trial independently. The potential special effects on the company results outlined in the forecast for financial year 2013 as an additional scenario have therefore failed to materialize.

Contrary to the forecast, the clinical phase II study applied for last year with MGN1703 in the indication of lung cancer was not initiated within the reporting period. The findings from the final evaluation of the IMPACT study resulted in a modification of the original study designs. The revised study protocol was filed with the competent regulatory authorities and ethics commissions last year, so that – if successfully approved – the study can begin in financial year 2014. MOLOGEN assumes that the probability of success for the IMPULSE study could have been increased compared to the original plans.

MOLOGEN has also applied for and carried out an additional clinical study during the reporting period. The safety study with MGN1703, which was applied for in the United States, was originally not forecast in the previous year. The IND process associated with the American Food and Drug Administration (FDA) forms the basis for the further clinical development of MGN1703 in the United States until market approval. This is an important step for the product candidate with regard to the planned pivotal trial in the indication of colorectal cancer.

An important goal was also reached for the product candidate MGN1601 with the implementation of the final evaluation and the conclusion of the ASET study in renal cancer. Here, too, the previous results were able to be confirmed. A patient was fortunately able to go through the full extension phase of the trial due to his good response, so that it was only possible to terminate the trial after the final treatment of this patient and therefore only during the third quarter. The complete planning and the start of a continuous clinical trial for MGN1601 were therefore no longer able to be achieved within the reporting period.

The work with product candidate MGN1404 progressed as planned. The cooperation with institutions of the Charité-Universitätsmedizin Berlin and the Max-Delbrück-Center for Molecular Medicine Berlin-Buch was continued successfully. The planned study could be started as forecast.

A loss was again reported in financial year 2013 as expected, which was higher than in the previous year mainly due to higher expenses in the field of research and development and higher non-cash effects. As expected, cash consumption was at the level of the previous year.

Financial performance and financial position

- R&D expenditures of € 7.9 million (2012: € 6.0 million)
- EBIT of € -10.9 million (2012: € -8.0 million)
- Average cash utilized per month of € 0.75 million (2012: € 0.74 million per month)
- Liquid funds of € 14.8 million (2012: € 23.8 million)

Overall, the company's financial performance and financial position has developed as planned. Liquid funds available on the reporting date cover the short-term financial requirement of the company.

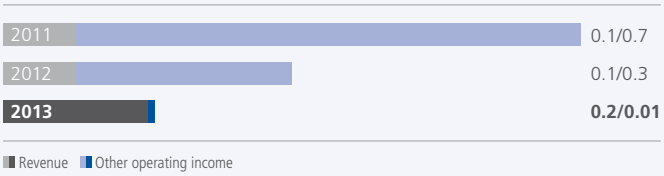
RESULTS OF OPERATIONS

In the fiscal year 2013, the revenues of MOLOGEN totaling € 0.2 million were slightly higher than last year, but remained as expected at a low level (2012: € 0.1 million). They result, amongst other things, from the sale of goods and services in the area of research. The increase was primarily driven by one-off effects from the delivery of study medication as part of the cooperation for the product candidate MGN1404.

Since no subsidies could be received or realized, respectively, in the reporting period – in contrast to the same period last year – the other operating income of € 0.01 million were below the previous year value (€ 0.3 million). This is due to the subsidized projects carried on into the fiscal year 2012 and completed in the meanwhile.

Revenue and other operating income

in million €



The costs of materials in the amount of € 2.9 million were significantly higher than the previous year value (2012: € 1.8 million) and accrued in connection with the preparation and conduction of clinical studies. This also includes one-off effects which are due to the purchase of raw materials, supplies and goods related to the preparation of further studies and which were not accrued in the fiscal year 2012. Other operating expenses increased only slightly up to € 2.8 million (2012: € 2.7 million), which is mainly due to the increased demands of consulting services as well as increased patent expenses and travel costs.

The personnel expenses increased significantly by € 0.8 million to € 4.4 million (2012: € 3.6 million). This resulted from hiring additional employees, expanding the Executive Board with a Chief Medical Officer, salary adjustments and one-time payments. In addition, also the non-cash effective expenditures in connection with granting employee share options as part of the personnel expenses increased by about € 0.1 million to € 0.9 million (2012: € 0.8 million).

Planned depreciation and amortization of assets was on par with the previous year at € 0.3 million. This is supplemented by an impairment loss in the amount of € 0.7 million for an intangible asset (license), which became necessary due to the termination of activities in the field of veterinary vaccines. No impairment losses were accrued in the previous year.

Finance income has decreased to € 0.03 million due to the significantly lower interest rates compared to the previous year (2012: € 0.05 million).

Of the total expenses, € 7.9 million were used in the past fiscal year for research and development projects, a significant increase of about 30% (2012: € 6.0 million). Apart from the increased personnel expenses in the R&D field compared to the previous year, this is also reflected by higher material costs in this field and an impairment loss.

The annual deficit rose in the fiscal year 2013 to € 10.8 million and stood at € 2.8 million above the loss of the comparative period (€ 8.0 million).

Annual deficit

in million €

Earnings per share have dropped accordingly to € -0.70 (2012: € -0.57).

NET ASSETS AND FINANCIAL POSITION

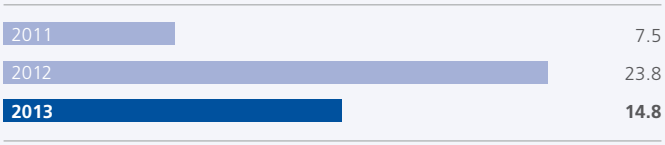
The financial management of MOLOGEN is designed to provide sufficient funding to enable the implementation of the business strategy. Equity capital and investments made available by the issue of new shares are largely used for the necessary research and development as well as other activities. As long as the company does not generate sufficient revenues, the future financing of R&D programs as well as other activities and investments will continue to be carried out predominantly in this way. In parallel, the possibility to raise outside funds is regularly examined as a source of funding.

As of December 31, 2013 the assets hold sizable liquid funds in the amount of € 14.8 million (12/31/2012: € 23.8 million). The decrease is primarily due to the cash utilized within the scope of operating activities. Including the investments and expenses for equity procurement, cash utilization stood at € 9.1 million (2012: € 8.9 million).

Through the exercise of employee share options, the company received a total of € 0.05 million gross (2012: € 0.5 million). In addition, the company received liquid funds in the amount of € 24.7 million gross from capital increases under partial utilization of the approved capital in the previous year.

Liquid funds

in million €



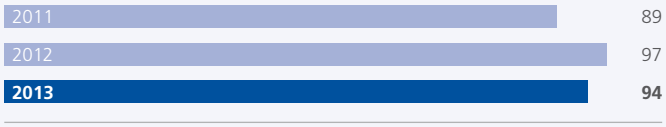
In the past fiscal year, MOLOGEN was always in a position to comply with all its financial obligations.

The volume of the investments made in the fiscal year 2013 was less than the scheduled depreciation and amortization. In the field of intangible assets, an impairment loss of € 0.7 million was carried out due to the preliminary termination of development activities for a product candidate in the area of veterinary vaccines. The non-current assets on December 31, 2013 at € 0.9 million were well below the level of the previous year's end of the reporting period (12/31/2012: € 1.3 million). The product candidate has a relatively low market potential and a correspondingly small effect on the value of MOLOGEN's product pipeline so that there are no significant impacts on the business prospects of the company.

Equity and liabilities are strongly influenced by the reported equity capital in the amount of € 15.0 million (12/31/2012: € 24.9 million). The decrease is primarily due to the increased loss carried forward by the annual deficit. The equity ratio dropped to 94% compared to the previous year value (12/31/2012: 97%). MOLOGEN's share capital has slightly increased from € 15,412,449 to € 15,419,512 by issuing new shares in connection with the exercise of employee share options.

Equity ratio

in %



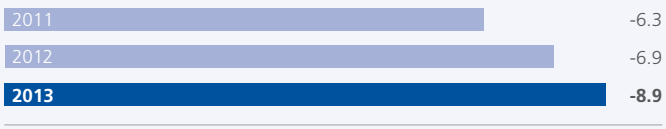
During the fiscal year 2013, 7,063 subscriptions rights were exercised by company employees and the same number of new shares were issued. The cash inflow thereof amounted to € 0.05 million gross. The related increase of the share capital was registered in the competent Commercial Register in January 2014. The current liabilities on December 31, 2013 correspond to the € 0.9 million of the previous year's end of the reporting period.

LIQUIDITY DEVELOPMENT

Cash and cash equivalents used for operating activities in the amount of € 8.9 million were significantly higher than the previous year value (2012: € 6.9 million) and were mostly committed to research and development. The increased outflows from operating activities resulted primarily from a lower annual result.

Cash flows from operating activities

in million €



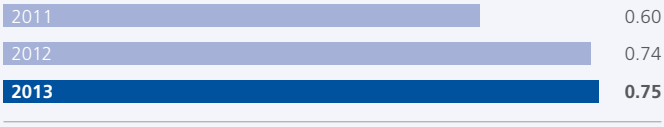
Cash and cash equivalents resulting from investment activities were below the previous year value with € -6.1 million (2012: € 1.9 million). The main reason for this was the investment in a fixed-term deposit in the amount of € 6.0 million made in the past year. In contrast, there was the maturity of a fixed-term deposit in the amount of € 2.0 million in the fiscal year 2012. The fixed-term deposits have or had, respectively, each a maturity of more than 3 months.

In the past fiscal year, the cash flows from financing activities with € 0.008 million was well below the previous year value of € 23.4 million, which was dominated by funds provided from the cash capital increases carried out in the fiscal year 2012.

The cash utilization (including consideration of payments from revenues and subsidies, as well as costs of equity procurement) amounted to an average of € 0.75 million per month and was only slightly higher than the value of the previous year (2012: € 0.74 million).

Average monthly cash utilization

in million €



ANNUAL FINANCIAL STATEMENTS OF MOLOGEN AG (HGB)

The annual financial statements of MOLOGEN are prepared according to the regulations of the German Commercial Code (HGB). Due to different regulations on accounting, differences arise in individual items for the annual financial statements as of December 31, 2013, in accordance with HGB, in comparison with the individual annual financial statements pursuant to Section 325 Para. 2a HGB in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The main reasons for this are:

- In the ascertainment of personnel expenses and capital reserves, the allocated fair value of granted employee share options should be considered in accordance with IFRS as adopted by the EU.
- In the individual annual financial statements in accordance with IFRS, as adopted by the EU, deviating useful lives are used in part for fixed assets. This results in a different depreciation and amortization.
- Costs directly attributable to the issuance of new shares or to employee options are recorded in shareholder's equity as a deduction from the issue proceeds.

Therefore, the result of operating activities in accordance with HGB differs from the annual result in accordance with IFRS as adopted by the EU. The result of operating activities amounts to € -10.0 million in accordance with HGB for the fiscal year 2013 (2012: € -9.0 million). Deviations in the HGB annual financial statements arise in comparison to the IFRS individual annual financial statements mainly in personnel expenses, other operating expenses, depreciation and amortization and other operating income. Personnel expenses in accordance with

HGB do not include expenses from issuing share options to the Executive Board and company employees and drops accordingly by € 0.9 million (2012: € 0.8 million). However, in comparison to the IFRS individual annual financial statements, costs in connection with equity procurement were thereby recorded as expenditures in personnel expenses and other operating expenses of a total of € 0.04 million (2012: € 1.8 million). In addition, other operating income in the amount of € 0.1 million deviates in accordance with HGB from the IFRS individual annual financial statements in the amount of € 0.01 million. This results from possible or necessary balancing with corresponding expenses in accordance with international accounting rules. The different useful lives for fixed assets resulted in the fiscal year 2013 as in the previous year only in minor differences in the amount of the respective depreciation and amortization of both annual financial statements.

As in the IFRS individual annual financial statements, the expenses for research and development recorded in the annual financial statements were well above the previous year value with € 7.4 million (2012: € 5.4 million).

The balance sheet total and equity of the annual financial statements in accordance with HGB are also at the level of the IFRS individual annual financial statements. The discriminative handling of granted share options and different consideration of equity procurement costs of the accounting guidelines in accordance with IFRS, as adopted by the EU, and in accordance with HGB compensate one another in shareholders' equity.

With regard to the further analysis of the annual financial statements, reference is made to the explanations under paragraph "Financial performance and financial position" (analysis of IFRS individual annual financial statements) of this management report, which also essentially apply to the annual financial statements.

Financial and non-financial performance indicators

FINANCIAL PERFORMANCE INDICATORS

The focus of activities is the research and development of proprietary technologies and product candidates with the aim to license them to partners from the pharmaceutical industry. It is, therefore, essential to ensure sufficient liquidity in order to carry out the research- and development programs to the planned extent and timeframe and support the licensing activities with the generated data.

Since MOLOGEN does not yet dispose of significant regular revenues from license agreements, the amount of liquid funds is the major financial performance indicator. Liquid funds amounted to € 14.8 million by December 31, 2013 (12/31/2012: € 23.8 million).

NON-FINANCIAL PERFORMANCE INDICATORS

In addition to the financial performance indicators, the non-financial performance indicators play a decisive part in the success of MOLOGEN.

One of the most important non-financial performance indicators is the composition and the development status of the MOLOGEN product pipeline. Significant progress could be made in this area in the reporting period: With the start of the clinical study the product candidate MGN1404 entered clinical development, and the study phases of the product candidates MGN1703 and MGN1601 could be concluded with the final evaluations. At the same time the important foundation was laid for the future development of the product pipeline with the application of a clinical study with MGN1703 in the indication of lung cancer and the largely completed planning for the pivotal study with MGN1703 in the indication of colorectal cancer. There have been no major modifications in the general composition of the product pipeline.

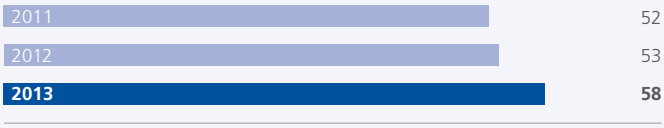
Furthermore, the employees of MOLOGEN are also important non-financial performance indicators. Competent employees and a staff level geared to the scope of the company tasks are essential to the target-oriented and scientifically established further development of innovative product candidates.

The increasingly progressive clinical development programs lead to more complex studies and hence to continuously increasing efforts in the field of research and development. Additional personnel has therefore been recruited for this area in the past financial year. In particular, the clinical development department has been strengthened and the Executive Board has expanded to include a Chief Medical Officer.

The number of employees in the research and development area has increased considerably in comparison to the previous year: on average, 45 employees have worked in the research and development area (excluding management; 2012: 41 employees). MOLOGEN as a whole had 58 employees as of December 31, 2013 (12/31/2012: 53 employees; in each case including management, temporary staff and staff on parental leave).

Number of employees

as of Dec. 31

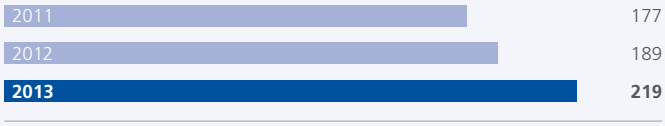


The patent portfolio of MOLOGEN is also an important non-financial performance indicator. The protection of proprietary platform technologies and drug candidates as well as of proprietary know-how is of great importance for the business strategy of MOLOGEN. A successful out-licensing of proprietary drug candidates will depend considerably on the quality of underlying patent protection. MOLOGEN is therefore making efforts to safeguard new technologies, products and processes through patents and to continuously expand its patent portfolio.

The patent portfolio as of December 31, 2013 is divided into 23 patent families and includes 219 individual patents issued and intended for issue and more than 78 patent applications.

Number of patents issued and intended for issue

as of Dec. 31



Supplementary Report

On February 5, 2014 the Executive Board of MOLOGEN decided, with the approval of the Supervisory Board, on the basis of registered authorized capital, an increase of the share capital against contributions in cash and under exclusion of subscription rights through the issue of up to 1,541,244 new no-par bearer shares with entitlement to dividends from January 1, 2013. The capital increase was successfully completed on February 6, 2014. The issue price was set at € 10.20 per new share. In a private placement procedure the capital increase of 1,541,244 shares (equivalent to 10% of the existing capital before the capital measure) could be placed completely with qualified investors. The share capital was therefore increased from € 15,419,512 to € 16,960,756. The gross proceeds amounted to approximately € 15.7 million.

The capital increase was registered at the company's competent Commercial Register on February 10, 2014.

The funds raised through the capital increase are used to further strengthen the share capital base as well as to finance the further development of the product pipeline and, in particular, to allow the launch of the planned phase III pivotal clinical trial with MGN1703 for metastatic colorectal cancer.

Overall statement on business performance and the situation of MOLOGEN

MOLOGEN has made very good progress in the further development of the product pipeline in financial year 2013. In particular, the positive clinical data for the oncological product candidates MGN1703 and MGN1601 demonstrate the great potential of the pipeline. In addition, the extension of the scope of application of the main product candidate MGN1703 has been pursued with the planning and application of the clinical study for lung cancer. Thanks to the largely completed planning for the pivotal trial for MGN1703 in colorectal cancer in financial year 2013, MOLOGEN could progress with the development of this product candidate also in this indication in financial year 2014.

The progress made in financial year 2013 in the field of research and development has been facilitated mainly due to the increase in the number of employees and the always sufficient funding of the company over the past financial year. Liquidity at the end of financial year 2013 remained sufficient and – after the balance sheet date – was also able to be strengthened by the capital increases in cash made in February 2014.

The business performance and situation of the company in financial year 2013 are therefore to be regarded favourably.

Forecast, Opportunities and Risk Report

OUTLOOK AND FORECAST

The company's strategy is generally aligned to achieve medium- and long-term high returns through the research and development of its innovative product pipeline by the means of licensing partnerships for proprietary product candidates. Therefore, MOLOGEN will pursue the development of the product pipeline also in financial year 2014 and commit a significant portion of the available resources to it.

Research and development

In the field of research and development activities, MOLOGEN plans in particular to intensify clinical development for the product candidate MGN1703, to further increase the value of the product pipeline. Thus, the lung cancer clinical study applied for in financial year 2013 shall be started in financial year 2014, provided that the necessary approvals from authorities and ethics committees are granted as planned. In addition, the planning for the clinical pivotal study in colorectal cancer should be completed and applied for in selected European countries. Subject to obtaining the necessary approvals, this study should also begin in financial year 2014.

For the product candidate MGN1601, a continuative study in the indication of renal cancer shall be planned and – depending on the available resources – prepared as far as possible.

Collaborations and partnerships

In the field of cooperation and partnerships, MOLOGEN continues unchanged to seek the conclusion of a license agreement with a partner from the pharmaceutical industry and will therefore further continue these licensing activities in financial year 2014.

Development of result and liquidity

The development of the financial performance and financial position of MOLOGEN in the financial year 2014 depends in particular on the progress of the clinical development programs for the product candidate MGN1703. The necessary expenses in the field of research and development, assuming that the above objectives are achieved, are significantly higher than the liquid funds used in the last financial year. Against this background, MOLOGEN once again anticipates a negative annual result at a level significantly increased in comparison to the last financial year and a significant expansion of the balance sheet loss.

A successful out-licensing for the drug candidate MGN1703 in financial year 2014 is not considered in this scenario. Revenues from such a licensing deal might have significantly positive effects, depending on the actual design of the relevant agreements and their accounting, in particular on the development of the liquidity position of the company.

A dividend distribution to shareholders is currently not possible due to the balance sheet loss as of December 31, 2013. The company does not assume that it will pay a dividend in the foreseeable future. According to standard practice in the biotechnology industry, future profits from business activities should be reinvested mainly in the development of the product pipeline and in the operational business activities, so that the value of the product pipeline, and therefore also of the company, continues to increase.

Personnel

To achieve the above objectives and to continue scheduled development of the company a slight increase in the number of employees may become necessary in financial year 2014.

Overall statement on future development

The successful further development of the product pipeline in 2013 and the good financial conditions form the foundation for a continued positive development of MOLOGEN. The advances in the clinical development programs planned for 2014 should further increase the value of the product pipeline. MOLOGEN therefore enters the new financial year with good prospects.

RISK REPORT

Risk management system and internal control system

MOLOGEN is a company that conducts research and development into innovative product candidates using mostly self-developed technologies.

Every corporate action is based on the weighing of opportunities and risks. For MOLOGEN, risk management is part of a corporate strategy, which subjects the company to a specially defined opportunity-risk-profile. The company's success and the achievement of corporate objectives are influenced considerably by management and by the spread of risk.

A risk management system and an internal control system (ICS) have been established at MOLOGEN for this purpose. The Executive Board takes responsibility for defining the scope and direction of the established systems based on company-specific requirements.

The rapidly changing conditions in the pharmaceutical markets due to the development of technological and health-related policies, the use of new technologies, and the complexity of business processes and the business model lead to complex control systems. This requires risk management to be a continuous process of strategic management. The basis for this risk management process is the strategy that clearly regulates what risks should be determined in due time and managed.

The identified risks are evaluated. Countermeasures are decided on and responsibilities assigned in order to control and mitigate the calculated risk potential. Since a portion of the risks lies beyond the Executive Board's sphere of influence, adequate and functional systems cannot provide absolute guarantees for the identification and management of risks. In this respect developments may arise which deviate from the plans made by the Executive Board.

The MOLOGEN risk management system is continuously adapted to new requirements. The system identifies at an early stage the effects of adverse developments due to a lack or failure of processes, people, systems or hazards caused by external events.

A detailed scientific and financial control system, organizational security measures and clearly regulated work processes can ensure planning, control and coordination even of complex project activities commensurate with the risk situation. In addition, the progress of projects is monitored and documented periodically, if necessary with the respective cooperation partners.

The risk management system is inspected by the MOLOGEN internal control system (ICS). Inspections within the scope of the ICS are carried out also directly by the Executive Board.

The primary focus of the risk management system has always been and remains the monitoring of the company's liquidity situation and its equity. Future revenues are difficult to forecast because so far revenues have mainly been attributable to one-off effects. The exact monitoring of the risks relating to the development of liquidity and equity is therefore of great importance for the continued existence of the company.

Underlying objectives of the risk management system in the area of accounting processes are mainly the identification and assessment of risks which could conflict with the aim of regulation conformity of the financial statements, reducing and checking determined risks with regard to their impact on the financial statements and the corresponding depiction of these risks. The objective of the ICS of the accounting process is to ensure adequate security through the implementation of controls so that despite of identified risks regulation-compliant financial statements can be prepared.

To achieve these objectives, key risks are identified, documented and monitored. Binding instructions and checklists, which accommodate the identified risks, regulate the essential workflows that will be developed further if required. The binding instructions and checklists are in turn regularly assessed by the ICS. This includes the verification of compliance with accounting regulations, the status of cash and cash equivalents, and the regularity of business operations by means of regular and random inspections.

In particular the following points are verified: incoming and outgoing invoices, bank statements and bank balances, all incoming payments, outgoing payments, payrolls, reports to the Supervisory Board, quarterly reports and contracts. The second important element of the ICS is the four-eyes principle, which is documented primarily through the signing powers for payments and the absence of exclusive representative authority of the Executive Board.

The functioning of the internal control and risk management systems with regard to the financial reporting process is checked regularly internally, mainly by the Executive Board, as well as externally by the auditor in the context of the annual audit.

At MOLOGEN, risk management is subject to continuous further development. Management and employees are thereby enabled to anticipate new challenges at the right time and to adapt to them.

Risks of the company

The extraordinary revenue opportunities of the MOLOGEN business model are offset against technological, financial, regulatory, patent-law and in particular sales risks. The individual risks are partly related and could have either a positive or a negative influence on each other.

As a biotechnology company, MOLOGEN is exposed primarily to industry risks. The research and development of new drugs involves the risk that a new drug development lacks the desired product characteristics, especially in the areas of efficacy and tolerance, or that these characteristics cannot be sufficiently proven. At MOLOGEN, in particular unpredictable problems may occur during the current preclinical and clinical development of the drug candidates. If preclinical tests or clinical studies fail to show the expected results, this could delay the further development of the relevant drug candidates, increase costs or even result in the discontinuation of further development. This could have negative effects on the financial performance and financial position of the company.

The regulatory environment for drug development also involves industry-specific risks. MOLOGEN is dependent on official authorizations to conduct clinical studies, to manufacture investigational medicinal products and to operate special facilities to perform research work or manufacturing of active substances and investigational medicinal products. Delay, loss, expiration or refusal to grant such approvals could extend the development of drug candidates, increase costs, or lead to their discontinuation. This could have negative effects on the company's situation.

In order to be able to fully develop revenue potential, MOLOGEN is not only dependent on the successful research and development of the proprietary technologies and product candidates but also on the development of the market for these product candidates.

MOLOGEN has focused on the research and development of new cancer therapies, for which there continues to be a very high demand. The number of cancer incidences continues to increase each year, as does the number of cancer-related deaths. The market for efficacious cancer drugs therefore continues to grow. However, the future development of the market depends on various factors, such as, for example, the cost pressure of health systems, possible new regulations in the health market and the pharmaceutical law. Certain developments could therefore have negative consequences on the market potential of MOLOGEN drug candidates and negative effects on the financial performance and financial position of the company.

The business model of MOLOGEN essentially provides to develop proprietary product candidates up to a certain stage and then to sell the licenses for the drug candidates to a partner from the pharmaceutical industry. The number of such potential licensees is limited and relatively small in the area of large pharmaceutical companies.

A further consolidation in the industry, as was observed in recent years, could lead to a further reduction in the number of potential licensees. This could negatively affect the financial scope of a license agreement and thus have negative effects on the company's situation.

Successful out-licensing of drug candidates depends on a variety of different factors. Above all, the potential of the drug candidates in comparison to the competition is crucial. Should competitors develop clearly superior medicines, this could have a significant negative effect on the prospects of success for lucrative out-licensing of MOLOGEN product candidates.

In addition, the effective protection of the know-how underlying the product candidates is an essential factor for a successful out-licensing. Patent and licensing issues could prevent or delay appropriate business transactions, or reduce the commercial attractiveness of MOLOGEN product candidates.

Even if patents by law demonstrate a presumption for their effectiveness, it does not necessarily follow from their granting that they are effective or that any patent claims are asserted to the required or desired extent. No guarantee can be applied to prevent patents being challenged, invalidated or circumvented. Infringement of MOLOGEN patents by third parties also cannot be precluded. At the same time it cannot be precluded that MOLOGEN itself infringes patents or other industrial property rights, since their competitors also register patents for inventions and receive patent protection on a significant scale. Should this be the case, MOLOGEN would be prevented from using the affected technologies in the relevant countries where such rights have been granted. There is, however, no guarantee that MOLOGEN in the future receives the licenses necessary for the success of its business to the required extent and on reasonable terms. All of this could have negative effects on the financial performance and financial position of the company.

In general, the sale of licenses for MOLOGEN technologies and drug candidates is not reliably predictable either in terms of time or value. Due to the complexity of licensing and the number of issues to be clarified in this regard, the timing of a contractual agreement cannot be reliably predicted. This depends, for example, on the scope of resources used for such contract negotiations on the part of the potential contracting party, on the scope of the issues to be clarified with regard to patents, clinical data, preclinical data or other details, as well as other factors, over which MOLOGEN has no or only limited influence.

In addition, a successful out-licensing can also not be guaranteed if the clinical development of the respective drug candidate proceeds positively, the desired product characteristics can be proven, patents are classified as reliable and market potential exists. MOLOGEN has no influence on the positive decision of the potential contracting party required for the licensing.

MOLOGEN cooperates in the preclinical and clinical development with so-called CROs (contract research organisations or clinical research organisations), which specialize in the planning and implementation of clinical studies. The risks of such cooperation lie in the timely identification of suitable CROs to terms presentable for MOLOGEN and in the rendering of contractually agreed services by the CROs, especially in terms of quality and adherence to delivery dates. All of this could lead to substantial additional costs for the clinical development programs of MOLOGEN.

The cell bank which MOLOGEN uses as the basis for its cell-based cancer therapy MGN1601 is unique. To minimize the risk of loss of this cell bank, MOLOGEN has deposited a sample with the German Collection of Microorganisms (Deutsche Sammlung von Mikroorganismen, DSM) and stored the cell bank in two different locations in Germany. A total or partial loss can nevertheless not be eliminated.

Depending on the scope, a partial loss could be associated with significant costs. In the event of a total loss the drug candidate MGN1601 could no longer be manufactured and further development would have to be discontinued, whereby the previous investments would be permanently lost.

The activities of MOLOGEN in non-European countries involve country-specific risks. As far as possible, MOLOGEN will try to take appropriate measures to protect itself against these risks. These risks could have negative effects on the financial performance and financial position of the company.

As part of the implementation of its business strategy MOLOGEN was already able to conclude various agreements in past financial years with pharmaceutical and sales and/or marketing partners, the annual revenues from which are so far not yet sufficient for the financing and profitability of MOLOGEN. The company will therefore continue to be dependent on concluding further contracts in the future. As long as licensing and marketing contracts do not provide sufficient revenue to cover

the company's expenses, it will remain dependent on other financing sources such as, for example, the capital market. If the desired business transactions are delayed or financing from other sources is not possible or not sufficiently possible, this would have negative effects on the financial performance and financial position of MOLOGEN.

Since MOLOGEN incurred losses in previous financial years due to extensive research and development expenses, these losses have meanwhile added up to a relatively high accumulated deficit. It cannot be excluded that further losses – due to the business model of MOLOGEN – may result in a notifiable loss of half of the share capital.

Such notification could affect the share price of MOLOGEN negatively, and the statutorily required immediate convening of an extraordinary Annual General Meeting would also lead to additional financial expenditures. In addition, there is a risk that the current tax loss carried forward could be partially or fully derecognized due to changes in the ownership structure of MOLOGEN in accordance with Section 8c Corporation Tax Code.

MOLOGEN receives or has received in the past subsidies in the context of various support programs for individual development projects. Due to the complex rules and regulations, as well as billing and detection methods, it could be that due to incorrect billing or other breaches of the underlying conditions the subsidies must be repaid wholly or partially. This would have a direct impact on the financial performance and financial position of the company.

The loss of the services of members of the Executive Board, other executives or employees in key functions can have a negative impact on the financial performance and financial position of MOLOGEN. This can be caused by loss of know-how, by costs for recruitment of new employees or higher salary demands of qualified candidates.

In addition, financial risks can arise from disputes with current or former business partners. Depending on the outcome of such disputes, negative effects on the financial performance and financial position of MOLOGEN may arise. Currently, financial risks could arise from a lawsuit which the company initiated before a Saudi Arabian court in September 2009 against a former business partner in connection with a joint venture terminated in 2006. MOLOGEN demanded the repayment of deposits that had been made in the joint venture, and the reimbursement of expenses. Overall, the claim of MOLOGEN against its former business partner amounted to € 1.5 million. In the course of the proceedings, the defendant had asserted claims in the amount of € 0.5 million, reimbursement of costs in the amount of € 3 million and damages in the amount of at least € 20 million.

As this document was not delivered to the counsel of MOLOGEN and the proceedings ended in 2010 at first instance due to lack of jurisdiction of the court, MOLOGEN is currently unable to estimate whether this alleged counterclaim actually exists and whether the former business partner will make a claim based on these potentially existing claims before another court in the future. A risk to the claim of MOLOGEN remains unclear at this time.

On the whole, the described risks are manageable and do not endanger the continued existence of MOLOGEN until the time of presenting this report. The overall risk situation resulting from the individual risks depicted has not significantly changed compared with the previous year. From today's perspective, no fundamental change to the risk situation is expected.

OPPORTUNITIES OF THE COMPANY

In particular the drug candidates in clinical development will reach further important milestones in the short – and medium-term. According to the assessment of MOLOGEN, the entry of product candidates into clinical studies, the conclusion of individual study phases, as well as positive study results should not only result in an increase in value of the respective product candidate but also of the entire company.

In addition, MOLOGEN intends to enter into partnerships with companies in the pharmaceutical or biotechnology industry for its product candidates and to grant licenses for the commercial exploitation of the product candidates. Should MOLOGEN be successful in this venture, depending on market potential and development status of the respective drug candidate, it would result in significant licensing payments for MOLOGEN. Such a contract should also result in an increase in value of the company, according to the assessment of MOLOGEN.

Large pharmaceutical or biotechnology companies are not only interested in acquiring licenses for promising drug candidates. There are always examples where companies with attractive technologies or product candidates have been acquired. Sums are frequently offered which are much higher than the market price of the relevant company. MOLOGEN's shareholders could also benefit from such a scenario.

Compensation Report

The remuneration of members of the Executive Board includes fixed and variable performance-related components. The amount of the variable component of the remuneration is based on achieving the agreed success criteria in each case.

Success criteria include achieving research- and development-oriented goals, achieving objectives for the implementation of the company's commercialization strategy and ensuring sufficient liquidity to finance the research and development activities. The sum of the variable components of remuneration, bonuses and special payments is capped. Before the beginning of the relevant year, the Supervisory Board sets, in particular, the research- and development-oriented performance goals and the objectives for the implementation of the company's commercialization strategy.

Following the resolution of the Annual General Meeting, MOLOGEN had initiated various employee participation programs in the past and issued stock options to members of the Executive Board. The statutory waiting periods have been agreed for the share options.

If the company's situation deteriorates after the determination of the total remuneration of the board members to such an extent that the continuation of the remuneration would be unreasonable for the company, then the Supervisory Board is entitled to reduce the remuneration unilaterally to the appropriate level in accordance with the legal regulations.

For extraordinary developments the Supervisory Board is also entitled at its sole discretion to cap variable remuneration elements; this restriction may not be unreasonable.

A disability insurance is included with the other financial benefits upon request of the board member. The board members will also receive subsidies for health insurance that are capped to equal statutory employer contributions if voluntarily insured, as well as reimbursement for expenses incurred by them in connection with their activities.

In addition, as a policy-holder, the company has taken out directors and officers liability insurance (D&O insurance) for the members of the board which covers the liability arising from board activities in the legal framework. The legally required minimum deductible rate is taken into account.

In the case of a premature termination of the service contract by the Supervisory Board or a premature consensual termination of the contract, each board member receives remuneration in the amount of 1.5 times the fixed annual remuneration along with all variable remuneration components attained at this time. The prerequisite is that the agreement, if it was prematurely terminated by the Supervisory Board, was not terminated due to intentional or grossly negligent breach of duty or for dismissal as an organ for other important reason.

In case of premature termination of the employment contract after announcing a so-called change-of-control, the employment contracts of the Executive Board provide a severance pay in the amount of 2 times the fixed annual remuneration in addition to all variable compensation components attained up to this point plus the sum of the annual maximum variable remuneration components attainable during the original maturity of the contract discounted by 5.0%. It is irrelevant whether the contract was terminated by the company or by mutual agreement.

Regulations have also been determined in the case of a temporary incapacity to work, a permanent inability to work, or in case of the death of the board member. The service contracts of the Executive Board stipulate that in case of a temporary incapacity to work remuneration shall continue to be paid, taking into account the sickness benefit paid by the health insurance during the period of incapacity for work for a period of up to six months but no longer than until the end of the agreed

term of the service contract of the relevant board member. In the case of permanent inability to work, the service contract of the relevant board member ends in the quarter in which the permanent inability to work occurred. In the event of the death of the relevant board member, the remuneration for the month of death and for the next three months is to be paid, but no longer than until the end of the agreed term of the relevant employment contract. In addition, the due variable remuneration components of the relevant year until the death of the relevant board member are to be paid.

The remuneration of the members of the Supervisory Board is decided by the Annual General Meeting. The Supervisory Board members receive an annual fixed remuneration amounting to € 20,000, as well as an attendance fee amounting to € 1,000 for each meeting they personally attend. In addition, they receive reimbursement for expenses incurred by them in connection with their activities. The members of the Supervisory Board also receive a performance-oriented variable remuneration starting from a positive result of € 0.05 per share according to IFRS as adopted by the EU; the maximum amount of which is limited to € 20,000 per year and per member. The chairman receives twice this amount in each case. The performance target increases by € 0.01 for each financial year after 2010.

More information on the remuneration can be found in the notes to the annual financial statements.

Information according to Section 289 Para. 4 HGB

As of December 31, 2013, the subscribed capital of the company exists in the amount of € 15,419,512, split into 15,419,512 ordinary bearer shares with no-par value (no-par value shares). The shares are fully paid and admitted to trading on the regulated market (Prime Standard) on the Frankfurt Stock Exchange.

To the knowledge of the Executive Board, there are no restrictions affecting voting rights or the transfer of shares, even if they may result from agreements between shareholders.

The following direct or indirect investments in its share capital exceeding 10% of the voting rights have been reported to the company in accordance with Section 21 German Securities Trading Act (Wertpapierhandelsgesetz=WpHG):

- Mr. Thorsten Wagner, Germany: 24.21%
  (according to the notification of February 12, 2014)
  The voting rights are to be fully attributable to Mr. Wagner in accordance with Section 22 Para. 1 Sentence 1 No. 1 WpHG. The name of the company controlled by Mr. Wagner, of which 3% or more of the voting rights of MOLOGEN are attributed: Global Derivative Trading GmbH, Lehrte, Germany.

  Therefore, Global Derivative Trading GmbH, Lehrte, Germany, according to the notification of February 12, 2014, reported an investment of 24.12% of the voting rights in MOLOGEN.

Beyond this, no further direct or indirect investments in its share capital exceeding 10% of the voting rights have been reported to the company in accordance with Section 21 WpHG.

There are no shareholders with special rights or other voting rights control.

The following rights are associated with holding shares of the company:

The additional rights and obligations are determined by the German Stock Corporation Act (AktG). The appointment and dismissal of the members of the Executive Board occurs in accordance with Sections 84 f. AktG. Amendments are made in accordance with the provisions of Sections 179 ff. AktG in conjunction with Section 20 of the MOLOGEN bylaws. In addition, the Supervisory Board is empowered to adopt amendments affecting the wording of the bylaws only, in accordance with Section 15 of the bylaws of MOLOGEN.

The shareholders have given the Executive Board the following powers to issue new shares or conversion rights or to buy back its own shares:

According to Section 4 Para. 3 of the bylaws the Executive Board is authorized to increase the share capital of the company up to July 15, 2018, with the consent of the Supervisory Board, by issuing new no-par value shares for cash and/or contributions in kind on one or more occasions but to a maximum of € 7,706,224 (authorized capital 2013) and to determine in accordance with Section 23 Para. 2 of the bylaws a beginning of the profit participation deviating from the law. The new shares can also be taken over by a credit institution or consortium of credit institutions specified by the Executive Board with the obligation to offer them to the shareholders for subscription (indirect subscription right).

The Executive Board is also authorized to exclude the subscription right of the shareholders with the consent of the Supervisory Board in each case,

a) as far as this is necessary to compensate for fractional amounts;
b) as far as it is necessary to grant the holders of warrants or conversion rights or conversion obligations arising from bonds or participatory rights with conversion and/or option rights or a conversion obligation a subscription right to new shares in the amount as it would be to them upon exercise of the option or conversion right or the fulfilment of the conversion obligation as shareholder;
c) as far as the new shares against contributions in cash will be issued and the issued share capital total theoretically attributable to the shares exceeds 10% of the share capital neither at the date of effect nor at the time of exercise of this authorization ("maximum amount") and the issue price of the newly issued shares is not significantly below the stock market price of the listed shares of the company with equal rights at the time of the final determination of the issue price; or
d) as far as the new shares against contributions in kind, in particular in the form of companies, company divisions, investments in companies, claims or other assets that are useful or helpful for the operation of the company (such as, for example, patents, licenses, copyright terms of use and exploitation rights and other intellectual property rights), will be issued.

To be offset against the maximum amount according to Section 4 Para. 3 c) of the bylaws are shares which (i) during the term of this authorization under exclusion of subscription rights on the basis of other appropriations in direct or corresponding application of Section 186 Para. 3 Sentence 4 AktG are sold or issued by the company or (ii) are issued or are to be issued for the operation of bonds or participatory rights with conversion and/or option rights or a conversion obligation, if the bonds are issued during the term of this authorization under exclusion of the subscription right in corresponding application of Section 186 Para. 3 Sentence 4 AktG. An offsetting which, according to the preceding sentence, due to the exercise of authorizations (i) to issue new shares in accordance with Section 203 Para. 1 Sentence 1, Para. 2 Sentence 1, Section 186 Para. 3 Sentence 4 AktG and/or (ii) for the sale of proprietary shares in accordance with Section 71 Para. 1 No. 8, Section 186 Para. 3 Sentence 4 AktG and/or (iii) to issue convertible bonds and/or bonds with warrants in accordance with Section 221 Para. 4 Sentence 2, Section 186 Para. 3 Sentence 4 AktG is made, deleted with effect for the future, if and insofar as the applicable authorization(s), whose exercise effect(s) the offsetting, is or are to be again granted by the Annual General Meeting in accordance with the legal regulations.

The Executive Board is thereby authorized to determine the further details of the capital increase, as well as the terms and conditions for the issue of new shares with the consent of the Supervisory Board.

After partial use of the authorized capital 2013 in the course of the capital increase against cash contributions carried out – after the balance sheet date – in February 2014 the authorized capital exists in the amount of € 6,164,980.

In addition, there is a conditional capital 2009 of up to € 147,731 in accordance with Section 4 Para. 5 of the bylaws, a conditional capital 2010 of up to € 610,151 in accordance with Section 4 Para. 6 of the bylaws, a conditional capital 2011 of up to € 238,393 in accordance with Section 4 Para. 7 of the bylaws, a conditional capital 2012 of up to € 209,234 according to Section 4 Para. 8 of the bylaws and a conditional capital 2013 of up to € 328,672 in accordance with Section 4 Para. 9 of the bylaws. This conditional capital is used to issue option and conversion rights to members of the Executive Board and to employees of the company.

In addition, there is a conditional capital 2008 of up to € 3,770,739 in accordance with Section 4 Para. 4 of the bylaws, which is used to issue convertible bonds or bonds with warrants. Up to June 1, 2013, the Executive Board was authorized to issue on one or more occasions bearer and/or regis-

tered convertible bonds and/or bonds with warrants in the total nominal value of up to € 10,000,000 with a term of up to 10 years. The authorization has therefore expired.

Up to June 7, 2015, the Executive Board is authorized to acquire its own shares in accordance with Section 71 Para. 1 No. 8 AktG in a volume of up to 10% of the share capital for purposes other than trading in its own shares. The shares acquired on the basis of this authorization may also be sold by means other than via the stock exchange or through an offer to all shareholders. The subscription right of the shareholders to these own shares are effectively excluded. The Executive Board is also authorized to withdraw its own purchased shares with the approval of the Supervisory Board in part or in total without the requirement of a decision by the Annual General Meeting.

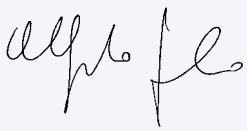
Corporate Governance Report and Declaration on Corporate Management pursuant to Section 289a HGB

The Corporate Governance Report (Declaration of Compliance) and the Declaration on Corporate Management pursuant to Section 289a HGB is available on the company website under http://www.mologen.com/en/investor-relations/corporate-governance.

Berlin, February 25, 2014

Executive Board of MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer



Dr. Alfredo Zurlo
Chief Medical Officer

Jörg Petraß
Chief Financial Officer

IFRS STATEMENT OF FINANCIAL POSITION

as of December 31, 2013

EUR'000	Notes	Dec. 31, 2013	Dec. 31, 2012	Jan. 1, 2012
ASSETS				
Non-current assets		**457**	**1,328**	**1,523**
Property, plant and equipment	1	220	178	134
Intangible assets	2	237	1,147	1,385
Other non-current assets	3	0	3	4
Current assets		**15,480**	**24,457**	**8,308**
Cash and cash equivalents	4	8,765	23,777	5,476
Fixed-term deposits with a term of more than three months	4	6,000	0	2,000
Trade receivables	5	0	3	6
Inventories	6	33	21	33
Other current assets	7	675	612	756
Income tax receivables	7	7	44	37
Total		**15,937**	**25,785**	**9,831**
EQUITY AND LIABILITIES				
Non-current liabilities		**10**	**9**	**11**
Deferred income	8	10	9	11
Current liabilities	9	**943**	**882**	**1,109**
Trade payables		554	483	737
Other current liabilities and deferred income		370	398	369
Liabilities to banks		19	1	3
Shareholders' equity		**14,984**	**24,894**	**8,711**
Issued capital	10	15,420	15,412	12,459
Capital reserves	11	66,721	65,811[1)]	44,595[1)]
Accumulated deficit	12	-67,157	-56,329[1)]	-48,343[1)]
Total		**15,937**	**25,785**	**9,831**

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

IFRS STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2013

EUR'000	Notes	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, 2012
Revenues	13	227	60
Other operating income	14	10	271
Cost of materials	15	-2,904	-1,763
Personnel expenses	16	-4,364	-3,561[1)]
Depriciation and amortization	17	-1,014	-311
Other operating expenses	18	-2,813	-2,735
Profit (loss) from operations		**-10,858**	**-8,039[1)]**
Finance costs	19	-1	-2
Finance income	19	31	55
Profit (loss) before taxes		**-10,828**	**-7,986[1)]**
Tax result	20	0	0
Profit (loss) for the year / Comprehensive income		**-10,828**	**-7,986[1)]**
Loss carried forward		-56,329	-48,343[1)]
Accumulated deficit		**-67,157**	**-56,329[1)]**
Basic earnings per share (in €)	21	-0.70	-0.57[1)]
Diluted earnings per share (in €)	21	—	—

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

IFRS STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2013

EUR'000	Notes	Jan. 1 – Dec. 31, 2013	Jan. 1 – Dec. 31, 2012
	22		
Cash flows from operating activities			
Earnings before taxes		-10,828	-7,986[1)]
Depriciation and amortization of intangible assets and property, plant and equipment		1,014	311
Profit (loss) from disposal of intangible assets and property, plant and equipment		-1	-2
Other non-cash expenses and income		914	805[1)]
Change in trade receivables, inventories and other assets		-32	153
Change in trade payables and other liabilities		64	-227
Net cash used in operating activities		**-8,869**	**-6,946**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1	2
Cash payments to acquire property, plant and equipment		-121	-98
Cash payments to acquire intangible assets		-25	-19
Cash payments/proceeds relating to financial investments within the cash management and forecast (fixed-term deposits with a term of more than three months)		-6,000	2,000
Net cash used in investing activities		**-6,145**	**1,885**
Cash flows from financing activities			
Cash proceeds from issuing shares		8	23,362
Net cash used in financing activities		**8**	**23,362**
Effect of exchange rate changes on cash		**-6**	**0**
Total changes in cash and cash equivalents		**-15,012**	**18,301**
Cash and cash equivalents at the beginning of the period		**23,777**	**5,476**
Cash and cash equivalents at the end of the period		**8,765**	**23,777**
Fixed-term deposits with a term of more than three months at the end of the period		6,000	0
Liquid funds at the end of the period		**14,765**	**23,777**

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

IFRS STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2013

EUR'000, except share values	Issued capital		Capital reserves	Accumulated deficit	Shareholders' equity
	Number of ordinary shares	Share capital			
As of Dec. 31, 2011	**12,459,275**	**12,459**	**44,595**[1)]	**-48,343**[1)]	**8,711**
Capital increase in exchange for cash contributions	2,889,819	2,890	20,019		22,909
Share options exercised	63,355	63	390		453
Value of services rendered by employees (according to IFRS 2)			807[1)]		807[1)]
Profit (loss) for the year				-7,986[1)]	-7,986[1)]
As of Dec. 31, 2012	**15,412,449**	**15,412**	**65,811**[1)]	**-56,329**[1)]	**24,894**
Capital increase in exchange for cash contributions			-35		-35
Share options exercised	7,063	7	36		43
Value of services rendered by employees (according to IFRS 2)			909		909
Profit (loss) for the year				-10,828	-10,828
Rounding		1			1
As of Dec. 31, 2013	**15,419,512**	**15,420**	**66,721**	**-67,157**	**14,984**

[1)] The figures for the previous year have been adjusted in accordance to IAS 8.42 ff. See the details in the notes under "B".

IFRS STATEMENT OF CHANGES IN FIXED ASSETS

for the period from January 1 to December 31, 2013

EUR'000	I. Property, plant and equipment			II. Intangible assets		Fixed assets
	Technical equipment and machinery	Operating and office equipment	Total	Purchased software, technologies, patents and licenses, and other rights	Total	Total
Acquisition/manufacturing costs						
As of Jan. 1, 2012	734	304	1,038	4,214	4,214	5,252
Additions	61	37	98	19	19	117
Disposals	6	12	18	0	0	18
As of Dec. 31, 2012	789	329	1,118	4,233	4,233	5,351
Additions	71	50	121	25	25	146
Disposals	42	51	93	21	21	114
As of Dec. 31, 2013	**818**	**328**	**1,146**	**4,237**	**4,237**	**5,383**
Depriciation and amortization						
As of Jan. 1, 2012	657	247	904	2,829	2,829	3,733
Additions	18	36	54	257	257	311
Disposals	6	12	18	0	0	18
As of Dec. 31, 2012	669	271	940	3,086	3,086	4,026
Additions	20	59	79	935	935	1,014
Disposals	42	51	93	21	21	114
As of Dec. 31, 2013	**647**	**279**	**926**	**4,000**	**4,000**	**4,926**
Book value						
As of Jan. 1, 2012	77	57	134	1,385	1,385	1,519
As of Dec. 31, 2012	120	58	178	1,147	1,147	1,325
As of Dec. 31, 2013	**171**	**49**	**220**	**237**	**237**	**457**

NOTES

according to IFRS for financial year 2013

A. General information on the company

Mologen AG (hereinafter: MOLOGEN) is a stock corporation under the law of the Federal Republic of Germany headquartered in Berlin (Fabeckstrasse 30, 14195 Berlin, Germany). It was founded on January 14, 1998 and is registered in the Commercial Register of Berlin-Charlottenburg District Court under HRB 65633 B. The shares of the company are listed on the regulated market (Prime Standard) on the Frankfurt Stock Exchange under ISIN: DE0006637200.

The objective of the company is the research, development and marketing of products in the field of molecular medicine. These include, in particular, molecular-biological vaccines, the application-related clinical research for molecular-biological tumor therapy, and somatic gene therapy. The MIDGE® and dSLIM® technologies patented by MOLOGEN are the focus of the research. They allow the use of DNA as a drug for diseases that were previously untreatable or for which treatment is insufficient.

B. General information on the financial statements

PRINCIPLES

These individual annual financial statements of MOLOGEN have been prepared in accordance with the provisions of Section 325 II a German Commercial Code (Handelsgesetzbuch=HGB) for the disclosure of individual annual financial statements, in accordance with the international accounting standards referred to in Section 315a I HGB.

These individual annual financial statements of MOLOGEN have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as adopted by the EU. The International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly Standard Interpretation Committee (SIC) –, as adopted by the EU, have also been adopted for these individual annual financial statements.

The financial year for these financial statements is the period from January 1, 2013 to December 31, 2013. The reference period for these financial statements is the period from January 1, 2012 to December 31, 2012.

The "going-concern-principle" is applied in the valuation of assets and liabilities.

The functional currency and the presentation currency in the financial statements is the euro (€). To improve clarity, the figures are commercially rounded and stated in thousands of euros (EUR'000), unless otherwise specified.

The statement of comprehensive income has been prepared using the total cost accounting.

An application of IFRS 8 "Operating Segments" was not applied, because the technologies and the product candidates of MOLOGEN are still in the research stage. Cash flows and corresponding expenses cannot be clearly assigned to individual product candidates and technologies, since different combinations of proprietary as well as licensed technologies are used for the different product candidates. No information benefit would be gained from the expense and earnings information available from segment reporting as compared to the other components of the financial statements.

APPLICATION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The following new and revised standards and interpretations are to be applied to financial years beginning on or after July 1, 2012 or January 1, 2013. They have been applied for the first time by MOLOGEN. The application has resulted in no significant impact on the financial performance and financial position of MOLOGEN.

IFRS 1	First-time application of International Financial Reporting Standards[2)]	The revisions relate to interest-bearing loans of the public sector. A full retrospective application is not necessary.
IFRS 1	First-time application of International Financial Reporting Standards[2)]	The references to the fixed transition date of "January 1, 2014" are replaced by references to the "date of transition to IFRS". Application guidelines will be provided. They regulate the procedure for the presentation of IFRS-compliant financial statements to be followed if a company has been unable to comply with IFRS provisions for any period of time because its functional currency lagged behind strong hyperinflation.

IFRS 7	Financial Instruments: Disclosures[2)]	Requires disclosure of all recognized financial instruments that are offset in accordance with IAS 32 or that are subject to an enforceable global netting agreement or similar agreement.
IFRS 13	Fair Value Measurement[2)]	The fair value is defined, measurement guidelines are provided and information on the definition of fair value is required.
IAS 1	Presentation of Financial statements[1)]	Revising the presentation of other results with the effect that subtotals are required for the items that can be recycled and those that cannot be recycled.
IAS 12	Income Taxes[2)]	Introducing a refutable presumption that the book value is realized under normal circumstances upon disposal.
IAS 19	Employee Benefits[2)]	Recognition of changes in net debt from defined benefit plans including the measurement of defined benefit costs and their breakdown is required.
IFRS Revisions	Annual Improvements to IFRS – 2009-2011[2)]	Revisions and clarifications of various IFRS.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2)]	Regulates recognition, initial and subsequent measurement of stripping costs from production.

[1)] To be applied to financial years beginning on or after July 1, 2012.
[2)] To be applied to financial years beginning on or after January 1, 2013.

The following new and revised standards and interpretations have been adopted but have still not entered into force, in part because the adoption by the EU is still pending. MOLOGEN has not applied them ahead of time.

IFRS 9	Recognition, Classification and Measurement of Financial Instruments[4)]	The standard replaces IAS 39.
IFRS 10	Consolidated Financial Statements[2)]	The standard replaces the consolidation guidelines in IAS 27 and SIC-12.
IFRS 11	Joint Arrangements[2)]	This new standard replaces IAS 31.
IFRS 12	Disclosure of Interests in Other Entities[2)]	Improved disclosure of consolidated and non-consolidated companies, where a company is involved, is required.
IFRS 10, IFRS 12, IAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities, Consolidated and Individual Annual Financial Statements[1)]	Exceptions to consolidation are specified. They apply if the parent company complies with the definition of an "investment company".
IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Agreements and Disclosure of Interests in Other Entities; Transitional Guidelines[1)]	The adjusted reference figures to be specified are limited to the immediately preceding reference period for first-time application. The obligation to disclose comparative information on structured units not to be consolidated for first-time application of IFRS 12 shall be deleted.
IAS 19	Employee Benefits[3)]	Clarifying the allocation of employee contributions or contributions from third parties associated with the period of service. Creating an alleviation when the amount of contributions is independent of the number of years of service rendered.

IAS 27	Consolidated and Individual Annual Financial Statements[2)]	The regulations for individual annual financial statements remain unchanged, while the regulations for control are assumed by IFRS 10.
IAS 28	Investments in Associates[2)]	Subsequent revisions due to publication of IFRS 10, IFRS 11 and IFRS 12.
IAS 32	Financial Instruments: Presentation[1)]	The revisions lead to the clarification of the previous offsetting rule.
IAS 36	Impairment of Assets[1)]	The revisions concern disclosure of information for determining the recoverable amount of impaired assets.
IAS 39	Financial Instruments: Recognition and Measurement[1)]	Despite novation, derivatives remain designated as a hedging instrument in ongoing hedging relationships, if the novation resulted in the intervention of a central counterparty or a central opponent as a result of legal or regulatory requirements.
IFRIC 21	Levies[1)]	Guideline for attaching a debt for a levy imposed by a government.

[1)] To be applied to financial years beginning on or after January 1, 2014.
[2)] To be applied to financial years beginning on or after January 1, 2013. In the EU to be applied to financial years beginning on or after January 1, 2014.
[3)] To be applied to financial years beginning on or after July 1, 2014.
[4)] Not to be applied before January 1, 2017.

ADJUSTMENT IN ACCORDANCE WITH IAS 8.42 FF.

A correction has been made in these financial statements in the share-based employee participation programs in acordance with IAS 8.42 ff. The calculation of the expected volatility for stock options from the programs 2010b, 2011 and 2012a contained a calculation error. The adjustment requirement resulting retrospectively for financial year 2012 is shown in the following table.

In EUR'000 unless otherwise specified	Published financial statements for previous year	Adjustment	Adjusted financial statements for previous year
Balance Sheet			
Capital reserves	65,621	190	65,811
Accumulated deficit	-56,139	-190	-56,329
Statement of comprehensive income			
Personnel costs	-3,414	-147	-3,561
Profit (loss) from operations	-7,892	-147	-8,039
Profit (loss) before tax	-7,839	-147	-7,986
Profit (loss) for the year/ Comprehensive income	-7,839	-147	-7,986
Loss carried forward from the previous year	-48,300	-43	-48,343
Basic EPS in €	-0.56	-0.01	-0.57
Additional notes			
Research and development costs in millions of €	5.9	0.1	6.0
Personnel costs – granted stock options (in accordance with IFRS 2)	660	147	807
Capital reserves – employee compensation in equity instruments	4,378	190	4,568
Expected tax expenses (+) / income (-)	-2,367	-45	-2,412
Tax effects of expenses that are not tax deductible and income with no tax effect	-330	45	-285
Expected volatility: stock option program 2010 b	21.66%	26.01%	47.67%
Expected volatility: stock option program 2011	19.99%	24.01%	44.00%
Expected volatility: stock option program 2012 a	18.81%	22.60%	41.41%
Weighted average fair value of stock options granted in financial year 2012 (€ per option)	3.17	2.34	5.51
Fair value of issued subscription rights at time of issuance to Executive Board (total)	158	118	276
Sum of personnel costs from stock options for Executive Board in the financial year (total)	206	34	240
Statement of cash flows			
Annual loss before taxes	-7,839	-147	-7,986
Other non-cash expenses and income	658	147	805

Due to the aforementioned adjustments changes were also made to the statement of changes in equity for the previous year. The error to be corrected before January 1, 2012 amounted to € 43 thousand. Compared to the published historical financial

information, an increase in the capital reserves of € 43 thousand and an increase in the accumulated deficit of € 43 thousand were subsequently necessary on January 1, 2012.

C. Accounting and valuation methods

The significant accounting and valuation methods that were applied in the preparation of these financial statements are presented below. They have been substantially retained in the financial year.

The financial statements were compiled according to the cost method. Assets and liabilities are recorded in the statement of financial position at amortized cost.

The amortized cost of a financial asset or a financial liability is the amount at which a financial asset or a financial liability has been initially measured, minus repayments, plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity using the effective interest method and minus any reduction (either directly or by using an impairment account) for impairment or uncollectibility (IAS 39).

The preparation of financial statements in accordance with IFRS requires assumptions or estimates to be made regarding some items that affect the amounts reported in the company's statement of financial position or statement of comprehensive income. All estimates are reevaluated on an ongoing basis and are based on historical experiences and other factors, including expectations concerning future events that appear reasonable under the given circumstances.

Estimate uncertainties may arise from the determining of useful lives and the intrinsic values of intangible assets and property, plant and equipment and from the estimation of the extent to which future tax benefits will be realized when recording deferred tax assets.

As of every reporting date, the company reviews the book value of assets and liabilities for any indication that an impairment has arisen. In this case, the recoverable amount of the relevant asset or repayment amount of a liability is determined to ascertain the scope of the value adjustment that may need to be recorded.

Property, plant and equipment and intangible assets are measured at their acquisition cost minus scheduled depreciation and amortization based on use according to the cost model (IAS 16.30). Depreciation and amortization are recorded on a straight-line, pro rata temporis basis and begin in the month in which the asset is acquired or placed into service. The average useful life is between 3 and 14 years (software, technologies, patents and licenses and other rights: 3 to 10 years, technical equipment: 3 to 10 years, operating and office equipment: 3 to 14 years). Depreciation and amortization of property, plant and equipment and intangible assets are reported in the statement of comprehensive income under depreciation and amortization.

The expected useful lives and depreciation and amortization methods are reviewed at the end of each financial year. Should estimates require revision, these are considered prospectively. The book values of property, plant and equipment and intangible assets are also reviewed as of the reporting date. Indications of incurred impairments arising from this review are recorded as expenditure. There were no changes in the estimated useful lives and depreciation and amortization methods in the financial year and in the reference period and no unscheduled impairment of property, plant and equipment has been recorded. An unscheduled impairment was carried out for one intangible asset in financial year 2013.

Financial assets were recorded in previous years at amortized costs taking into account the necessary impairment requirement.

Government grants are recorded if it can be reasonably assumed that the grant will be paid out and that the company fulfils the necessary conditions for receiving the grant.

Government grants are recorded as income in the period in which the costs they were granted to meet are incurred.

Government grants for investments are reported as deferred income within non-current liabilities. They are released to profit and loss on a straight-line basis over the expected useful lives of the relevant assets.

Research costs are costs for independent and methodical research aimed at acquiring new scientific or technical knowledge (IAS 38.8). They are to be recorded as an expense in the period in which they are incurred (IAS 38.54). Research costs are costs which are necessary to conduct research activities. This involves personnel expenses, direct costs and directly attributable variable and fixed overhead costs. These costs are recorded as an expense at the time they arise in relation to their origin.

Development costs include expenses that serve to put theoretical knowledge into technical and commercial use. They are capitalized if they can be identified as such and if future cash flows can be allocated to them clearly and with high probability (IAS 38.57). Because not all criteria specified by IFRS could be met simultaneously, and due to the risks existing before commercialization, development costs have not been capitalized.

The acquisition and manufacturing costs and accumulated depreciation and amortization are recognized as asset disposals. Results from asset disposals (disposal proceeds minus net book value) are reported in the statement of comprehensive income in other operating income or in other operating expenses.

Cash and bank balances are reported at nominal value in liquid funds. The conversion of a bank deposit existing in foreign currency is performed according to the daily exchange rate in the case of an incoming or outgoing payment. They are evaluated on the reporting date at the current exchange rate. The differences arising from the valuation are recognized on the statement of comprehensive income. In the prior year, liquid funds were divided into cash and cash equivalents and fixed-term deposits with a term of more than three months on both the statement of financial position and the statement of cash flows.

Trade receivables are recorded at their amortized costs.

MOLOGEN's assets recorded as inventories are goods that are recorded at amortized costs and measured according to the FIFO (First In, First Out) method. There are no stocks of raw materials and supplies, work in progress or finished goods and services.

Other non-current and current assets are recorded at their amortized costs.

A financial instrument is a contract that simultaneously creates a financial asset at one company and a financial liability or an equity instrument at another company.

These generally include both original and derivative financial instruments. MOLOGEN held no derivative financial instruments in financial year 2013 or in the reference period – either with or without an accounting hedging relationship.

The original financial instruments are reported under other non-current financial assets, trade receivables, other current liabilities/assets, liquid funds, non-current and current liabilities and explained accordingly. More comprehensive explanations of the financial instruments can be found in section H "Notes on the type and management of financial risks".

In principle, financial instruments are initially recorded on the settlement date. Financial instruments are measured at fair value when they are initially recorded. In this case, the transaction costs attributable to the acquisition of all financial assets and liabilities that are not recorded as income at fair value in subsequent periods are taken into account.

The financial assets held by MOLOGEN in financial year 2013 and in the reference period consist of liquid funds, trade receivables and other receivables with fixed or definable payments which are not listed in an active market.

The financial assets are reviewed on each reporting date for indications of impairment. Financial assets are impaired if, as a result of one or more events that occurred after the initial recognition of assets, there is an objective indication that the expected future cash flows of the assets have negatively changed.

Financial assets are derecognized if the contractual rights to payment have expired or have been transferred.

No reclassifications between the measurement categories were made in financial year 2013 or in the reference period.

Financial liabilities are categorized either as financial liabilities measured at fair value as income or as other financial liabilities.

The financial liabilities held by MOLOGEN in financial year 2013 and in the reference period consist of liabilities to banks, trade payables and other liabilities and are assigned to the category of other financial liabilities.

Other financial liabilities are measured in accordance with the effective interest method at amortized cost for the subsequent measurement, whereby interest incurred is recorded at the effective interest rate, where appropriate.

No reclassifications between the measurement categories were made in financial year 2013 or in the reference period.

Financial liabilities are derecognized if they are liquidated, i.e. if the obligations have been settled, revoked or have expired.

Foreign currency liabilities are in principle converted as income on the reporting date.

Provisions (IAS 37) are liabilities of uncertain timing and amount. They accrue from an event in the past, for which a present liability exists. This liability is likely and their amounts can be estimated reliably.

TAXES

Current tax assets and liabilities

Current tax assets and liabilities for financial year 2013 and the reference period are measured using the amount the tax authority is expected to reimburse or the amount expected to be paid to the tax authority. The amount is calculated on the basis of the applicable tax rates and tax laws in force at the time of the legal accrual.

Deferred taxes

Deferred taxes are recorded in the amount of temporary differences between the book values of the commercial and tax statements as of the reporting date. They are created in the amount of the expected tax burden or relief in subsequent financial years. Tax credits are only considered if their realization is sufficiently ensured (IAS 12.27). The calculation is based on the tax rates expected at the time of realization that are valid or legally adopted as of the reporting date. An offsetting of tax assets and liabilities is performed only so far as the taxes are able to be netted in relation to a tax authority (IAS 12.74).

Current and deferred taxes are recognized as expense or income unless they are related to items that are recognized directly in shareholders' equity. In this case, the tax is recorded directly in shareholders' equity. In financial year 2013 and in the previous year no income taxes were recognized as expense, income or directly in shareholders' equity. Deferred taxes were not recognized because of significant uncertainties with regard to their realizability.

Ordinary shares are classified as shareholders' equity. Costs that are directly attributable to the issue of new shares or options are recorded in shareholders' equity (net of taxes) as a deduction from issue proceeds.

As remuneration for work performed the employees of the company (including management) receive share-based payments in the form of equity instruments (so-called transaction with compensation through equity instruments). MOLOGEN has a settlement option within the stock options program newly established in financial year 2013 – in contrast to previous years. To satisfy employee options the company can choose to grant either its own shares or a cash payment instead of new shares from conditional capital. In accordance with IFRS 2.42 a current obligation to a cash compensation does not exist and is currently not apparent. Therefore the stock options granted under the 2013 stock option program are also to be balanced for in accordance with the regulations for share-based payments with compensation through equity instruments (IFRS 2.43).

Expenses resulting from the granting of equity instruments and the corresponding increase in shareholders' equity are recorded over the period during which the vesting or service conditions must be fulfilled (so-called vesting period).

This period ends on the day of the first exercise opportunity, meaning the date on which the relevant employee is irrevocably entitled to subscribe. The accumulated costs of granting the equity instruments reported on each reporting date up to the time of the first exercise opportunity reflect the already expired part of the vesting period and the number of equity instruments that will be able to be actually exercised according to the best possible estimate of the company upon expiry of the vesting period. The amount that is recorded in the statement of comprehensive income reflects the development of accumulated costs recorded at the beginning and end of the financial year.

Expenses and income for the financial year are recognized – regardless of the time of payment – if they are realized. Proceeds from the sale of goods and services, technologies, licensing and distribution rights, and consulting services are realized if the due delivery or service is provided, the risk is transferred and the amount of the expected consideration can be reliably estimated. When services for payments spent or collected in advance are first performed in subsequent periods, the payments are recorded as deferred or accrued income that is accreted over the period in which the services are performed.

Profits and losses resulting from foreign currency conversion are offset in accordance with IAS 1.35, since they are immaterial.

D. Notes to the statement of financial position as of December 31, 2013

ASSETS

NON-CURRENT ASSETS

(1) Property, plant and equipment

In the financial year the net value of property, plant and equipment increased by € 42 thousand from € 178 thousand in the previous year to € 220 thousand. Investments amounted to € 121 thousand compared to ordinary depreciation and amortization (previous year: € 98 thousand).

The development of property, plant and equipment is part of the statement of changes in fixed assets shown on page 52.

(2) Intangible assets

In the financial year the value of balanced intangible assets decreased by € 910 thousand to € 237 thousand (previous year: € 1,147 thousand). The intangible assets comprised of another right (book value: € 197 thousand; previous year: € 221 thousand), software (book value: € 40 thousand; previous year: € 25 thousand) and acquired technologies (book value: € 0; previous year: € 901 thousand).

In financial year 2013 unscheduled amortization amounting to € 671 thousand (previous year: € 0) were made. The amortization was made on an intangible asset which is no longer used due to a strategic decision made during the reporting year. They relate to the discontinued research and development activities for the MIDGE®-based veterinary DNA vaccine against leishmaniasis in financial year 2013. The product candidate, however, has only a limited market potential compared to other drug candidates, so this has no significant impact on the value of the product pipeline of MOLOGEN.

Investments amounted to € 25 thousand compared to ordinary and extraordinary amortization (previous year: € 19 thousand).

The development of intangible assets is part of the statement of changes in fixed assets shown on page 52.

Research and development

The resources available to the company are used to a large extent directly for research and development projects. Expenses for this area amounted to € 7.9 million (previous year: € 6.0 million[1)]). Development costs subject to mandatory capitalization as defined in IAS 38 did not accrue.

(3) Other non-current assets

Other non-current assets amount to € 0 (previous year: € 3 thousand). In the financial year 2013 they were revalued from € 3 thousand (previous year: € 0), since it is no longer assumed that they will be realized.

CURRENT ASSETS

(4) Cash and cash equivalents and fixed-term deposits with a term of more than three months

The liquid funds consist in principle of cash holdings and bank deposits with a remaining term of less than three months. Currently due bank deposits are subject to variable interest rates. Liquid funds amounting to € 6,000 thousand are invested as fixed-term deposits over a period of 6 months. As of the reporting date the value of the liquid funds amounts to € 14,765 thousand (previous year: € 23,777 thousand). This is a result of the nominal value of the holdings in euros and the assessment of an account held in foreign currency at the exchange rate as of the record date on December 31, 2013.

(5) Trade receivables

Trade receivables are not interest-bearing and have a term to maturity exclusively of less than one year at the reporting date. They are usually due within 14 days and are reported at amortized costs.

As of December 31, 2013 there are no trade receivables (previous year: € 3 thousand).

			Past due, but not impaired (parts of) receivables			
EUR'000	Total	Neither past due nor impaired	< 30 days	30–90 days	90–365 days	> 365 days
Dec. 31, 2013	0	0	0	0	0	0
Dec. 31, 2012	3	3	0	0	0	0

As of December 31, 2013 value adjustments on trade receivables amounting to € 60 thousand (previous year: € 60 thousand) were reported.

No value adjustments were made on trade receivables in financial year 2013 (previous year: € 0).

No reversals of value adjustments on trade receivables were made (previous year: € 0).

The development of impairments on trade receivables is part of the table entitled "Development of impairments on financial instruments" under section H.

(6) Inventories

Inventories consist of goods (€ 33 thousand; previous year: € 21 thousand). Inventories are not subject to any disposition or pledging restrictions.

(7) Other current assets and income tax receivables

In EUR'000	Dec 31, 2013	Dec. 31, 2012
Income tax receivables	7	44
Reimbursements from VAT	215	168
Other receivables	460	444
	682	**656**

Income tax receivables include corporate tax refunds (including solidarity tax) for the year 2013.

The amounts referred to under the reimbursements from VAT comprise receivables and liabilities to the same authority and may be offset in accordance with IAS 12.71.

Fixed-term deposits amounting to € 13 thousand (previous year: € 13 thousand) are pledged and serve as a security for a lease guarantee.

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

Appearing under other receivables payments amounting to € 220 thousand (previous year: € 0) for raw materials required for manufacturing of investigational medicinal products for clinical studies involving MGN1703 are reported. Furthermore, other receivables contain an advance payment of € 65 thousand (previous year: € 88 thousand), which has been made to the MOLOGEN Stiftungsinstitut für Molekularbiologie und Bioinformatik (MOLOGEN Foundation Institute for Molecular Biology and Bioinformatics) within the cooperation with the Freie Universitaet Berlin (Free University of Berlin).

No value adjustments were reported under other current assets (previous year: € 0).

No other receivables were derecognized (previous year: € 1 thousand).

The development of impairments on other current assets is shown under section H.

EQUITY AND LIABILITIES

NON-CURRENT LIABILITIES

(8) Deferred income

Government grants for assets are reported in the amount of € 10 thousand (previous year: € 9 thousand).

(9) Current liabilities

Trade payables are not interest-bearing and usually have a maturity of 30 days. Other current liabilities are not interest-bearing and have a maturity of up to twelve months.

Composition of current liabilities:

In EUR'000	Dec. 31, 2013	Dec. 31, 2012
Trade payables	554	483
Liabilities from income and church tax	83	75
Liabilities to banks	19	1
Deposits received for orders	0	93
Other liabilities	287	230
	943	**882**

SHAREHOLDERS' EQUITY

The composition of shareholders' equity and the development of its components are presented in the statement of changes in equity.

(10) Issued capital

MOLOGEN's share capital of € 15,419,512.00 is divided into 15,419,512 no-par bearer shares, each with a notional share of € 1.00 in the share capital and is reported as issued capital.

MOLOGEN has implemented the following share capital-related measures in financial year 2013:

During the reporting period a total of 7,063 preemptive shares were issued from the 2009 conditional capital resolved by the Annual General Meeting on May 19, 2009. The share capital thereby increased by € 7,063 from € 15,412,449 to € 15,419,512. The company received net funds amounting to approximately € 51 thousand. The issuance of these preemptive shares was registered in the company's relevant commercial register in January 2014.

Conditional and authorized capital

The resolutions of the Annual General Meeting of July 16, 2013 were registered in the relevant commercial register on July 19, 2013. This resulted in subsequent changes to the conditional and authorized capital.

The Annual General Meeting of July 16, 2013 authorized the Executive Board to offset the existing authorized capital 2011/I, which existed after partial use in the amount of € 3,339,818.00, and to create a new authorized capital 2013.

The Executive Board was authorized to increase, with the approval of the Supervisory Board, the company's share capital until July 15, 2018 through the issuance of new no-par value shares for cash and/or contributions in kind on one or more occasions, but to a maximum total of € 7,706,224 (authorized capital 2013/I) and thereby to determine in accordance with Section 23 Para. 2 of the bylaws a beginning of profit participation deviating from law. Shareholders are generally entitled to a subscription right. The new shares can also be taken over by a credit institution or consortium of credit institutions specified by the Executive Board with the obligation to offer them to the shareholders for subscription (indirect subscription right).

The Executive Board is also authorized to exclude the subscription right of the shareholders with the consent of the Supervisory Board in each case

a) as far as this is necessary to compensate for fractional amounts;
b) as far as it is necessary to grant the holders of warrants or conversion rights or conversion obligations arising from bonds or participatory rights with conversion and/or option rights or a conversion obligation a subscription right to new shares in the amount as it would be to them upon exercise of the option or conversion right or the fulfilment of the conversion obligation as shareholder;
c) as far as the new shares against contributions in cash will be issued and the issued share capital total theoretically attributable to the shares exceeds 10% of the share capital neither at the date of effect nor at the time of exercise of this authorization ("maximum amount") and the issue price of the newly issued shares is not significantly below the stock market price of the listed shares of the company with equal rights at the time of the final determination of the issue price; or
d) as far as the new shares against contributions in kind, in particular in the form of companies, company divisions, investments in companies, claims or other assets that are useful or helpful for the operation of the company (such as, for example, patents, licenses, copyright terms of use and exploitation rights and other intellectual property rights), will be issued.

To be offset against the maximum amount according to Section 4 Para. 3 c) of the bylaws are shares which (i) during the term of this authorization under exclusion of subscription rights on the basis of other appropriations in direct or corresponding application of Section 186 Para. 3 Sentence 4 AktG are sold or issued by the company or (ii) are issued or are to be issued for the operation of bonds or participatory rights with conversion and/or option rights or a conversion obligation, if the bonds are issued during the term of this authorization under exclusion of the subscription right in corresponding application of Section 186 Para. 3 Sentence 4 AktG. An offsetting which, according to the preceding sentence, due to the exercise of authorizations (i) to issue new shares in accordance with Section 203 Para. 1 Sentence 1, Para. 2 Sentence 1, Section 186 Para. 3 Sentence 4 AktG and/or (ii) for the sale of proprietary shares in accordance with Section 71 Para. 1 No 8, Section 186 Para. 3 Sentence 4 AktG and/or (iii) to issue convertible bonds and/or bonds with warrants in accordance with Section 221, Para. 4, Sentence 2, Section 186 Para. 3 Sentence 4 AktG is made, deleted with effect for the future, if and insofar as the applicable authorization(s), whose exercise effect(s) the offsetting, is or are to be again granted by the Annual General Meeting in accordance with the legal regulations.

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase, as well as the terms and conditions for the issuance of new shares.

As a result of the resolution by the Annual General Meeting of July 16, 2013 a conditional capital 2013-1, in the amount of € 328,672.00, divided into 328,672 shares, was also created. The conditional capital 2013-1 is used to grant stock options to the members of the Executive Board and to employees of the company.

As a result of the resolution by the Annual General Meeting of July 16, 2013, the profit participation for the conditional capital 2009 and 2010, which is used to grant stock options to the members of the Executive Board and to employees of the company, was also revised and adjusted to the provisions of the conditional capital 2011, 2012 and 2013.

The company has the following authorized and conditional capital as of December 31, 2013:

In €	Dec. 31, 2013	Dec. 31, 2012	Change
Authorized capital	7,706,224	3,339,818	4,366,406
Conditional capital 2008	3,770,739	3,770,739	0
Conditional capital 2009	147,731	154,794	-7,063
Conditional capital 2010	610,151	610,151	0
Conditional capital 2011	238,393	238,393	0
Conditional capital 2012	209,234	209,234	0
Conditional capital 2013	328,672	—	328,672

The conditional capital 2008 is used to issue convertible bonds or warrant bonds in the total nominal amount of up to € 10,000,000 with a term of up to 10 years and to grant the holders or creditors of bonds conversion rights on new shares

of the company with a pro rata amount of the share capital of up to € 3,770,739. The conditional capital increase is only carried out insofar as the holders or creditors of conversion or option rights make use of their rights, or the holders or creditors obligated to convert fulfil their conversion obligation. The new shares participate in profit from the beginning of the financial year in which they arise through exercise of conversion rights or through fulfilment of conversion obligations. The authorization to issue convertible bonds or warrant bonds expired at the end of June 1, 2013.

The conditional capitals 2009, 2010, 2011 and 2012 are used to grant convertible bonds and/or subscription rights without issue of bonds to members of the Executive Board and to employees of the company based on the resolutions by the Annual General Meetings of May 19, 2009, June 7, 2010, June 7, 2011 and July 19, 2012. The conditional capital increase is only carried out insofar as the holders of the convertible bonds and/or options issued by the company make use of their conversion or subscription rights. The new shares participate in the profit of the company from the beginning of the previous financial year, or else from the beginning of the financial year in which they arise in each case through exercise of conversion or subscription rights, provided that they arise through exercise of conversion or subscription rights up to the beginning of the Annual General Meeting of the company.

The conditional capital 2013 is used exclusively to grant rights to the holders of stock options (members of the Executive Board and employees of the company) based on the resolution by the Annual General Meeting of July 16, 2013. The conditional capital increase is only carried out insofar as the holders of the stock options issued by the company make use of their subscription rights and the company does not fulfil the stock options by supplying proprietary shares or by cash payment. The new shares participate in the profit of the company from the beginning of the previous financial year, or else from the beginning of the financial year in which they arise through exercise of conversion or subscription rights, provided that they arise through exercise of subscription rights up to the beginning of the Annual General Meeting of the company.

(11) Capital reserves

In the capital reserves equity components are reported that are received from external sources via the issued capital, as well as a withdrawal in the amount of € 6,668 thousand carried out in financial year 2002, which was offset with the accumulated deficit.

In financial year 2013, the capital reserves increased by € 44 thousand as a result of issuing preemptive shares from the conditional capital 2009. In accordance with IAS 32.37, the costs in the amount of € 43 thousand (previous year: € 1,809 thousand) accruing for equity procurement were recorded as part of the capital reserves, which have thereby increased by a total of € 1 thousand.

As a result of the application of IFRS 2, share-based payment, the amount of € 909 thousand (previous year: € 807 thousand[1)] was added to the capital reserves. Please refer to paragraph 16 of these notes.

In EUR'000	Dec. 31, 2013	Dec. 31, 2012
Capital reserves	66,119	66,075
Employee compensation in equity instruments	5,477	4,568[1)]
Costs of equity procurement	-4,875	-4,832
	66,721	**65,811[1)]**

(12) Accumulated deficit

The accumulated deficit includes a loss carried forward of € 56,329 thousand (previous year: € 48,343 thousand[1)]).

E. Notes to the statement of comprehensive income for the period from January 1 to December 31, 2013

(13) Revenues

Revenues from goods and services in the amount of € 227 thousand (previous year: € 60 thousand) result from domestic business. They are partly due to one-off effects and are therefore subject to fluctuations.

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

(14) Other operating income

In EUR'000	2013	2012
Income from other accounting periods	4	6
Government grants	0	259
Remaining other operating income	6	6
	10	**271**

MOLOGEN has received and regognized as income government grants amounting to € 259 thousand from the 7th Framework Programme of the European Union and from the Federal Ministry of Education and Research within the EuroTransBio initiative of the EU for the last time in financial year 2012. Repayment risks are not apparent.

(15) Cost of materials

In EUR'000	2013	2012
Expenses for raw materials, supplies and goods	791	349
Expenses for services used	2,113	1,414
	2,904	**1,763**

The cost of materials increased in financial year 2013 compared to the previous financial year. Raw materials, supplies and goods as well as external services were obtained for the preparation and implementation of further studies, which were not incurred to such an extent in financial year 2012.

Changes in inventory amounting to € -12 thousand (previous year: € 12 thousand) are included in the expenses for raw materials, supplies and goods.

(16) Personnel expenses

In EUR'000	2013	2012
Wages and salaries	3,031	2,371
Social insurance contributions	424	383
Granted stock options (in accordance with IFRS 2)	909	807[1)]
	4,364	**3,561[1)]**

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

The increase in personnel expenses compared to the previous year is primarily due to the recruitment of additional employees, the expansion of the Executive Board by a Chief Medical Officer, salary adjustments and one-time payments.

The social insurance contributions include expenses for defined contribution plans amounting to € 20 thousand (previous year: € 5 thousand). Expenses in the amount of € 5 thousand (previous year: € 5 thousand) are allocated to a member of the Executive Board.

The average number of people employed at MOLOGEN over the year was 51 (not including the Executive Board or employees on parental leave; previous year: 47).

Employee structure (including temporary staff and employees on parental leave):

	Dec. 31, 2013	Dec. 31, 2012
Executive Board	3	2
Research and development (R&D)	48	45
Administration	7	6
	58	**53**

(17) Depreciation and amortization

Scheduled and unscheduled depreciation and amortization are reported under depreciation and amortization of intangible assets and property, plant and equipment. In financial year 2013 unscheduled depreciation and amortization amounting to € 671 thousand (previous year: € 0) were recorded. Depreciation and amortization were recorded for an intangible asset which is no longer used due to a strategic decision made during the reporting year. They relate to the discontinued research and development activities for the MIDGE®-based veterinary DNA vaccine against leishmaniasis in financial year 2013. The product candidate, however, has only a limited market potential compared to other drug candidates, so this has no significant impact on the value of the product pipeline of MOLOGEN.

In EUR'000	2013	2012
Intangible assets	935	257
Property, plant and equipment	79	54
	1,014	**311**

(18) Other operating expenses

In EUR'000	2013	2012
Legal and consulting costs	664	731
Patent costs	371	215
Travel costs	360	274
Administration costs	316	330
Rent	204	138
Marketing / Investor Relations	192	314
Fringe costs (personnel)	133	87
Maintenance	99	104
Remaining other operating expenses	474	542
	2,813	**2,735**

Remaining other operating expenses include research costs, which are accrued within the cooperation with the Freie Universitaet Berlin (Free University of Berlin) in the amount of € 389 thousand (previous year: € 445 thousand).

Auditor fees in the amount of € 39 thousand and for other services in the amount of € 4 thousand were incurred in financial year 2013.

(19) Finance costs and finance income

In EUR'000	2013	2012
Finance costs		
Other interest expenses	**1**	**2**
Finance income		
Interest on financial assets	**31**	**55**

(20) Tax result

Current tax assets and liabilities

No income taxes were recorded in financial year 2013 and in the reference period.

Deferred Taxes

Under German law, MOLOGEN's corporate tax losses carried forward in the amount of € 73.4 million (previous year: € 63.6 million) and the trade tax losses carried forward in the amount of € 71.6 million (previous year: € 61.8 million) can be offset against future taxable results.

However, there is uncertainty about future offsetting possibilities since future profitability is difficult to predict. For these reasons, deferred tax liabilities have not been recorded.

Composition of deferred taxes and their respective value adjustments:

Dec. 31, 2012

Statement of financial position item/ Loss carried forward In EUR'000	Difference	Deferred Taxes before value adjustment	Value adjustment	Deferred Taxes after value adjustment
Property, plant and equipment	0	0	0	0
Total deferred tax liabilities		**0**	**0**	**0**
Property, plant and equipment	2	1	-1	0
Tax loss carried forward		18,938	-18,938	0
Total deferred tax assets		**18,939**	**-18,939**	**0**
Deferred taxes offset Dec. 31, 2012		**18,939**	**-18,939**	**0**

Dec. 31, 2013

Statement of financial position item/ Loss carried forward In EUR'000	Difference	Deferred taxes before value adjustment	Value adjustment	Deferred taxes after value adjustment
Property, plant and equipment	0	0	0	0
Total deferred tax liabilities		**0**	**0**	**0**
Property, plant and equipment	0	0	0	0
Tax loss carried forward		21,893	-21,893	0
Total deferred tax assets		**21,893**	**-21,893**	**0**
Deferred taxes offset Dec. 31, 2013		**21,893**	**-21,893**	**0**

The calculations are based on a combined income tax rate of 30.2%. It takes corporate tax, solidarity tax and trade tax into account.

Offsetting and reconciliation of expected to actual tax result:

In EUR'000	2013	2012
Profit (loss) before taxes	-10,828	-7,986[1)]
Expected tax expense (+) / income (-)	-3,270	-2,412[1)]
Tax effects of expenses that are not tax deductible and income with no tax effect	316	-285[1)]
Change of value adjustments on deferred taxes	2,954	2,697
Actual tax expense (+) / income (-)	**0**	**0**

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

The offsetting and reconciliation is based on a combined income tax rate of 30.2%. It takes corporate tax, solidarity tax and trade tax into account.

(21) Earnings per share (EPS)

In the calculation of basic earnings per share the earnings attributable to the owners of ordinary shares of the company is divided by the weighted average number of ordinary shares outstanding during the financial year.

In the calculation of diluted earnings per share the earnings attributable to the owners of ordinary shares of the company is divided by the weighted average number of ordinary shares outstanding during the financial year, plus the weighted average number of ordinary shares which would result from the conversion of all potential ordinary shares with dilution effect into ordinary shares.

	2013	2012
Earnings attributable to the owners of ordinary shares of the company in EUR'000	-10,828	-7,986[1)]
Weighted average number of ordinary shares for calculating basic earnings per share, in thousands	15,415	13,916
Dilution effect from issuance of stock options, in thousands	0	0
Weighted average number of ordinary shares including dilution effect, in thousands	15,415	13,916
Basic EPS in €	-0.70	-0.57[1)]
Diluted EPS in €	—	—

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

No dilution effect resulted from the stock options issued in previous years and in financial year 2013 as defined by IAS 33.41 ff.

(22) Notes to the statement of cash flows

The statement of cash flows shows how the liquid assets of MOLOGEN have changed over the course of the financial year through cash inflows and outflows. In accordance with IAS 7 a distinction is made between cash flows from operating, investing and financing activities.

With regard to the distribution of liquid funds in cash and cash equivalents and financial investments with a term of more than three months, we refer to the comments in sections C and D (liquid funds) of these notes.

In financial year 2013 income tax in the amount of € 7 thousand (previous year: € 17 thousand) was paid. MOLOGEN received an income tax refund in the amount of € 44 thousand (previous year: € 10 thousand) in financial year 2013.

Cash interest income in the amount of € 28 thousand (previous year: € 64 thousand) is included in the cash flows from operating activities. Interest in the amount of € 1 thousand (previous year: € 2 thousand) was paid.

F. Notes on the employee participation programs

The company has set up several share-based employee participation programs. The employees have received stock options, which entitle them to acquire MOLOGEN shares at a predetermined price upon the occurrence of certain conditions. MOLOGEN will issue the required shares through capital increases and provide for this purpose various classes of conditional capital.

In the case of the stock option program newly established in 2013 – in contrast to previous years – MOLOGEN has a settlement option. To service employee options the company can opt to grant proprietary shares or a cash payment instead of new shares from conditional capital. In accordance with IFRS 2.42 a present obligation to a cash settlement does not exist and is not currently apparent. Therefore the stock options granted from the 2013 stock option program are also to be accounted for in accordance with the provisions for share-based payments with compensation through equity instruments (IFRS 2.43).

CONTRACTUAL TERMS AND CONDITIONS OF THE STOCK OPTION PROGRAMS (SOP)
The contractual terms and conditions, on the basis of which the beneficiary may exercise the granted stock options, are summarized below.

Stock option:
Each stock option grants the beneficiary the right to subscribe to a bearer share with the nominal par value of € 1.00 each.

Beneficaries:
Members of the Executive Board and employees of the company.

Duration:
Five years (SOP 2009) or seven years (SOP 2010, SOP 2011, SOP 2012 and SOP 2013) from the date of allocation.

Vesting period:
Two years from the date of resolution on allocation to the beneficiary (SOP 2009) or four years from the time of issue or grant to the beneficiary (SOP 2010, SOP 2011, SOP 2012 and SOP 2013).

Exercise periods:
The stock options can – upon expiry of the vesting periods – only be exercised within a period of four weeks after the release of the latest quarterly, half-year or interim report of the company, otherwise within a period of four weeks after the release of the annual financial statements and also within a period of four weeks after the Annual General Meeting of the company.

Strike price:
Corresponds to the average stock market price for shares (arithmetic mean of the closing prices (i) on the regulated market (SOP 2009 and SOP 2010) or (ii) in XETRA trading or a comparable successor system (SOP 2011, SOP 2012, SOP 2013) on the Frankfurt Stock Exchange or after reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the 60 trading days (SOP 2012 and SOP 2013: 30 trading days) prior to the resolution of the Executive Board (in case of issue of stock options to the Executive Board: Supervisory Board) concerning the respective allocation.

Exercise price:
Corresponds to the strike price.

Performance target (SOP 2009):
The exercise of the stock options is only possible if the average share price (arithmetic mean of the closing prices on the regulated market on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the last 10 trading days before the date of the exercise has increased compared to the strike price as follows: the exercise in the third year after the issue/allocation is only possible if the share price (arithmetic mean of the closing prices on the regulated market on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the last 10 trading days before the date of the exercise has increased by at least 10% compared to the strike price (performance target). For the fourth year the performance target is 13% above the strike price and 16% for the fifth year.

Performance target (SOP 2010):
The exercise of the stock options is only possible if the average share price (arithmetic mean of the closing prices on the regulated market on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are

being traded) in the last 10 trading days before the date of the exercise has increased compared to the strike price as follows: the exercise in the fifth year after the issue/allocation is only possible if the share price (arithmetic mean of the closing prices on the regulated market on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the last 10 trading days before the date of the exercise has increased by at least 16% compared to the strike price (performance target). For the sixth year the performance target is 19% above the strike price and 22% for the seventh year.

Performance target (SOP 2011):
The exercise of the stock options is only possible if the average share price (arithmetic mean of the closing prices in XETRA trading or a comparable successor system on the regulated market on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the last 10 trading days before the date of the exercise has increased compared to the strike price by at least 5% for each full year that has passed since issue/allocation.

Performance target (SOP 2012):
The exercise of the stock options is only possible if the average share price (arithmetic mean of the closing prices in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the company's shares are being traded) in the last 10 trading days before the date of the exercise of the stock options has increased compared to the strike price as follows: in the fifth year after issue/allocation by at least 30% above the strike price, in the sixth year by at least 35% and in the seventh year by at least 40%.

Performance target (SOP 2013):
The stock options can only be exercised if and insofar as the following performance targets have been achieved:

The first performance target (absolute price threshold) is achieved if, within the exercise of employee options, the average stock exchange price of the shares of the company (arithmetic mean of the closing prices in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the shares of the company are being traded) in the last 10 trading days before the date of the exercise of the employee options exceeds the exercise price.

The second performance target (relative price threshold) is achieved if the share price of the company has developed better than the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange. For the required comparative calculation the following respective reference values (100 percent) are defined for: (i) the relevant share price and (ii) the arithmetic mean of the daily closing price of the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange on the last 30 trading days before the resolution of the Executive Board (in case of issue of employee options to the Executive Board: Supervisory Board) concerning the respective allocation of the employee options. On this basis, the market price of the shares of the company (arithmetic mean of the closing prices in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange or in the case of a reconfiguration of the market segments in the trading segment of the stock exchange in which the shares of the company are being traded) between the date of the allocation of the employee options and the date of their respective exercise based on the respective reference values must have developed better in percentage terms than the DAXsubsector Biotechnology (Performance). The preceding comparative calculation is to be performed for each issue of stock options with reference values adjusted correspondingly.

If the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange, during the term of the employee option program or the employee options which have been issued under it, is terminated or significantly altered in terms of its composition, it shall be replaced by another index, the composition of which comes closest to the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange in its hitherto existing composition; if such an index does not exist, a new benchmark index is calculated by a bank commissioned by the company with as many individual prices as possible in its hitherto existing composition, so that it comes as close as possible to the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange.

ACCOUNTING

The fair value of the stock options granted is determined at the date of grant. The conditions under which the options were granted are taken into account. The fair values of the stock option programs 2009a, 2009b, 2010a, 2010b, 2011, 2012a and 2012b were identified using a Monte Carlo simulation program. The fair value of the stock option program 2013 was determined using a binomial distribution. The total of available stock options can be distributed in several tranches and granted at different times within a stock option program. In this case, the individual tranches are referred to as "a" and "b".

The following table contains the parameters underlying the evaluation:

	Stock Option Programme			
Parameter	**2009a**	**2009b**	**2010a**	**2010b**
Dividend yield (%)	0.00	0.00	0.00	0.00
Expected volatility (%)	44.49	43.37	51.07	47.67[1)]
Risk-free interest rate (%)	1.81	1.79	1.70	2.48
Anticipated option life (years)	3.50	3.50	5.50	5.50
Share price on the date of issuance (€)	6.52	7.24	8.55	8.49

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

	Stock Option Program			
Parameter	**2011**	**2012a**	**2012b**	**2013**
Dividend yield (%)	0.00	0.00	0.00	0.00
Expected volatility (%)	44.00[1)]	41.41[1)]	40.70	39.91
Risk-free interest rate (%)	1.44	0.74	0.53	0.86
Anticipated option life (years)	5.50	5.50	5.50	5.50
Share price on the date of issuance (€)	7.13	12.95	14.15	12.57

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

The fair value of the stock option program 2013 was determined taking into account also the expected volatility (20.07%) of the DAXsubsector Biotechnology of the Frankfurt Stock Exchange.

The respective anticipated option life was set based on past experience. These assumptions do not necessarily correspond to the actually occurring exercise behaviour of the beneficiaries.

The volatility taken into account is based on the assumption that future trends can follow historical volatilities. Therefore the historical volatility of a period corresponding to the anticipated term of the stock options was considered. The actually occurring volatility may differ from the assumptions.

The estimates of the structure of interest rates on the bond market published by the Deutsche Bundesbank (German Federal Bank) are used as risk-free interest rates. The interest rate chosen is the one that has an identical remaining term or the nearest maturity date.

The company currently pays out no dividends to its shareholders. A change in dividend policy during the term of the stock options is not assumed. This does not necessarily correspond to later actual dividend payments.

DEVELOPMENT DURING THE FINANCIAL YEAR

The issue of stock options to employees of MOLOGEN is carried out by the MOLOGEN Executive Board. The issue of stock options to members of the Executive Board of MOLOGEN is carried out by the Supervisory Board. In the current financial year 201,219 stock options (previous year: 165,955) have been issued to the beneficiaries. As of December 31, 2013 stock options in the amount of 180,523 (previous year: 53,070) were still not allocated.

The following table shows the number, weighted average exercise prices (WAEP) and the development of the stock options during the financial year:

	2013		2012	
	WAEP per stock option €	**Stock options** Units	**WAEP** per stock option €	**Stock options** Units
As of January 1	8.68	1,118,707	8.24	1,047,327
Granted[a)]	12.05	201,219	10.85	165,955
Forfeited	9.23	20,975	8.47	31,220
Exercised[b)]	7.23	7,063	7.23	63,355
Expired	—	0	—	0
As of December 31	9.20	1,291,888	8.68	1,118,707
Exercisable through December 31[c)]	7.22	137,980	7.22	145,043

[a)] The weighted average fair value of the stock options granted in the financial year amounted to € 4.86 per option (previous year: € 5.51[1)]).
[b)] The weighted average share price at the time of exercising the stock option during the financial year amounted to € 12.23.
[c)] It will only be taken into account whether the vesting period of the stock options has already expired. All other contractual conditions, such as, for example, fulfilment of the performance targets, are disregarded.

The weighted average contractual remaining term for the stock options outstanding as of December 31, 2013 is 4.33 years (12/31/2012: 4.87 years). The exercise prices for options outstanding at the end of the reporting period lie in the range between € 6.95 and € 13.91 (previous year: € 6.95 and € 10.85).

G. Other financial liabilities and contingent liabilities

Other financial liabilities for financial year 2014 consist of lease contracts in the amount of € 99 thousand. Furthermore, MOLOGEN has other financial liabilities requiring disclosure in the amount of € 1,753 thousand for 2014 and in the amount of € 10 thousand for 2015.

As of December 31, 2013 there are no contingent liabilities in accordance with IAS 37.

H. Notes on the type and management of financial risks

1. FINANCIAL RISK MANAGEMENT

MOLOGEN has a risk mamagement system for the identification, measurement and control of risks which could arise through the existing financial instruments. The risk positions arise from the cash inflows and outflows made and scheduled and can occur as default risk, liquidity risk and exchange rate risk. Interest rate risk and other price risks do not exist, since the main financial instruments used by the company include trade receivables and trade payables and means of payment.

The primary objective of capital management is to maintain the solvency of the company. For details please refer to the management report ("risk report" section). The secondary objective is the use of investment opportunities to achieve interest earnings with the exclusive use of conservative short-term products.

Key indicators for the setting of the primary objective are the debt ratio and the ratio of issued capital to shareholders' equity.

2. RISKS ARISING FROM FINANCIAL INSTRUMENTS

MOLOGEN may be subject to the following risks in terms of assets, liabilities and planned transactions:

Default risks:
MOLOGEN is exposed to a default risk arising from its operating activities. The accounts receivables are monitored constantly. Default risks are taken into account by specific provisions (see D (5)). Collective value adjustments have not been made.

The company did not record any loans or grant any financial guarantees.

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

Liquidity risks:
The company constantly monitors the risk of a possible liquidity bottleneck. The maturities of financial assets (e. g. receivables) and liabilities as well as expected cash flows from operating activities are monitored in this regard. Should it become necessary, certain cost-intensive activities and projects can be temporarily discontinued in order to reduce the outflow of funds.

MOLOGEN is not exposed or has only limited exposure to the following market risks:

Interest rate risks:
The risk of fluctuations in market interest rates does not exist, since the company has no current or non-current financial assets and liabilities which are subject to variable interest rates.

Cash and cash equivalents that are not needed are generally invested as fixed-term deposits for a period of three months at the current market interest rate. Means of payment reported as liquid funds in the amount of € 6,000 thousand were invested over a term of six months in order to generate higher interest earnings. Changes in interest rates therefore affect the amount of interest earnings.

Exchange rate risks:
MOLOGEN currently uses financial instruments held in foreign currency only to a very limited extent. The exchange rate risk is therefore categorized as very low.

Other price risks
There are no other price risks.

3. CATEGORIES OF FINANCIAL INSTRUMENTS

In EUR'000	Dec. 31, 2013	Dec. 31, 2012
Financial assets		
Loans and receivables valued at amortized costs		
Trade receivables	0	3
Liquid funds	14,765	23,777
Other financial assets	460	447
Financial liabilities		
Valued at amortized costs		
Liabilities to banks	19	1
Trade payables	554	483
Other financial liabilities	370	398

The book values of the financial assets and the financial liabilities correspond to the fair values.

The valuation of MOLOGEN's financial assets and financial liabilities is explained in section C "Accounting and valuation methods".

No new classifications or reclassifications have been made in the financial year or in the reference period.

Exchange rate income in the amount of € 2 thousand (previous year: € 1 thousand) is reported in the financial year.

Development of impairments on financial instruments:

	Impairments on			
In EUR'000	Financial assets	Trade receivables	Other financial assets	Total
As of Jan 1, 2012	**0**	**60**	**0**	**60**
Increase/decrease of impairments through profit or loss	0	0	0	0
Consumption of recorded impairments	0	0	0	0
As of Dec. 31, 2012	**0**	**60**	**0**	**60**
Increase/decrease of impairments through profit or loss	0	0	3	3
Consumption of recorded impairments	0	0	0	0
As of Dec. 31, 2013	**0**	**60**	**3**	**63**

I. Information on affiliated persons and companies

INFORMATION ON THE EXECUTIVE BOARD

1. In financial year 2013 the Executive Board of MOLOGEN comprised:

Dr. Matthias Schroff, Chairman of the Executive Board, Berlin, (Chairman since January 1, 2008, appointed until December 31, 2016),

Dr. Alfredo Zurlo, Chief Medical Officer, Berlin, (since April 1, 2013, appointed until March 31, 2016),

Mr. Jörg Petrass, Chief Financial Officer, Berlin, (since February 1, 2007, appointed until December 31, 2015).

2. Information on the remuneration structure of the Executive Board:

a) Fixed and performance-based remuneration components

The members of the Executive Board receive a fixed remuneration component which is paid out in monthly installments, as well as a performance-based remuneration component which is only paid out when performance targets are met.

The following fixed and performance-based remuneration has been granted to the Executive Board:

In EUR'000		Dr. M. Schroff	Dr. A. Zurlo	J. Petrass	Total
Fixed remuneration	**2013**	**255**	**172**	**250**	**677**
	2012	185	—	180	365
Performance-based remuneration	**2013**	**144**	**94**	**144**	**382**
	2012	174	—	174	348
Other remuneration	**2013**	**7**	**0**	**0**	**7**
	2012	5	—	0	5
Total directly paid remuneration	**2013**	**406**	**266**	**394**	**1,066**
	2012	364	—	354	718

Granted inventor's bonus is reported under other remuneration.

b) Remuneration components with a long-term incentive effect

In the financial year the members of the Executive Board were allocated stock options as remuneration components with a long-term incentive effect. The issued options were valued at the date of issue with a fair value.

The pro rata amounts of the fair values of the remuneration components with a long-term incentive effect are shown in the table below.

		Dr. M. Schroff	Dr. A. Zurlo	J. Petrass	Total
Issued subscription rights, in units	**2013**	**0**	**33,694**	**0**	**33,694**
	2012	25,000	—	25,000	50,000
Fair value of the issued subscription rights upon issuance in EUR'000	**2013**	**0**	**174**	**0**	**174**
	2012	138[1)]	—	138[1)]	276[1)]
Total personnel expenses from stock options in each financial year in EUR'000	**2013**	**146**	**32**	**146**	**324**
	2012	120[1)]	—	120[1)]	240[1)]

[1)] The figures for the previous year have been adjusted in accordance with IAS 8.42 ff. See the details in the notes under "B".

No stock options were exercised in financial year 2013 or in the previous year.

c) Payments in the event of premature termination of the employment relationship

In the case of a premature termination of the employment contract as a result of a takeover of at least 30% of the voting rights by a third party, ("change of control"), the Executive Board contracts provide for Dr. Matthias Schroff, Dr. Alfredo Zurlo and Mr. Jörg Petrass a severance payment in the amount of two times the fixed annual remuneration (annual remunerations: € 250 thousand for Dr. Matthias Schroff and Mr. Jörg Petrass, and € 230 thousand for Dr. Alfredo Zurlo) in addition to all variable remuneration components attained up to this point in time (max. € 360 thousand p. a. for Dr. Matthias Schroff and Mr. Jörg Petrass, and max. € 120 thousand p. a. for Dr. Alfredo Zurlo) plus the maximum total annual variable remuneration components attainable during the original remaining term of the contract discounted by 5% p. a. regardless of whether the contract was terminated by the company or by mutual agreement. The contract must be terminated within six months of the notification of the change of control.

In the case of a premature termination of the service contract by the Supervisory Board or a premature termination of the contract by mutual agreement, each member of the Executive Board receives a severance payment in the amount of 1.5 times the fixed annual remuneration in addition to all variable remuneration components attained up to this point in time. The prerequisite is that if the contract was terminated prematurely by the Supervisory Board, it was not terminated due to intentional or grossly negligent breach of duty or for dismissal as an organ for another important reason.

d) Other

No payments by third parties with regard to activity as a member of the Executive Board have been promised or granted to any members of the Executive Board in the financial year.

INFORMATION ON THE SUPERVISORY BOARD

1. In financial year 2013 the Supervisory Board of MOLOGEN comprised:

Mr. Gregor Kunz, auditor, tax consultant, Berlin (Chairman)
(Chairman of the Supervisory Board since July 8, 2013)
(Membership on other supervisory panels: chairman of the Supervisory Board in the following companies: PS Vermögensverwaltungs KGaA, Dresden; member of the Supervisory Board in the following companies: Konsumgenossenschaft Berlin und Umgegend eG, Berlin; member of the Advisory Board in the following companies: Berliner Volksbank eG, Berlin; DIM Deutsche Fonds Management GmbH, Berlin, formerly: GESTRIM Deutsche Fonds Management GmbH, Berlin; FBLK Immobilien Invest GmbH & Co. KG, Berlin)

Dr. Mathias P. Schlichting, attorney at law, Hamburg
(Chairman and member of the Supervisory Board until July 1, 2013)

Ms. Susanne Klimek, businesswoman, Munich
(Membership on other supervisory panels: none)

Mr. Stefan ten Doornkaat, attorney at law, specialising in tax law, Düsseldorf
(Member of the Supervisory Board and Vice-Chairman since July 4, 2013)
(Membership on other supervisory panels: member of the Supervisory Board in the following companies: Easy Software AG, Mülheim an der Ruhr; Marcus Sühling AG – Der Werte Werte Investor, Cologne)

2. Information on the remuneration for the Supervisory Board

The remuneration of the Supervisory Board amounted to € 80 thousand (previous year: € 80 thousand) in financial year 2013. In addition, attendance fees in the amount of € 40 thousand (previous year: € 16 thousand) were accrued.

J. Other information

INFORMATION ON RELEVANT EVENTS AFTER DECEMBER 31, 2013

The capital increase against cash contribution, adopted by the Executive Board in February 2014 with the approval of the Supervisory Board, was registered in the company's relevant commercial register on February 10, 2014. The share capital of MOLOGEN has increased from the date of registration by € 1,541,244 from € 15,419,512 to € 16,960,756 and is divided into the same number of shares. The 1,541,244 new shares were placed at an issue price of € 10.20 per share. The gross proceeds of the issue amounted to € 15.7 million.

The company has, as of February 10, 2014, the following authorized and conditional capital:

In €	Feb. 10, 2014	Dec. 31, 2013	Change
Authorized capital	6,164,980	7,706,224	-1,541,244
Conditional capital 2008	3,770,739	3,770,739	0
Conditional capital 2009	147,731	147,731	0
Conditional capital 2010	610,151	610,151	0
Conditional capital 2011	238,393	238,393	0
Conditional capital 2012	209,234	209,234	0
Conditional capital 2013	328,672	328,672	0

K. Declaration of the Executive Board on the German Corporate Governance Code

The Corporate Governance Report and the Declaration on Corporate Management pursuant to Section 289a HGB is available on the company website under http://www.mologen.com/en/investor-relations/corporate-governance.

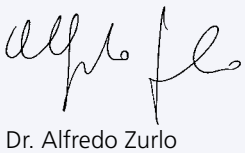
L. Approval of the annual financial statements

The annual financial statements were approved by the Executive Board on February 25, 2014 and released for publication.

Berlin, February 25, 2014

Executive Board of MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer



Dr. Alfredo Zurlo
Chief Medical Officer

Jörg Petrass
Chief Financial Officer

AUDITOR'S REPORT

We have audited the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB (Handelsgesetzbuch = German Commercial Code) – comprising the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and the notes to the financial statements – together with the bookkeeping system, and the management report of Mologen AG for the business year from January 1 to December 31, 2013. The maintenance of the books and records, the preparation of the individual annual financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 325 Para. 2a HGB as well as the preparation of the management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 324a HGB in conjunction with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW).

Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB taking into account applicable accounting regulations and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB and the management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the individual annual financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 325 Para. 2a HGB and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with these regulations.

The management report is consistent with the individual annual financial statements prepared in accordance with Section 325 Para. 2a HGB and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Leipzig, February 25, 2014

Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft
(formerly Rölfs RP AG Wirtschaftsprüfungsgesellschaft)

Mario Hesse
German Public Auditor

Stefan Schmidt
German Public Auditor

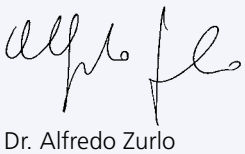
RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the individual financial statements pursuant to Section 325 Para. 2a of the German Commercial Code according to IFRS as adopted by in the EU, give a true and fair view of the assets, liabilities, financial and profit or loss situation of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Berlin, February 25, 2014

MOLOGEN AG – Executive Board

Dr. Matthias Schroff
Chief Executive Officer



Dr. Alfredo Zurlo
Chief Medical Officer

Jörg Petraß
Chief Financial Officer

Corporate calendar 2014

March 25, 2014
Annual Financial Statements 2013

May 14, 2014
Quarterly Report as of March 31, 2014

August 13, 2014
Half-Year Report as of June 30, 2014

November 13, 2014
Quarterly Report as of September 30, 2014

November 24–26, 2014
German Equity Forum 2014 Analyst and Investor Conference, Frankfurt/Main, Germany

Imprint

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Disclaimer

This document contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of MOLOGEN AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by MOLOGEN AG depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside MOLOGEN's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and other involved in the marketplace. MOLOGEN neither plans nor undertakes to update any forward-looking statements.

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