MOLOGEN AG

THE POWER OF *IMMUNO* THERAPIES

ANNUAL REPORT 2014

KEY DATA

ACCORDING TO IFRS

IN € MILLION

	2014	2013	CHANGE
Statement of financial position			
Liquid funds	13.6	14.8	-8%
Non-current assets	0.4	0.5	-20%
Current assets	14.6	15.5	-6%
Non-current liabilities	0	0	0%
Current liabilities	1.7	0.9	89%
Shareholders' equity	13.3	15	-11%
Equity ratio	88%	94%	-6%
Results of operations			
Revenues	0	0.2	-100%
Personnel expenses	5.1	4.4	16%
EBIT	-17.1	-10.9	57%
Profit/loss for the year	-17.1	-10.8	58%
R&D expenses	13.3	7.9	68%
EPS in € (basic)	-1.02	-0.70	46%
Statement of cash flows			
Cash flows from operating activities	-15.6	-8.9	75%
Cash flows from investing activities	5.9	-6.1	—
Cash flow from financing activity	14.5	0	—
Number of employees as of Dec. 31	60	**58**	**3%**
MOLOGEN shares			
Outstanding shares as of Dec. 31	16,973,626	15,419,512	10%
Year end price in €	6.07	11.48	-100%

MGN PROFILE

With new and unique technologies and active substances, MOLOGEN is one of the pioneers in the field of immunotherapies. Our product development helps combat some of the most threatening diseases. Apart from the core focus on oncology, we also develop immunotherapies for the treatment of infectious diseases. Our approach concentrates on drug candidates for which there is high medical need.

As a biotechnology company, our research and development activities are based on the latest molecular medical and immunological findings. All our products apply the same mode of action: they enable the human immune system to fight the illness itself. We are highly committed to driving forward this approach, which is regarded as a new mega trend in the sector. This trend will above all greatly benefit MOLOGEN and our immunotherapies in the medium and long term.

Without exception, our products have demonstrated good efficacy and excellent tolerability, which is a particularly noteworthy characteristic for cancer therapies. The focus of our development activities is on the cancer immunotherapy MGN1703, which has been in the registration for colorectal cancer since summer 2014.

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Dr. Matthias Schroff
Chief Executive Officer (CEO)

Dr. Alfredo Zurlo
Chief Medical Officer (CMO)

Jörg Petraß
Chief Financial Officer (CFO)

DEAR SHAREHOLDER

2014 was a successful year for MOLOGEN, with progress made in our clinical development program and the further development of our product pipeline. We started two important clinical trials for our main product, MGN1703 cancer immunotherapy. In March 2014, the randomized IMPULSE trial began for patients with small cell lung cancer. Then in September 2014, IMPALA got under way, our international pivotal study for the treatment of colorectal cancer. Patients are currently being recruited for both trials. The European studies are supervised and supported by leading oncologists.

The broad immune activation triggered by MGN1703 is independent of specific types of cancer. This suggests that application will cover a broad spectrum in future. Consequently, market potential is set to be high. For the two indications examined as part of the clinical trials alone, lung and colorectal cancer, this potential is likely to be in the blockbuster range.

The start and continuation of these studies were primarily facilitated by the capital increase implemented at the beginning of 2014. Higher expenses arising from the studies are reflected accordingly in our annual results for 2014.

"The start of the IMPULSE and IMPALA studies mark significant milestone achievements"

We presented new study findings and additional product candidates at highly regarded international specialist conferences, attracting considerable interest. These included new data from patients with colorectal cancer, who showed an exceptionally long positive response to treatment with MGN1703. The data far exceeded our expectations. In addition, we reported on the promising final results from the phase I/II trial with MGN1601, a therapeutic vaccine for renal cancer and the second of our main products. With EnanDIM, we presented a new generation of immunomodulators for the first time, once again highlighting our power of innovation.

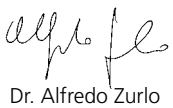
More intensive research activities and, principally, the IMPALA pivotal study resulted in a rise in expenses for research and development of around 70% to € 13.3 million. This produced a loss for the year of € 17.1 million in financial year 2014 compared with € 10.8 million in 2013. Cash and cash equivalents amounted to € 13.6 million as of December 31, 2014.

"The power of immunotherapies" – expectations in terms of the efficacy of immunotherapies have been met. The first products have been approved and the combination of various immunotherapies is also considered to be a promising strategy in the fight against cancer. Worldwide, new insight has been gained and progress and successes have been made in the field of immuno-oncology. This in turn makes us confident that, based on our outstanding expertise in immunotherapies and our focus on oncology, we are developing product candidates that offer above-average market potential. Our primary aim is to increase enterprise value, also in the knowledge that the current share price as yet is not reflecting the progress achieved, especially in the past year. For us, this means that we want to advance the latest clinical studies with MGN1703 substantially, in particular the IMPALA pivotal study – and aim for successful completion. We will also continue to develop our product pipeline. Building on this and on the basis of our capacity for innovation as well as promising products, we intend to establish MOLOGEN in the market as an attractive business partner for the pharmaceutical industry.

Particular thanks goes to our employees whose commitment to their work makes all of this possible. We would also like to express our thanks to you, our shareholders, for your support and trust, and look forward to your continued loyalty.

Sincerely,

Dr. Matthias Schroff



Dr. Alfredo Zurlo

Jörg Petraß

IMMUNO ONCOLOGY

CELLS AT WAR

The immune system is a powerful weapon created over millions of years of evolution. It helps ward off anything which may be dangerous to the body, primarily microorganisms such as bacteria and viruses which pose an ever-present threat to the body: without the immune system and its intelligent defense strategies, we would be exposed and defenseless to any microbial attack.

Over 100 years ago, scientists already had the idea of involving the immune system's strong defense mechanism in the fight against a disease which had so far eluded all attempts at treatment by doctors, namely cancer. However, immunotherapy initially had little success, although things have since changed radically: treatment concepts involving the body's own defense mechanisms in order to neutralize cancer cells are currently regarded as the most promising approach in the treatment of cancer.

The famous journal Science even celebrated immunotherapy as the most significant medical breakthrough of 2013. MOLOGEN is among the pioneers in the field of immunotherapy with its unique, patented technologies and innovative products.

WHAT IS CANCER?

Cancer occurs when cells in the body undergo a series of genetic mutations, inactivating the organism's growth controls and changing into malignant cells which divide unhindered to the detriment of healthy cells, and grow into a tumor. Cancer cells also become dangerous in view of their ability to leave the site in which they first occurred and to establish themselves (metastasize) in other areas of the body. In principle, any tissue or organ of the body can develop cancer. In all, over 230 different types of cancer are known to medicine, of which the most frequent include colorectal, prostate, breast and lung cancer.

CONVENTIONAL PILLARS OF ONCOLOGY

The treatment of cancer is based on three pillars: surgery, radiotherapy and the administration of drugs. Classical cancer drugs include cytostatics, i.e. active ingredients that generally target cells which rapidly divide in the body (chemotherapy). Owing to advances in genetics and molecular biology, new, precisely targeted drugs have now been developed which are targeted against the characteristic structures of tumor cells. These targeted drugs include antibodies, messenger substances of the immune system (cytokines) and small molecules.

TARGETED AT CANCER

The targeted forms of cancer treatment also include immunotherapy. One example is the administration of antibodies, the tracker dogs of the immune system. Since the 1970s, scientists have been able to manufacture antibodies in large quantities using biotechnology and they are used in medicine. Some antibodies sensitize the strategists of the immune system by labeling cancer cells as hostile. Others occupy molecules which function like receiver antennae on the surface of rogue cells, therefore preventing the transmission of signals which prompt cells to divide time and again. Other antibodies in turn prevent tumor cells from attracting the blood vessels they need for their supply.

Surgery, radiotherapy, chemotherapy and precisely targeted drugs – a single approach alone is often insufficient. Mostly, doctors try to combine all available treatment methods in the best possible manner. They have made significant advances in this way: two thirds of patients now survive the first five years after diagnosis; in the 1980s, the figure was still only just under half.

However, there is still a substantial need for further treatment options. Experts anticipate that immunotherapy will trigger a paradigm shift in cancer treatment. Cancer cells will no longer be bombarded with radiotherapy, or radiotherapy and drugs; instead, the body's own defense systems will be empowered to go on an all-out attack against mutated cells. At last, cancer would therefore have an opponent which would be its equal in terms of plasticity and flexibility.

ONE PROBLEM – AND ITS SOLUTION

The immune system faces a crucial problem: cancer cells always arise from the body's own cells – and immune cells have a natural inhibition to attacking the body's own cells. In contrast, there are significant scientific indications that immune cells are definitely able to recognize and destroy malignant cells – although they seem to work very cautiously, almost with the breaks on. Cancer cells are also able to produce molecular switches. These can then simply switch off the immune system's attacking cells. One aim of scientists is therefore to induce the immune system by whichever means necessary to give up its fatal tolerance of the body's own cancer cells and to attack cancer cells just as ruthlessly as it attacks transplants for example. We know from these cells that, without further protection measures, even an organ such as the liver which weighs over a kilo can be degenerated by an attack from the immune system within just a few hours.

IMMUNOTHERAPY HAS ARRIVED FOR PATIENTS

The first approved cancer immunotherapy drugs confirm that the aim of scientists to involve the body's own defenses in the fight against tumors can indeed translate into very effective drugs. The breakthrough came with the immunotherapy drug which gained market approval in 2011 and is now very successful in the treatment of patients with advanced melanoma skin cancer. Last year in the US alone, seven new drugs were approved which either attack cancer cells directly or have an immunomodulating effect.

Immunotherapy can help patients for whom conventional oncology treatment has proven unsuccessful. Experts around the world regard this new approach as a pioneering achievement. However, they also stress that there are still many hurdles to be overcome and that a great deal more research is needed into the mechanisms of the immune system. One unanswered question, for example, is why the new types of treatment work in some patients, extend their life, possibly even help them recover, and others not. Some of the most effective new immunotherapy treatments also trigger serious side effects. Huge research efforts at the moment give hope that these gaps in our knowledge will soon be filled and then the efficacy of immunotherapy can be improved further.

MOLOGEN: ONE OF THE PIONEERS OF MODERN IMMUNOTHERAPY

Our scientists are also using our innovative immunotherapy drugs to mobilize the immune system in the fight against cancer. Our focus thereby is on our immunomodulator MGN1703 and our therapeutic cancer vaccine MGN1601. Both products put the immune system back in a position where it can recognize and fight cancer: MGN1703 (cf. page 8ff), in so far as it triggers a broad and strong immune reaction in the human body, and MGN1601 (cf. page 12ff), by presenting the immune system with what is virtually a photofit of its own cancer cells with the help of foreign cancer cells. Both products also stand out through a very good safety and tolerability profile. Compared to other immunotherapies our products have hardly any side effects. In view of this mode of action, these various forms of immunotherapy can be used in various cancer indications both as monotherapy and combination therapy, a fact which promises a higher market potential.

FACTS AND FIGURES

_ *According to the Robert Koch Institute, there are currently around 1.5 million people living with cancer in Germany and around 500,000 new cancer cases are diagnosed each year.*

_ *Worldwide, the number of new cancer patients is growing steadily. By 2030, according to the World Health Organization's (WHO) most recent report, close to 22 million new cancer cases are expected each year.*

_ *New and efficient treatment methods are urgently needed: immunotherapy aims to involve the body's own defense system in the fight against cancer.*

LITTLE PINCH GREAT *EFFECT*

The MGN1703 cancer immunotherapy drug is our most advanced product. We use it for the treatment of colorectal and small cell lung cancer. MGN1703 acts as an immunomodulator. The drug activates the immune system on a broad and massive scale, enabling the patient's immune system to recognize and fight the cancer on its own.

Our EnanDIM technology represents a new generation of immunomodulators and is still in preclinical development.

Their action mechanism means that MGN1703 and EnanDIM are likely not restricted to the treatment of colorectal and lung cancer. The strong activation of the immune system happens irrespectively of the type of cancer involved, and therefore has a broad application.

This means substantial market potential for MGN1703, which is likely to be in the blockbuster bracket for the two indications colorectal and lung cancer alone.

DUMBBELL-SHAPED MOLECULE TRAINING THE IMMUNE SYSTEM

MGN1703 is a TLR9 agonist, consisting of a small, dumbbell-shaped DNA molecule. The molecules are recognized by specific immune cells, inducing a widespread activation of the immune system. This activation leads the immune system to recognize and fight cancer cells. The immune system is then able once again to attack and destroy cancer cells which it was previously unable to recognize or did not attack systematically. Like other immunotherapy treatments, MGN1703 therefore does not have a direct impact on the cancer cells; instead, it uses the immune system as a weapon against cancer.

Application could not be simpler: the drug is administered twice weekly through a subcutaneous injection. This injection method is also used to administer insulin in diabetic patients and is therefore straightforward.

The efficacy of MGN1703 in the treatment of cancer, together with a high degree of safety and tolerance, has been demonstrated by comprehensive preclinical and clinical data. Side effects were mainly of minor intensity, such as a slight fever or redness around the injection site.

MGN1703 IN PIVOTAL STUDY FOR COLORECTAL CANCER

After successful completion of phase I and phase II trials, our international IMPALA trial began to treat the first patient in September 2014. The study is being conducted in collaboration with renowned oncologists and study groups. The phase III trial aims to include around 540 patients from eight European countries, including the five most important European pharmaceutical markets. The trial will enroll patients suffering from metastatic colorectal cancer who have responded to the standard, first-line treatment. MGN1703 will then be administered as a switch maintenance therapy. The trial's primary endpoint is overall survival.

The findings from previous trials were taken into account when setting out the study design. These also included results of exploratory analyses from the phase II trial on biomarkers. The biomarkers may allow us to identify patients who are likely to experience the greatest benefit from treatment with the immunotherapy MGN1703.

We expect patient enrollment to be completed during the course of 2016. The study's evaluation will begin as soon as a specific number of events has been observed.

MGN1703 IS ALSO BEING TRIALED IN LUNG CANCER

Apart from the study in colorectal cancer, we are currently conducting a clinical trial in a specific type of lung cancer called small-cell lung cancer. This trial is also looking at the overall survival of patients and involves comparing the maintenance therapy with MGN1703 against the best standard of care. The international trial will include around 100 patients from four European countries.

The trial also began in 2014. We anticipate that the enrollment of all 100 patients will be completed during the course of 2015. The evaluation of the study is expected to take place 12 months after completion of patient enrollment.

BLOCKBUSTER POTENTIAL

Colorectal and lung cancer are two of the most commonly diagnosed forms of cancer worldwide. The World Health Organization (WHO) estimates that there are around 1.4 million new cases of colorectal cancer around the world every year. Experts estimate that by the time they are diagnosed, around 10% to 20% of patients already have the metastatic form of colorectal cancer. In the case of lung cancer, estimates put the number of new cases at around 1.8 million each year. Small cell lung cancer accounts for around 15% to 20% of all new cases of lung cancer.

The market potential for new cancer drugs is high in view of the rise in cancer projected by the WHO. In the case of colorectal cancer alone, sales revenue is expected to increase from an estimated US$ 5 billion at present to over US$ 8 billion in 2023.

Accordingly, we expect substantial market potential for MGN1703. In the colorectal cancer and lung cancer indications alone – for which the drug is currently undergoing clinical trials – we expect sales to put the drug in the blockbuster category.

EnanDIM – A NEW GENERATION OF IMMUNOMODULATORS

EnanDIM represents our new generation of immunomodulators which, like MGN1703, holds out the prospect of broad immune response activation potential and can also be included in the class of TLR9 agonists. EnanDIM was presented for the first time at various science congresses last year.

EnanDIM molecules consist entirely of DNA, like MGN1703. The main difference in relation to MGN1703 molecules is their respective structure. Whereas MGN1703 is dumbbell-shaped, EnanDIM has a linear structure. Nevertheless, as in the case of MGN1703, no chemical modification is necessary in order to protect the molecules against degradation by enzymes. Data so far is highly promising. In addition, we expect an advantageous safety and tolerability profile for the future preclinical and clinical development.

The action mechanism of EnanDIM has the potential for application in a series of cancer indications. In addition, it may be possible to use it both in monotherapy and in combination with other forms of treatment. It is even possible to envisage EnanDIM being used in the area of infectious diseases as well.

TLR9 AGONIST

The mechanism which leads to a broad activation of the immune system is based on the TLR9 agonist binding to the TLR9 receptor.

TLR9 agonists are biochemical substances which bind to suitable TLR9 receptors within specific immune cells. These immune cells are components of the innate immune system which serve in the non-specific recognition of pathogens. They recognize invaders using specific DNA models. As a result, they send out signals which lead to a broad activation of the innate immune system. MGN1703 uses this mechanism by simulating an invasion of pathogens using its special DNA patterns.

LEARN *FOR* LIFE

MGN1601 is a cell-based therapeutic vaccination for the treatment of renal cancer. The patient is injected with foreign, modified renal cancer cells, which then teach their immune system to recognize typical cancer cells and subsequently enables it to identify and fight renal cancer cells itself.

Study results so far demonstrate a very good safety profile and outstanding tolerability. Moreover, monotherapy with MGN1601 in individual patients has shown promising efficacy with encouraging overall survival data.

MGN1601 may potentially be used for the treatment of various forms of cancer in view of these good properties. It may be possible to use the drug both as a monotherapy and combination therapy.

TUMOR CELLS AGAINST CANCER

Forms of therapy which are only geared to the specific properties of one type of tumor (for example a very special, tumor associated antigen, TAA), often only show short-lived results. The tumor cells are often able to adapt to the effect from outside through corresponding changes (mutations). Consequently, tumor cells can constantly multiply further and the treatment concept in question becomes ineffective.

In contrast, the action mechanism of MOLOGEN's proprietary MGN1601, which is based on allogeneic tumor cells, is very effective in its complexity.

The foundation for this is a unique cell bank made up of human renal cancer cells. The tumor material for this cell bank was harvested from a renal cancer patient and established and characterized in accordance with the requirements of drug-related laws.

In order to manufacture MGN1601, the tumor cells are first genetically modified with the help of vectors developed by MOLOGEN. In other words, vectors take on the function of gene ferries and inject specific additional genetic information into the renal cancer cells from our cell bank. In addition, the genetically modified cancer cells are combined with our MGN1703 immunomodulator in order to enhance efficacy (i.e. as an adjuvant).

After an injection of MGN1601, the human immune system recognizes the genetically modified, foreign (allogeneic) renal cancer cells, triggering a strong immune reaction. Through this reaction, the immune system learns what cancer cells typically look like, since the characteristics, i.e. the tumor associated antigens, of allogeneic renal cancer cells have overlaps with the patient's own renal cancer cells. The injection therefore triggers a cross reaction of the immune system, after which the immune system can now also recognize and fight against its own renal cancer cells. MGN1601 is enhanced by MGN1703 as an adjuvant in order to strengthen this effect even further.

Since the allogeneic tumor cells have a whole range of tumor associated antigens (TAAs), the expectation is that there will also be many overlaps with the TAAs of the patient's own tumor cells. This will offer the immune system a chance to attack the tumor in many different ways since MGN1601's therapy concept is aimed at making it much more difficult for cancer cells to evade attack.

CONVINCING RESULTS FROM PHASE I/II TRIAL

We completed our phase I/II clinical trial with MGN1601 – ASET study – in September 2013, and final results were presented at prominent international congresses last year.

The study looked at the safety and tolerability of MGN1601 in 19 heavily pretreated patients with advanced renal cancer, for whom there were no other treatment options available. The monotherapy with MGN1601 proved safe and was very well tolerated. In addition, treatment with MGN1601 in a sub-group of patients led to highly promising overall survival data.

Additionally, in view of the analysis of patient characteristics before the beginning of the treatment, potential predictive biomarkers were identified which may be connected to a longer overall survival period. For future trials, these could in turn enable a more precise selection of patients, who would be more likely to benefit from this innovative vaccination concept with MGN1601.

In light of these positive study results, we are planning to take the clinical development of MGN1601 to the next phase which will involve a larger clinical trial.

SPECIAL MARKETING PROTECTION THROUGH ORPHAN DRUG STATUS

As renal cancer is one of the rarer forms of cancer, MGN1601 has been granted "orphan drug status" by the European Medicines Agency (EMA). This will give MOLOGEN a ten-year marketing exclusivity period for the treatment within the European Union.

The diagnosis often comes as a surprise because renal cancer patients are mostly symptom free during the early stages of the disease. A quarter to a third of all patients already have metastases when the cancer is first diagnosed, which considerably reduces the success of any treatment. The number of new cases being diagnosed every year is estimated at over 300,000 worldwide. In Germany, 15,000 patients are affected according to the Robert Koch Institute.

MIDGE® VECTOR SYSTEM
*(**M**INIMALISTIC **I**MMUNOLOGENETICALLY **D**EFINED **G**ENE **E**XPRESSION):*

With the development of our MIDGE® vector system we have created the basis for a broad spectrum of modern DNA-based applications. The minimalistic vectors can be customized with various pieces of genetic information. They only contain the information needed to have an effect and are free from all undesirable information. They are therefore exceptionally well suited to both cancer immunotherapy such as MGN1601 and MGN1404, and to DNA-based vaccinations against infectious diseases as in the case of our product candidates MGN1331 and MGN1333. The vectors can be used for both prophylactic and therapeutic vaccination.

IT HAS A LOT TO OFFER

Our product candidates are available for use as new forms of immunotherapy against diseases for which there is a high unmet medical need. The main emphasis is on the treatment of cancer and the fight against serious infectious diseases. Apart from our main products, MGN1703 and MGN1601, we are also developing the immunotherapy drug MGN1404 against malignant melanoma and the vaccine MGN1331 against leishmaniasis and MGN1333 against hepatitis B.

FOCUS ON IMMUNOTHERAPIES

Our pipeline includes innovative new immunotherapies, specifically to fight against cancer and also for the treatment of highly infectious diseases. Based on study data available so far, MOLOGEN's drug candidates have demonstrated excellent tolerability and safety.

With the lead product candidate, the immunomodulator MGN1703 (cf. page 8), we have already started the pivotal study for the treatment of colorectal cancer. A randomized study is also currently being carried out to test the use of this drug against lung cancer. The wide-ranging areas of application of MGN1703 promise blockbuster potential. Our therapeutic vaccination drug candidate MGN1601 (cf. page 12) is being developed for the treatment of renal cancer, which is a rare form of cancer. It has therefore been granted orphan drug status, which comes with special marketing protection.

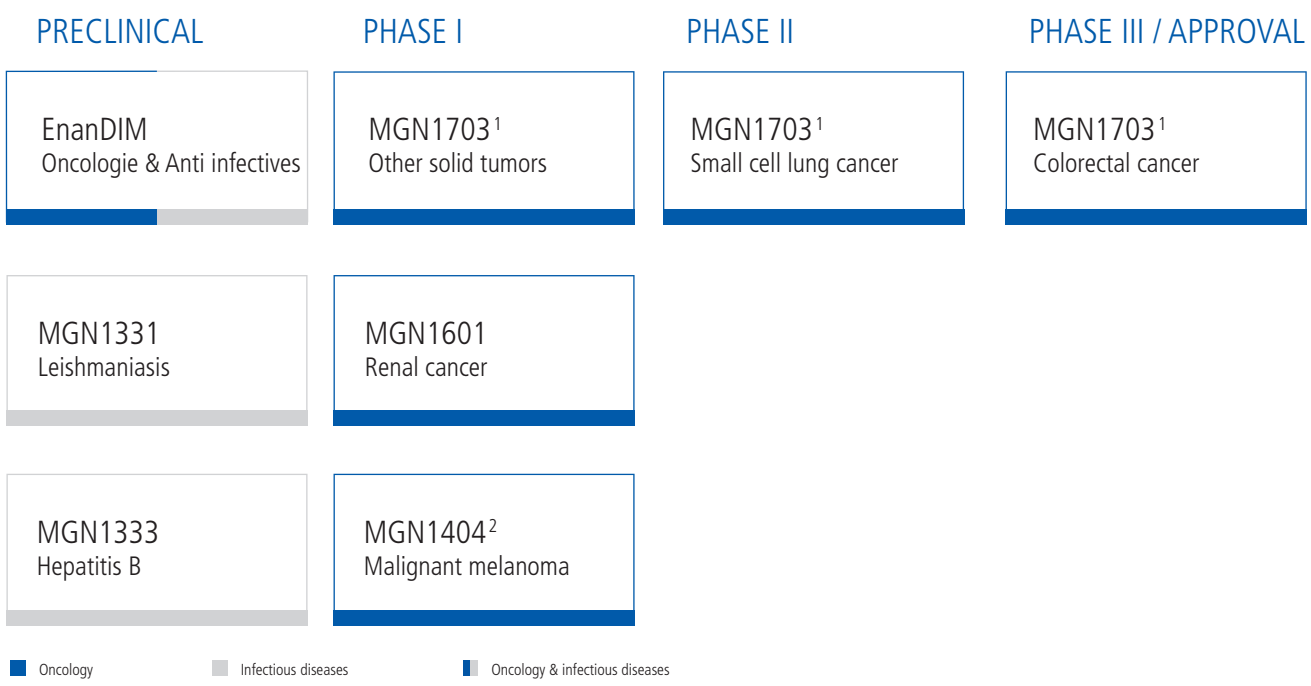
MGN1404 is our third oncology product candidate which is in clinical development and targets malignant melanoma. The two vaccine candidates MGN1331 and MGN1333 are being developed for the use against infectious diseases which are extremely hard to treat. The preclinical development of the leishmaniasis vaccine MGN1331 has been completed, while MGN1333 is currently still in the preclinical development stage for treating hepatitis B. All three active substances are based on the MIDGE® technology platform: DNA vectors are transport vehicles used to transfer nucleic acids (DNA) containing the information that is required (cf. page 15).

MGN1404

The active ingredient MGN1404 is a proprietary DNA vector for the expression of tumor necrosis factor (TNF) alpha. TNF alpha is a cell signaling protein (cytokine) of the immune system which can induce cell death among other things. It therefore has a direct anti-tumor effect when applied into the tumor.

As part of the development of the product candidate MGN1404, we are working together with the Charité University Medicine Berlin and Max-Delbrück Center for Molecular Medicine (MDC) in Berlin. The Charité is leading a clinical phase I trial which is looking at the safety and tolerability of MGN1404 for the treatment of malignant melanoma. In addition, data on the mechanism of action is also being collated as part of the study trial which began in 2013. Patients are still being enrolled for the trial.

PRODUCT PIPELINE COMPOSITION (AS AT MARCH 2015)



1 IND (Investigational New Drug) status in US
2 Collaboration with Max-Delbrück-Center for Molecular Medicine and Charité Universitätsmedizin, Berlin

Malignant melanoma is one of the most pernicious forms of skin cancer. The number of new cases of the disease has been rising steadily and significantly worldwide in the last few decades among the white population. Each year, around 77,000 people in the US and around 100,000 in Europe are diagnosed with malignant melanoma.

INFECTIOUS DISEASES

Our proprietary DNA vectors are also being used in the development of the DNA vaccines MGN1331 against the difficult-to-treat disease leishmaniasis and MGN1333 against hepatitis B (cf. page 15), in order to induce specific immune responses. For this purpose, the genetic information of a pathogen's antigen is administered with the help of DNA vectors. The pathogen antigen is produced in the target cells and presented to the immune system, whereupon the immune system develops a specific immune response against the pathogen, which in turn will protect the vaccinated subject against the disease.

MGN1331

The leishmaniasis vaccine MGN1331 consists of a combination of DNA vectors which we have developed. The vaccine showed highly promising results for prophylactic and therapeutic application in animal models along with very good tolerability. Preclinical development has been completed successfully.

The vaccine candidate MGN1331 was developed in cooperation with a consortium of international partners and specialists in leishmaniasis research. Very positive results were presented at various international congresses and in a highly respected journal in 2014.

The development was supported by a research grant from the European Commission. Support options for carrying out clinical trials are currently being considered.

The term leishmaniasis includes various diseases caused by various types of leishmania parasites. The diseases are often difficult to treat and can even prove fatal. Leishmaniasis is widely present in five continents in subtropical and tropical regions and has been classified by the World Health Organisation (WHO) as a major neglected disease.

The worldwide need for an effective medical prophylactic and therapeutic approach to this disease is therefore very high: according to the WHO, 1.6 million serious cases of the disease are reported every year, including up to 40,000 deaths. Compared with other parasite-induced diseases, only malaria has a higher death rate.

MGN1333

MGN1333 is targeted at the viral infection hepatitis B which is prevalent worldwide. The DNA vaccine can be used for both prophylaxis and treatment. Although there are already hepatitis B vaccines on the market, they are mostly only effective after three applications. In preclinical trials, we have already shown a strong immune response after just one injection, which suggests that MGN1333 has a very good prophylactic efficacy.

As part of preclinical development, we have teamed up with a partner company from the Netherlands. MGN1333 was developed with the support of a Federal Ministry for Education and Research development program which ended in 2013.

Hepatitis B is a potentially life-threatening liver infection caused by the hepatitis B virus. The disease can cause liver cirrhosis in both the acute or chronic form. Chronic hepatitis B is still very difficult to treat so that a vaccine is the most important measure in the fight against this infectious disease. An estimated 240 million people suffer from hepatitis B; around 6 million people die from the acute or chronic consequences of the infection every year.

THE MOLOGEN SHARE

- Germany's leading index, the DAX, gained around 2% in 2014
- Sharp fall in MOLOGEN's share price during the reporting year
- Considerable increase in dialog with shareholders and capital market

SLIGHT GAIN FOR THE DAX ON HIGH VOLATILITY

In the first half of 2014, there was a sharp rise in share prices of some stocks represented in the DAX on the back of unexpectedly positive economic data, albeit with intermittent phases of significant fluctuation. The DAX started the year on 9,598 points and reached an all-time high of 10,000 points in June. However, the index experienced reversals on high volatility in the second half of the year. This reflected growing uncertainty surrounding global economic and geopolitical developments. The DAX closed the last trading day in 2014 at 9,806 points, which represents an increase of around 2%.

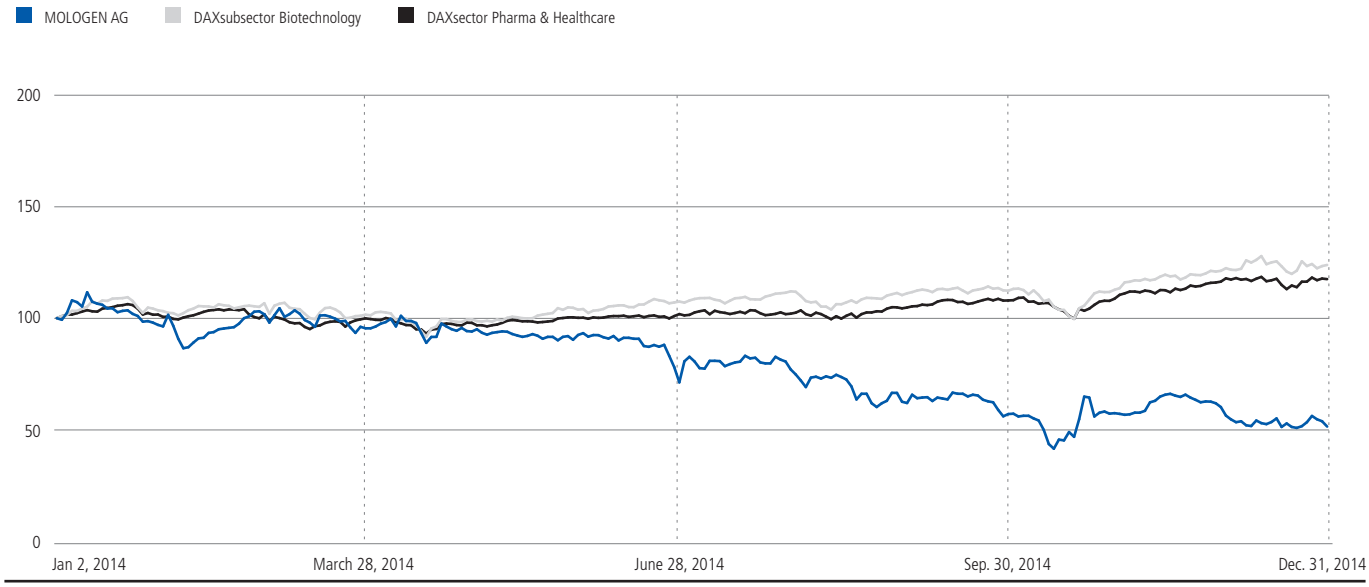
In fiscal year 2014, the relevant German pharmaceutical and biotechnology sector indices, the DAX Biotechnology subsector and DAX Pharma & Healthcare sector, saw price gains of just under 24% and 17%, respectively.

MOLOGEN SHARE PRICE DOWN SHARPLY IN 2014 DESPITE POSITIVE COMPANY PERFORMANCE

MOLOGEN shares started the year in XETRA trading at a price of € 11.48, reaching the highest closing price in 2014 of € 13.15 on January 10. Thereafter, the stock embarked on a steady downward trend which lasted into the second half of the year and fell to its lowest daily closing price of € 4.90 on October 10, 2014. MOLOGEN closed the last day of XETRA trading in December 2014 on € 6.07, which equated to a fall in share price of around 47%. In contrast, the average turnover in the stock on the Frankfurt Stock Exchange rose by around 48%, from 13,309 to 19,687 shares per day.

Altogether the MOLOGEN share did not reflect the positive company news during the course of the year.

PERFORMANCE COMPARISON OF MOLOGEN SHARE IN 2014

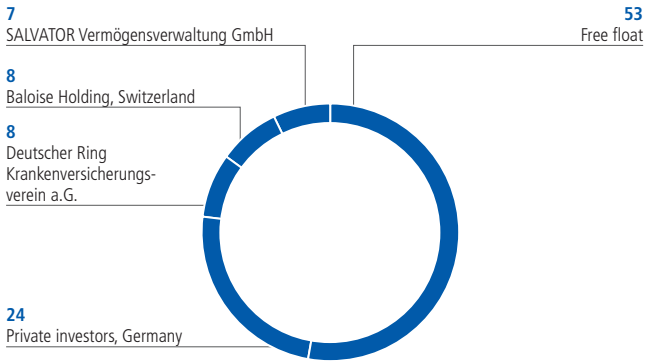


KEY CAPITAL MARKET FIGURES (ISIN DE0006637200, PRIME STANDARD)

XETRA (closing prices)	2014	2013
Number of shares outstanding on Dec. 31	16,973,626	15,419,512
Market capitalization on Dec. 31 (in € million)	103.03	177.02
First trading day (€)	11.48	11.85
Last trading day (€)	6.07	11.48
Year high (€)	13.15	15.10
Year low (€)	4.90	10.49
Average daily trading volume (shares)	19,687	13,309

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2014 (ESTIMATES)

IN %



CAPITAL INCREASE IN 2014

A capital increase was carried out by way of a private placement in February 2014, with the 1,541,244 new shares all placed at a price of € 10.20. The share capital was increased by 10% to 16,960,756 shares. Gross proceeds from the capital increase amounted to around € 15.7 million and will be used mainly for the phase III trial with MGN1703. The capital increase has led to an increase in the free float from 49% to around 53%. Furthermore, it attracted new international institutional investors.

INVESTOR RELATIONS

The foremost priority in the Investor Relations work is a continuous, transparent and comprehensive dialog with investors and the capital market. Information about the company's current performance was again issued on a regular basis during the reporting year, especially regarding current research and development work and the latest scientific data on our products. For example, further positive clinical data on the main products MGN1703 and MGN1601 was reported as well as the progress in the new clinical trials, not least in the context of prominent international professional congresses.

In addition, quarterly conference calls were held with analysts and institutional investors during the reporting year in order to explain the financial reports soon after publication. Audio recordings of the conference calls can be downloaded from MOLOGEN's website. In addition, the Executive Board and Investor Relations team significantly increased the number of roadshows in major financial centers throughout Europe and the US, such as Frankfurt, London and New York City, enabling them to enhance dialog with potential and existing institutional investors. The development of the Investor Relations and Corporate Communications team is a reflection of the high value the company places on communication with investors and the public.

At present, MOLOGEN is assessed regularly by four independent research houses: DZ Bank, Edison Investment Research, First Berlin Equity Research and quirin bank.

Dipl. Kfm. Oliver Krautscheid
Chairman of the Supervisory Board

Dr. med. Stefan M. Manth
Vice Chairman of the Supervisory Board

Susanne Klimek
Member of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

In fiscal year 2014, the Supervisory Board of MOLOGEN AG took great care to comply with the obligations incumbent upon it under the law, the company's Articles of Association and its internal rules of procedure.

The Executive Board was continuously 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 fulfilled its obligations to provide information and regularly provided the Supervisory Board with timely, detailed and comprehensive information. This took place both in meetings of the Supervisory Board and through written and oral reports on business development, the company's situation including its risk position, risk management and compliance as well as the strategic direction of the company including financial and liquidity planning. Deviations from the planning 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 and by telephone. The Supervisory Board reviewed the reports of the Executive Board in detail and discussed them with the Executive Board.

Where specific measures by the Executive Board, which are subject to Supervisory Board approval by law or under the company's Articles of Association, required decisions of the Supervisory Board, the Supervisory Board discussed these and took the relevant decision during Supervisory Board meetings. Where justified, decisions made outside of meetings were made in writing, electronically or in the form of circular resolutions.

TOPICS OF THE SUPERVISORY BOARD MEETINGS

In fiscal year 2014, the Supervisory Board held a total of 12 meetings. The frequency of meetings by the newly constituted Supervisory Board was considerably increased in the second half of 2014. All three members of the Supervisory Board attended every meeting.

In fiscal year 2014, the Supervisory Board extensively dealt with the company's situation and prospects as well as various specific topics and, following in-depth analysis and discussion, took the relevant decisions. The main topics covered were as follows:

- Implementation of a capital increase from authorized capital, as part of which 1,541,244 new shares were issued in a private placement.
- Structured selection of candidates for the Supervisory Board election as well as agenda and proposed resolutions for the 2014 Annual General Meeting.
- Issuance of employee stock options as part of the 2013 stock option program.
- Analysis of the benefits and disadvantages of research cooperation with the Free University of Berlin (MOLOGEN Foundation, Prof. Dr. Burghardt Wittig) and approval to extend the agreement.
- Structure and adequacy of the existing risk management system for a biotech company with a development portfolio that includes phase 3 candidates in clinical research.
- Competence profile of key posts and corporate bodies in connection with a diversified development portfolio and a leading project in advanced phases of clinical product development (phases 2 and 3).
- Corporate financing opportunities and appropriation of capital including cooperation agreements, licensing and capital increases at a time when the company's share price performance has continually been subject to a downward trend since mid-2013.
- Review of budget achievement in 2014 and analysis of any deviation. Discussion about integrated financial planning for 2015 and Supervisory Board reporting, including key operating performance indicators from clinical research.
- Effectiveness and adequacy of the Investor Relations and PR business unit.
- Compliance and documentation of consulting agreements.
- Legal challenge of the Supervisory Board election at the 2014 Annual General Meeting.
- Discussion and approval of the joint declaration of compliance for 2014 by the Executive Board and Supervisory Board on the Corporate Governance Code.
- Review of agreed target achievement for 2014, basis for performance-related management remuneration in the 2015 reporting year based on a more specific focus on individual targets for Executive Board members and the share price.
- Review of the rules of procedure for the Executive Board and discussion about necessary adjustments to transactions that require Supervisory Board approval.

Meetings also focused on the company's future and progress in research and development (target-performance comparison and countermeasures), specifically activities under clinical programs. In addition, the Supervisory Board regularly reviewed the company's financial reports. The Supervisory Board approved the annual financial statements in accordance with the German Commercial Code (HGB) and the individual company statements under IFRS for fiscal year 2014.

In view of the small number of members of the Supervisory Board, no committees were formed in the past financial year.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

No conflicts of interest on the part of members of the Executive Board and Supervisory Board arose in the year under review, which are to be brought to the attention of the Supervisory Board without delay and reported at the Annual General Meeting.

The only consulting and other business relationship for the provision of services between members of the Supervisory Board and the company that existed in the year under review was with Gregor Kunz, who is Managing Director of RoeverBroennerSusat GmbH (general partner of RoeverBroennerSusat GmbH & Co KG). In the year under review, RoeverBroennerSusat GmbH & Co. KG provided tax consulting services worth € 31,000.00. This represents a share of the company's legal and consulting expenses for 2014 that is not material. The Supervisory Board approved the award of contract and payments on presentation of detailed information.

In the year under review, Prof. Dr. Burghardt Wittig, the company's founder and former Chief Executive Officer, once again provided consulting services, which the company remunerated in the form of reimbursement of travel expenses. Furthermore, Prof. Dr. Burghardt Wittig continued to manage the company's research funds in his capacity as Chairman of the MOLOGEN Foundation.

Compliance with the German Corporate Governance Code was continuously monitored by the Supervisory Board. In most respects, the company complied with the recommendations of the Government Commission on the German Corporate Governance Code.

The joint declaration by the Executive Board and Supervisory Board concerning the Code for fiscal year 2014 is accessible on the company's website.

SUPERVISORY BOARD MEMBERS

At the end of the Annual General Meeting on August 13, 2014, the term of office of Gregor Kunz as member and Chairman of the Supervisory Board and of Stefan ten Doornkaat as member and Deputy Chairman of the Supervisory Board ended. The Supervisory Board thanks the former Supervisory Board members for their commitment and work in the interests of the company.

The Annual General Meeting on August 13, 2014 elected Oliver Krautscheid and Dr. med. Stefan M. Manth as new members of the Supervisory Board. In its constitutive meeting on August 14, 2014, the Supervisory Board unanimously elected Oliver Krautscheid as new Chairman of the Supervisory Board and Dr. Manth as his deputy. Oliver Krautscheid meets the requirements of a financial expert in accordance with Section 100 Para. 5 of the German Stock Corporation Act (AktG).

Once formed, the new Supervisory Board acquainted itself with all important corporate roles and tasks as part of an audit carried out in the following weeks.

ANNUAL FINANCIAL STATEMENTS AND INDIVIDUAL FINANCIAL STATEMENTS, AUDIT

At the Annual General Meeting held on August 13, 2014, Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft was re-elected as auditor for the financial year ending on December 31, 2014. On behalf of the Supervisory Board, the annual financial statements as of December 31, 2014, prepared by the Executive Board in accordance with the provisions of the German Commercial Code (HGB) and the management report for fiscal year 2014, prepared by the Executive Board, were audited by Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft. The Executive Board also prepared individual annual financial statements as of December 31, 2014 under IFRS, as applicable in the EU, in accordance with Section 325 Para. 2a of the German Commercial Code (HGB). The management report prepared by the Executive Board additionally makes reference to the individual financial statements under IFRS, as applicable in the EU. The Supervisory Board also awarded the contract for auditing the individual financial statements under IFRS, as applicable in the EU, to Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft.

The Supervisory Board supplemented the usual key aspects of the audit of the annual financial statements to include two further topics to be covered by the audit, the scope of consolidation in connection with the MOLOGEN Foundation with a definition of related parties and the adequacy of the company's risk management system with regard to the increased complexity and capital requirement for the ongoing clinical phase 2 and 3 trials (IMPALA and IMPULSE). The company's auditors included the recommendations in their audit program for 2014 and extensively reported on their findings in the balance sheet meeting.

The audit by Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft led to no objections. The auditors found that the individual financial statements as of December 31, 2014 under IFRS, as applicable in the EU, in accordance with Section 325 Para. 2a of the German Commercial Code (HGB) give a true and fair view of the assets and liabilities, financial position and earnings situation of the company. An unqualified auditors' opinion was also issued for the annual financial statements as of December 31, 2014 in accordance with the German Commercial Code (HGB).

Furthermore, the auditors stated that the management report, which is consistent with the individual financial statements in accordance with Section 325 Para. 2a of the German Commercial Code (HGB) and the annual financial statements in accordance with the German Commercial Code (HGB), on the whole provides a true picture of the company's situation and accurately presents the risks and opportunities of future development. Without qualification of this assessment, the auditors pointed out the financial risks which are explained in the management report.

The annual financial statements in accordance with the German Commercial Code (HGB), the individual financial statements under IFRS, as applicable in the EU, and the management report, which also refers to the individual financial statements, as well as the audit reports were made available to the members of the Supervisory Board on time, were examined by the Supervisory Board in line with the legal provisions and then discussed in detail at the Supervisory Board meeting held on March 9, 2015 in the presence of the Executive Board and the auditors. The auditors reported on the key findings of their audit to the Supervisory Board and were available to answer questions and provide further information.

Following subsequent discussion on March 24, 2015, the Supervisory Board approved the findings of the audits. The in-house audit and discussion resulted in no objections to the annual financial statements and the individual financial statements. In addition, the Supervisory Board approved the management report, which also refers to the individual financial statements, and the statements contained therein concerning the company's development. The financial statements were then approved by the Supervisory Board without restriction or supplements. The annual financial statements as of December 31, 2014 in accordance with the German Commercial Code (HGB) are therefore adopted.

The Supervisory Board thanks the members of the Executive Board and all employees of MOLOGEN AG for the work they have done and their significant commitment in the financial year ended.

Berlin, March 24, 2015

Oliver Krautscheid
Chairman of the Supervisory Board

HIGHLIGHTS

- Start of registration trial IMPALA with MGN1703 in colorectal cancer
- Start of the randomized trial IMPULSE with MGN1703 in lung cancer
- Presentation of positive clinical data at scientific congresses
- R&D expenditures amounting to € 13.3 million
- Gross proceeds from capital increase amounting to € 15.7 million

FINANCIAL INFORMATION

MANAGEMENT REPORT

- Pivotal study with MGN1703 for colorectal cancer started
- Lung cancer study launched
- R&D expenditure amounting to € 13.3 million
- Liquid funds amounting to € 13.6 million

The highly eventful fiscal year 2014 proved to be exceedingly successful for MOLOGEN AG. Important milestones have been achieved especially in the area of research and development. Two clinical trials were launched for the lead product candidate MGN1703: an international randomized IMPULSE clinical trial was started in the indication small cell lung cancer and an international IMPALA pivotal study was launched for the indication colorectal cancer.

These intensified activities involved additional personnel increases. As of December 31, 2014, the company employed a total of 60 staff (December 31, 2013: 58 employees).

The progress of clinical development programs resulted in an increase in the company's expenses: as anticipated, in accordance with IFRS, EBIT dropped back to € -17.1 million (2013: € -10.9 million). As of December 31, 2014, liquid funds of the company amounted to € 13.6 million (December 31, 2013: € 14.8 million).

COMPANY OVERVIEW

MOLOGEN AG (hereinafter: MOLOGEN) is an internationally operating biotechnology company. Apart from the core 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) to treat previously untreatable or only insufficiently treatable diseases or to improve the quality of life. The technologies are patented and conducted under the MIDGE®, dSLIM® and EnanDIM® brands. In addition, MOLOGEN has a unique tumor cell bank categorized according to pharmaceutical regulatory requirements, which is used for its proprietary cell-based cancer therapy.

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

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

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 of the HGB in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). MOLOGEN will disclose these individual annual financial statements compliant 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 statements in accordance with the HBG are marked accordingly.

SEGMENT REPORTING

MOLOGEN does not prepare segment reporting as the technologies and product candidates are still in the research and clinical development stages. Cash flows and corresponding expenses cannot be clearly attributed to the individual product candidates or technologies because 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

- Moderate global growth in 2014
- Sluggish recovery in Germany and Europe
- Positive growth expected in 2015

In 2014, the global economy was on course for modest growth. The International Monetary Fund (IMF) lowered its forecast for global economic growth from 3.6% mid-year, estimating that it would instead average at 3.3% for 2014 as a whole. Although the US economy has developed more positively than initially expected, the other major world economies have fallen short of expectations.

In 2014, the US recorded robust economic growth. This is to a great extent attributable to the positive developments on the labor market, which in turn resulted in increased private consumer spending. In addition, government spending and exports also played a decisive role in the upswing. In view of this, the IMF raised its gross domestic product (GDP) forecast for 2014 to 2.2% during the course of the year. Overall, growth in the past year is now expected to amount to 2.4%. Against this backdrop, strong economic growth of 3.6% is predicted for 2015.

The eurozone struggled to recover in 2014. In the first quarter, GDP increased by only 0.3%, before falling to 0.1% and 0.2% in the second and third quarters, respectively. According to IMF estimates, Europe recorded growth of 0.8% for 2014 as whole (2013: -0.5%), with growth of 1.2% currently predicted for 2015.

The German economy initially lacked momentum in 2014. Overall economic performance only started to improve slightly in the third quarter. This was essentially attributable to increased private consumer spending and greater exports of products and services. The economic situation had once again stabilized towards the end of the year. According to the assessment of the IMF, a GDP growth rate of 1.5% was achieved in 2014 (2013: 0.2%). However, the momentum is expected to slow down slightly in 2015, with economic growth of 1.3% forecast.

The emerging nations did not achieve the growth of 5.1% in 2014 that had first been forecast by the IMF. The strong growth of the preceding year slowed down markedly, as a result of which the outlook was steadily scaled back as the year progressed. The most recent prediction of 4.4% was confirmed in the update for 2014 as a whole which was issued in January 2015. Growth in China was only slightly down year-on-year to an estimated 7.4% in 2014, but is now expected to increase economic output by just 6.8% in 2015. Overall, the IMF is predicting marginally lower growth of 4.3% for the emerging markets in comparison with the prior year.

The economic climate continues to be weak in Japan. For 2014, the IMF has calculated growth at just 0.1%. Accordingly, it has once again reduced its projection for 2015 and is now forecasting economic growth of just 0.6%.

It is probable that the oil price trend will have a positive impact on economic developments in 2015. The strong decline in natural gas prices since mid-2014 may stimulate the global economy, which would mainly benefit oil-importing developing countries. In contrast, according to the IMF, the positive effect of strong economic growth in the US will be almost entirely offset by the growth rates of many major national economies remaining below expectations.

Risks for the development of the global economy above all include the slowdown of growth in China and the associated impact on Asian economies, the political conflict in Russia, which is likely to lead to a recession, at least in the short term, and the negative effects of the low oil price on oil-exporting emerging and developing nations.

Against this background, the IMF has once again lowered its outlook for 2015 by a further 0.3 percentage points in its latest forecast issued in January 2015. Overall, the IMF is now predicting global growth of 3.5% for 2015.

DEVELOPMENT OF THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES

- Record level of mergers and acquisitions in the life sciences sector
- Global sales increase for drugs expected to be up to US$ 1.3 trillion in 2018
- Oncology is the indication with highest sales worldwide

In the field of life sciences, 2014 was a record year for mergers and acquisitions. According to a study recently published by EY (Ernst & Young) consulting group, the total value of all transactions worldwide exceeded US$ 220 billion, which is twice the average value of the past ten years. The report analyzed mergers and acquisitions in the biotechnology, pharmaceutical, generics and specialty pharmaceutical industries.

EY is predicting that the record value of 2014 will even be surpassed again in the current financial year. According to the consulting group, the potential available means for mergers and acquisitions in 2014 amounted to almost US$ 1.3 trillion.

The pharmaceuticals market is also recording robust growth. Market research company IMS Institute for Healthcare Informatics (IMS) is predicting that total global expenditure on drugs will rise to around US$ 1.3 trillion by 2018, which is around 30% higher than had been estimated in 2013.

The field of oncology plays a major role. In its World Cancer Report 2014, the World Health Organization (WHO) assumes a sharp increase in new cancer incidences. This number could increase by 40% in the next decade, which means that by 2025, 20 million people could develop cancer each year across the globe. The growth rates in the oncology market are correspondingly high. The market researcher EvaluatePharma is predicting a global market volume of more than US$ 153 billion in this area for 2020. This equates to average annual sales growth of around 11%. Oncology is therefore the therapeutic area with the highest growth rates and, according to the market research company's projections, it will remain the indication with the strongest sales worldwide in the long term, with an expected sales share of around 14% by 2020.

At present, 65% of this market volume in the therapeutic area of oncology is accounted for by the US and the five largest European countries. Rising prevalence rates in the "pharmerging markets" such as Brazil, China, India and Russia ensure that the therapeutic area of oncology is also becoming increasingly important in these markets and is now ranked fifth.

Consequently, investments by the pharmaceutical industry in innovative cancer therapies are likely to remain high: according to IMS Health, the share in the total of all product development is more than 30%. An area that is looking particularly promising is the emerging field of cancer immunotherapies, which have increasingly become the focus of cancer research over the last two to three years. For a subset of the patient groups which received treatment with these immunotherapies, a significant prolongation of survival was observed in some cancers for the first time in many years.

The combination of various cancer immunotherapies has also shown promising results in the first studies. Industry analysts have identified the emergence of a new mega-trend, despite many of these promising new treatments still being in clinical development. Billion-dollar sales are expected through these cancer immunotherapies in the next few years.

However, despite good prospects, the industry also continues to be faced with significant challenges. These include the broadening of market shares for generics, as well as stricter laws and approval regulations. Conditions for market approvals and subsequent market penetration are also becoming complicated in many countries due to health care reforms, which almost always result in cost cutting.

New trends can be observed as pharmaceutical companies react to expiring patents and shrinking product pipelines. Companies are developing new business segments and making increased investments in the development of niche products and personalized medicine or intensifying their activities in the area of mergers and collaborations. New opportunities are likewise arising for the biotechnology sector due to increased demand for innovative drugs and treatment methods, above all in the area of oncology.

The percentage of sales from biopharmaceuticals within the world's top 100 prescription medicines is set to increase to 52% by 2020 (EvaluatePharma). In 2013, revenues of these products only accounted for a share of 45%. In the broader global market for pharmaceuticals, EvaluatePharma predicts that sales from biotechnology products will account for 27% by 2020, which would represent growth of 5 percentage points from the share in 2013.

In this context, the business prospects for MOLOGEN can be assessed as very positive in the long term.

LEGAL FRAMEWORK

The regulatory framework conditions for the research and development of new drugs are particularly relevant for MOLOGEN. This area is regularly subject 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 proprietary product candidates, the framework conditions in the health sector are especially relevant in the EU and US, and in this context, the continuing cost pressure in health care systems, in particular.

COURSE OF BUSINESS

- IMPALA pivotal study with MGN1703 for colorectal cancer started
- Patients enrolled for IMPULSE lung cancer study with MGN1703
- Latest research results presented at scientific conferences
- Capital increase carried out, with gross proceeds of € 15.7 million

RESEARCH AND DEVELOPMENT (R&D)

In 2014, MOLOGEN made further progress in research and development with the product pipeline. Two clinical trials were launched for MOLOGEN's lead product candidate, the cancer immunotherapy MGN1703: the randomized clinical study IMPULSE in lung cancer and the phase III pivotal study IMPALA for the indication colorectal cancer, which has been enrolling patients since September 2014.

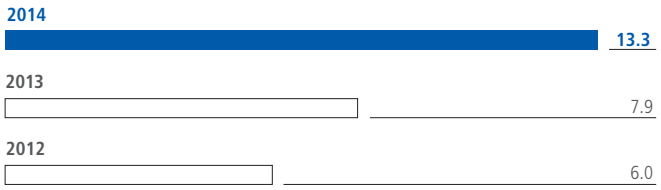
In the reporting period, new data was also presented at major international scientific conferences. Among other aspects, data on four colorectal cancer patients was presented in which a long-term response to treatment with MGN1703 was observed. The design of the phase III IMPALA study was also explained at the conferences.

R&D expenses

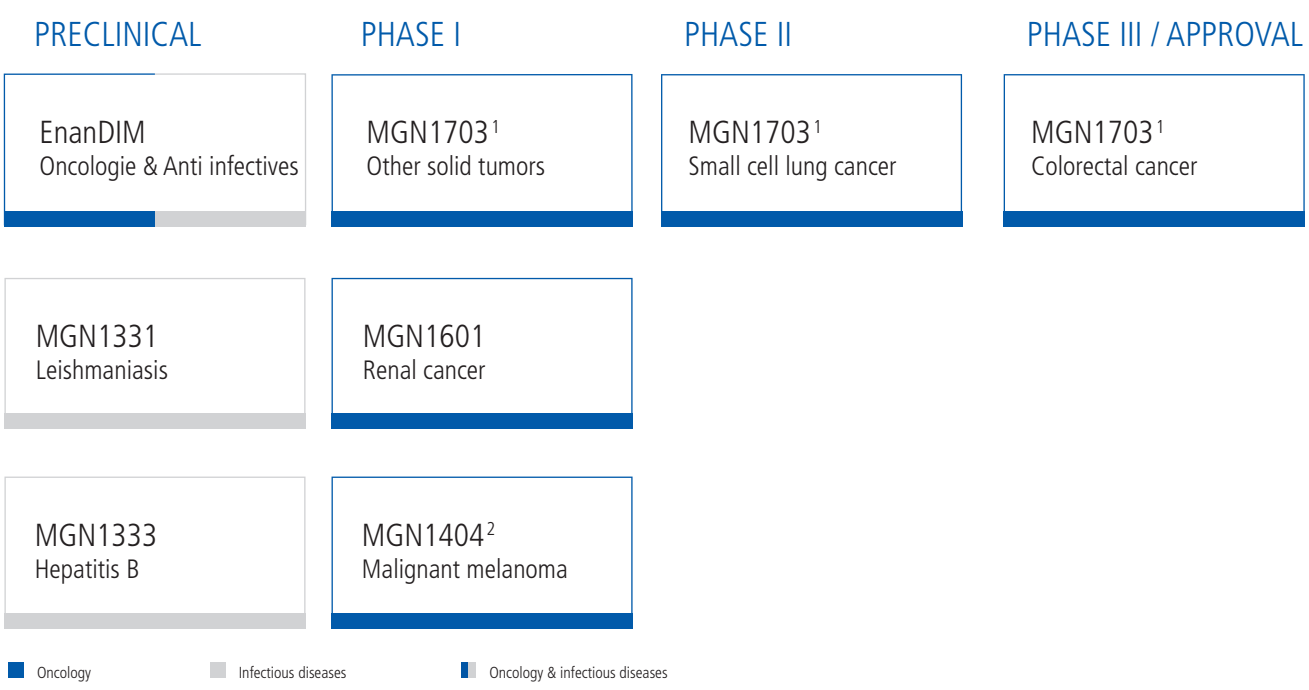
In 2014, MOLOGEN carried out recognized scheduled measures and investments totaling € 13.3 million (2013: € 7.9 million). The higher expenses mainly related to the preparation and start of the two IMPULSE and IMPALA clinical studies with MGN1703.

R&D EXPENSES

IN € MILLION



COMPOSITION OF THE PRODUCT PIPELINE (AS OF MARCH 2015)



1 IND status (Investigational New Drug) in US
2 Collaboration with Max-Delbrück-Center for Molecular Medicine and Charité Universitätsmedizin, Berlin

CANCER IMMUNOTHERAPY MGN1703

MGN1703 is a cancer immunotherapy and MOLOGEN's most advanced product candidate. The immunomodulator and TLR9 agonist is currently being investigated in two clinical studies, IMPALA and IMPULSE.

Pivotal study on colorectal cancer (IMPALA)

In the first quarter of 2014, MOLOGEN prepared the application for the international pivotal study with MGN1703 for the indication of metastatic colorectal cancer (IMPALA study) in various European countries. The application process for the study was initiated in the second quarter, with the first patient being enrolled in the study in September 2014, after the regulatory approvals were granted. Patients have been recruited for the study since that date.

The design of the IMPALA study was presented in the form of a poster presentation at the European Society for Medical Oncology (ESMO) 16th World Congress on Gastrointestinal Cancer (WCGI) in Barcelona (Spain) in June 2014 and at the ESMO 2014 Congress in Madrid (Spain) in September 2014.

The IMPALA study is an international multicentric two-arm randomized phase III clinical trial. Based on the findings of the subgroups analyses of the IMPACT study, the IMPALA study includes patients with metastatic colorectal cancer in whom a response to radiological treatment has been confirmed following standard first-line induction chemotherapy with or without biological agents (biologics).

The aim of the study is to show that a "switch-maintenance" therapy with the cancer immunotherapy MGN1703 leads to a prolongation of overall survival in patients with metastatic colorectal cancer. The primary endpoint is therefore overall survival. The secondary endpoints include progression-free survival, toxicity, safety, and quality of life (QoL).

Around 540 patients from more than 100 centers in eight European countries, including the five largest European pharmaceutical markets, will participate in the study. Patient enrollment is expected to be completed over the course of 2016. The study will be evaluated once a certain number of specified events have occurred, which is currently estimated to be reached 12 to 18 months after completion of patient recruitment.

The coordinating investigators are Prof. David Cunningham, MD, Department of Medicine and Director of Clinical Research, Royal Marsden Hospital in London, and Prof. Dr. med. Dirk Arnold, Director of the Clinic for Medical Oncology in the Tumor Biology Center Freiburg. Three renowned national study groups are intended to participate in the trial: the Arbeitsgemeinschaft Internistische Onkologie (AIO) in Germany, the Grupo Español de Tratamiento de Tumores Digestivos (TTD) in Spain and the Groupe Coopérateur Multidisciplinaire en Oncologie (GERCOR) in France.

Lung cancer study (IMPULSE)

In March 2014, patient enrollment started for the IMPULSE lung cancer study for MGN1703. Initially, there were some delays relating to the approval processes in the individual countries taking part in the study. These difficulties were resolved over the course of fiscal year 2014 and all the necessary approvals were obtained.

With this study, MOLOGEN is expanding the scope of the cancer immunotherapy MGN1703 by a further indication for which there is a high unmet medical need.

The primary endpoint of this IMPULSE study is overall survival. The trial will compare MGN1703 against the best standard of care. The study will include patients who are suffering from an extensive disease stage of smallcell lung cancer (SCLC) and whose tumors have responded to four cycles of the standard first-line therapy with chemotherapeutics. The study intends to enroll 100 patients overall. Patient enrollment is expected to be completed over the course of 2015. The evaluation of the study is anticipated to take place 12 months after completion of patient enrollment.

The principal investigator is Prof. Dr. med. Michael Thomas, Senior Consultant of the Department of Oncology and Internal Medicine of the Thorax Clinic at Heidelberg University Hospital. In Germany, the study will be conducted in collaboration with the Aktion Bronchialkarzinom e.V. (ABC Group), which is a renowned oncology study group comprising lung cancer specialists.

Safety and tolerability study in the US

In fiscal year 2013, MOLOGEN submitted an application for MGN1703 for a clinical phase I safety study in healthy volunteers in the US. The final results were submitted to the US Food and Drug Administration (FDA) in the second quarter of 2014.

MGN1703 has an Investigational New Drug (IND) designation from the FDA. In principle, it is therefore possible to expand the future MGN1703 trial program into the US.

Phase II study for colorectal cancer (IMPACT)

Detailed results of the IMPACT study with MGN1703 in colorectal cancer regarding exploratory subgroups analyses performed last year were shown in a poster presentation in May 2014 at the American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago (US). This identified some biomarkers that could make it possible to identify and select patients who will benefit most from the treatment with MGN1703.

In addition, updated data on four colorectal cancer patients was presented in a presentation at the "European Society for Medical Oncology (ESMO) Symposium on Immuno-Oncology" in Geneva (Switzerland) in November 2014. These patients were progression-free after completion of the IMPACT study and continued the MGN1703 monotherapy within the framework of "compassionate use" programs.

In September 2014, no disease progression had been determined in three of these patients following exclusive treatment with MGN103 for between 37 and 45 months. This prolonged control of the disease is remarkable, because the median overall survival rate for metastatic colorectal cancer is normally in the range of 24 to 30 months. In addition, no severe side effects were observed during treatment in the compassionate use program, which is evidence of the excellent tolerability and safety of the medication so far. The patients were still being treated with MGN1703 at the time the data was evaluated.

Preliminary data on overall survival in patient subgroups of the IMPACT study was presented in December 2014. The findings are based on analyses carried out in fiscal year 2013 and were presented for the first time at the "Special Conference on Tumor Immunology and Immunotherapy 2014" hosted by the American Association for Cancer Research (AACR) in Orlando (US).

The data showed that treatment with MGN1703 can have a positive effect on overall survival in patient subgroups. Overall survival was analyzed in the same subset of patient groups which had shown improvement for progression-free survival in the IMPACT study. The reference date for these evaluations was in March 2013. The survival data is still preliminary.

IMPACT was a randomized, placebo-controlled clinical phase II study assessing the efficacy of MGN1703 as a "switch-maintenance" therapy after first-line treatment of patients with metastatic colorectal cancer. The findings from analysis of the patient subgroups were taken into account as inclusion and stratification criteria for the IMPALA pivotal study.

CANCER IMMUNOTHERAPY MGN1601

MGN1601 is also a cancer immunotherapy. The active principle of MGN1601 corresponds to a therapeutic vaccination.

Phase I/II study on renal cancer (ASET)

The final results of the ASET study completed in fiscal year 2013 were presented as a part of a poster presentation at the 2014 Genitourinary Cancers Symposium in San Francisco (USA) in January 2014. This comprised a report of the final results on safety and tolerability as well as data on the overall survival. Potentially predictive biomarkers associated with a longer overall survival were also identified on the basis of patient characteristics prior to the start of treatment. These biomarkers could make it possible to select patients who are more likely to benefit from the innovative vaccination approach with MGN1601.

CANCER IMMUNOTHERAPY MGN1404

MOLOGEN is cooperating with facilities of the Charité-Universitätsmedizin Berlin and the Max-Delbrück-Center for Molecular Medicine (MDC) Berlin-Buch. As part of the cooperation, Charité is conducting a phase I clinical study to test the safety and tolerability of MGN1404 in the treatment of malignant melanoma. The study will also gather data on the mechanism of action. A total of nine patients are scheduled to be admitted into the study. Patients are currently still being recruited for the study.

RESEARCH

In October 2014, MOLOGEN presented preclinical data on its EnanDIM (Enantiomeric, DNA-based, ImmunoModulator) technology for the first time. A lecture was given on the immune activation potential of EnanDIM in preclinical models at the OTS Annual Meeting 2014, which is organized by the Oligonucleotide Therapeutics Society (OTS) in San Diego, US.

The mode of action of EnanDIM should enable it to be used in various cancer indications either as a monotherapy or in combination with other targeted therapies and immunomodulators, which are known as checkpoint inhibitors, and with other immunotherapeutic approaches. In addition, EnanDIM could be used in the field of infectious diseases.

EnanDIM represents a new generation in immunoactivating TLR9 agonists, which is expected to induce a broad immune activation while at the same time being well tolerated. It combines the immunoactivating properties of molecules containing only natural DNA components with the advantages of linear molecules. Research to date has shown that the specific structure protects the EnanDIM molecules against degradation, which means that no chemical modifications are needed despite its linear structure.

For the vaccine candidate MGN1331 against leishmaniasis in humans, which is an infectious disease caused by parasites, the LEISHDNAVAX consortium presented two posters on preclinical data over the course of the year: at the "Paving the way for research on Global Health and One Health" scientific symposium hosted by the Institut Pasteur International Network (RIIP) in Paris (France) in September 2014 and at the "International Meeting on Emerging Diseases and Surveillance" (IMED) in Vienna (Austria) in November 2014. Data was shown on the immunogenicity and prophylactic efficacy of the DNA-based leishmaniasis vaccine. MOLOGEN is a key partner of the consortium, which carried out the preclinical development of the vaccine candidate.

COLLABORATIONS 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 product candidate MGN1404, MOLOGEN has been cooperating with the Free University of Berlin (FU Berlin) in the field of basic research for many years. 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 2014

MOLOGEN has achieved important goals in the past financial year with regard to product candidate MGN1703. The necessary approvals for the lung cancer clinical study applied for in fiscal year 2013 were granted by authorities and ethics committees in 2014. The study commenced as planned in the last financial year.

In addition, preparations for the IMPALA clinical pivotal study in colorectal cancer were completed and applications were submitted in selected European countries. Once the necessary approvals were received, the study was also started as planned in fiscal year 2014.

For product candidate MGN1601, a follow-on study in the indication of renal cancer is still in the planning phase.

The number of employees increased slightly as planned in fiscal year 2014.

Activities aimed at arranging a licensing contract for product candidate MGN1703 with a partner from the pharmaceutical industry continued in the financial year. Discussions were not concluded, as a result of which the potential special effects on the company results outlined in the forecast for fiscal year 2014 as an additional scenario therefore failed to materialize.

As predicted, overall expenses for research and development were significantly higher than in the fiscal year 2013. This growth was essentially attributable to the scheduled increased net loss for the year and the predicted a significant rise in the balance sheet loss.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

- R&D expenditure of € 13.3 million (2013: € 7.9 million)
- EBIT of € -17.1 million (2013: € -10.9 million)
- Average cash utilized per month of € 1.4 million (2013: € 0.8 million per month)
- Liquid funds of € 13.6 million (2013: € 14.8 million)

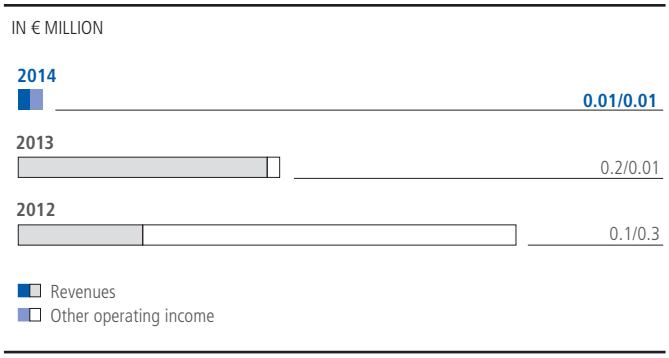
Overall, the company's financial performance and financial position developed according to plan. The cash and cash equivalents available on the reporting date cover the short-term financial needs of the company.

RESULTS OF OPERATIONS

In fiscal year 2014, the revenues of MOLOGEN totaling € 0.01 million were considerably down on the prior year and remained at a low level (2013: € 0.2 million). They result from the sale of goods and services in the area of research. The decrease was primarily driven by one-off effects in 2013 from the delivery of study medication as part of the cooperation for product candidate MGN1404.

Other operating income amounted to € 0.01 million and was therefore at the same level as in the prior year.

REVENUES AND OTHER OPERATING INCOME



The cost of materials in the amount of € 8.7 million was significantly higher than for the prior year (2013: € 2.9 million) and accrued in connection with the preparation and conduction of clinical studies. In particular, this included costs for external services of € 7.6 million (2013: € 2.1 million).

Other operating expenses increased to € 3.2 million (2013: € 2.8 million). The increase is above all due to the increased take-up of consultancy services, higher travel expenses, especially in relation to clinical studies, and greater administration costs.

The personnel expenses increased significantly to € 5.1 million (2013: € 4.4 million). This resulted from hiring additional employees, expanding the Executive Board with a Chief Medical Officer, salary adjustments and one-time payments.

Scheduled depreciation and amortization of assets amounted to € 0.1 million (2013: € 0.3 million). A key factor for this item was the scheduled amortization of an intangible asset (license) recorded in the same period of the prior year, which was written off on an unscheduled basis at the end of fiscal year 2013 and is no longer included in non-current assets.

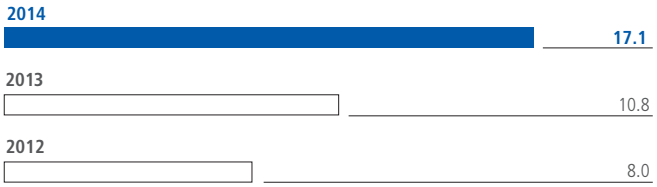
Finance income has decreased to € 0.02 million due to the significantly lower interest rates compared with the prior year (2013: € 0.03 million).

Of the total expenses, € 13.3 million were used for research and development projects, which represents a significant increase of about 70% (2013: € 7.9 million). Apart from the year-on-year increase in personnel expenses, this is primarily due to higher material costs in this area.

The net loss for the year rose in fiscal year 2014 to € 17.1 million and therefore stood € 6.3 million above the loss of the comparative period in the prior year (€ 10.8 million).

NET LOSS FOR THE YEAR

IN € MILLION



Accordingly, earnings per share decreased to € -1.02 (2013: € -0.70).

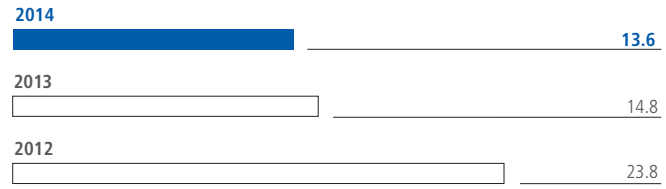
NET ASSETS AND FINANCIAL POSITION

The financial management of MOLOGEN is designed to provide sufficient funding to enable the implementation of the business strategy. Equity capital made available by the issue of new shares is largely used for the necessary research and development as well as other activities and investments. 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 predominantly carried out in this way. In parallel, the feasibility of raising outside capital is regularly examined as an alternative source of funding.

As of December 31, 2014, the assets include sizable cash and cash equivalents in the amount of € 13.6 million (December 31, 2013: € 14.8 million). The decrease is due to the cash utilized within the scope of operating activities. Including investments and expenses for equity procurement, cash utilization stood at € 17.0 million (2013: € 9.1 million).

LIQUID FUNDS AS OF DECEMBER 31

IN € MILLION



The company received liquid funds in the amount of € 15.7 million gross from capital increases under partial utilization of the approved capital. On February 5, 2014 the Executive Board of MOLOGEN decided, with the approval of the Supervisory Board, on the basis of registered authorized capital, to increase the share capital against contributions in cash and under exclusion of subscription rights by issuing up to 1,541,244 new no-par bearer shares with entitlement to dividends from January 1, 2013. The capital increase was successfully concluded on February 6, 2014. The placement price was set at € 10.20 per new share. As part of a private placement process, the capital increase was placed with qualified investors for the full number of 1,541,244 shares (which equates to 10% of the share capital existing prior to the execution of the capital measure). The share capital was therefore raised from € 15,419,512 to € 16,960,756. Gross proceeds from the issue totaled approximately € 15.7 million. The capital increase was recorded in the relevant Commercial Register on February 10, 2014.

Through the exercise of employee share options, the company received a total of € 0.1 million gross (2013: € 0.05 million). During fiscal year 2014, 12,870 subscription rights were exercised by company employees and the same number of new shares were issued. The cash inflow thereof amounted to € 0.1 million gross. The related increase of the share capital was registered in the relevant Commercial Register in February 2015.

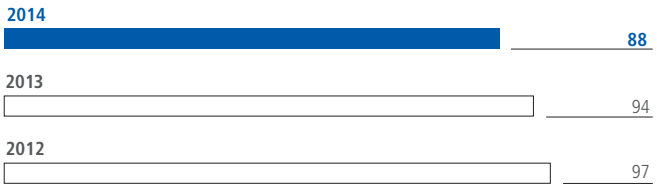
In the past financial year, MOLOGEN was always in a position to comply with all its financial obligations.

The volume of the investments made in 2014 was a little lower than the scheduled depreciation and amortization. At € 0.4 million, non-current assets as of December 31, 2014 were slightly below the level on the prior year's reporting date (December 31, 2013: € 0.5 million).

Equity and liabilities are strongly influenced by the reported equity capital in the amount of € 13.3 million (December 31, 2013: € 15.0 million). The equity ratio dropped from 94% in the prior year to 88%. This decrease is partly accounted for by the increased accumulated deficit due to the net loss for the year, and also because the share capital rose from € 15,419,512 to € 16,973,626 as a result of the issue of new shares as part of the capital increase and through the exercise of employee share options. Overall, equity rose by € 14.5 million (net proceeds).

EQUITY RATIO AS OF DECEMBER 31

IN %



The current liabilities as of December 31, 2014 were € 1.7 million above the same period of the prior year (2013: € 0.9 million). This increase was attributable to trade payables, especially in relation to clinical trials, as well as all other liabilities.

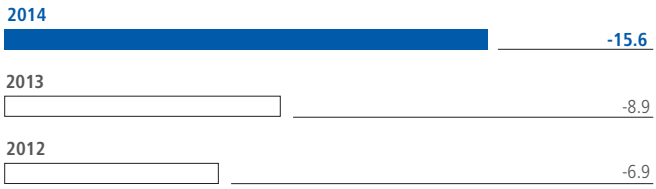
Other financial liabilities amounted to € 21.8 million in total as of December 31, 2014 (December 31, 2013: € 1.9 million). This increase was essentially due to the conclusion of short-term service contracts for the IMPALA and IMPULSE clinical trials that commenced in fiscal year 2014. The calculation of other financial liabilities was based on the assumed scheduled development of the company's business activities.

LIQUIDITY DEVELOPMENT

Cash and cash equivalents used for operating activities in the amount of € 15.6 million were significantly higher than the prior year's value (2013: € 8.9 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



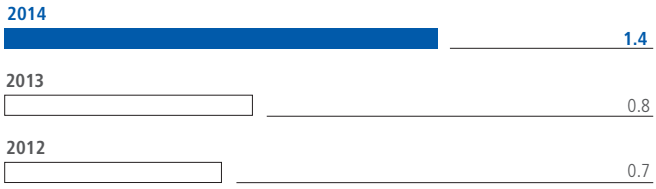
At € 5.9 million, cash and cash equivalents resulting from investment activities exceeded the prior year's value (2012: € -6.1 million). This increase was as a result of a fixed-term deposit of € 6.0 million reaching maturity in the reporting period and an investment in a fixed-term deposit of the same amount (with a term of more than three months) in the comparative period.

At € 14.5 million, cash flows from financing activities were also considerably higher than in the same period of the prior year and were influenced by the fund inflows from the cash capital increase carried out in February 2014.

Cash consumption (taking into account incoming payments from sales and subsidies as well as costs of equity procurement) amounted to an average of € 1.4 million per month and was therefore considerably higher than the value of € 0.8 million in the same period of the prior year.

AVERAGE MONTHLY CASH CONSUMPTION

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, 2014 in accordance with HGB in comparison with the individual annual financial statements pursuant to Section 325 Para. 2a of the HGB as applicable under the terms of the International Financial Reporting Standards (IFRS) 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 service life is to some extent used for non-current 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 shareholders' equity as a deduction from the issue proceeds.

The result of operating activities in accordance with the HGB therefore differs from the annual result in accordance with IFRS as adopted by the EU. The result of operating activities amounts to € -17.5 million in accordance with the HGB for fiscal year 2014 (2013: € -10.0 million). Deviations in the HGB annual financial statements in comparison to the IFRS individual annual financial statements mainly arise in personnel expenses, other operating expenses, depreciation and amortization as well as other operating income. Personnel expenses in accordance with the HGB do not include expenses from issuing share options to the Executive Board and company employees, and are consequently € 0.9 million lower (2013: € 0.9 million).

However, in comparison with the IFRS individual annual financial statements, costs in connection with equity procurement were thereby recorded as expenditure in personnel expenses and other operating expenses of a total of € 1.3 million (2013: € 0.04 million). In addition, other operating income in accordance with the HGB totals € 0.06 million and therefore deviates 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. As in the prior year, in 2014, the different service life of fixed assets only resulted in minor differences in the respective depreciation and amortization of both sets of annual financial statements.

As in the IFRS individual annual financial statements, the expenses for research and development recorded in the annual financial statements were € 12.7 million and therefore clearly exceeded the prior year's value (2013: € 7.4 million).

The balance sheet total and equity of the annual financial statements in accordance with the 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 the 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.

Given that MOLOGEN does not yet dispose of significant regular revenues from license agreements, the volume of cash and cash equivalents is the key financial performance indicator. Cash and cash equivalents amounted to € 13.6 million as of December 31, 2014 (December 31, 2013: € 14.8 million).

NON-FINANCIAL PERFORMANCE INDICATORS

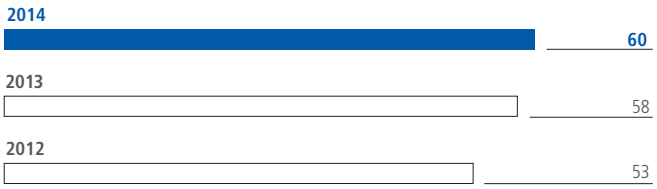
In addition to the financial performance indicators, the non-financial performance indicators play a decisive part in the success of MOLOGEN.

One of the key 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: A pivotal study in the indication colorectal cancer commenced for product candidate MGN1703. At the same time, the area of application of MGN1703 was expanded with the start of a clinical study in the indication small cell lung cancer. Consequently, important foundations were laid for the future development of the product pipeline. There have been no major modifications in the general composition of the product pipeline.

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

The number of employees in the research and development area has therefore increased considerably year-on-year. On average, 47 employees worked in the research and development department, excluding management (2013: 45 employees). As of December 31, 2014, MOLOGEN had a total of 60 employees (December 31, 2013: 58 employees) in each case including management, temporary staff and staff on parental leave.

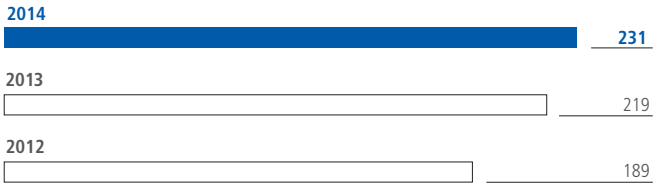
NUMBER OF EMPLOYEES AS OF DEC. 31



The patent portfolio of MOLOGEN is also a key non-financial performance indicator. The protection of proprietary platform technologies and drug candidates as well as of proprietary expertise is extremely important for the business strategy of MOLOGEN. The successful out-licensing of proprietary drug candidates will essentially depend 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, 2014 is divided into 23 patent families and includes 231 individual patents issued and intended for issue as well as more than 60 patent applications.

NUMBER OF PATENTS ISSUED OR INTENDED FOR ISSUE AS OF DEC. 31



SUPPLEMENTARY REPORT

On March 24, 2015, the Executive Board of MOLOGEN resolved, with the approval of the Supervisory Board, to make partial use of the authorized share capital in accordance with Section 4 Para. 3 of the Articles of Association and to carry out a capital increase with subscription rights for the shareholders. The issue of up to 5,657,875 new shares is intended to raise share capital from € 17.0 million to up to € 22.6 million. The anticipated substantial funds raised through the capital increase are to further strengthen the share capital base as well as fund the company's research and development programs, especially in relation to the IMPALA and IMPULSE clinical studies and to fund ongoing business operations needed for this purpose. The dividend entitlement of the new shares applies from January 1, 2014.

OVERALL STATEMENT ON BUSINESS PERFORMANCE AND THE POSITION OF MOLOGEN

MOLOGEN has made very good progress in the further development of the product pipeline in fiscal year 2014. In particular, the start of two clinical studies, IMPALA for colorectal cancer and IMPULSE for lung cancer, with product candidate MGN1703 demonstrate the great potential of the pipeline.

The progress made in fiscal year 2014 in the field of research and development has mainly been facilitated by the slight increase in the number of employees and the consistently adequate funding of the company over the past financial year.

The business performance and position of the company in fiscal year 2014 are therefore to be regarded favorably.

FORECAST, OPPORTUNITIES AND RISK REPORT

FORECAST REPORT

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 means of licensing partnerships for proprietary product candidates. MOLOGEN will therefore continue to pursue the development of the product pipeline in fiscal year 2015 and commit a significant proportion of the available resources to this objective.

Research and development

In its research and development activities, MOLOGEN plans to continue the clinical trials for product candidate MGN1703. While patient enrollment for the IMPALA colorectal cancer study is continuing, the aim is to conclude patient enrollment for the IMPULSE lung cancer study.

For product candidate MGN1601, the intention is to complete planning of a follow-on study, prepare the study and, depending on the availability of the necessary resources, to initiate the application process for the study.

Collaborations and partnerships

In the field of cooperation and partnerships, MOLOGEN continues to seek license and cooperation agreements with partners from the pharmaceutical and biotechnology industries as well as academic partners and will therefore further continue these necessary activities in fiscal year 2015.

Development of result and liquidity

The development of the financial performance and financial position of MOLOGEN in fiscal year 2015 depends, in particular, on the progress of the clinical development programs for product candidate MGN1703. Assuming that the above objectives are achieved, the necessary expenses in the field of research and development – especially for the two IMPALA and IMPULSE clinical studies – 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 considerable rise in the balance sheet loss.

As of the reporting date, the Executive Board is assuming that the necessary additional financial resources required for the scheduled implementation of research and development programs can be raised through the cash capital increase resolved in March 2015. In relation to this, please refer to the risks of the company presented within the risk report, in particular the financial risks.

A dividend distribution to shareholders is currently not possible due to the balance sheet loss as of December 31, 2014. The company does not assume that it will pay a dividend for 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, consequently, the company, continues to increase.

Personnel

To achieve the above objectives and to continue the scheduled development of the company, a slight increase in the number of employees may become necessary in fiscal year 2015.

Overall statement on future development

The successful further development of the product pipeline in 2014 and the existing financial conditions form the foundation for the continued positive development of MOLOGEN. The advances in the clinical development programs planned for 2015 should further increase the value of the product pipeline. The scheduled further development of the company is contingent on the successful conclusion of the conditional capital increase resolved in March 2015. 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 considerably influenced 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 defines what risks should be determined and managed in due time.

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. At an early stage, the system identifies the effects of adverse developments caused by a lack or failure of processes, people, systems or hazards caused by external events.

A detailed scientific and financial controlling 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 ICS. Inspections within the scope of the ICS are also carried out 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 predict 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, the restriction and review of recognized risks with regard to their impact on the financial statements and the corresponding presentation of these risks. The objective of the ICS of the accounting process is to ensure adequate security through the implementation of controls so that regulation-compliant financial statements can be prepared, despite identified risks.

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. In turn, the binding instructions and checklists are 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 dual control principle, which is documented primarily through the signing powers for payments and the absence of exclusive representative authority of the Executive Board.

In regard to the use of financial instruments (receivables, liquid funds and liabilities), MOLOGEN is currently exposed to market price, default, liquidity and interest rate fluctuation risks to only a very limited extent. As planned, the service contracts on which other financial obligations are based were essentially concluded in euros. Consequently the resulting currency exchange rate fluctuation risk is only low.

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 recognize new challenges at an early stage and to adapt to them accordingly.

Risks of the company

The extraordinary revenue prospects of the MOLOGEN business model are set against a number of risks, including technological, financial, regulatory, patent-law risk as well as risks connected with the Company's business activities. The individual risks are partly related and could have either a positive or a negative influence on each other.

Drug development and regulatory risks

As a biotechnology company, MOLOGEN is above all exposed 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 tolerability, or that these characteristics cannot be adequately proven. At MOLOGEN, unpredictable problems may particularly occur during the current preclinical and clinical development of a drug candidate.

If preclinical tests or clinical studies fail to show the expected results or report intolerable toxicity, 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, for the manufacture of investigational medicinal products and to operate special facilities for performing research or manufacturing 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.

Competition and business model risks
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 increases further each year, as does the number of cancer-related deaths. The market for efficacious cancer drugs is therefore steadily growing. However, the future development of the market depends on various factors, including the cost pressure of health care systems, potential new regulations in the health market and the pharmaceutical law. Certain developments could therefore have negative consequences for 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 for proprietary product candidate development up to a certain stage, with the subsequent selling of 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 field of major pharmaceutical companies.

A further consolidation in the industry, as has been 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 consequently 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 drug candidates in comparison with the competition is crucial. Should competitors develop clearly superior medicines, this could have a significant negative effect on the prospects of success for the lucrative out-licensing of MOLOGEN product candidates.

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. For example, this is contingent on the volume 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, successful out-licensing cannot be guaranteed, even 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.

Patent risks and other risks associated with the protection of intellectual property
In addition, the effective protection of the underlying expertise of 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 appeal 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 given that patents will not be challenged, invalidated or circumvented. Infringement of MOLOGEN patents by third parties can also not be precluded. At the same time, it cannot be ruled out that MOLOGEN itself infringes patents or other industrial property rights, as its 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. However, there is no guarantee that in future MOLOGEN will receive 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.

Risks connected with business activities
In preclinical and clinical development, MOLOGEN cooperates with contract research organizations or clinical research organizations (CROs), which specialize in the planning, coordination, implementation and evaluation of clinical studies. The risks of such cooperations lie in the timely identification of suitable CROs at presentable terms for MOLOGEN and in the rendering of contractually agreed services by the CROs, especially with regard to quality and adherence to schedules. These considerations could lead to substantial additional costs for the clinical development programs of MOLOGEN.

MOLOGEN uses a unique cell bank for manufacturing its cell-based cancer therapy MGN1601. To minimize the risk of loss of this cell bank, MOLOGEN has deposited a sample with the German Collection of Microorganisms and Cell Cultures GmbH (Deutsche Sammlung von Mikroorganismen und Zellkulturen GmbH; DSMZ) and stored the cell bank in two different locations in Germany. Nevertheless, a total or partial loss cannot be ruled out.

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.

Financial risks

As part of the implementation of its business strategy, MOLOGEN has already been able to conclude various agreements in past financial years with pharmaceutical, 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 funding sources, such as the capital market, for example. If the intended business transactions are delayed or funding from other sources is not or insufficiently possible, this would have negative effects on the financial performance and financial position of MOLOGEN and could pose a threat to the continued existence of the company.

The liquid funds available to the company as of the reporting date of December 31, 2014 are not sufficient to cover the anticipated expenditure and investments in connection with the further development of the product pipeline and, in particular, for carrying out ongoing clinical studies, especially beyond the next 12 months. However, even in difficult conditions, the company has usually been able to raise the necessary funding in recent years. At the current time, the Executive Board is confident that additional funds can be provided in good time. This could be achieved through capital measures, for which the necessary funding instruments (authorized and conditional capital) are sufficiently available, or through partnerships in the pharmaceutical of biotechnology sector. In particular, a cash capital increase was decided in March 2015 (cf. Supplementary report). If the company does not successfully raise funding at favorable conditions or even at all, it may be forced to reduce expenditure on research and development activities by postponing, limiting or discontinuing the development of one or more product candidates. This could damage the development of the company in the short term. In the medium term continued financing difficulties could even pose a potential threat for the continued existence of the company.

Given that 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 negatively affect the share price of MOLOGEN and the statutorily required immediate convening of an extraordinary Annual General Meeting would also lead to additional financial expenditure. 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 German Corporate Income Tax Act (Körperschaftsteuergesetz; KStG).

MOLOGEN receives or has received 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 the subsidies must be repaid wholly or partially as a result of incorrect billing or other breaches of the underlying conditions. 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 expertise, 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 MOLOGEN's claim 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.

Overall assessment of risk position

On the whole, the described risks are manageable and do not endanger the continued existence of MOLOGEN up to the time of report publication. The overall risk situation resulting from the individual risks presented has not significantly changed compared with the prior year. No fundamental change to the risk situation is currently expected.

OPPORTUNITIES FOR 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 start of clinical studies for some product candidates, the conclusion of individual study phases and 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 industry for its product candidates and to grant licenses for the commercial exploitation of 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.

Major pharmaceutical or biotechnology companies are not only interested in acquiring licenses for promising drug candidates. There are regularly cases where companies with attractive technologies or product candidates have been acquired. Amounts 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 performance criteria in each case.

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

Following the resolution of the Annual General Meeting, in the past MOLOGEN has initiated various employee participation programs and issued relevant 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 definition of total remuneration of the Executive 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 further 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 on request of the member. The Executive 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 policyholder, the company has taken out directors and officers liability insurance (D&O) for the members of the Executive Board, which covers the liability arising from Executive Board activities in the legal framework. The legally required minimum deductible rate is taken into account.

In the event of a premature termination of the service contract by the Supervisory Board or a premature consensual termination of the contract, each Executive Board member receives remuneration in the amount of one-and-a-half 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 of the body for other important reasons.

In case of premature termination of the employment contract after announcing a change-of-control, the employment contracts of the Executive Board provide a severance pay in the amount of twice 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 for the event of a temporary incapacity to work, a permanent inability to work or in case of the death of the Executive 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 respective Executive Board member. In the event of a permanent inability to work, the service contract of the respective Executive Board member shall end in the quarter in which the permanent inability to work was declared. In the event of death of the respective Executive 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 respective Executive Board member are to be paid.

The remuneration of Supervisory Board members 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 of € 1,000 for each meeting which they personally attend. In addition, they receive reimbursement for expenses incurred in connection with their activities. The members of the Supervisory Board also receive a performance-based 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 annum and member. In each case, the chairman receives twice this amount. The performance target increases by € 0.01 for each financial year after 2010.

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

INFORMATION ACCORDING TO SECTION 289 PARA. 4 OF THE HGB

As of December 31, 2014, the subscribed capital of the company exists in the amount of €16,973,626, split into 16,973,626 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 of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG):

Thorsten Wagner, Germany: 24.21% (according to the notification of February 12, 2014). The voting rights are to be fully attributable to Thorsten Wagner in accordance with Section 22 Para. 1 Sentence 1 No. 1 of the WpHG. The name of the company controlled by Thorsten Wagner, of which 3% or more of the voting rights of MOLOGEN are attributed: Global Derivative Trading GmbH, Lehrte, Germany. According to the notification of February 12, 2014, Global Derivative Trading GmbH, Lehrte, Germany, 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 of the 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 84ff of the AktG. Amendments to the Articles of Association are made in accordance with the provisions of Sections 179ff of the AktG in conjunction with Section 20 of MOLOGEN's Articles of Association. Furthermore, in accordance with Section 15 of MOLOGEN's Articles of Association, the Supervisory Board is authorized to adopt amendments affecting the wording of the Articles of Association only.

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 Articles of Association, the Executive Board is authorized to increase the share capital of the company up to August 12, 2019, with the consent of the Supervisory Board, by issuing new no-par value bearer shares for cash and/or contributions in kind on one or more occasions, but to a maximum of € 8,486,813 (authorized capital 2014) and to determine in accordance with Section 23 Para. 2 of the Articles of Association a start date for profit participation deviating from the law. The shareholders are, in principle, to be granted subscription rights. The new shares may also be acquired by a financial institution or consortium of financial institutions specified by the Executive Board with the obligation that they are then offered to shareholders for subscription (indirect subscription right).

The Executive Board is further authorized in certain cases and with the approval of the Supervisory Board in each case to exclude the subscription right of the shareholders one or more times

a) as far as this is necessary to eliminate fractional amounts;

b) as far as it is necessary to grant the holders of option 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 they would have had on exercising the option and/or conversion right or in fulfillment of the conversion obligation as shareholder;

c) as far as the new shares are issued against contributions in cash and the share capital which is arithmetically attributable to the shares issued does not exceed a total of 10% of the share capital neither at the time at which this authorization takes effect or at the time at which it is exercised ("maximum amount") and the issue price of the newly issued shares does not fall more than 3% below the volume-weighted average stock market price of the company shares of the same class that are already listed and quoted on the XETRA trading system (or on a functionally comparable successor system that replaces the XETRA system) on the Frankfurt Stock Exchange over the last five trading days prior to the day on which the Executive Board adopts the resolution;

d) as far as the new shares are issued against contributions in kind, particularly in the form of companies, company divisions, investments in companies, claims or other assets that are beneficial or useful for the company's business operations (such as, for example, patents, licenses, copyright terms of use and exploitation rights and other intellectual property rights).

Shares should be included in the maximum amount according to Section 4 Para. 3 c) of the Articles of Association which (i) are sold or issued by the company 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 of the AktG or (ii) are issued or are to be issued for the servicing of bonds or participatory rights with conversion and/or option rights and/or a conversion obligation, if the bonds are issued during the term of such authorization under exclusion of the subscription rights in corresponding application of Section 186 Para. 3 Sentence 4 of the AktG. Inclusion of shares due to authorizations being exercised as specified in the preceding sentence (i) to issue new shares in accordance with Section 203 Para. 1 Sentence 1, Para. 2 Sentence 1 and Section 186 Para. 3 Sentence 4 of the AktG and/or (ii) for the sale of proprietary shares in accordance with Section 71 Para. 1 No. 8 and Section 186 Para. 3 Sentence 4 of the AktG and/or (iii) to issue convertible bonds and/or option bonds in accordance with Section 221 Para. 4 Sentence 2 and Section 186 Para. 3 Sentence 4 of the AktG will not take place with effect for the future if and insofar as the respective authorization(s), exercise of which resulted in the shares being included, is/are once again granted by the Annual General Meeting in accordance with the legal regulations.

The Executive Board is 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.

In accordance with Section 4, Para. 9 of the Articles of Association, the Executive Board is authorized to increase the share capital by up to € 6,789,451 through the issue of up to 6,789,451 new no-par value ordinary bearer shares each with a notional share of € 1.00 in the share capital (conditional capital 2014-1). The conditional capital increase is to be used for granting no-par bearer shares to the holders or creditors of convertible bonds or bonds with warrants attached, profit-sharing certificates and/or profit-sharing bonds (or a combination of these instruments) which are issued by the company or group companies under the management of the company as authorized pursuant to the resolution of the Annual General Meeting on August 13, 2014 under agenda item 7 b), and which give option or conversion rights to new no-par bearer shares of the company and/or determine a conversion obligation or preemptive tender right and to the extent that the issuance of shares is against contributions in cash. The conditional capital increase shall only be carried out to the extent that holders or creditors exercise their option or conversion rights, or holders or creditors with a conversion obligation meet their conversion obligations, or servicing of

shares occurs due to substitution rights of a company, or no own shares or new shares issued under authorized capital are used for this purpose. If issued through the exercise of conversion or subscription rights before the start of the company's Annual General Meeting, the new shares participate in the profits from the start of the previous financial year, or otherwise from the start of the financial year in which they were issued through the exercise of conversion or subscription rights.

With the Supervisory Board's consent, the Executive Board is thereby authorized to determine the further details of the conditional capital increase.

In addition, there is conditional capital 2009 of up to € 134,861 in accordance with Section 4 Para. 4 of the Articles of Association, conditional capital 2010 of up to € 610,151 in accordance with Section 4 Para. 5 of the Articles of Association, conditional capital 2011 of up to € 238,393 in accordance with Section 4 Para. 6 of the Articles of Association, conditional capital 2012 of up to € 209,234 in accordance with Section 4 Para. 7 of the Articles of Association, conditional capital 2013-1 of up to € 328,672 in accordance with Section 4 Para. 8 of the Articles of Association and conditional capital 2014-2 of up to € 176,051 in accordance with Section 4 Para. 10 of the Articles of Association. This conditional capital is used to issue option and conversion rights to members of the Executive Board and to employees of the company.

Up to June 7, 2015, the Executive Board is authorized to acquire its own shares in accordance with Section 71 Para. 1 No. 8 of the 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 full without any further Annual General Meeting resolution.

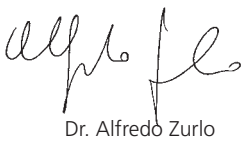
CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE MANAGEMENT PURSUANT TO SECTION 289A OF THE HGB

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

Berlin, March 24, 2015

Executive Board of MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer



Dr. Alfredo Zurlo
Chief Medical Officer

Jörg Petraß
Chief Financial Officer

FINANCIAL INFORMATION INDIVIDUAL ANNUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

STATEMENT OF FINANCIAL POSITION

ACCORDING TO IFRS AS OF DECEMBER 31, 2014

IN € '000

	NOTES	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
Non-current assets		**440**	**457**
Property, plant and equipment	1	234	220
Intangible assets	2	206	237
Other non-current assets	3	0	0
Current assets		**14,613**	**15,480**
Cash and cash equivalents	4	13,563	8,765
Fixed-term deposits with a term of more than three months	4	0	6,000
Trade receivables	5	0	0
Inventories	6	30	33
Other current assets	7	1,007	675
Income tax receivables	7	13	7
Total		**15,053**	**15,937**
EQUITY AND LIABILITIES			
Non-current liabilities		**8**	**10**
Deferred income	8	8	10
Current liabilities	9	**1,747**	**943**
Trade payables		1,315	554
Other current liabilities and deferred income		422	370
Liabilities to banks		10	19
Shareholders' equity		**13,298**	**14,984**
Issued capital	10	16,974	15,420
Capital reserves	11	80,559	66,721
Accumulated deficit	12	-84,235	-67,157
Total		**15,053**	**15,937**

STATEMENT OF COMPREHENSIVE INCOME

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

IN € '000

	NOTES	2014	2013
Revenues	13	12	227
Other operating income	14	12	10
Cost of materials	15	-8,687	-2,904
Personnel expenses	16	-5,113	-4,364
Depreciation and amortization	17	-110	-1,014
Other operating expenses	18	-3,211	-2,813
Profit (loss) from operations		**-17,097**	**-10,858**
Financial expenses	19	0	-1
Financial income	19	19	31
Profit (loss) before tax		**-17,078**	**-10,828**
Tax result	20	0	0
Profit (loss) for the year / Comprehensive income		**-17,078**	**-10,828**
Loss carried forward		-67,157	-56,329
Accumulated deficit		**-84,235**	**-67,157**
Basic earnings per share (in €)	21	-1.02	-0.70
Diluted earnings per share (in €)	21	—	—

STATEMENT OF CASH FLOWS

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

IN € '000

	NOTES 22	2014	2013
Cash flows from operating activities			
Earnings before taxes		-17,078	-10,828
Depreciation and amortization of intangible assets and property, plant and equipment		110	1,014
Profit (loss) from disposal of intangible assets and property, plant and equipment		0	-1
Other non-cash expenses and income		894	914
Change in trade receivables, inventories and other assets		-335	-32
Change in trade payables and other liabilities		804	64
Net cash used in operating activities		**-15,605**	**-8,869**
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		0	1
Cash payments to acquire property, plant and equipment		-86	-121
Cash payments to acquire intangible assets		-7	-25
Cash payments/proceeds relating to financial investments within the cash managment and forecast (fixed-term deposits with a term of more than three months)		6,000	-6,000
Net cash used in investing activities		**5,907**	**-6,145**
Cash flow from financing activity			
Cash proceeds from issuing shares		14,495	8
Net cash used in financing		**14,495**	**8**
Effect of exchange rate changes on cash		**1**	**-6**
Total changes in cash and cash equivalents (cash flow)		**4,798**	**-15,012**
Cash and cash equivalents at the beginning of the period		**8,765**	**23,777**
Deposits with a term of more than three months at the beginning of the period		6,000	0
Cash and cash equivalents at the end of the reporting period		**13,563**	**8,765**
Deposits with a term of more than three months at the end of the reporting period		0	6,000
Liquid funds at the end of the reporting period		**13,563**	**14,765**

STATEMENT OF CHANGES IN EQUITY

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

IN € '000 EXCEPT SHARE VALUES

	ISSUED CAPITAL		CAPITAL RESERVES	ACCUMULATED DEFICIT	SHAREHOLDERS' EQUITY
	Number of ordinary shares	Share capital			
As of December 31, 2012	**15,412,449**	**15,412**	**65,811**	**-56,329**	**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
Rounded		1			1
As of December 31, 2013	**15,419,512**	**15,420**	**66,721**	**-67,157**	**14,984**
Capital increase in exchange for cash contributions	1,541,244	1,541	12,862		14,403
Share options exercised	12,870	13	80		93
Value of services rendered by employees (according to IFRS 2)			896		896
Profit (loss) for the year				-17,078	-17,078
As of December 31, 2014	**16,973,626**	**16,974**	**80,559**	**-84,235**	**13,298**

STATEMENT OF CHANGES IN FIXED ASSETS

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

IN € '000

	I. PROPERTY, PLANT AND EQUIPMENT			II. INTANGIBLE ASSETS		FIXED ASSETS
	Technical equipment	Office and operating equipment	Total	Purchased software, technologies, patents and licenses as well as other rights	Total	Total
Acquisition/manufacturing costs						
As of January 1, 2013	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 December 31, 2013	818	328	1,146	4,237	4,237	5,383
Additions	57	29	86	7	7	93
Disposals	3	17	20	0	0	20
As of December 31, 2014	**872**	**340**	**1,212**	**4,244**	**4,244**	**5,456**
Depreciation and amortization						
As of January 1, 2013	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 December 31, 2013	647	279	926	4,000	4,000	4,926
Additions	35	37	72	38	38	110
Disposals	3	17	20	0	0	20
As of December 31, 2014	**679**	**299**	**978**	**4,038**	**4,038**	**5,016**
Book value						
As of January 1, 2013	120	58	178	1,147	1,147	1,325
As of December 31, 2013	171	49	220	237	237	457
As of December 31, 2014	**193**	**41**	**234**	**206**	**206**	**440**

NOTES ACCORDING TO IFRS FOR FINANCIAL YEAR 2014

A. GENERAL INFORMATION ON THE COMPANY

Mologen AG (hereinafter: MOLOGEN) is a stock corporation as defined under the law of the Federal Republic of Germany with its headquarters in Berlin (Fabeckstraße 30, 14195 Berlin, Germany). It was founded on January 14, 1998 and is registered in the Commercial Register of Berlin-Charlottenburg under HRB 65633 B. The shares of the company are listed on the Regulated Market (Prime Standard) at the Frankfurt Stock Exchange under ISIN DE0006637200.

The objective of the company is the research, development and marketing of products in the area of molecular medicine. In particular, these include molecular biological vaccines, the application of clinical research for molecular-biological tumor therapies and somatic gene therapy. The main focus of research are the MIDGE® and dSLIM® technologies patented by MOLOGEN. These facilitate the use of DNA as a drug for diseases that were untreatable or for which no adequate treatment has been available up till now.

B. GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

PRINCIPLES

The present individual annual financial statements of MOLOGEN (hereinafter: financial statements) have been prepared in accordance with the provisions of Section 325 Para. 2a of the 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 Para. 1 of the HGB.

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

The reporting period of these financial statements is the period from January 1, 2014 to December 31, 2014. The reference period for the present financial statements is the period from January 1, 2013 to December 31, 2013.

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

The functional and reporting currency of the financial statements is the euro (€). To improve clarity, numbers are rounded to the nearest thousand and stated in thousands of euros (€ '000), unless otherwise specified.

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

An application of IFRS 8, Operating Segments, was not applied, because the technologies and product candidates of MOLOGEN are still at research stage. Cash flows and corresponding expenses cannot be clearly attributed to individual product candidates or technologies as different combinations of proprietary technologies are used for different product candidates. No information benefit would be gained from the expense and earnings information available from segment reporting as compared with 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 January 1, 2014. They have been applied for the first time by MOLOGEN. The application has resulted in no significant impact on the financial performance and the financial position of MOLOGEN.

IFRS 10, IFRS 12, IAS 27	Consolidated financial statements, Disclosure of interests in other entities, Separate financial statements	Exceptions to consolidation have been specified. These apply if the parent company complies with the definition of an "investment entity".
IAS 32	Financial instruments: Presentation	Amendments provide clarification on the application of the offsetting rules.
IAS 36	Impairment of assets	Amendments relate to the disclosure requirements with regard to the measurement of the recoverable amount of impaired assets.
AIP 2010–2012	Annual improvements	Amendments and clarifications on various IFRS.
AIP 2011–2013	Annual improvements	Amendments and clarifications on various IFRS.

The following new and revised standards and interpretations are to be applied to financial years beginning on or after January 1, 2014. Application would have been considered mandatory for MOLOGEN insofar as the amendments were regarded as relevant.

Applicable to financial years beginning on or after January 1, 2014:

IFRS 10, IFRS 11, IFRS 12	Consolidated financial statements; Joint arrangements; Disclosure of interests in other entities; Transition guidance	The requirement to provide adjusted reference figures is limited to only the immediately preceding comparative period for first-time application. The amendments remove the requirement to present comparative information for disclosures related to structured entities which are not included in the consolidation for periods before first-time application of IFRS 12.
IAS 27	Separate financial statements	The regulations for individual financial statements are unchanged, while regulations for control are assumed by IFRS 10.
IAS 28	Investments in associates	Subsequent revisions due to publications of IFRS 10, IFRS 11 and IFRS 12.
IAS 39	Financial instruments: Recognition and measurement	Despite novation, derivatives continue to be designated as hedging instruments for existing hedging relationships if novation results in the intervention of a central counterparty as a consequence of legal or regulatory requirements.

Applicable to financial years beginning on or after June 17, 2014:

IFRIC 21	Levies	Guideline on accounting of liabilities for government-imposed levies.

Applicable to financial years beginning on or after July 1, 2014:

IAS 19	Employee benefits	Clarification of the accounting for contributions from employees or third parties associated with years of service. The objective is to simplify accounting for contributions that are unrelated to the number of years of employee service.

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

Applicable to financial years beginning on or after January 1, 2016:

IFRS 11	Joint arrangements	The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.
IFRS 14	Regulatory deferral accounts	Enables first-time adopters of IFRS to continue recognizing regulatory deferral accounts in their annual financial statements in accordance with most of their existing accounting principles, with some limited restrictions.
IAS 16/IAS 38	Property, plant and equipment/ intangible assets	Clarification of acceptable methods of depreciation and amortization of property, plant and equipment/intangible assets.
IAS 16/IAS 41	Property, plant and equipment/ agriculture	Bearer plants for which the biological transformation is no longer significant can now be included within the scope of IAS 16 as bearer biological assets.
IAS 27	Separate financial statements	Amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the financial statements of the investor.
IFRS 10/IAS 28	Consolidated financial statements/investments in associates and joint ventures	Clarification that the extent of gains or losses for transactions with an associate or joint venture depends on whether the gain or loss results from the sale or contribution of assets that constitute a business.
AIP 2012–2014	Annual improvements	Amendments and clarifications to various IFRS.
IAS 1	Presentation of financial statements	Removal of perceived obstacles with regard to exercising judgment in the presentation of financial statements.
IFRS 10/IFRS 12/ IAS 28	Consolidated financial statements/ disclosure of interests in other entities/investments in associates and joint ventures	Amendments to consolidation exceptions for investment entities.

Applicable to financial years beginning on or after January 1, 2017:

IFRS 15	Revenue from contracts with customers	The new standard sets out when to recognize revenue and how much revenue to recognize. It replaces the previous IAS 18, Revenue, and IAS 11, Construction contracts, as well as the related Interpretations on revenue recognition. It applies to all contracts with customers, with the notable exceptions of leases, insurance contracts and financial instruments.

Applicable to financial years beginning on or after January 1, 2018:

IFRS 9	Financial instruments: classification and measurement approach	This standard replaces IAS 39.

C. ACCOUNTING AND VALUATION METHODS

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

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

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is valued at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount using the effective interest method and minus any reduction (directly or through the use of an allowance 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 an empirical basis and other factors, including expectations concerning future events that appear reasonable under the given circumstances.

Estimate uncertainties may arise from determining service life and the intrinsic values of intangible assets and property, plant and equipment as well as from the estimation of the extent to which future tax benefits can be realized when recording deferred tax assets.

The company reviews the book value of assets and liabilities as at the reporting date for any indication that an impairment has arisen. In this case, the recoverable amount of a particular 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 reported at their acquisition cost less 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 temporaris basis and start in the month in which the asset was acquired or placed into service. The average service life is between 3 and 14 years (software, technologies, patents and licenses as well as 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 service life and depreciation and amortization methods are reviewed at the end of each financial year. Should estimates require revision, these will be taken into account prospectively. The book values of property, plant and equipment and intangible assets are also reviewed as of the reporting date. If the review identifies any evidence of impairment, this is reported under expenses. In both the financial year under review and the reference period, there were no changes in the estimated service life or depreciation and amortization methods and no unscheduled impairment of property, plant and equipment and intangible assets has been recorded. An unscheduled impairment was carried out for one intangible asset in fiscal year 2013.

In prior years, **financial assets** were recorded at amortized cost 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 fulfills the necessary conditions for receiving the grant.

Government grants are posted as income over the period in which the costs to be compensated by the respective grants are incurred.

Government grants for investments are reported as deferred income within non-current liabilities. They are depreciated through the income statement on a straight-line basis over the expected service life of the relevant asset.

Research costs are expenses for original and scheduled investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding (IAS 38.8). This should be recorded as a cost in the period in which it is incurred (IAS 38.54). Research costs are expenses which are necessary for conducting research activities. This includes personnel expenses, direct costs and directly attributable variable and fixed overhead costs. These expenses are recognized as a cost at the time they arise in accordance with their cause.

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

Acquisition and manufacturing costs as well as 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 under other operating income or other operating expenses.

Liquid funds include cash reserves and bank balances reported at nominal value. The conversion of a bank deposit existing in foreign currency is carried out according to the daily exchange rate in the case of an incoming or outgoing payment. The evaluation takes place at the current exchange rate as at the reporting date. The differences arising from the valuation are recognized in 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 reported at their amortized cost.

MOLOGEN's assets recognized as **inventories** are goods that are reported at amortized cost and calculated according to the first in, first out (FIFO) method. There are no stocks of raw materials, supplies, work in progress, finished goods or services.

Other non-current and current assets are reported at amortized cost.

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.

In principle, these include both original and derivative financial instruments. In fiscal year 2014 and the reference period, MOLOGEN held no derivative financial instruments, either with or without an accounting hedging relationship.

The primary financial instruments are reported under other non-current financial assets, trade receivables, other current assets/liabilities, liquid funds, as well as 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 recorded on the settlement date for the first time. Financial instruments are measured at fair value when first reported. This takes into account the transaction costs attributable to the acquisition of all financial assets and liabilities that are not recorded at fair value through the income statement in subsequent periods.

The financial assets held by MOLOGEN in fiscal year 2014 and the reference period consist of liquid funds, trade receivables and other receivables with fixed or definable payments which are not listed on 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 substantive 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 were carried out between the valuation categories in fiscal year 2014 or the reference period.

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

The financial liabilities held by MOLOGEN in fiscal year 2014 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.

For the subsequent valuation, other financial liabilities are valued in accordance with the effective interest rate method at amortized cost, whereby interest incurred is recorded at the effective interest rate, if applicable.

No reclassifications were carried out between the valuation categories in fiscal year 2014 or the reference period.

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

In principle, foreign currency liabilities are converted at the prevailing exchange rate as of the reporting date and any differences recognized in profit or loss.

Provisions (IAS 37) are liabilities which are uncertain, either in terms of their due date or their 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 fiscal year 2014 and the reference period are assessed on the basis of the amount that is expected to be reimbursed by or paid to the tax authority. The amount is calculated on the basis of the applicable tax rates and the tax laws in force at the time of the legal accrual.

Deferred taxes

Deferred taxes are recorded for the temporary differences between the commercial and tax balance sheets as of the reporting date. They are recognized in the amount of expected tax burden or relief in subsequent financial years. Tax credits are only reported if it is most probable that they will be realized (IAS 12.27). The calculation is based on the anticipated tax rates at the time of realization that are valid or legally adopted as of the reporting date. Tax assets and liabilities are only offset if the taxes can be netted in relation to one 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 which case, the tax is recorded directly under shareholders' equity. In fiscal year 2014 and the reference period no income taxes were recognized as expense, income or directly in shareholders' equity. Deferred tax assets were not recognized in view of significant uncertainties with respect 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, employees of the company (including management) receive **share-based payments** in the form of equity instruments (transaction with compensation through equity instruments). In contrast to prior years, the stock options program established in fiscal year 2013 includes a settlement option for MOLOGEN. 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 cash compensation does not exist and is not yet in sight. The stock options granted under the 2013 stock option program must therefore also be reported, in accordance with the regulations for share-based payments with settlement 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 (vesting period).

This period ends on the day of the first opportunity to exercise the option, meaning the date on which the relevant employee has an irrevocable subscription right. 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 on expiry of the vesting period. The amount that is recorded in the statement of comprehensive income reflects the development of the 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 as well as 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 which fees have been paid or received in advance are only 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.

Gains and losses resulting from foreign currency conversion are netted in accordance with IAS 1.35, because, as such, they are immaterial.

D. NOTES TO THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014

ASSETS

NON-CURRENT ASSETS

(1) Property, plant and equipment

In fiscal year 2014, net value of property, plant and equipment increased by € 14 thousand from € 220 thousand in the prior year to € 234 thousand. Ordinary depreciation and amortization was counterbalanced by investments amounting to € 86 thousand (previous year: € 121 thousand).

The development of property, plant and equipment is part of the statement of changes in fixed assets (as shown on page 50).

(2) Intangible assets

In fiscal year 2014, the value of intangible assets in the statement of financial position decreased by € 31 thousand to € 206 thousand (previous year: € 237 thousand). Intangible assets comprised other rights (book value: € 172 thousand; previous year: € 197 thousand) and software (book value: € 34 thousand; previous year: € 40 thousand).

In fiscal year 2014, there was no unscheduled depreciation and amortization of intangible assets (previous year: € 671 thousand).

Ordinary depreciation and amortization was counterbalanced by investments amounting to € 7 thousand (previous year: € 25 thousand).

The development of intangible assets is part of the statement of changes in fixed assets (as shown on page 50).

Research and development

The resources available to the company are primarily used directly on research and development projects. In fiscal year 2014, expenses for this area amounted to € 13.3 million (previous year: € 7.9 million). As in the prior year, no development costs subject to mandatory capitalization as defined in IAS 38 were incurred.

(3) Other non-current assets

Other non-current assets amounted to € 0 thousand (previous year: € 0 thousand). In fiscal year 2014, no value adjustments were carried out on other non-current assets (previous year: € 3 thousand).

CURRENT ASSETS

(4) Cash and cash equivalents

In principle, liquid funds comprise cash holdings and bank deposits with a remaining term of less than three months. Current bank balances yield variable rates of interest. As of December 31, 2014, there were no fixed-term deposits with a maturity of more than three months (previous year: € 6,000 thousand). As of the reporting date, liquid funds amounted to € 13,563 thousand (previous year: € 14,765 thousand). This is calculated on the nominal value of the holdings in euro as well as the value of a foreign currency account converted based on the exchange rate on December 31, 2014.

(5) Trade receivables

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

As of December 31, 2014, there are no trade receivables (previous year: € 0 thousand).

IN € '000			PAST DUE, BUT NOT IMPAIRED (PARTS OF) RECEIVABLES			
	Total	Neither past due nor impaired	< 30 days	30–90 days	90–365 days	> 365 days
Dec. 31, 2014	**0**	**0**	**0**	**0**	**0**	**0**
Dec. 31, 2013	**0**	**0**	**0**	**0**	**0**	**0**

As of December 31, 2014, value adjustments on trade receivables amounting to € 60 thousand (previous year: € 60 thousand) were reported.

In fiscal year 2014, no value adjustments were made on trade receivables (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 totaling € 30 thousand (previous year: € 33 thousand). Inventories are not subject to any disposition or pledging restrictions.

(7) Other current assets and income tax receivables

IN € '000

	Dec. 31, 2014	Dec. 31, 2013
Income tax receivables	13	7
Tax reimbursements from VAT	116	215
Other receivables and assets	891	460
	1,020	**682**

Income tax receivables include corporate tax reimbursements (including solidarity surcharge) for the years 2013 and 2014.

The amounts referred to under the tax 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.

Other receivables comprise advance payments of € 498 thousand for services in connection with the conducting of clinical trials (previous year: € 0 thousand). No advance payments for raw materials required for the production of clinical test material were reported under other receivables (previous year: € 220 thousand). This item also includes a prepayment of € 116 thousand (previous year: € 65 thousand), which has been made to the MOLOGEN Foundation Institute of Molecular Biology and Bioinformatics as part of the cooperation with the Free University of Berlin.

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

No other receivables were derecognized (previous year: € 0 thousand).

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

EQUITY AND LIABILITIES

NON-CURRENT LIABILITIES

(8) Deferred income

The reported deferred income of € 8 thousand relates to government grants for assets (previous year: € 10 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 12 months.

Composition of current liabilities:

IN € '000

	Dec. 31, 2014	Dec. 31, 2013
Trade payables	1,315	554
Liabilities from income and church tax	161	83
Liabilities to banks	10	19
Other liabilities	261	287
	1,747	**943**

SHAREHOLDERS' EQUITY

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

(10) Issued capital

MOLOGEN's share capital of €16,973,626, which is divided into 16,973,626 no-par bearer shares, each with a notional share of € 1.00 in the share capital, is reported as issued capital.

MOLOGEN implemented the following share capital-related measures in fiscal year 2014:

A capital increase against cash contributions resolved in February 2014 by the Executive Board with the approval of the Supervisory Board was registered in the relevant Commercial Register on February 10, 2014. As of the date of entry, MOLOGEN's share capital increased by € 1,541,244, from € 15,419,512 to € 16,960,756 and is divided into the same number of no-par bearer shares. The 1,541,244 new shares were placed at an issue price of € 10.20 per share. Gross proceeds from the issue totaled € 15.7 million.

During the reporting period, a total of 12,870 pre-emptive shares were issued from the 2009 conditional capital resolved by the Annual General Meeting on May 19, 2009. The share capital thereby increased by € 12,870, from € 16,960,756 to € 16,973,626. The company received gross funds amounting to approximately € 93 thousand. The issuance of these pre-emptive shares was registered in the relevant Commercial Register in February 2015.

Authorized and conditional capital

The resolutions of the Annual General Meeting of August 13, 2014 were registered in the relevant Commercial Register on October 14, 2014. This resulted in subsequent changes to the authorized and conditional capital.

The Annual General Meeting of August 13, 2014 authorized the Executive Board to cancel the existing authorized capital 2013, which existed after partial utilization in the amount of € 6,164,980, and to create a new authorized capital 2014. The Executive Board is authorized to increase the share capital of the company up to August 12, 2019, with the consent of the Supervisory Board, by issuing new no-par value bearer shares for cash and/or contributions in kind on one or more occasions, but to a maximum amount of € 8,486,813 (authorized capital 2014) and to determine in accordance with Section 23 Para. 2 of the Articles of Association a start date for profit participation deviating from the law. The shareholders are, in principle, to be granted subscription rights. The new shares may also be acquired by a financial institution or consortium of financial institutions specified by the Executive Board with the obligation that they are then offered to shareholders for subscription (indirect subscription right).

The Executive Board is further authorized in certain cases and with the approval of the Supervisory Board in each case to exclude the subscription right of the shareholders one or more times

a) as far as this is necessary to eliminate fractional amounts;
b) as far as it is necessary to grant the holders of option 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 they would have had on exercising the option and/or conversion right or in fulfillment of the conversion obligation as shareholder;
c) as far as the new shares are issued against contributions in cash and the share capital which is arithmetically attributable to the shares issued does not exceed a total of 10% of the share capital neither at the time at which this authorization takes effect or at the time at which it is exercised ("maximum amount") and the issue price of the newly issued shares does not fall more than 3% below the volume-weighted average stock market price of the company shares of the same class that are already listed and quoted on the XETRA trading system (or on a functionally comparable successor system that replaces the XETRA system) on the Frankfurt Stock Exchange over the last five trading days prior to the day on which the Executive Board adopts the resolution; or
d) as far as the new shares are issued against contributions in kind, particularly in the form of companies, company divisions, investments in companies, claims or other assets that are beneficial or useful for the company's business operations (such as, for example, patents, licenses, copyright terms of use and exploitation rights and other intellectual property rights).

Shares should be included in the maximum amount according to Section 4 Para. 3 c) of the Articles of Association which (i) are sold or issued by the company 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 of the AktG or (ii) are issued or are to be issued for the servicing of bonds or participatory rights with conversion and/or option rights and/or a conversion obligation, if the bonds are issued during the term of such authorization under exclusion of the subscription rights in corresponding application of Section 186 Para. 3 Sentence 4 of the AktG. Inclusion of shares due to authorizations being exercised as specified in the preceding sentence (i) to issue new shares in accordance with Section 203 Para. 1 Sentence 1, Para. 2 Sentence 1 and Section 186 Para. 3 Sentence 4 of the AktG and/or (ii) for the sale of proprietary shares in accordance with Section 71 Para. 1 No. 8 and Section 186 Para. 3 Sentence 4 of the AktG and/or (iii) to issue convertible bonds and/or option bonds in accordance with Section 221 Para. 4 Sentence 2 and Section 186 Para. 3 Sentence 4 of the AktG will not take place with effect for the future if and insofar as the respective authorization(s), exercise of which resulted in the shares being included, is/are once again granted by the Annual General Meeting in accordance with the legal regulations.

The Executive Board is 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.

The Annual General Meeting of August 13, 2014 resolved to cancel in full the existing conditional capital for the amount of up to € 3,770,739 (conditional capital 2008) pursuant to Article 4 Para. 4 of the Articles of Association. Conditional capital 2014-1 was created in the amount of € 6,789,451, divided into 6,789,451 no-par shares. With the Supervisory Board's consent, the Executive Board was authorized to issue bearer convertible bonds and/or warrants attached to bonds and profit sharing certificates and/or profit-sharing bonds (or a combination of these instruments), (referred to as "promissory notes"), with or without any maturity restrictions for the period up to August 12, 2019.

By resolution of the Annual General Meeting on August 13, 2014, conditional capital 2014-2 was created in the amount of € 176,051, divided into 176,051 no-par shares. Conditional capital 2014-2 serves to grant stock options to members of the company's Executive Board, to members of the management of any associated companies and employees of the company and any associated companies.

The complete wording of the resolutions has been replicated in the invitation to the Annual General Meeting, which was published in the Federal Gazette (Bundesanzeiger) on July 3, 2014.

The company has the following **authorized and conditional capital** as of December 31, 2014:

IN €

	Dec. 31, 2014	Dec. 31, 2013	CHANGE
Authorized capital	8,486,813	7,706,224	780,589
Conditional capital 2008	cancelled	3,770,739	-3,770,739
Conditional capital 2009	134,861	147,731	-12,870
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
Conditional capital 2014-1	6,789,451	—	6,789,451
Conditional capital 2014-2	176,051	—	176,051

Conditional capitals 2009, 2010, 2011 and 2012 are used to grant convertible bonds and/or subscription rights without issue of bonds to Executive Board members and company employees 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 will only be carried out insofar as the holders of the convertible bonds and/or options issued by the company exercise their conversion or subscription rights. If issued through the exercise of conversion or subscription rights before the start of the company's Annual General Meeting, the new shares participate in the profits from the start of the prior financial year, or otherwise from the start of the financial year in which they were issued through the exercise of conversion or subscription rights.

Conditional capital 2014-1 is to be used for granting no-par bearer shares to the holders or creditors of convertible bonds or bonds with warrants attached, profit-sharing certificates and/or profit-sharing bonds (or a combination of these instruments) which are issued by the company or group companies under the management of the company as authorized pursuant to the resolution of the Annual General Meeting on August 13, 2014 under agenda item 7 b), and which give option or conversion rights to new no-par bearer shares of the company and/or determine a conversion obligation or preemptive tender right and to the extent that the issuance of shares is against contributions in cash. The conditional capital increase shall only be carried out to the extent that holders or creditors exercise their option or conversion rights, or holders or creditors with a conversion obligation meet their conversion obligations, or servicing of shares occurs due to substitution rights of a company, or no own shares or new shares issued under authorized capital are used for this purpose. If issued through the exercise of conversion or subscription rights before the start of the company's Annual General Meeting, the new shares participate in the profits from the start of the previous financial year, or otherwise from the start of the financial year in which they were issued through the exercise of conversion or subscription rights. With the Supervisory Board's consent, the Executive Board is thereby authorized to determine the further details of the conditional capital increase.

Conditional capital 2013 and 2014-2 is used exclusively to grant rights to the holders of stock options (Executive Board members and company employees) based on the resolution by the Annual General Meetings of July 16, 2013 and August 13, 2014. The conditional capital increase will only be carried out insofar as the holders of the stock rights and the company exercise their subscription rights and the company does not fulfill the stock options by supplying proprietary shares or by cash payment. If issued through the exercise of subscription rights before the start of the company's Annual General Meeting, the new shares participate in the profits from the start of the prior financial year, or otherwise from the start of the financial year in which they were issued through the exercise of conversion or subscription rights.

(11) Capital reserves

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

In fiscal year 2014, capital reserves increased by € 14,260 thousand as a result of the capital increases from authorized capital and the issuance of these pre-emptive shares from conditional capital 2009. In accordance with IAS 32.37, the costs accruing for equity procurement in the amount of € 1,318 thousand (previous year: € 43 thousand) were recorded in capital reserves, which thereby increased by a total of € 12,942 thousand.

The application of IFRS 2, share-based payment, resulted in the transfer of € 896 thousand to capital reserves (previous year: € 909 thousand). Please refer to Section 16 of the present Notes.

IN € '000

	Dec. 31, 2014	Dec. 31, 2013
Capital reserves	80,379	66,119
Employee remuneration through equity instruments	6,373	5,477
Costs of equity procurement	-6,193	-4,875
	80,559	**66,721**

(12) Accumulated deficit

The accumulated deficit includes a loss carried forward of € 67,157 thousand (previous year: € 56,329 thousand).

E. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

(13) Revenues

Revenues from goods and services in the amount of € 12 thousand (previous year: € 227 thousand) resulting from domestic business. These are in part due to one-off effects and are therefore subject to fluctuations.

(14) Other operating income

IN € '000

	2014	2013
Income from other accounting periods	0	4
Remaining other operating income	12	6
	12	**10**

(15) Cost of materials

IN € '000

	2014	2013
Costs of raw materials, supplies and goods	1,086	791
Costs of purchased services	7,601	2,113
	8,687	**2,904**

The cost of materials increased in fiscal year 2014 compared to the prior financial year. Raw material, supplies and goods as well as external services were obtained for the preparation and implementation of IMPULSE and IMPALA studies, which were not incurred to such an extent in fiscal year 2013.

Changes in inventory amounting to € 3 thousand (previous year: € -12 thousand) are included under expenses for raw material, supplies and goods.

(16) Personnel expenses

IN € '000

	2014	2013
Wages and salaries	3,730	3,031
Social insurance contributions	487	424
Stock options granted (according to IFRS 2)	896	909
	5,113	**4,364**

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

The social insurance contribution includes expenses for defined contributions plans amounting to € 27 thousand (previous year: € 20 thousand). Expenses of € 5 thousand are attributable to a member of the Executive Board (previous year: € 5 thousand).

The average number of people employed at MOLOGEN over the year was 54 (excluding the Executive Board or employees on parental leave) (previous year: 51). Thereof, 47 employees worked in the research and development department and 7 employees worked in the administration.

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

	Dec. 31, 2014	Dec. 31, 2013
Executive Board	3	3
Research and development department (R&D)	48	48
Administration	9	7
	60	**58**

(17) Depreciation and amortization

Scheduled depreciation and amortization are reported under depreciation and amortization of intangible assets and property, plant and equipment. In fiscal year 2014, no unscheduled depreciation and amortization was carried out (previous year: € 671 thousand on intangible assets).

IN € '000

	2014	2013
Intangible assets	38	935
Property, plant and equipment	72	79
	110	**1,014**

(18) Other operating expenses

IN € '000

	2014	2013
Legal and consulting costs	749	664
Travel costs	591	360
Administration costs	439	316
Marketing/Investor Relations	335	192
Patent costs	262	371
Cost of premises	208	204
Maintenance costs	125	99
Ancillary personnel costs	80	133
Remaining other operating expenses	422	474
	3,211	**2,813**

Remaining other operating expenses include research costs, which are accrued within the cooperation with the Free University of Berlin in the amount of € 378 thousand (previous year: € 389 thousand).

In fiscal year 2014, auditors' fees for the audit of the financial statements amounting to € 45 thousand (thereof € 6 thousand for previous year), other assurance services totaling € 10 thousand and other services of € 39 thousand were incurred.

(19) Finance expenses and finance income

IN € '000

	2014	2013
Financial expenses		
Other interest expenses	**0**	**1**
Financial income		
Interest on financial assets	**19**	**31**

(20) Tax result

Current tax assets and tax liabilities

No income taxes were reported in fiscal year 2014 and the reference period.

Deferred taxes

Under German law, MOLOGEN can offset its corporate tax losses carried forward of € 91.0 million (previous year: € 73.4 million) and trade tax losses carried forward of € 89.2 million (previous year: € 71.6 million) against future taxable income. However, there is

uncertainty about future offsetting possibilities because the future earning capacity is difficult to predict. As a result, deferred tax liabilities have not been reported.

Composition of deferred taxes and their respective value adjustments:

IN € '000

BALANCE SHEET ITEM/LOSS CARRIED FORWARD	DIFFERENCE	DEFERRED TAXES BEFORE VALUE ADJUSTMENT	VALUE ADJUSTMENT	DEFERRED TAXES AFTER VALUE ADJUSTMENT
Dec. 31, 2013				
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**
Balance deferred taxes as of Dec. 31, 2013		**21,893**	**-21,893**	**0**
Dec. 31, 2014				
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		27,190	-27,190	0
Total deferred tax assets		**27,190**	**-27,190**	**0**
Balance deferred taxes as of Dec. 31, 2014		**27,190**	**-27,190**	**0**

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

Offsetting and reconciliation statement of expected and actual tax result:

IN € '000

	2014	2013
Profit (loss) before tax	-17,078	-10,828
Expected tax expenses (+)/income (-)	-5,154	-3,270
Tax effects of expenses that are not tax deductible and income with no tax effect	-143	316
Change of value adjustment on deferred taxes	5,297	2,954
Actual tax expenses (+)/income (-)	**0**	**0**

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

(21) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the earnings attributable to the bearers of ordinary shares by the weighted average number of ordinary shares in circulation during the financial year.

Diluted earnings per share are calculated by dividing the earnings attributable to the bearers of ordinary shares by the weighted average number of ordinary shares in circulation during the financial year plus the weighted average number of ordinary shares that would result from the conversion of all potential ordinary shares with dilution effect into ordinary shares.

IN € '000

	2014	2013
Earnings attributable to ordinary shareholders in the company (€ '000)	-17,078	-10,828
Weighted average number of ordinary shares for calculating basic earnings per share (thousands)	16,795	15,415
Dilution effect from the issuance of stock options (thousands)	0	0
Weighted average number of ordinary shares including dilution effect (thousands)	16,795	15,415
Basic EPS in €	-1.02	-0.70
Diluted EPS in €	—	—

There was no dilution effect within the meaning of IAS 33.41 ff. for stock options granted in prior years or fiscal year 2014.

(22) Notes to the statement of cash flows

The statement of cash flows shows how MOLOGEN's liquid funds changed as a result of cash inflows and outflows over the course of the financial year. In accordance with IAS 7, distinctions are made between cash flows from operating, investing and financing activities.

Please refer to comments in Sections C and D "liquid funds" of the present Notes for details on the division of liquid funds into cash and cash equivalents and fixed term deposits with a term of more than three months.

Income tax amounting to € 6 thousand was paid in fiscal year 2014 (previous year: € 7 thousand). MOLOGEN did not receive an income tax reimbursement in fiscal year 2014 (previous year: € 44 thousand).

Cash flows from operating activities include interest income affecting cash flow in the amount of € 22 thousand (previous year: € 28 thousand). Interest was paid in the amount of € 0.5 thousand (previous year: € 1 thousand).

F. NOTES ON EMPLOYEE PARTICIPATION PROGRAMS

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

CONTRACTUAL TERMS AND CONDITIONS OF THE STOCK OPTION PROGRAMS (SOP)

The following provides a summary of the contractual terms and conditions on the basis of which beneficiaries may exercise the granted stock options.

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.

Beneficiaries

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 granting to the beneficiary (SOP 2010, SOP 2011, SOP 2012 and SOP 2013).

Exercise periods

On expiry of the vesting periods, the stock options can only be exercised within a period of four weeks after the release of the latest quarterly, half-year or respective 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) on XETRA trading or a comparable successor system (SOP 2011, SOP 2012 and SOP 2013) on the Frankfurt Stock Exchange or after reconfiguration of the market segments in the trading segment of the stock exchange on 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 closings 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 on 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 on 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). The performance target is 13% above the strike price for the fourth year 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 closings 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 on 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 on 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). The performance target is 19% above the strike price for the sixth year 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 on 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 on 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 on 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 on 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: by at least 30% above the strike price in the fifth year after issue/allocation, by at least 35% in the sixth year and by at least 40% in the seventh year.

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 deemed to have been achieved if, within the exercise of employee options, the average stock exchange price of the company's shares (arithmetic mean of the closing prices on 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 deemed to have been achieved if the share price of the company has outperformed the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchange. For the required comparative calculation, the following respective reference values (100%) 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 on 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 the respective exercise based on the respective reference values must have outperformed the DAXsubsector Biotechnology (Performance) in percentage terms. 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 is terminated or significantly altered in terms of its composition during the term of the employee option program or the employee options which have been issued under it, it shall be replaced by another index, the composition of which comes closest to the DAXsubsector Biotechnology (Performance) of the Frankfurt Stock Exchanged 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 as at the date of granting. The conditions under which the options were granted are taken into account. The fair values of the stock option programs 2010a, 2010b, 2011, 2012a and 2012b were identified using a Monte Carlo simulation program. The fair values of the stock option program 2013 were 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", "b" and "c".

The following table shows the underlying parameters of the valuation:

	STOCK OPTION PROGRAMS			
Parameters	**2010a**	**2010b**	**2011**	**2012a**
Dividend yield (%)	0.00	0.00	0.00	0.00
Expected volatility (%)	51.07	47.67	44.00	41.41
Risk-free interest rate (%)	1.70	2.48	1.44	0.74
Anticipated option life (years)	5.50	5.50	5.50	5.50
Share price on date of issuance (€)	8.55	8.49	7.13	12.95

	STOCK OPTION PROGRAMS			
Parameters	**2012b**	**2013a**	**2013b**	**2013c**
Dividend yield (%)	0.00	0.00	0.00	0.00
Expected volatility (%)	40.70	39.91	40.75	42.09
Risk-free interest rate (%)	0.53	0.86	0.82	0.82
Anticipated option life (years)	5.50	5.50	5.50	5.50
Share price on date of issuance (€)	14.15	12.57	10.80	7.75
Expected volatility of DAXsubsector Biotechnology index (%)	(not applicable)	20.07	18.58	18.45

The respective expected term of the stock options was set based on past experience. These assumptions do not necessarily correspond to the actual exercise behavior of the beneficiaries.

The volatility taken into account is based on the assumption that historical volatilities can be used to predict future trends. This is based on the historical volatility of a period corresponding to the anticipated term of the stock options. The volatility that actually occurs may therefore differ from the assumptions.

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

The company currently does not pay out dividends to its shareholders. No assumption has been made of a change in dividend policy occurring during the term of the stock options. 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 the by the Executive Board. The issue of stock options to members of the Executive Board is carried out the by the Supervisory Board. In the current financial year, 18,100 stock options have been issued to beneficiaries (previous year: 201,219). As of December 31, 2014, 319,098 stock options had not yet been allocated (previous year: 167,932).

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

	2014		2013	
	WAEP per stock option (€)	Stock options (units)	WAEP per stock option (€)	Stock options (units)
As of January 1	9.20	1,291,888	8.68	1,118,707
Granted[a]	10.93	18,100	12.05	201,219
Forfeited	9.88	34,600	9.23	20,975
Exercised[b]	7.23	12,870	7.23	7,063
Expired	7.22	125,110	—	0
As of December 31	9.45	1,137,408	9.20	1,291,888
Exercisable as of December 31[c]	8.93	498,994	7.22	137,980

(a) The weighted average fair value of the stock options granted in the financial year amounted to € 3.79 per option (previous year: € 4.86).
(b) The weighted average share price at the time of exercising the stock option amounted to €10.88 in the financial year.
(c) This only takes into account whether the vesting period of the stock options has already expired. All other contractual conditions, such as, for example, fulfillment of the performance targets, are disregarded.

The weighted average remaining contractual term of the stock options outstanding as at December 31, 2014 is 3.79 years (December 31, 2013: 4.33 years). The exercise prices for the options outstanding at the end of the reporting period range between € 7.49 and € 13.91 (previous year: € 6.95 and € 13.91).

G. OTHER FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES

For fiscal year 2015, other financial liabilities resulting from lease agreements total € 99 thousand. MOLOGEN has other financial liabilities requiring disclosure in the amount of € 5,795 thousand for 2015 and for € 15,872 thousand beyond 2015.

There were no contingent liabilities as defined in IAS 37 as of December 31, 2014.

H. NOTES ON THE TYPE AND MANAGEMENT OF FINANCIAL RISKS

1. FINANCIAL RISK MANAGEMENT

MOLOGEN has a risk management 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, whereby these risks arise from default, liquidity and foreign exchange rate risk. Interest rate and other price risks do not exist, because the main financial instruments used by the company include trade receivables and trade payables and cash.

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 with regard to assets, liabilities and planned transactions:

Default risks

MOLOGEN is exposed to a default risk arising from its operating activities. Accounts receivable are monitored on an ongoing basis. Default risks are taken into account by specific provisions (cf. D (5)). Collective value adjustments have not been made.

The company has not taken up any loans or issued any financial guarantees.

Liquidity risks

The company monitors the risk of a possible liquidity bottleneck on an ongoing basis. It monitors the maturities of financial assets (e.g. receivables) and liabilities as well as expected cash flow from operating activity. Should it become necessary, certain cost-intensive activities and projects can be temporarily discontinued in order to reduce the outflow of funds. In particular, this is ensured by conclusion of service contracts that can be cancelled in the short-term for the IMPALA and IMPULSE clinical trials that commenced in fiscal year 2014.

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

Interest rate risks

The risk of fluctuations in market interest rates does not exist to the extent that the company has no current or non-current financial assets liabilities which are subject to variable interest rates.

In principle, cash and cash equivalents which are not required are invested as fixed-term deposits for a period of three months at the current market interest rate. Changes in interest rate levels therefore affect the amount of interest income.

Exchange rate risks

MOLOGEN currently only employs financial instruments held in foreign currencies to a very limited extent. The exchange rate risk is therefore classified as very low.

Other price risks

There are no other price risks.

3. CATEGORIES OF FINANCIAL INSTRUMENTS

IN € '000		
	Dec. 31, 2014	**Dec. 31, 2013**
Financial assets		
Loans and receivables valued at amortized cost		
Trade receivables	0	0
Liquid funds	13,563	14,765
Other financial assets	891	460
Financial liabilities		
Valued at amortized cost		
Liabilities to banks	10	19
Trade payables	1,315	554
Other financial liabilities	422	370

The book values of the financial assets and 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".

New classifications or reclassifications were not carried out in the reporting year or reference period.

In fiscal year 2014, losses resulting from foreign currency conversion of € 2 thousand were reported (previous year: gains of € 2 thousand).

Development of impairments on financial instruments:

IN € '000

	IMPAIRMENT ON			
	Financial assets	Trade receivables	Other financial assets	Total
As of January 1, 2013	**0**	**60**	**0**	**60**
Increase/decrease of impairments recognized in the income statement	0	0	3	3
Use of reported impairments	0	0	0	0
As of December 31, 2013	**0**	**60**	**3**	**63**
Increase/decrease of impairments recognized in the income statement	0	0	0	0
Consumption of reported impairments	0	0	0	0
As of December 31, 2014	**0**	**60**	**3**	**63**

I. INFORMATION ON AFFILIATED PERSONS AND COMPANIES

EXECUTIVE BOARD

1. Executive Board members of MOLOGEN in fiscal year 2014:

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

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

Jörg Petraß, Chief Financial Officer, Berlin, Germany
(since February 1, 2007; appointed until December 31, 2015)

2. Remuneration structure of the Executive Board

Fixed and performance-based remuneration components
Executive Board members receive a fixed remuneration component, which is paid out in monthly installments, and a performance-based remuneration component, which is only paid out when defined performance targets are met.

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

IN € '000

		Dr. M. Schroff	Dr. A. Zurlo	J. Petraß	Total
Fixed remuneration	**2014**	**255**	**230**	**250**	**735**
	2013	255	172	250	677
Performance-based remuneration	**2014**	**279**	**228**	**279**	**786**
	2013	144	94	144	382
Other remuneration	**2014**	**2**	**0**	**0**	**2**
	2013	7	0	0	7
Total directly paid remuneration	**2014**	**536**	**458**	**529**	**1,523**
	2013	406	266	394	1,066

Granted inventor's compensation is reported under other remuneration.

Remuneration components with a long-term incentive effect

In fiscal year 2014, members of the Executive Board were allocated stock options as remuneration components with a long-term incentive effect. These stock options were valued at fair value on the date of issue.

The following table shows the pro rata amounts of the fair values of remuneration components with a long-term incentive effect:

		Dr. M. Schroff	Dr. A. Zurlo	J. Petraß	Total
Issued subscription rights (units)	**2014**	**0**	**0**	**0**	**0**
	2013	0	33,694	0	33,694
Fair value of issued subscription rights on issuance (€ '000)	**2014**	**0**	**0**	**0**	**0**
	2013	0	174	0	174
Total personnel expenses from stock options in each financial year (€ '000)	**2014**	**117**	**43**	**117**	**277**
	2013	146	32	146	324

No stock options were exercised in fiscal year 2014 or 2013.

Payments in the event of premature termination of the employment relationship

In the event of 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 Jörg Petraß receiving a severance payment of twice the fixed annual remuneration (annual remuneration: Dr. Matthias Schroff € 250 thousand; Jörg Petraß € 250 thousand; Dr. Alfredo Zurlo € 230 thousand) as well as all variable remuneration components attained up to this point in time(Dr. Matthias Schroff: max. € 360 thousand p.a.; Jörg Petraß: max. € 360 thousand p.a.; Dr. Alfredo Zurlo: max. € 120 thousand p.a.) plus the maximum total annual variable remuneration components attainable during the original remaining term of the contract discounted by 5% p.a.

It is irrelevant whether the contract was terminated by the company or by mutual agreement. The contract must be terminated within six months of the notification of a change of control.

In the event of a premature termination of the service contract by the Supervisory Board or a premature termination of the contract by mutual agreement, each Executive Board member receives remuneration in the amount of one-and-a-half 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 of the body for other important reasons.

Other

No Executive Board member has been promised or granted payments by third parties in relation to their Executive Board activities in the past financial year.

3. Shares and stock options of Executive Board members

The following table provides an overview of shares and stock options held by Executive Board members as of December 31, 2014:

IN UNITS

	SHARES		STOCK OPTIONS	
	Dec. 31, 2014	**Dec. 31, 2013**	**Dec. 31, 2014**	**Dec. 31, 2013**
Dr. Matthias Schroff	7,730	5,430	152,281	195,911
Dr. Alfredo Zurlo	3,200	0	33,694	33,694
Jörg Petraß	13,500	9,400	152,281	195,911

INFORMATION ON THE SUPERVISORY BOARD

1. SUPERVISORY BOARD MEMBERS OF MOLOGEN IN FISCAL YEAR 2014

Oliver Krautscheid, Dipl.-Kfm., independent corporate consultant, Frankfurt am Main, Germany (Chairman and member of the Supervisory Board since August 13, 2014)
Member of the following other statutorily mandated supervisory boards and comparable domestic and foreign supervisory committees of business enterprises:
CD Deutsche Eigenheim AG, Berlin (formerly DESIGN Bau AG, Kiel) Germany (Chairman of the Supervisory Board)
EASY SOFTWARE AG, Mülheim an der Ruhr, Germany
(Chairman of the Supervisory Board)
EPG (Engineered nanoProducts Germany) AG, Griesheim, Germany
(Chairman of the Supervisory Board)
Heliocentris Energy Solutions AG, Berlin, Germany
(member of the Supervisory Board)

Dr. med. Stefan M. Manth, independent expert and consultant for pharmaceutical and biotechnology companies, Basel, Switzerland (Deputy Chairman and member of the Supervisory Board since August 13, 2014)
Member of the following other statutorily mandated supervisory boards and comparable domestic and foreign supervisory committees of business enterprises:
Cardiorentis AG, Zug, Switzerland (member of the Board of Directors)

Susanne Klimek, business woman, Munich, Germany
Not a member of other statutorily mandated supervisory boards and comparable domestic and foreign supervisory committees of business enterprises

Gregor Kunz, Auditor, Tax Consultant, Berlin, Germany
(Chairman and member of the Supervisory Board up to August 13, 2014)
Member of the following other statutorily mandated supervisory boards and comparable domestic and foreign supervisory committees of business enterprises:
PS Vermögensverwaltungs KGaA, Dresden
(Chairman of the Supervisory Board)
Konsumgenossenschaft Berlin und Umgegend eG, Berlin
(member of the Supervisory Board)
Berliner Volksbank eG, Berlin (member of the Advisory Board)
DIM Deutsche Fonds Management GmbH, Berlin, formerly: GESTRIM Deutsche Fonds Management GmbH, Berlin
(member of the Advisory Board)
FBLK Immobilien Invest GmbH & Co. KG, Berlin
(member of the Advisory Board)

Stefan ten Doornkaat, Specialist Lawyer in tax law, Düsseldorf, Germany
(Deputy Chairman and member of the Supervisory Board up to August 13, 2014)
Member of the following other statutorily mandated supervisory boards and comparable domestic and foreign supervisory committees of business enterprises:
EASY SOFTWARE AG, Mülheim an der Ruhr
(member of the Supervisory Board)
Marcus Sühling AG – Der Werte Werte Investor, Cologne
(member of the Supervisory Board up to February 12, 2014)

2. REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of Supervisory Board members is defined in Article 14 of Mologen AG's Articles of Association. Supervisory Board members receive annual fixed remuneration amounting to € 20,000, as well as an attendance fee of € 1,000 for each meeting which they attend in person.

Each member of the Supervisory Board receives performance-based variable remuneration for each full € 0.01 by which the earnings per share (EPS) of the company declared for the year for which the remuneration is being paid exceeds the minimum EPS in the individual annual financial statements, prepared in accordance with the provisions of Section 325 Para. 2a of the HGB. The minimum EPS for fiscal year 2010 amounted to € 0.05, and shall increase by € 0.01 for each subsequent financial year. The performance-based variable remuneration totals € 1,000.00 per full € 0.01 EPS and is limited to a maximum value of € 20,000.00.

As the conditions for performance-based variable remuneration had not been fulfilled as of December 31, 2014, no performance-based variable remuneration payments will be made for fiscal year 2014.

In each case, the chairman receives twice this amount. Supervisory Board members who did not complete a full financial year in this capacity receive fixed and performance-based variable remuneration on a pro rata temporis basis in accordance with their length of service on the Supervisory Board.

Supervisory Board members will be reimbursed for all expenses as well as for any potential value added tax payable on their remuneration and expenses.

In fiscal year 2014, Supervisory Board remuneration amounted to € 80 thousand (previous year: € 80 thousand). In addition, the attendance fees totaled € 47 thousand (previous year: € 40 thousand).

The following remuneration has been granted to each member of the Supervisory Board in fiscal year 2014:

IN € '000

	REMUNERATION	ATTENDANCE FEES	TOTAL
Oliver Krautscheid (since August 13, 2014)	15	14	29
Dr. med. Stefan M. Manth (since August 13, 2014)	8	7	15
Susanne Klimek	20	12	32
Gregor Kunz (up to August 13, 2014)	25	10	35
Stefan ten Doornkaat (up to August 13, 2014)	12	4	16
Total	**80**	**47**	**127**

3. SHAREHOLDINGS OF SUPERVISORY BOARD MEMBERS

The following table provides an overview of shareholdings held by Supervisory Board members as of December 31, 2014. The Supervisory Board does not hold any stock options.

IN UNITS

	SHARES	
	Dec. 31, 2014	**Dec. 31, 2013**
Oliver Krautscheid	0	0
Dr. Stefan M. Manth	2,430	2,430
Susanne Klimek	1,000	1,000

J. OTHER INFORMATION

INFORMATION ON SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF DECEMBER 31, 2014

The Executive Board of MOLOGEN resolved, with the approval of the Supervisory Board, to make partial use of the authorized share capital in accordance with Section 4 Para. 3 of the Articles of Association and to carry out a capital increase with subscription rights for the shareholders. The issue of up to 5,657,875 new shares is intended to raise share capital from € 17.0 million to up to € 22.6 million. The anticipated substantial funds raised through the capital increase are to further strengthen the equity base as well as fund the company's research and development programs, especially in relation to the IMPALA and IMPULSE clinical studies and to fund ongoing business operations needed for this purpose. The dividend entitlement of the new shares applies from January 1, 2014.

K. EXECUTIVE BOARD DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

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

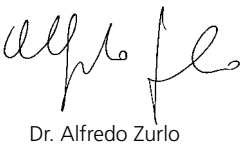
L. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Executive Board and released for publication on March 24, 2015.

Berlin, March 24, 2015

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 article 325 (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, 2014. 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 article 325 (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 Article 325 (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 article 324a HGB in conjunction with article 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 article 325 (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 article 325 (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 article 325 (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 article 325 (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 article 325 (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.

Without qualifying this opinion, we refer to the information included in the management report. The chapter "financial risks" states that the company's existence is threatened, if the Company does not succeed in raising sufficient cash flow from financing activities in the future.

Leipzig, March 24, 2015

Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft

Mario Hesse	Stefan Schmidt
German Public Auditor	German Public Auditor

Mologen AG, Berlin
Individual Annual Financial Statements prepared in accordance with article 325 (2a) HGB for the year ended December 31, 2014 – in accordance with IFRS as adopted by the EU – and Management Report for the financial year 2014

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the individual financial statements pursuant to § 325(2a) of the German Commercial Code according to IFRS as applied 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, March 24, 2015

Management Board Mologen AG

Dr. Matthias Schroff
Vorsitzender des Vorstands

Dr. Alfredo Zurlo
Chief Medical Officer

Jörg Petraß
Finanzvorstand

GLOSSARY

ADJUVANT
In pharmacology, this describes a pharmaceutical agent that aids or strengthens the effect of a drug.

ANALYSIS, EXPLORATIVE
Analysis of data for the purposes of defining a hypothesis.

ANTIBODIES
Large complex proteins produced by the immune system to identify and destroy foreign matters and pathogens.

ANTIGENS
Specific structures to which antibodies bind. Consequently the immune system gets activated.

ANTIGENS, TUMOR-ASSOCIATED (TAA)
Antigens in tumor cells or on their surface.

ASET
(Clinical trial to **A**ssess **S**afety and **E**fficacy of a **T**umor Vaccine) is a phase I/II, proof-of-principle, multi-center, open-label, single-arm, non-randomized clinical study with therapeutic vaccine MGN1601. The study examined the safety and tolerability of MGN1601 in patients with advanced renal cancer who had undergone intense previous treatment and had no standard treatment options available.

BIOMARKERS
Measurable cellular, molecular or genetic patient characteristics (e.g. blood values).

CHEMOTHERAPY
Inhibition of the growth of tumor cells by the use of chemical substances. The term usually refers to cytostatic chemotherapy, which means the use of drugs that inhibit cell division.

CLINICAL STUDY
Systematic study of humans with the objective of gaining knowledge about diagnostic procedures, treatment methods or drugs.

COMBINATION STUDY
Treatment of a disease with a specific compound/drug in combination with other drug(s).

CYTOKINES
Cytokines are cell signaling molecules that affect the behavior of other cells in the context of inflammation or infection.

EMA
Abbreviation for European Medicines Agency.

ENANDIM TECHNOLOGY
EnanDIM® (Enantiomeric, **D**NA-based, **I**mmuno**M**odulator) is an innovative DNA-based TLR9 agonist developed by MOLOGEN. In preclinical studies it shows a broad and comprehensive activation of the immune system.

EVENT
An occurrence, arising in patients or test subjects in the context of a clinical study investigating a particular drug. In the context of IMPALA and IMPULSE studies the event is defined as "death of the patient" (primary endpoint).

FIRST-LINE TREATMENT
Initial treatment commenced on diagnosis (generally for metastatic tumor indications). If this is not effective or loses its efficacy, a second-line treatment will be initiated.

IMMUNOMODULATOR
Substance that affects the immune system.

IMMUNE SYSTEM, ADAPTIVE
Specific (or 'induced') immune reaction specifically directed at certain pathogens or structures (antigens).

IMMUNE SYSTEM, INNATE
Unspecific or inherent immune reaction to combat foreign matter or pathogens.

IMMUNOTHERAPY
Treatment approach aimed at stimulating the immune system.

INFECTIOUS DISEASES
Diseases triggered by pathogen penetration or contact with micro-organisms.

INJECTION, SUBCUTANEOUS
Administering of drugs or vaccine into the fatty tissue under the skin.

MONOTHERAPY
Treatment of a disease with one therapy concept.

MOLECULAR MEDICINE
Interface between medicine and biochemistry relating to cellular and genetic research.

ONCOLOGY
The branch of science that deals with cancer.

ORPHAN DRUG
This describes a drug for the treatment of rare diseases. The development of such a drug is usually uneconomical and is therefore supported by the pharmaceutical authorities through means such as simplified approval processes and exclusive marketing rights for the developing company for a limited period of time.

OVERALL SURVIVAL
Time span between a defined time point, such as the start of a clinical study, and death.

PHASE I STUDY
Study investigating the safety and tolerability of a drug on healthy subjects and/or patients and ascertaining the appropriate dose ('dose finding'). Sometimes this is the 'first-in-man' study.

PHASE LL STUDY
Study investigation the safety, tolerability and efficacy of a drug in patients: verification of the treatment concept ('proof of concept').

RADIATION THERAPY
Also called radiotherapy, radiation therapy represents one of the traditional cancer treatments, whereby high-energy radiations are directed at the tumor.

STANDARD THERAPY
A recognized treatment method that is usually applied; its efficacy has been proven through prior therapy studies and clinical experience.

SWITCH MAINTENANCE THERAPY
A treatment which involves a switch of drugs or treatment concept. In the context of MOLOGEN studies IMPALA and IMPULSE, the switch takes place as part of the first-line treatment.

THERAPEUTIC VACCINATION
Vaccination to treat an already existing infection or an already present tumor.

TNF ALPHA
Tumor Necrosis Factor Alpha is a cell signaling substance of the immune system which, among other aspects, can induce cell death.

TLR (TOLL-LIKE RECEPTOR)
The TLR consists of a protein which can identify a series of components in pathogens such as fungi, viruses and bacteria, thereby triggering an activation of the immune system to inhibit such pathogens.

TLR9
TLR9 is one of 13 members of the TLR family. It recognizes specific DNA leading to innate immune activation.

VACCINATION
Vaccination, from the Latin vaccinus (originating in cows), originally described the procedure developed by Edward Jenner in 1796 to use cowpox viruses to vaccinate against smallpox. The term is generally used today to describe the activation of the immune system against certain cell structures (antigens). In the classic sense, this involves administering of vaccines (e.g. a weaker form of pathogen) in order to immunize the organism against disease-causing pathogens.

VECTOR
A transport or delivery vehicle which, for example, can transport DNA to cells.

FINANCIAL CALENDAR 2015

MARCH 25, 2015
Annual Financial Statements and Annual Report 2014

MAY 12, 2015
Quarterly Report as of March 31, 2015

AUGUST 13, 2015
Half-Year Report as of June 30, 2015

NOVEMBER 12, 2015
Quarterly Report as of September 31, 2015

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Die Hoffotografen GmbH, Berlin

This annual report is available on www.mologen.com.

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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