MEDIGENE AG
9-MONTHS REPORT 2013

medigene

Q3

Medigene's key figures

In € k	Q3 2013	Q3 2012	Change	9M 2013	9M 2012	Change
Income position						
Revenue Veregen®	959	829	16%	2,837	2,483	14%
thereof royalties	*646*	*510*	*27%*	*1,889*	*1,358*	*39%*
thereof revenue from supply chain	*181*	*292*	*-38%*	*735*	*517*	*42%*
thereof milestone payments	*132*	*27*	*>200%*	*213*	*608*	*-65%*
Other operating income	954	634	50%	2,284	2,276	0%
Total revenue	1,913	1,463	31%	5,121	4,759	8%
Total revenue before one-time effect	1,913	1,463	31%	5,121	4,369	17%
Cost of sales	-228	-361	-37%	-1,055	-775	36%
Gross profit	1,685	1,102	53%	4,066	3,984	2%
Selling, general and administrative expenses	-2,011	-1,872	7%	-5,616	-5,728	-2%
Research and development expenses	-1,673	-1,533	9%	-5,119	-5,169	-1%
Operating result	-1,999	-2,303	-13%	-6,669	-6,913	-4%
Income from revaluation of an investment	0	28	-	0	2,213	-
Net result for the period	-2,072	-2,388	-13%	-7,728	-167	>200%
Net result for the period before one-time effects	-2,072	-2,388	-13%	-7,728	-7,770	-1%
EBITDA	-1,815	-2,086	-13%	-6,106	-1,269	>200%
EBITDA before one-time effects	-1,815	-2,086	-13%	-6,106	-6,659	-8%
Earnings per share in €	-0.21	-0.26	-19%	-0.81	-0.02	>200%
Weighted average number of shares (basic and diluted)*)	9,872,139	9,270,690	6%	9,550,484	9,270,690	3%
Personnel expenses	-1,318	-1,382	-5%	-4,256	-4,236	0%
Cash flow statement						
Cash flow from operating activities	-3,322	-3,125	6%	-10,825	-4,391	147%
Cash flow from investing activities	-11	-45	-76%	-42	-223	-81%
Cash flow from financing activities	-14	0	-	2,378	14,094	-83%
Balance sheet data as at 30 September						
Cash and cash equivalents				11,655	22,243	-48%
Balance sheet total				54,077	64,488	-16%
Current liabilities				3,518	3,482	1%
Non-current liabilities				11,690	13,264	-12%
Shareholders' equity				38,869	47,742	-19%
Equity ratio in %				72	74	-3%
Employees as at 30 September				47	50	-6%
FTE as at 30 September				44	49	-11%
Medigene share as at 30 September						
Total number of shares outstanding*)				9,872,139	9,270,690	6%
Share price (XETRA closing price)*)				3.78	4.40	-14%

*) Adjusted to represent a comparable figure after the share capital reduction

Medigene's products and clinical projects

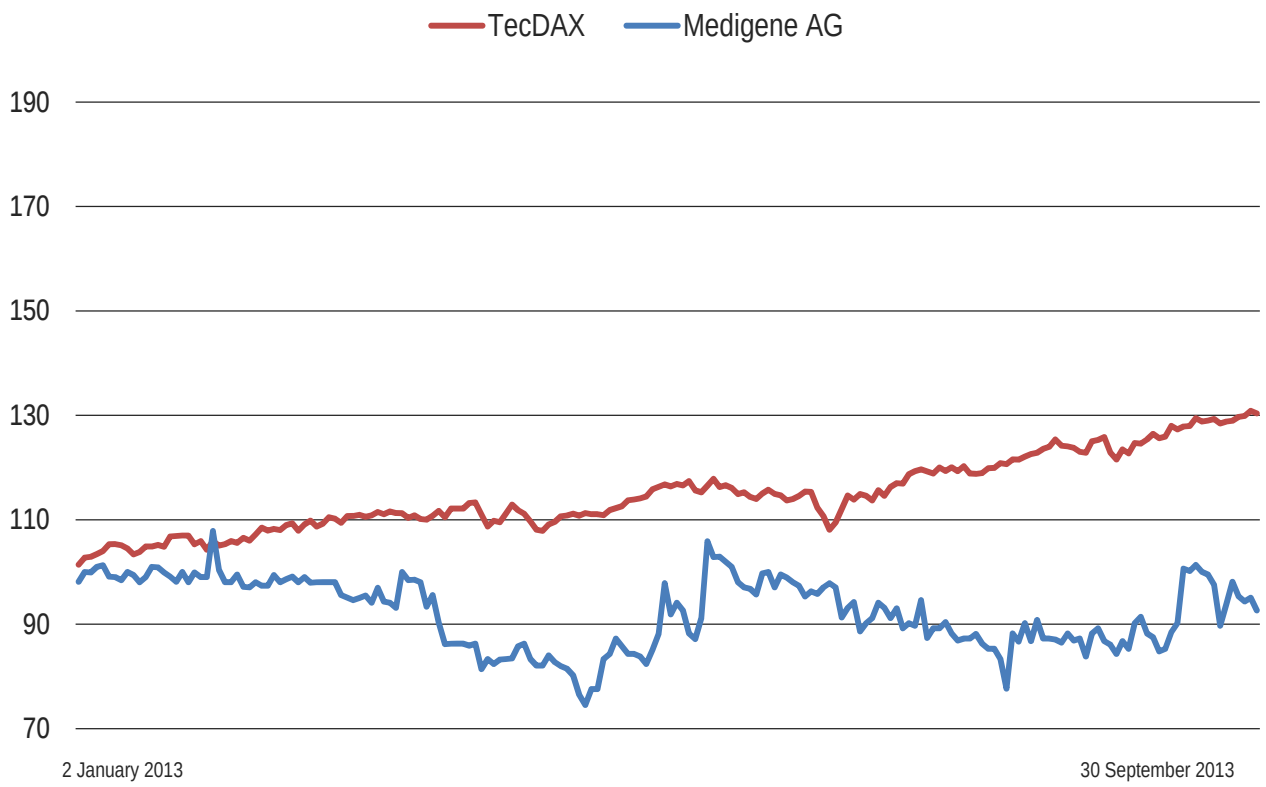
Product	Indication	Pre-clinic	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Market
Marketed drugs							
Veregen®	Genital warts						
Drugs in development							
EndoTAG®-1	Pancreatic cancer						
	Triple-negative breast cancer (TNBC)						
RhuDex®	Autoimmune diseases						
AAVLP	Vaccine candidates						
Chance of reaching the market*)		< 10 %	< 15 %	< 30 %	< 70 %	< 90 %	

*) Industrial average, estimates of Medigene AG

Content

Medigene's share price performance

(2 January 2013 €4.08*) indexed to 100)



*) Adjusted to represent a comparable figure after the share capital reduction

Key figures of the Medigene share

In €	9M 2013	9M 2012[2)]
9-month high	4.40	6.28
9-month low	3.04	3.80
Price at the beginning of the year	4.08	3.80
Closing price	3.78	4.40
Average price since beginning of the year	3.76	4.96
Weighted average number of shares (basic and diluted)	9,550,484	9,270,690
Average market capitalisation (€ m)	37	46
Average daily trading volume (in shares)	14,663	17,683
Total number of shares outstanding	9,872,139	9,270,690
Earnings per share in € (basic and diluted)	-0.81	-0.02
Shareholders' equity per share[1)]	3.94	3.11
Cash flow from operating activities per share[1)]	-1.10	-0.47
Free Float (%)	84	94

[1)] Reference amount: total number of shares outstanding
[2)] Adjusted to represent a comparable figure after the share capital reduction

Group interim management's discussion and analysis Q3 2013/9M 2013

of Medigene AG, Planegg/Martinsried, Germany, for the period from 1 January to 30 September 2013

Highlights in the first nine months of 2013

- In-market sales from Veregen® increased by 40%; further market launches, approvals and partnerships
- Global partnership agreement for EndoTAG®-1 concluded; phase III clinical trial funded
- Progress achieved in development projects
- SynCore gained as strategic core investor
- Share capital reduction successfully completed

Financial highlights in the first nine months of 2013

- Revenue from Veregen® royalties increased by 39% to €1,889 k (9M 2012: €1,358 k)
- Total revenue (without 2012 one-time effect) increased by 17% to €5,121 k (9M 2012: €4,369 k)
- Loss on EBITDA basis (without 2012 one-time effects) reduced by 8% to €-6,106 k (9M 2012: €-6,659 k)
- Cash and cash equivalents of €11.7 m as at 30 September 2013

Preliminary notes

Medigene develops drugs to treat cancer and autoimmune diseases

Medigene AG, Planegg/Martinsried, Germany (hereinafter referred to as "Medigene"), is a biopharmaceutical company that specialises in the research and development of innovative drugs to treat cancer and autoimmune diseases.

Status of the product portfolio

Medigene has one approved drug on the market, Veregen®, which generates revenue. Veregen® is distributed by several partners. In addition, Medigene has two drug candidates, EndoTAG®-1 and RhuDex®, in clinical development and is developing the AAVLP vaccine technology.

Veregen®

Veregen® is an innovative drug formulation based on a defined extract from green tea leaves, which is obtained in a complex and specifically developed production process. In several clinical studies[1], Veregen® showed complete clearance of genital warts in more than 60% of the patients, and was very well tolerated. In its current treatment guidelines for sexually transmitted diseases, the US Center for Disease Control and Prevention recommends Sinecatechins 15% ointment (Veregen®) as a possible option for treating genital warts. In addition, Sinecatechins 10% & 15% ointment (Veregen®) has been included in the current European guideline on the treatment of genital warts, the 2012 European Guideline for the Management of Anogenital Warts.

Veregen® was developed by Medigene AG and is currently available in the USA, Germany, Austria, Spain, Switzerland, Serbia (since April 2013), the Netherlands (since July 2013) and Taiwan (since October 2013). Within the EU, Veregen® has been approved in Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Finland, France, Hungary, Luxembourg, Norway, Poland, Romania, Slovakia, Slovenia and Sweden. Market approval for Greece is expected in the next few months. Outside the EU, Veregen® has been approved in Israel and Canada. Additionally, market authorisation applications have been submitted by partner companies in Mexico and Turkey. These are currently being evaluated by the regulatory authorities.

In the USA, Veregen® is marketed by Fougera Pharmaceuticals, Inc., Melville, NY (hereinafter referred to as "Fougera"), and by regional sales companies of the Abbott Group in Austria, Germany and Switzerland. In Spain, Veregen® is marketed by the pharmaceutical company Bial Industrial Farmaceutica, S.A., which also owns the marketing rights for Portugal. Pharmanova d.o.o. markets the drug in Serbia and also holds the distribution rights for Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Slovenia. The marketing partner for the Netherlands as well as Belgium and Luxembourg is L.F. Will-Pharma & Cie. In Taiwan, Veregen® is distributed by SynCore Biotechnology Co., Ltd., a company of the Sinphar Pharmaceutical group (hereinafter referred to as "SynCore"). Additional partnership agreements are in place for France (Laboratoires Expanscience), Bulgaria, Cyprus, Greece and Romania (Meditrina Pharmaceuticals, Ltd.), the Nordic countries Denmark, Finland, Iceland, Norway, and Sweden (Azanta A/S), Eastern Europe, Russia and the other CIS countries (Nordic Pharma), and for Turkey (EIP Eczacibasi Ilac Pazarlama A.S.). In March 2013, Medigene expanded its existing marketing partnership with SynCore for Taiwan to include almost all other countries in Asia (Afghanistan, Bangladesh, Bhutan, Brunei, Burma, Cambodia, India, Indonesia, Iran, Iraq, Japan, Laos, Malaysia, the Maldives, Mongolia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand, and Vietnam) as well as Australia and New Zealand. In August 2013, Medigene signed a partnership agreement with Difa Cooper SPA for the commercialization of Veregen® in Italy. Medigene receives successive one-time payments from these partners, depending on the achievement of specific milestones and also has a share in Veregen® revenue (royalties). Medigene earns further revenue from selling the active pharmaceutical ingredient and finished product to the marketing partners (revenue from supply chain). In the first nine months of the year, revenue generated by partners from in-market sales (IMS) of Veregen® increased by 40%.

[1]Tatti S et al. B J Dermatol 2010; 162 (1): 176-184

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is an innovative composition of the established cytostatic drug paclitaxel combined with neutral and positive lipids. Due to the positively charged lipids, EndoTAG®-1 interacts with newly developed, negatively charged endothelial cells, which are specifically required for the growth of tumour blood vessels. The EndoTAG®-1 paclitaxel component attacks the activated endothelial cells as they divide, thus targeting the blood supply to tumours without affecting endothelial cells of healthy tissues. By doing this, EndoTAG®-1 is expected to prevent the formation of new tumour blood vessels and inhibit tumour growth.

Medigene has successfully completed two clinical phase II trials of EndoTAG®-1 in the indications of pancreatic cancer and triple-negative breast cancer (TNBC).

In May 2013, Medigene published results from the Investigator-Initiated trial (IIT) with EndoTAG®-1 for the Annual Meeting of the American Society of Clinical Oncology (ASCO). The aim of the exploratory open-label phase II IIT headed by Prof. Ahmad Awada, Institut Jules Bordet in Brussels, was to evaluate the efficacy and safety of EndoTAG®-1 in combination with conventional paclitaxel in a neoadjuvant setting in patients with HER2-negative high-risk breast cancer. The primary end point of this efficacy trial was met. The magnetic resonance imaging (MRI) scans following the EndoTAG®-1/paclitaxel therapy showed a reduction of 80% or more in the tumour volume in eleven of the 15 patients treated. The median of the percentage reduction in the tumour volume was 90% in 14 patients with subsequent surgery. The best results were observed in TNBC patients (six of 15 patients). The results of the IIT support the further development of EndoTAG®-1 in the breast cancer indication TNBC.

End of May 2013, Medigene announced the conclusion of a global development and marketing partnership agreement for EndoTAG®-1 with its existing cooperation partner SynCore. As part of the licence agreement, SynCore has undertaken to finance the planned phase III clinical trial with EndoTAG®-1 in the indication of TNBC in full, and will in turn receive the global marketing rights for EndoTAG®-1. Medigene received an upfront payment from SynCore and is eligible to payments upon certain development and approval milestones as well as royalties after market approval of EndoTAG®-1.

The use of EndoTAG®-1 in combination with conventional taxanes to treat TNBC is protected by a US patent until 2029. In May 2013, the European Patent Office granted a further patent to protect the drug candidate. The term of the patent EP 2108362 entitled "A cationic liposomal preparation comprising a taxane" ends in 2023.

RhuDex®

RhuDex® is being developed by Medigene as an oral, disease-modifying agent to treat autoimmune diseases. It is a CD80 antagonist that blocks undesired T-cell activation and production and therefore has an immunomodulating and anti-inflammatory effect.

The safety and tolerability of RhuDex® have already been demonstrated in a number of Phase I clinical trials. Medigene has successfully completed a pilot phase IIa trial in rheumatoid arthritis. In 2012, the company achieved positive results with a clinical formulation trial in healthy subjects. In February 2013, Medigene updated its clinical development plan for RhuDex® in the indication of primary biliary cirrhosis (PBC). Depending on the successful completion of the current preparatory activities and approval by the regulatory authorities, the preliminary study design of the planned phase II trial envisages a multi-arm controlled study with various dosage groups and a treatment period of up to 6 months. The principal aim of the trial is to examine the postulated immunomodulating mode of action of RhuDex® in PBC and confirm preclinical data. Aspects relating to the optimum market positioning of RhuDex® in PBC have also been taken into account in the design of the study, in order to possibly facilitate a good reimbursement price in the event of market approval.

AAVLP technology

Within the AAVLP (adeno-associated virus-like particles) programme, Medigene is developing an innovative technology platform for the generation of new prophylactic and therapeutic vaccines. For this purpose, non-infectious virus-like particles derived from adeno-associated viruses (AAV) are used as epitope carriers. Epitopes delivered to the immune system in this way result in the production of antibodies. These antibodies in turn recognise the relevant epitope, e.g. on pathogens or mutant cancer cells, and consequently fight and/or protect against the relevant disease. Medigene is currently conducting research into the use of the AAVLP technology to treat infectious diseases and cancer and is pursuing two different approaches. One is the direct integration of known epitopes. The second approach is based on the use of AAV libraries. Rather than defined epitopes, AAV libraries contain a random sequence. Appropriate screening enables the targeted selection of novel vaccine candidates. The key benefit of this technology is the possibility of directly transferring the mode of action of existing therapeutically effective antibodies into an active vaccine.

In 2012, Medigene presented positive preclinical development data generated in cooperation with Dr. Richard B.S. Roden from The Johns Hopkins University School of Medicine in the USA. The aim of this cooperation was to test the first vaccine candidates from the AAVLP programme in the prevention of HPV associated cancers, e.g. cervical cancer, and achieve long-term cross protection against a large number of relevant HPV types. Currently approved HPV vaccines only protect against some of the oncogenic HPV types. At present, a preclinical long-term study is also being conducted in collaboration with Dr. Neil Christensen from Pennsylvania State University, USA, with the aim of demonstrating long-term protection against infection with various HPV types. Preliminary preclinical results are already available and point to a successful protection against several important subtypes of HPV viruses.

Corporate

As part of a strategic partnership, SynCore acquired a total of 2,405,800 new Medigene shares from authorised capital excluding subscription rights of existing shareholders at the end of May 2013. This stake of 6.09% made SynCore a strategic core investor and one of the largest Medigene AG shareholders. As a result of the capital measure, the number of shares issued rose to 39,488,558 shares in total. In the course of this capital increase, Medigene received proceeds of EUR 2,405,800.00.

Medigene's Annual General Meeting was held in Munich on 16 July 2013. All proposed resolutions were adopted by a high majority of shareholders. A majority of 97% of the shareholders voted for a reduction of the company's Supervisory Board from six to three members, and elected Prof. Horst Domdey, Dave Lemus, and Dr. Yita Lee to the Supervisory Board by a majority of approximately 90% each.

A majority of 93% of Medigene's shareholders approved the share capital reduction by €29,616,417.00 to €9,872,139.00 by means of consolidating the no-par shares issued with a ratio of 4:1 from 39,488,556 to 9,872,139. The transaction was entered into the Commercial Register at the end of August 2013, with a value date of 3 September 2013. Being an accounting measure, the reduction resulted in a transfer from subscribed capital to capital reserves on the shareholders' equity side of the balance sheet of Medigene AG, leaving the sum of shareholders' equity and the balance sheet unchanged. This measure had no impact on the individual shareholders' percentage share in Medigene AG, and enhanced Medigene's transaction capacity.

Starting 3 September 2013, the converted Medigene shares have been traded with the new security identification number WKN A1X 3W0 (ISIN: DE000A1X3W00).

Income position

Revenue and other operating income

Medigene achieved an increase in revenue generated with the drug Veregen® of 14% to €2,837 k in the first nine months of 2013 (9M 2012: €2,483 k) and 16% to €959 k in the third quarter of 2013 (Q3 2012: €829 k). Royalties from Veregen® rose by 39% to €1,889 k (9M 2012: €1,358 k) and on a quarterly basis by 27% to €646 k (Q3 2012: €510 k). In addition, Medigene received Veregen® milestone payments from partners totalling €213 k in the first nine months of 2013 (9M 2012: €608 k), of which €132 k were attributable to the third quarter of 2013 (Q3 2012: €27 k). Revenue from the supply of the marketing partners with Veregen® increased by 42% to €735 k in the first nine months of 2013 (9M 2012: €517 k) and amounted to €181 k in the third quarter of 2013 (Q3 2012: €292 k).

Medigene reported other operating income totalling €2,284 k in the first nine months of 2013 (9M 2012: €2,276 k) and €954 k in the third quarter of 2013 (Q3 2012: €634 k). This consisted on the one hand of regular non-cash income of €208 k per month resulting from the Eligard® transaction concluded with Cowen in 2012. On the other hand, Medigene receives cost reimbursement payments for the development of EndoTAG®-1 within the scope of the global partnership agreement concluded with SynCore in May 2013. These payments amounted to €307 k in the third quarter of 2013. In the same period of the previous year, Medigene also received €390 k from a service provider as compensation for costs incurred, which was a one-time effect.

Total revenue was up by 8% to €5,121 k in the first nine months of 2013 (9M 2012: €4,759 k) and 31% to €1,913 k in the third quarter of 2013 (Q3 2012: €1,463 k). Disregarding the above-mentioned one-time effect relating to other operating income, total revenue rose by 17% from €4,369 k (9M 2012) to €5,121 k in the first nine months of 2013.

Consolidated income statement (abbreviated)

In € k	Q3 2013 unaudited	Q3 2012 unaudited	Change	9M 2013 unaudited	9M 2012 unaudited	Change
Revenue Veregen®	959	829	16%	2,837	2,483	14%
thereof royalties	*646*	*510*	*27%*	*1,889*	*1,358*	*39%*
thereof revenue from supply chain	*181*	*292*	*-38%*	*735*	*517*	*42%*
thereof milestone payments	*132*	*27*	*>200%*	*213*	*608*	*-65%*
Other operating income	954	634	50%	2,284	2,276	0%
Total revenue	1,913	1,463	31%	5,121	4,759	8%
Total revenue before one-time effect	1,913	1,463	31%	5,121	4,369	17%
Cost of sales	-228	-361	-37%	-1,055	-775	36%
Gross profit	1,685	1,102	53%	4,066	3,984	2%
Selling, general and administrative expenses	-2,011	-1,872	7%	-5,616	-5,728	-2%
Research and development expenses	-1,673	-1,533	9%	-5,119	-5,169	-1%
Operating result	-1,999	-2,303	-13%	-6,669	-6,913	-4%
Income from revaluation of an investment	0	28	-	0	2,213	-
Net result for the period	-2,072	-2,388	-13%	-7,728	-167	>200%
Net result for the period before one-time effects	-2,072	-2,388	-13%	-7,728	-7,770	-1%

Cost of sales

The cost of sales increased to €1,055 k in the first nine months of 2013 (9M 2012: €775 k) as a result of higher supply chain revenue and royalties for Veregen®, but decreased to €228 k in the third quarter of 2013 (Q3 2012: €361 k) in view of completed stock build-ups by partners.

Gross profit

Gross profit increased by 2% to €4,066 k in the first nine months of 2013 (9M 2012: €3,984 k) and by 53% to €1,685 k in the third quarter of 2013 (Q3 2012: €1,102 k). The amount of gross profit is determined by the ratio of supply chain revenue to royalties and milestone payments.

Selling, general and administrative expenses

Medigene reduced selling, general and administrative expenses in the first nine months of 2013 by 2% to €5,616 k (9M 2012: €5,728 k). In the third quarter of 2013, they amounted to €2,011 k (Q3 2012: €1,872 k). Selling expenses were up by 11% to €1,773 k in the first nine months of 2013 (9M 2012: €1,592 k) due to higher expenses for the commercialisation of Veregen® and by 9% to €562 k on a quarterly basis (Q3 2012: €517 k). Conversely, general and administrative expenses were reduced by 7% to €3,843 k in the first nine months of 2013 (9M 2012: €4,136 k) while a rise to €1,449 k was recorded in the third quarter of 2013 (Q3 2012: €1,355 k). Higher general and administrative expenses in the preceding year's reporting period mainly resulted from non-recurring costs associated with the Eligard® deal.

Research and development expenses

Research and development expenses amounted to €5,119 k in the first nine months of 2013 (9M 2012: €5,169 k) and rose by 9% to €1,673 k in the third quarter of 2013 (Q3 2012: €1,533 k). The increase in the third quarter of the year primarily resulted from higher expenses for preparing the planned clinical trials of RhuDex® and EndoTAG®-1. Any R&D expenses incurred for EndoTAG®-1 are reimbursed by Medigene's partner SynCore, and posted in other operating income as R&D funding.

EBITDA

Medigene's EBITDA is derived from the result for the period excluding taxes, financial result, result from investment in associates, income from revaluation of an investment, and depreciation and amortisation. The result on an EBITDA basis totalled €-6,106 k in the first nine months of 2013 (9M 2012: €-1,269 k). Disregarding the one-time effects which occurred in the same period of the previous year (milestone payment for Eligard® and compensation payment), the loss on an EBITDA basis was reduced by 8% to €-6,106 k in the first nine months of the year (9M 2012: €-6,659 k). In the third quarter of 2013, Medigene reduced the loss on an EBITDA basis by 13% to €-1,815 k (Q3 2012: €-2,086 k).

Depreciation and amortisation

Depreciation and amortisation totalled €563 k in the first nine months of 2013 (9M 2012: €637 k) and €184 k in the third quarter of 2013 (Q3 2012: €212 k).

Financial result

The financial result, which consists mainly of interest income/expenses and foreign exchange gains and losses, amounted to €-949 k in the reporting period (9M 2012: €-364 k) and €-60 k in the third quarter of 2013 (Q3 2012: €-34 k). It includes non-cash interest expenses totalling €1,185 k and foreign exchange gains of €227 k, which mainly resulted from the revaluation of the financial liability as part of the Eligard® deal.

Financial result

In € k	Q3 2013 unaudited	Q3 2012 unaudited	Change	9M 2013 unaudited	9M 2012 unaudited	Change
Interest income	3	10	-70%	9	37	-76%
Interest expense	-388	-415	-7%	-1,185	-836	42%
Subtotal	-385	-405	-5%	-1,176	-799	47%
Foreign exchange gains	325	371	-12%	227	435	-48%
Total	-60	-34	76%	-949	-364	161%

Result of an associate

The result from the investment in the associate Catherex, Inc. amounted to €-85 k in the first nine months of 2013 (9M 2012: €-41 k) and to €-13 k in the third quarter of 2013 (Q3 2012: €-15 k).

Income from revaluation of an investment

Since the beginning of 2012, Immunocore Ltd. is no longer recognised as an associate. As a consequence of the reduction of the share in Immunocore Ltd. to below 20% in accordance with IAS 28.18, this investment was reclassified in the balance sheet and, accordingly, a revaluation pursuant to IAS 39 at fair value was carried out. The revaluation associated with it resulted in non-cash income of €2,213 k for the first nine months of 2012. The reclassification was implemented as part of preparing the annual financial statements for 2012, and the previous year's figures have now been adjusted accordingly.

9-months result 2013

In the first nine months of 2013, the net result achieved was €-7,728 k (9M 2012: €-167 k). The previous year's result was positively influenced by the above-mentioned one-time effects (revaluation of an investment, compensation payment by a service provider and milestone payment for the transfer of the Eligard® rights to Astellas) and disregarding these one-time effects, amounted to €-7,770 k. In the third quarter of 2013, Medigene achieved an improvement of 13% in the net result for the period to €-2,072 k (Q3 2012: €-2,388 k).

Earnings per share

In the first nine months of 2013, the loss per share was €0.81 (weighted average number of shares, basic and diluted: 9,550,484) in comparison with a loss per share of €0.02 in the same period of the previous year (9M 2012: weighted average number of shares, basic and diluted: 9,270,690). To achieve better comparability, last year's figures were adjusted after the share capital reduction.

Financial position

Cash used by operating activities

Net cash used by operating activities amounted to €10,825 k in the first nine months of 2013 (9M 2012: €4,391 k) and to €3,322 k in the third quarter of 2013 (Q3 2012: €3,125 k). Hence the average monthly net cash usage was €1.2 m (9M 2012: €0.5 m). In the same period of the previous year, Medigene received a milestone payment of €5 m (9M 2013: €0) for the transfer of the Eligard® rights, which was reported as one-time effect. Net of this one-time effect, monthly average cash used by operating activities amounted to €1.2 m (9M 2012: €1.0 m). The major portion of the cash outflow resulted from the expenses for research and development, marketing and administration as well as changes in working capital. The rise in the first nine months of 2013 is essentially attributable to the increase in inventories for Veregen®, posted with a monthly average amount of €140 k.

The reported net cash used by operating activities is only of limited informative value regarding future developments, since it is significantly influenced by non-recurring payments received under partnership agreements and changes in working capital as well as research and development expenses, the amount of which depends on the current project status.

Cash used by investing activities

Cash used by investing activities totalled €42 k in the first nine months of 2013 (9M 2012: €223 k) and €11 k in the third quarter of 2013 (Q3 2012: €45 k).

Cash flow from financing activities

The cash inflow from financing activities amounted to €2,378 k in the reporting period (9M 2012: €14,094 k). In the same period of the previous year, this item included a payment received of €14.1 m relating to the financial liabilities owed to Cowen as part of the Eligard® deal. In the first nine months of 2013, Medigene recorded an amount of €2,406 k under a strategic partnership as a result of a capital increase implemented together with the partner SynCore. In total, Medigene issued 2,405,800 new shares from authorised capital excluding shareholders' subscription rights. The stake of 6.09% made SynCore a strategic core investor and one of the largest Medigene AG shareholders. As a result of the capital measure, the number of shares issued rose to a total of 39,488,558 shares. The capital increase generated proceeds of €2,405,800.00 for Medigene.

Change in cash and cash equivalents

In € k	Q3 2013 unaudited	Q3 2012 unaudited	Change	9M 2013 unaudited	9M 2012 unaudited	Change
Net cash						
used by operating activities	-3,322	-3,125	6%	-10,825	-4,391	147%
used by investing activities	-11	-45	-76%	-42	-223	-81%
from financing activities	-14	0	-	2,378	14,094	-83%
Increase/decrease in cash and cash equivalents	-3,347	-3,170	6%	-8,489	9,480	-
Cash and cash equivalents at the beginning of the period	14,960	25,376	-41%	20,113	12,811	57%
Foreign exchange differences	42	37	14%	31	-48	-
Cash and cash equivalents at the end of the period	11,655	22,243	-48%	11,655	22,243	-48%

At the reporting date of 30 September 2013, cash and cash equivalents totalled €11,655 k (9M 2012: €22,243 k).

Asset position

Cash and cash equivalents €11.7 m; equity ratio 72%; liquidity ratio 22%

Development of assets and capital structure

In € k	30.9.2013 unaudited	31.12.2012 audited	Change
Assets			
Property, plant, equipment and intangible assets	27,453	27,973	-2%
Goodwill	2,212	2,212	0%
Financial and other non-current assets	3,902	3,896	0%
Investment in an associate	2,581	2,727	-5%
Cash and cash equivalents	11,655	20,113	-42%
Inventories and receivables	4,777	3,344	43%
Other current assets	1,497	990	51%
Total assets	54,077	61,255	-12%
Liabilities and shareholders' equity			
Shareholders' equity	38,869	44,215	-12%
Non-current liabilities	11,690	12,723	-8%
Current liabilities	3,518	4,317	-19%
Total liabilities and shareholders' equity	54,077	61,255	-12%
Liquidity ratio in %	22	33	
Equity ratio in %	72	72	

Employees

The number of employees amounted to 47 as at the reporting date (9M 2012: 50). The number of FTE employees (full-time equivalent) was reduced to 44 in the first nine months of 2013 (9M 2012: 49). Personnel expenses totalled €4,256 k in the reporting period (9M 2012: €4,236 k).

Segment information

For detailed segment information, please see notes, *pages 20 et seq.*

Risk report

The inherent risks to which the Group is subject are described in detail in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2012. Up to the closing date of 30 September 2013, no substantial changes to the risks described therein occurred.

Risk management system

Medigene's management meets any risks occurring in the Group by means of a comprehensive risk management system. For a detailed description of this system, we refer to the Group Management's Discussion and Analysis (MD&A) 2012 published on 22 March 2013.

Opportunities and outlook

Financial guidance 2013

Medigene anticipates the financial results 2013 to be within the announced guidance. The projected total revenue includes Veregen® revenue, income from the partnership for EndoTAG®-1 with SynCore, and non-cash income from the Eligard® deal concluded in 2012. Total revenue 2013 is expected to be at the lower end of the guided range of €8 - 9 m due to a slight shift in market launches of Veregen® in a number of countries. The respective Veregen® revenues will be recaptured in 2014. The loss on an EBITDA basis is expected to be in the middle of the guided range of €8 - 10 m. Medigene's management anticipates that the funding of the company is secured until at least the beginning of 2015.

Veregen®

Medigene expects further market approvals and market launches of Veregen® in several additional countries in the future. The marketing authorisation applications for nine remaining European countries participating in the mutual recognition procedure are scheduled for 2014. For the global commercialisation of Veregen®, Medigene plans to enter into additional partnership agreements. The company anticipates continued significant double digit growth of Veregen® in-market-sales.

EndoTAG®-1

Together with its partner SynCore, Medigene plans a pivotal global phase III trial of EndoTAG®-1 in triple-negative breast cancer (TNBC), with the aim to achieve market approvals worldwide. As part of the global development and marketing partnership, SynCore has undertaken to finance the phase III trial in full. This trial is expected to start in the second half of 2014.

RhuDex®

Medigene plans to conduct a phase II clinical trial in primary biliary cirrhosis (PBC) to confirm the mode of action of RhuDex® in autoimmune diseases. Subject to the successful completion of the preparatory work and trial approval by the regulatory authorities, the start of the PBC phase II trial is scheduled for the first half of 2014. Medigene is looking for a partner to co-finance the study.

AAVLP technology

The preclinical long-term protection study in cooperation with the Pennsylvania State University aims to demonstrate long-term protection against infection with various HPV types will be continued. The AAVLP technology is available for partnerships and licensing.

Consolidated income statement

of Medigene AG for the periods from 1 January to 30 September 2013 and 2012

In € k	Q3 2013 unaudited	Q3 2012 unaudited	9M 2013 unaudited	9M 2012 unaudited
Product sales	959	829	2,837	2,483
Other operating income	954	634	2,284	2,276
Total revenue	1,913	1,463	5,121	4,759
Cost of sales	-228	-361	-1,055	-775
Gross profit	1,685	1,102	4,066	3,984
Selling expenses	-562	-517	-1,773	-1,592
General and administrative expenses	-1,449	-1,355	-3,843	-4,136
Research and development expenses	-1,673	-1,533	-5,119	-5,169
Operating result	-1,999	-2,303	-6,669	-6,913
Interest income	3	10	9	37
Interest expense	-388	-415	-1,185	-836
Foreign exchange gains	325	371	227	435
Share of result of an associate	-13	-15	-85	-41
Income from revaluation of an investment	0	28	0	2,213
Result from continued operations before tax	-2,072	-2,324	-7,703	-5,105
Taxes	0	-69	-25	-69
Result from continued operations	-2,072	-2,393	-7,728	-5,174
Revenue from discontinued operations	0	5	0	5,028
Selling expenses from discontinued operations	0	0	0	-21
Result from discontinued operations	0	5	0	5,007
Net result for the period	-2,072	-2,388	-7,728	-167
Basic/diluted gain/loss per share after tax in €	-0.21	-0.26	-0.81	-0.02
Weighted average number of shares outstanding (basic and diluted)[1)]	9,872,139	9,270,690	9,550,484	9,270,690

[1)] Adjusted to represent a comparable figure after the share capital reduction

Consolidated statement of comprehensive income

of Medigene AG for the periods from 1 January to 30 September 2013 and 2012

In € k	Q3 2013 unaudited	Q3 2012 unaudited	9M 2013 unaudited	9M 2012 unaudited
Net result for the period	-2,072	-2,388	-7,728	-167
Exchange differences on translation of foreign operations[1)]	-43	-70	-29	-70
Other comprehensive income for the period, net of tax	-43	-70	-29	-70
Total comprehensive income for the period, net of tax	-2,115	-2,458	-7,757	-237

[2)] No income tax effects were incurred

Consolidated balance sheet

of Medigene AG as of 30 September 2013 and 31 December 2012

In € k		30.9.2013 unaudited	31.12.2012 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	423	604
II.	Intangible assets	27,030	27,369
III.	Goodwill	2,212	2,212
IV.	Financial assets	3,901	3,895
V.	Investment in an associate	2,581	2,727
VI.	Other assets	1	1
Total non-current assets		36,148	36,808
B. Current assets			
I.	Inventories	3,470	2,205
II.	Trade accounts receivable	1,307	1,139
III.	Cash and cash equivalents	11,655	20,113
IV.	Other current assets	1,497	990
Total current assets		17,929	24,447
Total assets		54,077	61,255
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	9,872	37,082
II.	Additional paid-in capital	373,559	343,938
III.	Accumulated deficit	-344,404	-336,676
IV.	Other reserves	-158	-129
Total shareholders' equity		38,869	44,215
B. Non-current liabilities			
I.	Financial liabilities	10,858	11,906
II.	Pension obligations	255	255
III.	Other financial liabilities	213	258
IV.	Deferred income	364	304
Total non-current liabilities		11,690	12,723
C. Current liabilities			
I.	Trade accounts payable	324	719
II.	Other current liabilities	3,134	2,888
III.	Deferred income	60	68
IV.	Tax liabilities	0	642
Total current liabilities		3.518	4,317
Total liabilities		15,208	17,040
Total liabilities and shareholders' equity		54,077	61,255

Consolidated statement of cash flows

of Medigene AG for the periods from 1 January to 30 September 2013 and 2012

In € k	Q3 2013 unaudited	Q3 2012 unaudited	9M 2013 unaudited	9M 2012 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	-2,072	-2,319	-7,703	-98
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	11	16	33	47
Other non-cash income	-623	-416	-1,870	-1,039
Depreciation and amortization	184	212	563	637
Gain on disposal of property, plant and equipment	0	0	0	-12
Interest income	-3	-10	-9	-37
Interest expense	388	415	1,185	836
Changes in:				
Inventories	25	-490	-1,265	-402
Other assets and accounts receivable	-522	-602	-679	-1,827
Trade accounts payable	-694	34	-395	-1,404
Other liabilities and deferred income	-29	79	-114	-1,101
Income tax expense	0	-69	-663	-69
Share of result of associates	13	15	85	41
Subtotal	-3,322	-3,135	-10,832	-4,428
Interest received	0	10	7	37
Net cash from/used by operationg activities	-3,322	-3,125	-10,825	-4,391
Cash flow from investing activities				
Purchase of property, plant and equipment	-11	-45	-42	-238
Proceeds from sale of property, plant and equipment	0	0	0	15
Net cash used by investing activities	-11	-45	-42	-223
Cash flow from financing activities				
Proceeds from capital increase	0	0	2,406	0
Expenses on capital increase	-14	0	-28	0
Proceeds from financial liabilities	0	0	0	14,094
Net cash from financing activities	-14	0	2,378	14,094
Increase/Decrease in cash and cash equivalents	-3,347	-3,170	-8,489	-9,480
Cash and cash equivalents at beginning of the period	14,960	25,376	20,113	12,811
Foreign exchange differences	42	37	31	-48
Cash and cash equivalents at the end of the period	11,655	22,243	11,655	22,243

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from 1 January to 30 September 2013 and 2012

In € k	Subscribed capital	Capital reserve	Accumulated deficit	Currency translation	Financial assets	Total shareholders' equity
Balance 1.1.2012, audited	37,082	343,848	-326,817	-6,178	-3	47,932
Net result for the period			-167			-167
Currency translation adjustments				-70		-70
Comprehensive income						-237
Share-based compensation		47				47
Balance 30.9.2012, unaudited	37,082	343,895	-326,984	-6,248	-3	47,742
Balance 1.1.2013, audited	37,082	343,938	-336,676	-123	-6	44,215
Net result for the period			-7,728			-7,728
Currency translation adjustments				-29		-29
Comprehensive income						-7,757
Shares issued	2,406					2,406
Expenses on shares issued		-14				-14
Share capital reduction	-29,616	29,616				0
Expenses on share capital reduction		-14				-14
Share-based compensation		33				33
Balance 30.9.2013, unaudited	9,872	373,559	-344,404	-152	-6	38,869

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, Germany, for the period from 1 January to 30 September 2013

A. Description of business activity, information about the company

Medigene AG, Planegg/Martinsried, Germany (hereinafter referred to as "Medigene"), is a biopharmaceutical company that specialises in the research and development of innovative drugs to treat cancer and autoimmune diseases.

The Group's main activities are described in note *I) Segment reporting*.

Medigene AG has been listed since June 2000 (German Stock Exchange: Regulated Market, Prime Standard; SIN 502090; code MDG). Starting 3 September 2013, the converted Medigene shares have been traded with the new security identification number WKN A1X 3W0 (ISIN: DE000A1X3W00) *(see also p. 7).*

B. Accounting and valuation principles

Basic principles for the preparation of interim financial statements

As a parent company geared to the capital markets within the meaning of Article 4 of Regulation (EC) No. 1606/2002, Medigene AG applies the International Financial Reporting Standards (IFRS) as applicable in the EU. These unaudited quarterly consolidated financial statements were prepared in accordance with the IAS 34 "Interim Financial Reporting" adopted by the EU.

The Executive Board is of the opinion that these quarterly consolidated financial statements reflect all business transactions required to present the assets, financial and income position for the periods which ended on 30 September 2013 and 2012.

These interim consolidated financial statements do not include the full information required to prepare annual financial statements. Therefore, these interim financial statements should be read in connection with the annual financial statements for 2012.

These interim consolidated financial statements of Medigene AG were approved for publication by Medigene's Executive Board on 7 November 2013.

Changes in accounting, valuation and reporting principles

The accounting, valuation, and reporting principles applied for the interim consolidated financial statements on hand correspond to those applied by Medigene for the consolidated annual financial statements 2012. In addition, the first-time application of several standards and interpretations has been mandatory since 1 January 2013 *(see also Annual Report 2012, p. 51).*

Regarding changes relevant to accounting, Medigene refers to the detailed presentation in the Annual Report 2012, pages 50 et seq. (Changes in accounting, valuation, and reporting principles) and pages 78 et seq. (Pension obligations).

Group companies

In addition to the parent company, Medigene AG in Planegg/Martinsried, Germany, the Medigene Group includes wholly-owned subsidiary Medigene, Inc., San Diego, California, USA, which was acquired in 2001. Medigene, Inc. holds 41.89% of the shares in Catherex, Inc., Philadelphia, Pennsylvania, USA.

C. Seasonal dependency of business operations

Medigene's business operations are not subject to any seasonal fluctuations.

D. Discontinued operations

Since the beginning of 2013, Medigene has only reported on continued operations, as discontinued operations concluded at year-end 2012. For a detailed presentation of Medigene's discontinued operations, please refer to pages 65 et seq. of the Annual Report 2012. To facilitate a comparison, the table below is continued up to the end of 2013:

Key figures from continued and discontinued operations

In € k	9M 2013 continued	9M 2013 discontinued	9M 2013 total	9M 2012 continued	9M 2012 discontinued	9M 2012 total
Revenue	2,837	0	2,837	2,483	5,000	7,483
Other operating income	2,284	0	2,284	2,276	28	2,304
Total revenue	5,121	0	5,121	4,759	5,028	9,787
Cost of sales	-1,055	0	-1,055	-775	0	-775
Gross profit	4,066	0	4,066	3,984	5,028	9,012
Selling expenses	-1,773	0	-1,773	-1,592	-21	-1,613
General and administrative expenses	-3,843	0	-3,843	-4,136	0	-4,136
Research and development expenses	-5,119	0	-5,119	-5,169	0	-5,169
Operating result	-6,669	0	-6,669	-6,913	5,007	-1,906
Interest income	9	0	9	37	0	37
Interest expense	-1,185	0	-1,185	-836	0	-836
Foreign exchange gains	227	0	227	435	0	435
Share of result of associates	-85	0	-85	-41	0	-41
Income from revaluation of investment	0	0	0	2,213	0	2,213
Result from continued operations before tax	-7,703	0	-7,703	-5,105	5,007	-98
Taxes	-25	0	-25	0	0	-69
Result from discontinued operations	-7,728			-5,105		
Ergebnis aus nicht fortgeführten Aktivitäten		0			5,007	
Net result for the period			-7,728			-167

E. Notes to the income statement

Associate

The income statement reflects the Group's share of the profit of associate Catherex, Inc. The Group recognises its share of any changes shown directly in the shareholders' equity of the associate, and discloses this, if applicable, in the statement of changes in shareholders' equity. Unrealised gains and losses from transactions between the Group and the associate are eliminated corresponding to the share in the associate held.

Income from revaluation of an investment

Since the beginning of 2012, Immunocore Ltd. is no longer recognised as an associate. As a consequence of the reduction of the share in Immunocore Ltd. below 20% in accordance with IAS 28.18, this investment was reclassified in the balance sheet and, accordingly, a revaluation pursuant to IAS 39 at fair value was carried out. The revaluation associated with it resulted in non-cash income of €2,213 k for the first nine months of 2012. The reclassification was implemented as part of the audit of the annual financial statements, and the previous year's figures have now been adjusted accordingly.

Taxes

In the reporting period, a tax expense of €25 k was posted in the income statement. It essentially resulted from foreign withholding tax on license fees received by Medigene AG.

F. Notes on the balance sheet

Subscribed capital

Subscribed capital totalled €9,872 k as at 30 September 2013.

During the company's annual general meeting 2013, Medigene's shareholders approved the share capital reduction by €29,616,417.00 to €9,872,139.00 by consolidation of the shares issued at a ratio of 4:1 from 39,488,556 to 9,872,139. Being an accounting measure, the reduction resulted in a transfer from "subscribed capital" to "capital reserves" on the shareholders' equity side of the balance sheet of Medigene AG, leaving the sum of shareholders' equity and the balance sheet unchanged *(see also p. 6 et seq.)*.

Intangible assets

The decrease of reported intangible assets compared with 31 December 2012 is due solely to the planned amortisation of patents and product licences.

Financial assets

Financial assets amounted to €3,901 k as at the reporting date. They essentially comprise the shares in Immunocore Ltd., which were valued at fair value and totalled €3,533 k as at 30 September 2013.

Investment in an associate

The investment in an associate related to the associate, Catherex, Inc., and amounted to €2,581 k as at 30 September 2013.

Current liabilities

Compared with 31 December 2012, current liabilities decreased from €4,317 k by €799 k to €3,518 k as at 30 September 2013. This decrease mainly resulted from reduced tax liabilities. Other current liabilities include the short-term portion of the liability relating to the transfer of future cash flows from the 2% share in Eligard® revenue to Cowen totalling €1,014 k.

Non-current liabilities

Non-current liabilities comprise the long-term portion of the liability relating to the transfer of future cash flows from the 2% share in Eligard® revenue to Cowen, according to IAS 32 and 39. This item totalled €10,858 k at the closing date and will be amortised over the Eligard® patent term of approx. ten years. The amount stated includes liabilities with a term of one to five years (€5,514 k) and more than five years (€5,344 k).

G. Notes to the statement of cash flows

In the first nine months of 2013, the adjusted monthly net cash outflow from operating activities increased from €-1.0 m to €-1.2 m, compared with the previous year's reporting period.

H. Earnings per share

The Group reported diluted and basic earnings per share. Due to the small number of potentially exercisable options, there is no difference between diluted and basic earnings per share.

I. Segment reporting

Business units

The Group is organised into two main business units: Marketed Products and Drug Candidates. The segments are made up as follows:

Segment reporting by business units

In € k	Marketed Products	Drug Candidates	Total segments	Recon-ciliation[1)]	Adjustments discontinued operations	Total
Q3 2013						
Revenue with external customers	959	6	965	0	0	965
Other income	631	314	945	3	0	948
Inter-segment sales[2)]	0	0	0	0	0	0
Total revenue	1,590	320	1,910	3	0	1,913
Segment operating result[3)]	681	-1,234	-553	-1,446	0	-1,999
Q3 2012						
Revenue with external customers	829	0	829	0	0	829
Other income	632	5	637	2	-5	634
Inter-segment sales[2)]	0	0	0	0	0	0
Total revenue	1,461	5	1,466	2	-5	1,463
Segment operating result[3)]	138	-2,438	-2,300	2	-5	-2,303

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (Q3 2013: €3 k; Q3 2012: €10 k), any interest expense (Q3 2013: €388 k; Q3 2012: €415k), any foreign exchange gains (Q3 2013: €325 k; Q3 2012: €371 k), any income from revaluation of an investment (Q3 2013: €0; Q3 2012: €28 k), any share of result of an associate (Q3 2013: €-13 k; Q3 2012: €-15 k).

Segment reporting by business units

In € k	Marketed Products	Drug Candidates	Total segments	Recon-ciliation[1]	Adjustments discontinued operations	Total
9M 2013						
Revenue with external customers	2,837	7	2,844	0	0	2,844
Other income	1,884	388	2,272	5	0	2,277
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	4,721	395	5,116	5	0	5,121
Segment operating result[3]	131	-6,804	-6,673	4	0	-6,669
Assets						
Investment in an associate	0	0	0	2,581		2,581
Segment investments[4]	0	0	0	42		42
Segment assets[5]	4,777	29,242	34,019	20,058		54,077
Segment liabilities[6]	424	0	424	14,784		15,208
9M 2012						
Revenue with external customers	7,483	0	7,483	0	-5,000	2,483
Other income	1,891	5	1,896	408	-28	2,276
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	9,374	5	9,379	408	-5,028	4,759
Segment operating result[3]	5,525	-7,782	-2,257	351	-5,007	-6,913
Assets						
Investment in an associate	0	0	0	2,801		2,801
Segment investments[4]	6	55	61	177		238
Segment assets[5]	3,589	29,653	33,242	31,246		64,488
Segment liabilities[6]	70	0	70	16,676		16,746

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (9M 2013: €9 k; 9M 2012: €37 k), any interest expense (9M 2013: €-1,185 k; 9M 2012: €-836 k), any foreign exchange gains (9M 2013: €227 k; 9M 2012: €435 k), any income from revaluation of an investment (9M 2013: €0; 9M 2012: €2,213 k), any share of result of an associate (9M 2013: €-85 k; 9M 2012: €-41 k).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (9M 2013: €6,906 k; 9M 2012: €7,377 k), cash and cash equivalents (9M 2013: €11,655 k; 9M 2012: €22,243 k), and other current assets (9M 2013: €1,497 k; 9M 2012: €1,626 k).
6) Segment liabilities under »Reconciliation« include non-current liabilities (9M 2013: €11,326 k; 9M 2012: €13,264 k), trade accounts payable and other liabilities (9M 2013: €3,458 k; 9M 2012: €2,782 k), and tax liabilities (9M 2013: €0; 9M 2012: €630 k).

Revenue earned by the individual segments is generated by external business relationships.

Transfer prices between the business units and regions are determined on the basis of the usual market terms among third parties.

The segments are composed as follows:

Marketed products

- Veregen® for the treatment of genital warts

Drug candidates & technologies

- EndoTAG®-1 for the treatment of solid tumours
- RhuDex® for the treatment of autoimmune diseases
- AAVLP technology

Discontinued operations

- Eligard® for the treatment of prostate cancer

J. Other notes

Contingent liabilities

For the contingent liabilities listed below, no accruals were recognised in liabilities, as the risk of their being utilised is deemed unlikely.

In 2004, Medigene concluded an agreement with the insolvency administrator of MBT (formerly “Munich Biotechnology”) under which payments by Medigene to the insolvency administrator were agreed in the event of certain milestones being achieved. These included a milestone payment if a clinical phase III trial would be initiated. In connection with signing an agreement with SynCore in July 2012, the company has achieved a settlement with the insolvency administrator which stipulates that Medigene will no longer make milestone payments but instead must only transfer a minor percentage of the income generated with EndoTAG®-1. The total amount is therefore limited to up to €11 m. From the company management’s point of view, no accruals need to be recognised for this purpose at present, because the relevant payments will only be due following the achievement of specific events.

The company leases office and laboratory facilities, office furnishings, laboratory equipment and vehicles. These constitute operating leases, as the contractual agreement does not transfer any risks and rewards to the Group. The conditions, rental increase clauses and extension options of the lease agreements vary.

The Group’s cancellation periods for these lease agreements vary between one month and five years.

K. Executive Board and Supervisory Board (at 30 September 2013)

„Directors' Holdings" and note on subscription rights

Member	Shares*) 9M 2013	Shares*) Y 2012	Options*) 9M 2013	Options*) Y 2012
Prof. Dr. Ernst-Ludwig Winnacker Chairman of Supervisory Board, Co-founder (until 20 August 2013)	68,619	68,619	0	0
Prof. Dr. Norbert Riedel Vice Chairman of Supervisory Board (until 16 July 2013)	825	825	0	0
Dr. Pol Bamelis Supervisory Board member (until 16 July 2013)	100	100	0	0
Dr. Mathias Albert Boehringer Supervisory Board member (until 16 July 2013)	0	0	0	0
Klaus Kühn Supervisory Board member (until 20 August 2013)	0	0	0	0
Dr. Thomas Werner Supervisory Board member (until 20 August 2013)	0	0	0	0
Prof. Dr. Horst Domdey Chairman of Supervisory Board, Co-founder (since 16 July 2013)	39,125	-	0	-
Dave Lemus Supervisory Board member (since 16 July 2013)	0	-	0	-
Dr. Yita Lee Supervisory Board member (since 16 July 2013)	0	-	0	-
Total Supervisory Board	108,669	69,544	0	0
Dr. Frank Mathias Chief Executive Officer	1,499	1,500	40,625	40,625
Peter Llewellyn-Davies Chief Financial Officer	3,000	1,500	1,875	1,875
Total Executive Board	4,499	3,000	42,500	42,500

(Status as at 30 September 2013 and 31 December 2012)

*) Adjusted to represent a comparable figure after the share capital reduction

Financial calendar

27 March 2014

Annual Report 2013
Analysts teleconference

Trademarks

EndoTAG®
is a trademark of Medigene AG

Medigene®
is a trademark of Medigene AG

Polyphenon E®
is a trademark of Mitsui Norin Co. Ltd.

RhuDex®
is a trademark of Medigene AG

Veregen®
is a trademark of Medigene AG

These trademarks may be held or licensed for specific countries.

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Published by

Medigene AG
Lochhamer Straße 11
82152 Planegg/Martinsried, Germany

T +49 (89) 20 00 33-0
F +49 (89) 20 00 33-29 20

Contact

Public & Investor Relations

Julia Hofmann, Claudia Burmester
T +49 (89) 20 00 33-33 01
investor@medigene.com

Disclaimer

This quarterly report contains forward-looking statements that are based on certain assumptions and expectations made by the management of Medigene AG at the time of its publication. These forward-looking statements are therefore subject to unpredictable risks and uncertainties, so there is no guarantee that these assumptions and expectations will turn out to be accurate. Many of those risks and uncertainties are determined by factors that are beyond the control of Medigene AG and cannot be gauged with any certainty at this point in time. This includes future market conditions and economic developments, the behavior of other market participants, the achievement of targeted synergy effects as well as legal and political decisions. Medigene AG cannot preclude that actual results may differ substantially from those expectations expressed in or implied by the forward-looking statements. Medigene AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this annual report.

The English version of the quarterly report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

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