MOLOGEN AG
THE POWER OF IMMUNOTHERAPIES

# QUARTERLY STATEMENT
# AS OF 30 SEPTEMBER 2017

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# HIGHLIGHTS

Successful continuation of the clinical studies with lead product candidate lefitolimod and further implementation of Next Level strategy

- Clinical trials achieve important milestones:
  - Results of extension phase of the TEACH study in HIV and initial results from the exploratory IMPULSE phase II study in SCLC
  - Completion of patient recruitment for the IMPALA pivotal study in mCRC
  - MOLOGEN's cooperation partner Aarhus University received a grant from Gilead for a combination study with lefitolimod in HIV

Further funding and investment for study advancement:

- Binding term sheet singned with Chinese iPharma for further development of lefitolimod in China
- US investor Global Corporate Finance provides further capital and participates in MOLOGEN with up to 10%
- R&D expenses remained nearly unchanged compared to previous-year period; accordingly, EBIT slighy below the same period of the previous year

Dr Matthias Baumann appointed as new Chief Medical Officer (CMO) effective 1 May 2017

# KEY FIGURES (IFRS)

| **In million €** | **Q3 2017** | **Q3 2016** | **Change %** | **Q1 – Q3 2017** | **Q1 – Q3 2016** | **Change %** |
|---|---|---|---|---|---|---|
| Revenues | 0 | 0 | - | 0 | 0 | - |
| Profit (loss) from operations (EBIT) | -4.0 | -4.5 | -11 | -14.5 | -14.3 | 1 |
| Expense structure | | | | | | |
| Personnel expenses | 1.3 | 1.2 | 8 | 3.9 | 4.3 | -9 |
| Research & Development expenses | 2.6 | 3.5 | -26 | 10.6 | 10.5 | 1 |
| Earnings per share in € (basic) | -0.12 | -0.20 | -40 | -0.43 | -0.63 | -32 |
| Cash flows from operating activities | -4.2 | -4.7 | -11 | -15.4 | -13.9 | 11 |
| | | | | | | |
| | **30 Sep 2017** | **31 Dec 2016** | **Change %** | | | |
| Cash and cash equivalents | 9.8 | 20.5 | -52 | | | |
| Shareholders' equity | -2.2 | 11.8 | -119 | | | |
| Equity ratio | -20% | 55% | -136 | | | |
| Total assets | 11.0 | 21.4 | -49 | | | |
| | | | | | | |
| Number of employees | 47 | 59 | -20 | | | |

# CONTENTS

# INTERIM MANAGEMENT REPORT

for the period from 1 January to 30 September 2017

- Continuation of clinical trials with lefitolimod and further implementation of Next Level strategy
- MOLOGEN and iPharma sign binding term sheet for collaboration regarding development, manufacturing and commercialization of lefitolimod in China as well as potential co-development cooperation
- Key results of IMPULSE study in SCLC and TEACH study in HIV presented
- ESMO 2017: well received presentations
- R&D expenses remained nearly unchanged compared to previous-year period; accordingly, EBIT slighy below the same period of the previous year

In the third quarter 2017, the focus of operational business was on the lead product, the TLR9 agonist lefitolimod. Further progress was made in the preparatory activities for the potential approval of the immunotherapeutic agent. In particular, this included preparatory measures for the planned outsourcing of production and upscaling production to the market standard. The four clinical trials with lefitolimod also moved forward and important milestones were reached. The TEACH study in HIV is especially to be highlighted here. In August important results for the extension phase of the TEACH study (phase Ib/IIa in HIV) were announced. Regarding the exploratory phase II study IMPULSE in small cell lung cancer initial results were presented in April. The recruitment of the planned number of patients for the IMPALA phase III pivotal study in colorectal cancer was concluded in May already. Progress continues to be made in patient recruitment for the phase I combination study with the checkpoint inhibitor Yervoy® in collaboration with MD Anderson Cancer Center at the University of Texas, USA.

In August MOLOGEN signed a binding term sheet with iPharma, a China-based drug development company. The collaboration would be defined in a final agreement by the end of the year and includes the development, manufacturing and commercialization for MOLOGEN's lead compound lefitolimod in oncology in China including Hong Kong and Macao, Taiwan and Singapore as well as a potential co-development cooperation. Under the licensing agreement MOLOGEN would receive an initial payment as well as milestone

payments, royalties and an equity investment. With this licensing deal MOLOGEN is homing in on one of its key objectives: the outlicensing of lefitolimod.

With €10.6 million the expenses for research and development (R&D) were nearly up on the same period of the previous year (9M 2017: €10.5 million). EBIT was at €-14.5 million and therefore just slightly lower than the €-14.3 million recorded in the same period of the previous year. As of 30 September 2017, cash and equivalents totaled €9.8 million (12/31/2016: €20.5 million).

## Business performance

Within the first nine months the focus of MOLOGEN's activities continued to be on the further implementation of the Next Level strategy and the continuation of four clinical studies with the TLR9 agonist lefitolimod.

Significant milestones were reached in three of these studies:

- IMPULSE: In April key results of the exploratory phase II study in lung cancer were presented
- IMPALA: For the pivotal study for colorectal cancer, the planned number of patients were recruited
- TEACH: At the beginning of August, first results for the extension phase of the phase Ib/IIa TEACH study in HIV were presented

At the ESMO conference in September top-line data from the exploratory, signal-seeking phase II IMPULSE trial in extensive-disease small-cell lung cancer were presented by the coordinating investigator Prof. Dr. Michael Thomas, MD, University of Heidelberg, Germany, in a Proffered Paper Session with the session's co-chair, Prof. Sanjay Popat, The Royal Marsden Hospital, London.

Furthermore, data on lefitolimod as modulator of the tumor microenvironment (TME) alone and in combination with immune checkpoint inhibitors in pre-clinical tumor models were presented in the Translational Research Poster Session, also at the ESMO conference.

### First licensing deal for lead product lefitolimod in prospect

The company's primary objectives continue to be preparing for the possible market launch of lefitolimod and finding a suitable partner for the licensing and marketing of the drug. In the third quarter of the year MOLOGEN has come one step closer to achieving these objectives. In August, the company signed a binding term sheet with the Chinese iPharma. The collaboration would be defined in a final agreement by the end of the year that will consist of two parts: First, a license agreement including sublicense rights under which MOLOGEN grants iPharma an exclusive license for the development, manufacturing and commercialization for MOLOGEN's lead compound lefitolimod in oncology in the following territory: China including Hong Kong and Macao, Taiwan and Singapore. Under the licensing agreement MOLOGEN would receive an initial payment, further milestone payments as well as royalties and an equity investment. Second, a co-development agreement under which the two parties shall jointly develop lefitolimod in one or more mutually agreed indications in oncology following a development plan to be agreed on and subject to further funding, in the defined territory and on a global level.

Under the terms of the final agreement, to be signed by the end of this year, iPharma is to make an initial payment of €3 million and warrants an equity investment in MOLOGEN amounting to €2 million within a period of 12 months following the execution of the final license agreement. Further milestones are defined as development milestones which are due upon reaching predefined development steps and the market approval of the compound and commercial milestones which are due upon reaching certain sales thresholds. The total package can amount to €100 million and would be paid over several years after having reached the milestones. In addition MOLOGEN would receive royalties at a low double digit percentage of sales.

### Financing

The successfully completed financing measures at the end of 2016 and the beginning of 2017 together with the just signed agreement on the subscription of new shares with the US investor Global Corporate Finance in October 2017, secures MOLOGENs financing presumably until mid-2018. See p. 16 of this quarterly statement.

Furthermore, an additional cash inflow amounting to €3 million could be received through the commitment of iPharma to sign the final contract by the end of 2017. In this case the financing would be secured accordingly longer. See p. 6 of this quarterly statement.

### New Chief Medical Officer

Dr Matthias Baumann appointed as new Chief Medical Officer effective 1 May 2017: responsible for the areas of Research, Pre-Clinical and Clinical Development, Drug Approval and Clinical Strategy.

### Research and development (R&D)

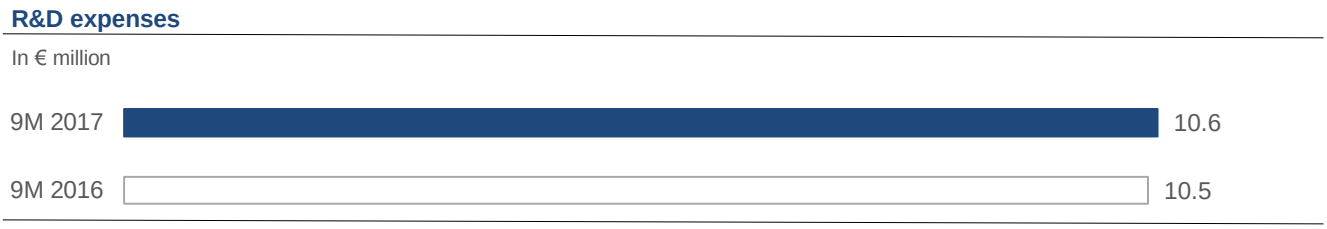
In the first nine months of 2017, MOLOGEN above all made progress in its clinical trials: the IMPALA phase III pivotal study in the indication colorectal cancer; the extension phase Ib/IIa TEACH study in the indication HIV and the clinical phase I combination study with a checkpoint inhibitor. A significant milestone was reached in April 2017 with the publication of key findings from the exploratory IMPULSE phase II study. Likewise, important results were presented in August for the extension phase Ib/IIa TEACH study in the indication HIV.

Furthermore, promising results from pre-clinical studies in tumor models of lefitolimod in combination with checkpoint inhibitors were presented in the period under review. Research and development results for the TLR9 agonist lefitolimod were shared at international scientific conferences, lately at the European Society for Medical Oncology (ESMO 2017) in Madrid.

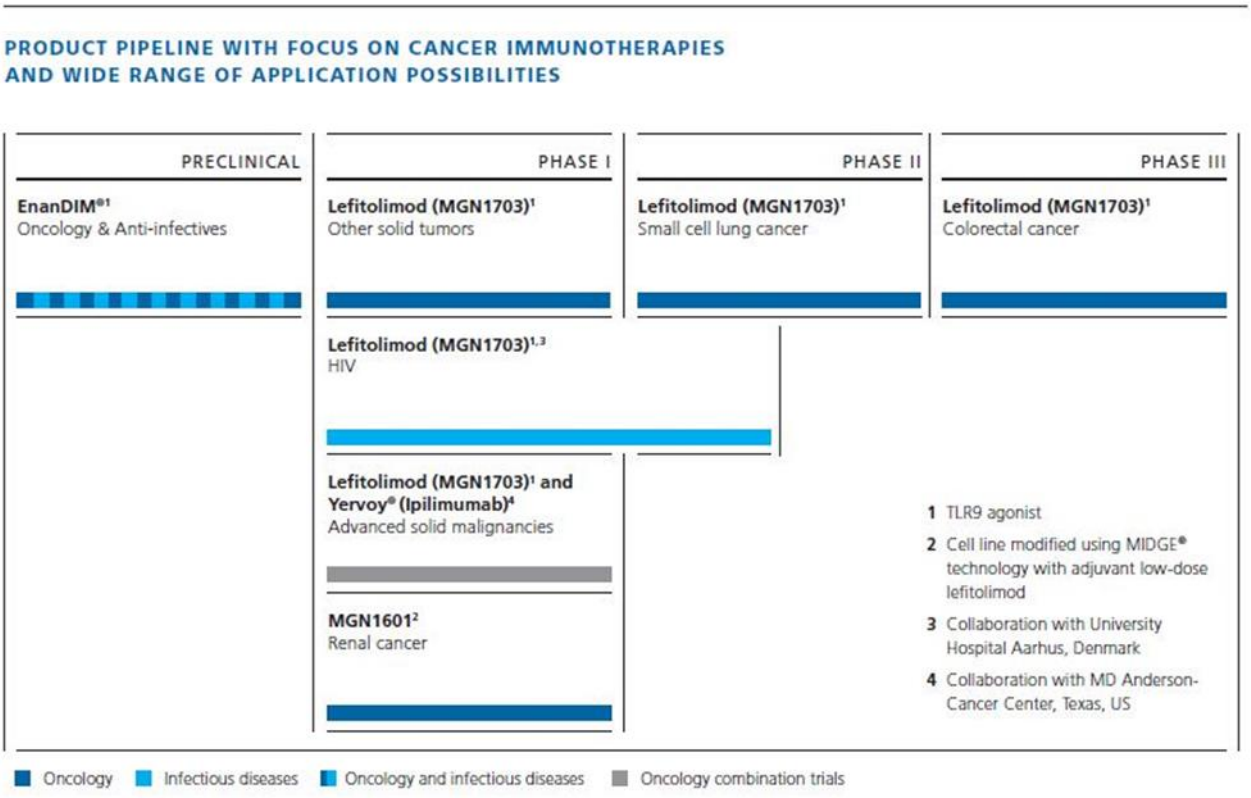
Regarding EnanDIM® follow-up molecules, MOLOGEN successfully carried out initial pre-clinical examinations in combination with checkpoint inhibitors and presented them at the ASCO Clinical Immuno-Oncology Symposium (SITC) in February 2017.

## R&D expenses

Research and development (R&D) expenses were nearly up on the same period last year at €10.6 million (9M 2016: €10.5 million). EBIT was just slightly below the same period last year at €-14.5 million against €-14.3 million. Cash and cash equivalents amounted to €9.8 million at 30 September 2017 (12/31/2016: €20.5 million).




## Product pipeline




MOLOGEN's product pipeline is focused on the close-to-market lead product lefitolimod and the follow-up molecules EnanDIM®. Furthermore, this pipeline contains a cell-based therapeutic vaccine (MGN1601). For the time being, the further development of this compound is being shelved in the wake of the portfolio review that was carried out in 2016.

Based on study data available so far, all drug candidates have demonstrated good tolerability and safety. For lefitolimod and EnanDIM®, the expected effects of immune surveillance reactivation are increasingly being confirmed.

### TLR9 agonists lefitolimod and EnanDIM®

Lefitolimod is an immunotherapeutic agent and the most advanced TLR9 agonist in MOLOGEN's portfolio. In the period under review, the immunotherapeutic agent was tested in the IMPALA, IMPULSE and TEACH as well as in a combination study with the checkpoint inhibitor Yervoy® (ipilimumab).

During the reporting period MOLOGEN also presented pre-clinical data showing that lefitolimod can induce modulation of the tumor microenvironment. Hence, lefitolimod may be an ideal partner for immune-oncology combination approaches, i.e. with checkpoint inhibitors. The lefitolimod-induced pathway provides the rationale for combining lefitolimod with checkpoint inhibitors (CPI). First combination data of lefitolimod with checkpoint inhibitors in mouse tumor models have been presented at the Annual 2017 Gastrointestinal Cancers Symposium in San Francisco, USA (January 19-21, 2017). The data showed that lefitolimod can significantly improve the anti-tumor effect of checkpoint inhibitors, particularly anti-PD-1 and anti-PD-L1 antibodies, and thus prolong survival in murine colon carcinoma and lymphoma tumor models.

### Phase III pivotal study for colorectal cancer (IMPALA)

The patient enrollment that started in September 2014 was concluded in May 2017. More than 540 patients from approximately 120 centers in eight European countries, including the five largest European pharmaceutical markets, participate in the study. The study will be evaluated once a certain number of deaths have occurred, which is currently estimated to be reached around two years after completion of patient enrollment.

The IMPALA study is an international phase III multicentric, randomized, non-blinded, two-arm clinical pivotal study. Based on the findings of the sub-group analyses of the IMPACT study, the IMPALA study only includes patients with metastatic colorectal cancer in whom a response to the first-line chemotherapy treatment has been radiologically confirmed, with or without biological drugs (biologics).

The aim of the study is to show that a switch maintenance therapy with the immunotherapeutic agent lefitolimod leads to a prolongation of overall survival (OS). The primary endpoint is therefore OS. The secondary endpoints include progression-free survival (PFS), tolerability, safety and quality of life (QoL).

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

The study comprised 102 patients who are suffering from an extensive disease stage of small cell lung cancer (SCLC) and whose tumors have responded to the standard first-line therapy with chemotherapeutics.

The first findings of the study were presented in April 2017: IMPULSE showed positive results regarding OS in two subsets of patient groups in comparison with the control group (standard therapy). The results of this SCLC study provide significant guidance for defining patient populations that, even beyond this study, are most likely to benefit from lefitolimod even though in this highly challenging indication the primary endpoint of OS was not met in the overall study population.

Notably, an OS benefit was shown in comparison with the control arm (local standard of care) in patients with a low count of activated B cells (hazard ratio 0.59, 95% confidence interval 0.29-1.21), an important immune parameter. Moreover, a benefit from treatment with lefitolimod was seen in patients with reported chronic obstructive pulmonary disease (COPD), a common underlying illness (hazard ratio 0.54, 95% confidence interval 0.21-1.38).

A comprehensive evaluation of data is currently being carried out. At the ESMO conference in September 2017 top-line data from the exploratory, signal-seeking phase II IMPULSE trial in extensive-disease small-cell lung cancer were presented by the coordinating investigator Prof. Dr. Michael Thomas, MD, University of Heidelberg, Germany, in a Proffered Paper Session with the session's co-chair, Prof. Sanjay Popat, The Royal Marsden Hospital, London.

### Extension phase Ib/IIa study in HIV (TEACH)

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

currently ongoing and detailed TEACH study results of the extension phase will be presented at an international scientific conference.

The study, a cooperation with the Aarhus University Hospital in Denmark, was extended based on the positive results seen in the initial study phase. In the extension phase lefitolimod alone on top of antiretroviral therapy (ART) did not show the desired effect on the viral reservoir. However, this study provides important positive findings with regard to the effects of the reactivation of the immune system, also in HIV. These data together with the favorable safety profile of lefitolimod now confirmed also in HIV form the basis for our future development strategy for lefitolimod in combination therapies. The Company is confident that lefitolimod can be an important component of therapeutic approaches aiming to cure HIV, e.g. monoclonal antibodies or vaccines.

The recently financed combination study is a crucial element of this strategy:

In January 2017, the Danish Aarhus University received a grant of US$2.75 million from the biopharmaceutical company Gilead Sciences, Inc, Foster City, USA. The grant was to fund a planned clinical trial in HIV positive patients using ART in which MOLOGEN's TLR9 agonist will be investigated in combination with innovative virus-neutralizing antibodies. The antibodies have been developed by the Rockefeller University in New York, USA. MOLOGEN would be providing lefitolimod for the study. Currently preparations are being made to start the study in 2018.

In February 2017, the Danish Aarhus University Hospital presented new data on the TEACH study at the annual Conference on Retroviruses and Opportunistic Infections (CROI) in Seattle, USA. For the first time, it was revealed through sigmoid colon biopsies that lefitolimod can trigger a local antiviral immune response in patients with HIV who undergo ART. These findings support the rationale behind the continued development of lefitolimod in HIV.

Background information on TEACH:
The phase Ib/IIa study with the Immune Surveillance Reactivator (ISR) lefitolimod to treat HIV-infected patients started in 2015 and has continued in an expansion phase since the middle of 2016. Initially, patients received treatment for a period of one month; in the extension phase, the treatment time with lefitolimod was extended to six months based on the good results of the initial phase.

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

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

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

MD Anderson is conducting the trial at its Cancer Center in Texas, USA, and the first patients were enrolled in June 2016. MOLOGEN is providing lefitolimod and funding the study.

### EnanDIM®

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

In the period under review, MOLOGEN published combination data of EnanDIM® with a checkpoint inhibitor. The pre-clinical in vivo data showed that EnanDIM® can significantly improve the anti-tumor effect of the checkpoint inhibitor anti-PD-1 and consequently prolong survival in a murine colorectal cancer model. The beneficial effect of the combination of EnanDIM® with anti-PD-1 antibodies compared with each monotherapeutic approach was confirmed in in vitro experiments. These results constitute a first pre-clinical confirmation of the combination approach of EnanDIM® with checkpoint inhibitors.

## Financial performance and financial position

- R&D expenses virtually unchanged at €10.6 million (9M 2016: €10.5 million); EBIT of €-14.5 million accordingly slightly below the level in the same period of the prior year (9M 2016: €-14.3 million)
- Average cash burn of €1.8 million per month (9M 2016: €1.6 million per month)
- Cash and cash equivalents total €9.8 million (12/31/2016: €20.5 million)

Overall, the company’s financial performance and financial position developed according to plan in the first nine months of 2017. Available cash and cash equivalents at the reporting date will cover the company's financial requirements up to the beginning of 2018 based on current projections.

## Results of operations

In the first nine months of 2017, MOLOGEN's revenues amounted to €0.04 million (9M 2016: €0.03 million). Other operating income amounted to €0.06 million (9M 2016: €0.01 million).

The cost of materials and external services was up slightly year on year at €7.5 million (9M 2016: €7.1 million), having been primarily incurred in connection with conducting the IMPALA study during the reporting period. At €7.4 million, the cost of external services (9M 2016: €7.0 million) was a significant contributory factor here.

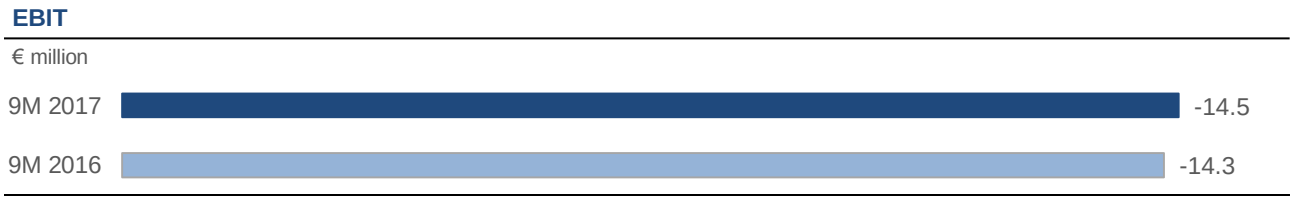
There was a year-on-year increase in other operating expenses to € 3.0 million (9M 2016: €2.6 million). The increase mainly reflects higher consultancy costs for business development in addition to higher legal and consulting costs.

At €3.9 million, personnel expenses were slightly down on the prior year (9M 2016: €4.3 million). In contrast to the present reporting period, MOLOGEN reported personnel expenses in the first nine months of 2016 related to severance payments as a result of the redundancy strategy pursued during the course of 2016 as part of the Next Level realignment program. The non-cash personnel expenses from share options granted increased during the reporting period against the same period last year.

The scheduled depreciation and amortization of assets was below the level seen in the same period of the prior year, amounting to €0.04 million (9M 2016: € 0.3 million). In the first nine months of 2016, unscheduled amortization was carried out on fixed assets no longer needed in the wake of the Next Level realignment program, which is in contrast to the current reporting period.

Of the total expenses, €10.6 million was used for research and development projects (9M 2016: €10.5 million), for which the costs incurred are primarily attributable to conducting the IMPALA study.

At €-14.5 million, EBIT in the first nine months of 2017 was slightly below the same period of the previous year (9M 2016: €-14.3 million).



In view of first-time interest expenses in connection with the issue of convertible bonds, the financial result in the first nine months of 2017 was down on the same prior-year period at €-346 thousand (9M 2016: €-0.2 thousand).

### Net assets and financial position

The balance sheet total decreased to €11.0 million (12/31/2016: €21.4 million), essentially reflecting cash burn and the loss for the period.

As of 30 September 2017, assets essentially comprised cash and cash equivalents amounting to €9.8 million (12/31/2016: €20.5 million). The decrease is due to the cash utilized within the scope of operating activities. Including outflows for investments, cash utilization stood at €15.4 million (9M 2016: €14.0 million).

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

At €0.01 million, the volume of the investments made in the first nine months of 2017 was lower than scheduled depreciation and amortization in the same period (€0.04 million). At €0.04 million, non-current assets as of 30 September 2017 were slightly below the level on the prior year’s reporting date (12/31/2016: €0.06 million).

The liabilities side of the balance sheet includes current and non-current liabilities along with shareholders' equity.
Non-current liabilities include liabilities from the issue of convertible bonds amounting to €6.5 million (12/31/2016: €2.1 million). Current liabilities of €6.6 million (12/31/2016: €7.4 million) essentially include trade payables.
Shareholders' equity amounts to €-2.2 million (12/31/2016: €11.8 million). The decline essentially reflects an increase in the balance sheet loss.

Other financial liabilities amounted to €16.1 million in total as of 30 September 2017 (12/31/2016: €17.4 million) and were essentially due to the conclusion of short-term service contracts for the IMPALA study 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.

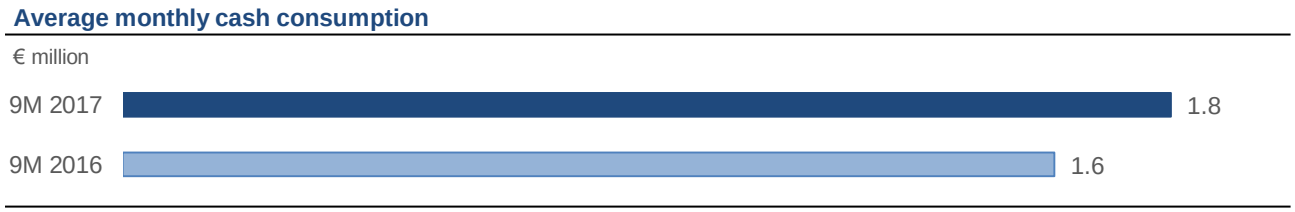
### Liquidity development

In the first nine months of 2017, cash and cash equivalents used for operating activities in the amount of €15.4 million exceeded the prior year's value (9M 2016: €13.9 million) and were mainly committed to the further development of the IMPALA study.

The outflows from investing activities decreased when compared with the prior-year period (9M 2017: €0.01 million; 9M 2016: €0.08 million).

The cash flow from financing activities totaled €4.7 million (9M 2016: €0.0 million). This reflects the convertible bond issued during the period under review.

Monthly cash burn amounted to an average of €1.8 million per month in the first nine months of 2017 and was therefore above the value of €1.6 million in the same period of the prior year.




## Supplementary report

On 24 October 2017 MOLOGEN announced the signing of a Share Subscription Facility with the US investor Global Corporate Finance (GCF). Accordingly, GCF commits to purchase up to 3,394,725 shares – corresponding to approx. 10% of the share capital of MOLOGEN. The shares will be issued, without subscription rights of existing shareholders, in several tranches from MOLOGEN's authorized share capital pursuant to the articles of association. Based on the current share prices and provided that all tranches will be exercised, MOLOGEN could raise total gross proceeds of around EUR 10 million. This would secure the Companies financing until mid-2018. Depending on the respective share price when exercising, the proceeds could be both above and below €10 million.

Only a few days before publication of this statement MOLOGEN received the approval for a grantof approximately US$ 2.6 million from the Global Health Innovative Technology (GHIT) Fund. This amount is part of a grant from the GHIT Fund totaling US$ 3.6 million to be received by an international consortium including MOLOGEN, to further develop a leishmaniasis vaccine candidate based on the MIDGE®-technology. In the first instance

MOLOGEN will provide the vaccine transitionally for the studies to be carried out within the project and at the same time support activities to transfer the vaccine production to a contract manufacturer. MOLOGEN does not intend to continue the studies itself. MOLOGEN is currently preparing the divestment of the MIDGE®-technology within the framework of the Next Level strategy. The GHIT funding provides a firmer basis for the further and timely development of the project through a partner, and it also further validates the platform technology.

## Forecast, risk and opportunity report

### Forecast

In the first nine months of the current financial year MOLOGEN developed well overall. The milestone of €3 million, presumably due by the end of the year within the framework of the final agreement with iPharma as well as potentially stable expenses for R&D could lead to a corresponding improvement of the forecasted annual result 2017.

The statements made in the Management Report of the Annual Financial Statements as at 31 Dec 2016, on the objectives in the fields of research and development, collaboration and partnerships, earnings and liquidity development, and personnel, still apply (see Annual Report 2016, page 56 et seq.).

### Opportunities and risk report

The opportunities and risks, and the assessment thereof, identified in the Management Report of 31 Dec 2016, remain unchanged (see Annual Report 2016, page 57 et seqq.).

# Interim Statement as of 30 September 2017

# STATEMENT OF COMPREHENSIVE INCOME (IFRS)

for the period from 1 January to 30 September 2017

| **EUR'000** | **Q3 2017** | **Q3 2016** | **Q1 – Q3 2017** | **Q1 – Q3 2016** |
|---|---|---|---|---|
| | **unaudited** | **unaudited** | **unaudited** | **unaudited** |
| Revenues | 0 | 25 | 36 | 25 |
| Other operating income | 18 | 0 | 55 | 10 |
| Cost of materials | -1,697 | -2,024 | -7,561 | -7,111 |
| Personnel expenses | -1,289 | -1,164 | -3,901 | -4,267 |
| Depreciation and amortization | -12 | -260 | -37 | -323 |
| Other operating expenses | -1,042 | -1,037 | -3,072 | -2,641 |
| | | | | |
| **Profit (loss) from operations** | **-4,022** | **-4,460** | **-14,480** | **-14,307** |
| | | | | |
| Finance costs | -117 | 0 | -350 | 0 |
| Finance income | 4 | 0 | 4 | 0 |
| | | | | |
| **Profit (loss) before taxes** | **-4,135** | **-4,460** | **-14,826** | **-14,307** |
| | | | | |
| Tax result | 0 | 0 | 0 | 0 |
| | | | | |
| **Profit (loss) for the period/ comprehensive income** | **-4,135** | **-4,460** | **-14,826** | **-14,307** |
| | | | | |
| Loss carried forward | -136,465 | -109,287 | -125,774 | -104,771 |
| | | | | |
| **Accumulated deficit** | **-140,600** | **-113,747** | **-140,600** | **-119,078** |
| | | | | |
| Basic earnings per share (in €) | **-0.12** | **-0.20** | **-0.43** | **-0.63** |
| Diluted earnings per share (in €) | **-** | - | **-** | - |

# STATEMENT OF FINANCIAL POSITION (IFRS)

as of 30 September 2017

| €'000 | 30 September 2017 | 31 December 2016 |
|---|---|---|
| | unaudited | audited |
| **ASSETS** | | |
| **Non-current assets** | **41** | **62** |
| Intangible assets | 22 | 37 |
| Property, plant and equipment | 19 | 25 |
| **Current assets** | **10,929** | **21,300** |
| Cash and cash equivalents | 9,812 | 20,520 |
| Trade receivables | 1 | 33 |
| Inventories | 17 | 13 |
| Other current assets | 1,098 | 733 |
| Income tax receivables | 1 | 1 |
| **Total assets** | **10,970** | **21,362** |
| **EQUITY AND LIABILITIES** | | |
| **Non-current liabilities** | **6,542** | **2,121** |
| Deferred income | 0 | 2 |
| Other non-current liabilities | 6,542 | 2,119 |
| **Current liabilities** | **6,622** | **7,404** |
| Trade payables | 5,679 | 6,530 |
| Other current liabilities and deferred income | 930 | 871 |
| Liabilities to banks | 13 | 3 |
| **Shareholders' equity** | **-2,194** | **11,837** |
| Issued capital | 34,294 | 33,947 |
| Capital reserves | 104,112 | 103,664 |
| Accumulated deficit | -140,600 | -125,774 |
| **Total** | **10,970** | **21,362** |

# STATEMENT OF CASH FLOWS (IFRS)

for the period from 1 January to 30 September 2017

| EUR'000 | Q1 – Q3 2017 unaudited | Q1 – Q3 2016 unaudited |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the period before taxes | -14,826 | -14,307 |
| Depreciation and amortization of intangible assets and property, plant and equipment | 37 | 323 |
| Profit from disposal of intangible assets and property, plant and equipment | -34 | 0 |
| Other non-cash expenses and income | 275 | 163 |
| Change in trade receivables, inventories and other assets | -337 | 488 |
| Change in trade payables and other liabilities | -806 | -538 |
| Interest expenses/interest income | 314 | 0 |
| Interest tax expenses/-income | 0 | 0 |
| Income tax payments | 0 | 0 |
| **Net cash used in operating activities** | **-15,377** | **-13,871** |
| | | |
| **Cash flows from investing activities** | | |
| Proceeds from the disposal of property, plant and equipment | 35 | 0 |
| Cash payments to acquire property, plant and equipment | -15 | -22 |
| Cash payments to acquire intangible assets | -2 | -58 |
| Interest received | -3 | 0 |
| **Net cash used in investing activities** | **15** | **-80** |
| | | |
| **Cash flows from financing activities** | | |
| Cash proceeds (after deduction of expenses for the equity component) from the issuance of a convertible bond | 4,988 | 0 |
| Cash proceeds from issuing shares | 0 | -452 |
| Interest paid | -311 | 0 |
| **Net cash used in financing activities** | **4,677** | **-452** |
| | | |
| **Effect of exchange rate changes on cash** | **-23** | **1** |
| | | |
| **Total changes in cash and cash equivalents** | **-10,708** | **-14,402** |
| | | |
| **Cash and cash equivalents at the beginning of the period** | **20,520** | **24,592** |
| Deposits with a term of more than three months at the beginning of the period | 0 | 0 |
| **Cash and cash equivalents at the end of the period** | **9,812** | **10,190** |
| Deposits with a term of more than three months at the end of the period | 0 | 0 |
| **Liquid funds at the end of the reporting period** | **9,812** | **10,190** |

# STATEMENT OF CHANGES IN EQUITY (IFRS)

as of 30 September 2017

| **€'000 except share data** | **Issued Capital** | | **Capital Reserves** | **Accumulated Deficit** | **Shareholder`s Equity** |
|---|---|---|---|---|---|
| | Number of ordinary shares | Share Capital | | | |
| **As of 31 December 2015 (audited)** | **22,631,501** | **22,632** | **101,642** | **-104,771** | **19,503** |
| Capital increase in exchange for cash contributions | | | -452 | | **-452** |
| Value of services rendered by employees (according to IFRS 2) | | | 165 | | **165** |
| Loss for the period | | | | -14,307 | **-14,307** |
| **As of 30 September 2016 (unaudited)** | **22,631,501** | **22,632** | **101,355** | **-119,078** | **4,909** |
| | | | | | |
| **As of 31 December 2016 (audited)** | **33,947,251** | **33,947** | **103,664** | **-125,774** | **11,837** |
| Equity component of convertible bonds | 346,261 | 347 | 207 | | **554** |
| Conversion of convertible bonds | | | 36 | | **36** |
| Value of services rendered by employees (according to IFRS 2) | | | 205 | | **205** |
| Loss for the period | | | | -14,826 | **-14,826** |
| **As of 30 September 2017 (unaudited)** | **34,293,512** | **34,294** | **104,112** | **-140,600** | **-2,194** |

### FINANCIAL CALENDAR 2017

March 22, 2017
Annual Financial Statement
and Annual Report 2016

April 28, 2017
Annual General Meeting

May 11, 2017
Quarterly Statement
as of March 31, 2017

August 10, 2017
Half-Year Report
as of June 30, 2017

November 09, 2017
Quarterly Statement
as of September 30, 2017

### FOR FURTHER INFORMATION PLEASE CONTACT

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