medigene

6M 2021

MEDIGENE AG

6-MONTHS REPORT 2021

CONTENT

INTERIM GROUP MANAGEMENT'S DISCUSSION AND ANALYSIS

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

1 ABOUT MEDIGENE

Medigene AG (FSE: MDG1, ISIN DE000A1X3W00, Prime Standard) is a publicly listed biotechnology company headquartered in Planegg/Martinsried near Munich, Germany. With its scientific expertise, Medigene is working on the development of innovative immunotherapies to enhance T cell activity against solid cancers in fields of high unmet medical need. Medigene's pipeline includes preclinical as well as clinical programs in development.

Medigene's strategy is to develop its own therapies towards clinical proof-of-concept. In addition, the Company offers selected partners the opportunity to discover and develop therapies on the basis of its proprietary technology platforms. In return for such partnerships, Medigene expects to receive upfront and milestone payments as well as research and development funding and royalties on future product sales.

2 BUSINESS REVIEW SINCE THE BEGINNING OF 2021

2.1 T cell receptor-modified T cell (TCR-T) therapies against solid cancers

T cells are at the center of Medigene's therapeutic approaches. With the aid of Medigene's immunotherapies the patient's own defense mechanisms are activated, and T cells harnessed in the battle against cancer. Medigene's therapies arm the patient's own T cells with tumor-specific T cell receptors (TCRs). The resulting TCR-Ts should thereby be able to detect and efficiently kill cancer cells.

This approach to immunotherapy aims to overcome the patient's tolerance to cancer cells and tumor-induced immunosuppression by activating the patient's T cells outside the body, genetically modifying them with tumor-specific TCRs and finally multiplying them. In this way, large numbers of specific T cells are made available to patients to fight the cancer within a short period of time.

As Medigene's development of enhanced TCR-Ts progressed, both at the level of TCRs themselves as well as the enhancements such as the PD1-41BB switch receptor, the opportunity to gain a competitive advantage in the treatment of solid tumors became more apparent. In this context, the strategic decision was made to focus Medigene's resources on advancing its programs against solid tumors. The corollary of this strategic new focus on solid cancers is that the Company's developments against hematological indications would thereafter only be continued with partners contingent on the achievement of critical data points.

Based on patient numbers and the unmet medical need in the area of solid tumors, Medigene believes that this will be the most significant commercial opportunity for its clearly differentiated technologies.

2.1.1 MDG10XX – Enhancing the safety and activity of TCR-T therapies in the treatment of solid tumor indications

TCR-4 is Medigene's lead TCR candidate against solid tumors – a non-mutated TCR isolated using Medigene's high-throughput screening platform from a healthy donor that, in the context of human leukocyte antigen (HLA) A2, specifically recognizes a peptide stemming from the PRAME protein. PRAME is an antigen of the cancer-testis antigen family which is expressed by a variety of solid cancer types. TCR-4 is highly sensitive for this PRAME epitope and its activity has been demonstrated both *in vitro* (against a variety of tumor cell types including lung cancer, uterine carcinoma, melanoma, and ovarian cancer, among others) and in an *in vivo* model against melanoma.

The PD1-41BB switch receptor is the most advanced of the enhancements currently being developed by Medigene. Solid tumors grow in our bodies through the development of mechanisms to hide from the immune system and evade T cell attacks, such mechanisms including the expression of the checkpoint molecule PD-L1 on their surface. Medigene's PD1-41BB switch receptor turns the tumor's off-signal sent by PD-L1 into an activation signal for the TCR-T cells.

As shown at the American Association for Cancer Research (AACR) and the Association for Cancer Immunotherapy (CIMT) virtual meetings in March and May 2021, respectively, addition of the PD1-41BB switch receptor improved the effector function of TCR-T cells carrying the TCR-4 *in vitro* in an environment with repeated exposure to tumor cells mimicking the real-life situation in solid cancers.

Finally, with the presentation at the digital TCR-based Therapies Summit in June 2021, these observations were confirmed *in vivo*. The new data came from a very challenging *in vivo* model of aggressively growing, PD-L1 positive melanoma and showed that only TCR-T cells carrying the combination of both TCR-4 and PD1-41BB could eliminate tumors with these highly immunosuppressive characteristics.

2.1.2 Identification of TCRs against unique new tumor-specific antigens (TSAs)

In January 2020, Medigene entered into a research collaboration focusing on novel cancer antigens for highly specific immunotherapies with the University of Montréal. The identification of novel TSAs as targets for T cells represents a vital goal for the development of effective and safe cancer immunotherapies.

Under the collaboration agreement, Medigene gained access to 47 potential TSAs presented by one of five common HLA types that were identified as novel peptides eluted from the HLA molecules of tumor cells. These peptides were found to be shared among specimens of several patients with solid tumors of different origin, such as ovarian, breast, and lung cancer, but were not detected in healthy tissues, giving them the character of TSAs.

As presented at the AACR virtual meeting, Medigene's high-throughput screening technology identified ten peptides as immunogenic and able to induce specific T cell responses. One or more immunogenic peptides were found for each of the five analyzed HLA types. TCRs of T cell clones recognizing these novel peptides were determined by gene sequencing and their continuing further characterization was presented recently at the CIMT virtual meeting.

To date, Medigene has isolated more than 20 TCRs of T cell clones that recognize these novel TSAs and have the potential to become next-generation TCR-T therapy candidates. Their further functional and safety characterization is ongoing.

2.1.3 Extension of patent portfolio

Medigene constantly expands its patent portfolio around new technologies as well as existing patents into further jurisdictions.

In January 2021, Medigene reported that it was granted patents around its technologies in significant territories including both the USA and Europe. The US-patent US10,858,760 covers Medigene's TCR building block library that enables rapid reconstruction and testing of newly discovered human TCR sequences. The European patent EP3394247A1 will cover Medigene's CrossTAg-1 technology and the US-patent US10,882,891 covers the use of the CrossTAg technology in dendritic cells (DCs) and DC vaccines. This technology allows cross-presentation of antigens on both HLA class I and II molecules thereby stimulating both killer T cells and helper T cells, respectively. These major T cell subsets play key roles in immune responses, including those against cancer.

2.2 Immunotherapies against blood cancer

2.2.1 MDG1011

"MDG1011" is Medigene's first clinical TCR-T immunotherapy product candidate and targets the tumor antigen PRAME. Medigene is conducting a multi-center, open-label Phase I/II clinical trial of MDG1011 to treat blood cancer patients with advanced-stage acute myeloid leukemia (AML) or myelodysplastic syndrome (MDS).

The Phase I part is a dose escalation trial which primarily evaluates safety and feasibility as well as other secondary endpoints. Patient recruitment was almost not affected by the ongoing COVID-19 pandemic and, in June 2021, the last patient was recruited into the third dose cohort of the Phase I part.

Following the Phase I part, which is anticipated to be reported during the second half of 2021, a Phase II part with up to 80 patients (including 40 patients in control groups) would investigate the safety and initial efficacy of the therapy as co-primary endpoints. However, in line with Medigene's focus shifting towards solid cancers, the Company has decided that, contingent on the results from the Phase I part, the Phase II part of the trial would only be conducted with or by a partner.

2.2.2 MDG1021

Mid-2020, a Phase I trial of MDG1021, a TCR-T therapy directed against the HA-1 antigen, was initiated at the Leiden University Medical Center (LUMC), the Netherlands. Medigene in-licensed the HA-1-specific TCR from the LUMC at the end of 2018. The study was designed to recruit patients suffering from relapsed or persistent blood cancers after allogeneic (non-self) hematopoietic stem cell transplantation.

Consistent with the company's decision to focus its development efforts on solid cancers, the MDG1021 development program was discontinued in January 2021 and patient recruitment was put on hold. All rights to the HA-1-specific TCR, as well as sponsorship of the Phase I clinical trial, were transferred to Miltenyi Biotec B.V. & Co. KG (Miltenyi) in July 2021. From now on, Miltenyi will continue the development of this program.

2.2.3 Dendritic cell (DC) vaccines

Medigene has developed a new generation of antigen-tailored DC vaccines. The positive results of the completed open-label Phase I/II clinical trial in AML patients were confirmed even after more than 3.5 years of median follow-up, as reported in February 2021. The data indicate that patients who received the DC vaccine could potentially have consistent clinical benefit without experiencing serious adverse events (SAEs) associated with treatment. However, as Medigene's development focus is on TCR-T therapies, the DC vaccine project will only be continued with partners.

Recently, a competing product was newly approved as maintenance therapy for patients with AML by the FDA in the U.S. and Medigene expects similar approvals to be granted soon in other regions including China. Medigene is monitoring the approval processes with regard to further developments. For the Asian region, a development partnership exists with Cytovant Sciences HK Limited, a biopharmaceutical company founded by Roivant Sciences (Roivant/Cytovant). Current events affect the development of the DC vaccine under this partnership as well as Medigene's further partnering efforts regarding the DC vaccine project.

2.3 Development partnerships

2.3.1 TCR-T partnership with bluebird bio

In 2016, Medigene and bluebird bio, Inc. (bluebird bio) entered into a strategic research and development collaboration and licensing agreement encompassing TCR immunotherapies against four targets. This agreement was expanded in 2018 to six targets. As reported previously, Medigene's preclinical activities under the partnership are continuing undisrupted by the ongoing COVID-19 pandemic.

The most advanced project in the collaboration is a TCR specific for a peptide stemming from the MAGE-A4 protein, a tumor antigen from the cancer-testis antigen family. This TCR is different to other MAGE-A4-specific TCRs in development elsewhere as it works independently of signaling through the co-receptor CD8, which is found on so-called killer T cells. In this way, any helper T cells (which express CD4 and not CD8), equipped with Medigene's MAGE-A4 TCR can also detect and kill cancer cells presenting the MAGE-A4 antigen on their surface. The research work describing the selection and activity of this TCR has been published recently in the Journal of Immunotherapy, as announced on 30 March 2021.

2.3.2 TCR-T and DC partnership with Roivant/Cytovant

In 2019, Medigene entered into license and cooperation agreements with Roivant/Cytovant, which cover a TCR which is directed against the tumor antigen NY-ESO-1, two TCR-T development projects of which one started in April 2020 as well as Medigene's DC vaccine, for Asia including the People's Republic of China, Hong Kong, Macao, Taiwan, South Korea, and Japan.

The COVID-19 situation in the Asian region, according to Medigene's current knowledge, does not relevantly affect development activities of Roivant/Cytovant. Preclinical work by Medigene within the framework of this partnership is also progressing unaffected by the pandemic.

2.4 Changes in the Executive Management Board

At the end of March 2021, Dr. Kai Pinkernell, former Chief Medical Officer and Chief Development Officer (CMO&CDO), left the Company's Executive Management Board for personal reasons. Since then, Dr. René Goedkoop holds the role of acting CMO and is responsible for the continuation of Medigene's clinical projects, primarily the finalization of the Phase I part of the ongoing clinical trial with MDG1011 in patients with AML or MDS. Dr. Goedkoop previously has held several CMO positions in international biopharmaceutical companies such as Sensimed S.A., Lausanne, Switzerland, EryDel S.p.A., Bresso (Milan), Italy, or Pharnext S.A., Paris, France, and has had a lead role already in Medigene's clinical trials as Vice President Clinical Affairs since January 2019. Dr. Pinkernell continues to support Medigene in an advisory role for six months.

3 RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

3.1 Results of operations

3.1.1 Revenue

The Company's revenues increased by 17% to €4,291 k in the first half of 2021 (6M 2020: €3,673 k) and consisted of revenues from the partnerships with bluebird bio and Roivant/Cytovant. The increase in revenues resulted from a licensing and collaboration agreement with Roivant/Cytovant that became effective in April 2020.

3.1.2 Selling and general administrative expenses

Selling, general and administrative expenses decreased by 33% to €3,034 k in the reporting period (6M 2020: €4,565 k) due to specific project-related consulting costs in the corresponding half of the previous year.

3.1.3 Research and development expenses

In the first half of 2021, research and development (R&D) expenses decreased by 43% to €6,314 k (6M 2020: €11,068 k). The background for the cost reduction is the refocus on the development of TCR-T cells for the treatment of solid tumors (MDG10XX) and the associated efficiency gains.

R&D costs incurred in the collaborations with bluebird bio and Roivant/Cytovant are reimbursed by bluebird bio and Roivant/Cytovant, respectively. The reimbursements are recognized as R&D payments in immunotherapies revenue.

3.1.4 EBITDA

As expected, the company's EBITDA improved by 61% to €-4,454 k in the first half of 2021 (6M 2020: €-11,325 k) due to the realignment and associated efficiency measures. Medigene's EBITDA is derived from the result for the period and does not include taxes, financial result, which is derived from interest income and interest expense, foreign exchange gains/losses, other financial result or depreciation/amortization.

EBITDA

IN € K	6M 2021	6M 2020	CHANGE
Net profit/loss for the period	**-5,665**	-12,534	57%
Taxes	**0**	100	100%
Other financial result	**-28**	-307	109%
Foreign exchange losses	**2**	9	78%
Financial result	**174**	169	188%
Depreciation and amortization	**1,063**	1,238	14%
EBITDA	**-4,454**	**-11,325**	**61%**

3.1.5 Other financial result

The other financial result decreased by 90% to €28 k (6M 2020: €307 k). This is due to conditional purchase price payments in the form of royalties on sales of Amgen's drug Imlygic™ totaling €307 k for the first half of 2020, which are based on an agreement concluded with Amgen Inc, USA, in 2015. This agreement was valid until 31 December 2020.

3.1.6 Net profit/loss for the first half of 2020

Due to the described realignment and related efficiency measures, the net loss in the first half of 2021 decreased by 54% to €5,665 k (6M 2020: €12,534 k).

3.1.7 Earnings per share

In the first half of 2021, the loss per share was €-0.23 (weighted average number of shares, basic and diluted: 24,562,658). In the comparable prior-year period, the figure was €-0.51 (weighted average number of shares, basic and diluted: 24,562,658).

3.2 Financial position

CHANGE IN CASH AND CASH EQUIVALENTS

IN € K	**6M 2021 UNAUDITED**	6M 2020 UNAUDITED	CHANGE
Net cash used in/provided by			
operating activities	**-7,380**	-15,346	52%
investing activities	**10**	1,100	-99%
financing activities	**-487**	-560	13%
Decrease in cash and cash equivalents	**-7,857**	**-14,806**	**47%**
Effect of exchange rate changes	**54**	6	80%
Cash and cash equivalents, opening balance	**30,033**	34,682	-13%
Cash and cash equivalents, closing balance	**22,232**	**19,882**	**12%**
Time deposits, as of 30 June	**0**	**20,000**	**-100%**
Cash and cash equivalents and time deposits, as of 30 June	**22,232**	**39,882**	**-44%**

3.2.1 Net cash used in operating activities

In the first half of 2021, the cash outflow from operating activities decreased from €15,346 k in the first half of 2020 to €7,380 k. This is mainly due to efficiency measures in the course of the realignment.

For the first half of 2021, the average monthly cash outflow from operating activities is €1.3 m (6M 2020: €2.5 m).

The level of the current average cash outflow from operating activities is only of limited informative value for the future development of this amount, as it is significantly influenced by one-off payments in the context of partnerships as well as by R&D expenses, the level of which depends on the project status.

3.2.2 Net cash used in/provided by investing activities

As a result of divestments, Medigene recorded a cash inflow from investing activities of €10 k in the first half of 2021 (6M 2020: €1,100 k).

3.2.3 Net cash provided by financing activities

Medigene recorded a cash outflow from financing activities of €-487 k in the reporting period, which mainly resulted from the repayment of existing lease agreements and other financing (6M 2020: cash outflow of €560 k).

3.2.4 Changes in cash and cash equivalents

Cash and cash equivalents amounted to €22,232 k at the end of the reporting period (31 December 2020: €30,033 k). There were no open credit lines.

3.3 Net Assets

3.3.1 Assets

3.3.1.1 Property, plant and equipment and intangible assets

The decrease in property, plant and equipment and intangible assets to €37,469 k as of 30 June 2021 (31 December 2020: €38,514 k) is mainly due to scheduled depreciation. According to management's assessment, the COVID-19 pandemic currently has no impact on the recoverability.

3.3.1.2 Cash and cash equivalents and short

Cash and cash equivalents decreased by 26% to €22,232 k as of the reporting date (31 December 2020: €30,033 k). In this regard, we also refer to Section 3.2 on p. 8.

3.3.2 Shareholders' equity and liabilities

The development of equity can be found in the consolidated statement of changes in equity.

Non-current liabilities decreased by 30% to €7,961 k as of 30 June 2021 (31 December 2020: €11,464 k), while current liabilities decreased by 6% to €9,457 k (31 December 2020: €10,131k). The reductions are related to the decrease in non-current contractual liabilities from the license and cooperation agreements.

3.4 Overall financial statement

Medigene's revenue increased compared to the prior-year period due to the licensing and cooperation agreement with Roivant/Cytovant. This took effect from 1 April 2020. In addition, the efficiency measures initiated in the second half of 2020 are taking effect, resulting in significant cost relief.

4 EMPLOYEES

As of 30 June 2021, the number of full-time equivalents (FTEs) was 60 (31 December 2020: 114) excluding employees on parental leave. The number of employees as of 30 June 2021 was 79 (31 December 2020: 121).

The breakdown of employees by company as of 30 June 2021 is as follows:

EMPLOYEES BY COMPANY

	30/06/2021	30/06/2020	CHANGE
Medigene Immunotherapies GmbH, Planegg/Martinsried	**46**	75	-39%
Medigene AG, Planegg/Martinsried	**31**	44	-30%
Medigene, Inc., San Diego	**2**	2	0
Total	**79**	**121**	**-35%**

Personnel expenses decreased by 41% to €4,162 k in the reporting period 2021 (6M 2020: €7,036 k), due to efficiency improvements in the context of Medigene's strategic focus, which started in the second half of 2020.

5 RELATED PARTIES

Detailed information on related parties can be found in Section (15) on p. 21 of the notes to the interim consolidated financial statements.

6 OPPORTUNITIES AND RISKS

6.1 Financial opportunities and risks

Medigene AG was founded in 1994 and the Company has reported operating losses in almost every fiscal year, as expenses for research and development in the relevant years exceeded the corresponding revenue or gross profit. The future achievement of profitability depends on progress in terms of operations as well as the Company's strategic decisions and is not yet secured.

As of 30 June 2021, cash and cash equivalents and time deposits amounted to €22,232 k. Medigene is constantly evaluating options to secure further funding beyond that date. The Executive Management Board currently believes that funds necessary for Company financing can be raised in due time. Possible sources of such funds may be additional partner arrangements with biotech/pharmaceuti-cal companies or capital measures.

6.2 Other opportunities and risks

For a detailed description of the opportunities and risks associated with the Company's business activities as well as the risk management and internal control system, please refer to Section 4 of the Group Management Report in the Annual Report 2020, as these have remained largely unchanged since the approval of the 2020 Consolidated Financial Statements on 19 March 2021.

Medigene continues to regularly review its risk assessment regarding the COVID-19 pandemic and will make updates as appropriate (see above for program-specific COVID-19 comments).

The occurrence of any one of the risks described above or in the Group Management's Discussion and Analysis – alone or in conjunction with each other – could have a negative impact on the results of operations, financial position and net assets of Medigene.

7 OUTLOOK

7.1 Company outlook

In the second half of 2021, Medigene will continue to push forward on the development of its immunotherapies. The corporate objectives will remain focused on the field of T cell-based immunotherapies to fight solid cancers. The Executive Management Board is confident that, through years of intensive research, the Company has now established a sound basis, e.g. with the highly promising product candidate TCR-4 in combination with the PD1-41BB switch receptor, for Medigene's TCR-T cells to overcome the adverse conditions surrounding solid cancers and to fight the cancerous tissue. This focus represents, in the Company's opinion, the most promising commercial business opportunity for Medigene's differentiated technologies.

Medigene will continue to characterize new target antigens, among others, in the context of the partnership with the University of Montréal, and TCR candidates for future studies and to collect preclinical data in prepara-

tion for further clinical TCR trials to be initiated. The Company's scientists will continue to present important results at upcoming scientific conferences and topline data of the Phase I portion of the Phase I/II trial of MDG1011 in AML and MDS are expected to be published in the second half of 2021.

Medigene plans to continue the successful collaborations with its partners bluebird bio and Roivant/Cytovant and will continue to evaluate new partnering opportunities related to its portfolio of product candidates to maximize the Company's value and secure funding for the further development of its product candidates.

7.2 Financial guidance 2020

Medigene's development programs continue to progress despite the ongoing COVID-19 pandemic. Financial guidance for fiscal 2021 remains unchanged as announced on 25 March 2021. The company expects to generate total revenues of €7 – 9 m, R&D expenses of €14 – 20 m and negative EBITDA of €10 – 17 m.

These estimates do not include potential future milestone payments from existing or future partnerships or transactions, as the occurrence of such events or their timing and scope depends to a large extent on external parties and therefore cannot be reliably forecast by Medigene.

Currently, Medigene does not expect the COVID-19 pandemic to have a material impact on total revenues, R&D expenses and EBITDA loss in 2021.

R&D expenses to advance Medigene's clinical and preclinical activities are the main reason for the decrease in cash and cash equivalents and time deposits in the first half of 2021. As of 30 June 2021, cash and cash equivalents and time deposits amounted to €22,232 k (31 December 2020: €30,033 k). Based on its current planning, the Company has sufficient financial resources to fund business operations into the third quarter of 2022.

CONSOLIDATED INCOME STATEMENT

OF MEDIGENE AG FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IN € K, UNLESS STATED OTHERWISE	NOTES	Q2 2021 UNAUDITED	Q2 2020 UNAUDITED	6M 2021 UNAUDITED	6M 2020 UNAUDITED
Revenue	(5)	**2,146**	2,271	**4,291**	3,673
Other operating income		**164**	1	**171**	2
Total revenue		**2,310**	**2,272**	**4,462**	3,675
Cost of sales		**-349**	0	**-633**	0
Gross profit		**1,961**	**2,272**	**3,831**	**3,675**
Selling expenses	(6)	**-129**	-211	**-317**	-322
General administrative expenses	(6)	**-1,418**	-2,758	**-2,717**	-4,243
Research and development expenses	(7)	**-2,768**	-5,313	**-6,314**	-11,673
Operating results		**-2,354**	**-6,010**	**-5,517**	**-12,563**
Interest income		**0**	35	**0**	38
Interest expense		**-85**	-102	**-174**	-207
Foreign exchange losses / gains		**0**	15	**-2**	-9
Other financial result	(8)	**0**	156	**28**	307
Earnings before tax		**-2,439**	**-5,906**	**-5,665**	**-12,434**
Taxes		**0**	0	**0**	-100
Net profit/loss for the period		**-2,439**	**-5,906**	**-5,665**	**-12,534**
Basic and diluted earnings per share (€)		**-0.10**	-0.24	**-0.23**	-0.51
Weighted average number of shares (basic and diluted)		**24,562,658**	24,562,658	**24,562,658**	24,562,658

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF MEDIGENE AG FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IN € K	**Q2 2021 UNAUDITED**	Q2 2020 UNAUDITED	**6M 2021 UNAUDITED**	6M 2020 UNAUDITED
Net profit/loss for the period	**-2,439**	-5,906	**-5,665**	**-12,534**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations[1)]	**-38**	-61	**81**	5
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Loss from equity instruments designated as at fair value through other comprehensive income[1)]	**1,543**	-104	1,543	-247
Other comprehensive income, net of tax	**1,505**	-165	**1,624**	**-242**
Total comprehensive income	**-934**	-6,071	**-4,041**	**-12,776**

1) No income tax effects were incurred.

CONSOLIDATED BALANCE SHEET

OF MEDIGENE AG AS AT 30 JUNE 2021

ASSETS

IN € K	NOTES	30/06/2021 UNAUDITED	31/12/2020
A. Non-current assets			
I. Property, plant and equipment		**5,856**	6,882
II. Intangible assets		**31,613**	31,632
III. Financial assets consisting of equity instruments	(9)	**4,796**	3,254
IV. Other assets		**287**	287
Total non-current assets		**42,552**	**42,055**
B. Current assets			
I. Trade accounts receivable	(10)	**954**	867
II. Other receivables		**0**	716
III. Other assets		**1,137**	1,078
IV. Cash and cash equivalents	(11)	**22,232**	30,033
Total current assets		**24,322**	**32,695**
Total assets		**66,875**	**74,750**

SHAREHOLDERS' EQUITY AND LIABILITIES

IN € K	NOTES	30/06/2021 UNAUDITED	31/12/2020
A. Shareholders' equity			
I. Subscribed capital	(12)	**24,563**	24,563
II. Capital reserve		**479,280**	478,937
III. Other reserves		**2,979**	1,355
IV. Accumulated deficit		**-457,366**	-451,702
Total shareholders' equity		**49,456**	**53,154**
B. Non-current liabilities			
I. Lease liabilities		**3,315**	3,629
II. Provisions		**482**	915
III. Financial liabilities		**248**	363
IV. Contract liabilities	(13)	**1,117**	3,758
V. Deferred taxes		**2,800**	2,800
Total non-current liabilities		**7,962**	**11,465**
C. Current liabilities			
I. Lease liabilities		**820**	822
II. Provisions		**0**	597
III. Trade accounts payable		**1,074**	433
IV. Financial liabilities		**245**	284
V. Other liabilities		**2,036**	2,657
VI. Contract liabilities	(13)	**5,282**	5,282
Total current liabilities		**9,457**	**10,131**
Total liabilities		**17,419**	**21,596**
Total shareholders' equity and liabilities		**66,875**	**74,750**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF MEDIGENE AG FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IN € K	6M 2021 UNAUDITED	6M 2020 UNAUDITED
Net cash from/used in operating activities		
Earnings before tax	**-5,665**	-12,434
Adjustments:		
Share-based payments	**343**	295
Depreciation and amortization	**1,063**	1,238
Other financial results	**-28**	-307
Interest income	**0**	-38
Interest expense	**174**	207
Changes in:		
Trade accounts receivable, other receivables and other assets	**571**	-709
Trade accounts payable	**641**	-537
Other liabilities and contract liabilities	**-4,305**	-2,754
Subtotal	**-7,206**	-15,039
Tax paid	**0**	-100
Interest paid	**-174**	-207
Net cash used in operating activities	**-7,380**	**-15,346**
Net cash from/used in investing activities		
Purchase of property, plant and equipment	**-50**	-207
Cash received from the sale of intangible assets	**0**	1,000
Cash received from the sale of tangible assets	**32**	0
Proceeds from sale of financial assets	**28**	307
Net cash from in investing activities	**10**	**1,100**
Net cash from/used in financing activities		
Principal repayment for finance lease	**-372**	-383
Principal repayment for financial liabilities	**-114**	-177
Net cash from financing activities	**-486**	**-560**
Decrease/increase in cash and cash equivalents	**-7,856**	**-14,806**
Currency translation differences on cash and cash equivalents	**55**	6
Cash and cash equivalents, opening balance	**30,033**	34,682
Cash and cash equivalents, closing balance	**22,232**	**19,882**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF MEDIGENE AG FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IN € K	NUMBER OF SHARES	SUBSCRIBED CAPITAL	CAPITAL RESERVE	ACCUMULATED DEFICIT	EXCHANGE DIFFERENCES	PENSIONS	FINANCIAL ASSETS	TOTAL SHAREHOLDERS' EQUITY
Balance as at 1/1/2020	**24,562,658**	**24,563**	**478,275**	**-422,826**	**110**	**0**	**1,701**	**81,823**
Net profit/loss				-12,534				**-12,534**
Other comprehensive income					5		-247	**-242**
Comprehensive income								**-12,776**
Share-based payments			295					**295**
Balance as at 30/06/2020, unaudited	**24,562,658**	**24,563**	**478,570**	**-435,361**	**115**	**0**	**1,454**	**69,342**
Balance as at 1/1/2021	**24,562,658**	**24,563**	**478,937**	**-451,701**	**-117**	**-39**	**1,511**	**53,154**
Net profit/loss				**-5,665**				**-5,665**
Other comprehensive income					**81**		**1,543**	**1,624**
Comprehensive income								**-4,041**
Share-based payments			**343**					**343**
Balance as at 30/06/2020, unaudited	**24,562,658**	**24,563**	**479,280**	**-457,366**	**-36**	**-39**	**3,054**	**49,456**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

A. BUSINESS ACTIVITY AND INFORMATION ON THE COMPANY

Medigene AG was founded in 1994 as a limited liability company in Planegg, local district Martinsried, Germany. In 1996, the Company was converted into a stock corporation. The Company's headquarters are located at Lochhamer Strasse 11, 82152 Planegg, local district Martinsried, Germany. The Company is registered in the commercial register of the Munich Local Court under HRB 115761. Medigene AG has been listed since June 2000 (Frankfurt Stock Exchange, Prime Standard, German Security Identification Number (WKN) A1X3W0, symbol MDG1, International Securities Identification Number (ISIN) DE000A1X3W00).

Effects of the COVID-19 pandemic

Medigene's preclinical projects focused on the development of TCR-T therapies in solid tumors as well as those related to Medigene's partnerships with bluebird bio, Inc., Cambridge, MA, USA (bluebird bio) and Cytovant Sciences HK Limited, a biopharmaceutical company founded by Roivant Sciences (Roivant/Cytovant), are both unaffected by the COVID-19 pandemic. Patient recruitment for Medigene's clinical trial with the TCR T-therapy MDG1011 in patients with acute myeloid leukemia (AML) was almost not affected by the impact of the COVID-19 pandemic until the reporting date and there are no delays regarding the further development of RhuDex®, which has been out licensed to Dr. Falk Pharma GmbH, Freiburg, Germany (Falk Pharma), due to the COVID-19 pandemic. According to management's assessment, the COVID-19 pandemic currently has no impact on the recoverability of the intangible assets and goodwill associated with the drug candidate RhuDex®. Medigene is in regular close communication with all business partners to anticipate any COVID-19 implications accordingly.

Further effects on capitalized assets and liabilities cannot be identified at present.

B. RECOGNITION AND MEASUREMENT POLICIES

(1) Basis of preparation of the interim consolidated financial statements

As a parent and publicly traded company within the meaning of Article 4 of Regulation (EC) No. 1606/2002, Medigene AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

The Company's Executive Management Board believes that the interim consolidated financial statements reflect all business transactions required to present the net assets, financial position, and results of operations for the period ended 30 June 2021.

The interim consolidated financial statements do not include all the information that is required to prepare annual consolidated financial statements. For this reason, the interim consolidated financial statements should be read in conjunction with the 2020 consolidated financial statements. These interim consolidated financial statements of Medigene AG were authorized for issue by the Executive Management Board on 11 August 2021.

(2) Financing risk

Medigene AG was founded in 1994 and the Company has reported operating losses in almost every fiscal year, as expenses for research and development in the relevant years exceeded the corresponding revenue or gross profit. The future achievement of profitability depends on progress in terms of operations as well as the Company's strategic decisions and is not yet secured.

As of 30 June 2020, cash and cash equivalents and time deposits amounted to €22,232 k. To secure the financing of operations for the foreseeable future of at least 12 months after the reporting date, Medigene initiated extensive efficiency improvements and a reprioritization of projects in the third quarter of 2020, the effect of which was realized in 2021. The Executive Management Board has decided to focus all future preclinical research and development activities on the development of functionally enhanced TCR-T cells for the treatment of solid tumors (MDG10XX). In the Company's opinion, this focus represents the most promising commercial business opportunity for Medigene. This realignment, which involved cost-cutting measures and a reduction in headcount across all departments, resulted in the Company being financed into the third quarter of 2022. Additional funding from external sources will be required to continue financing beyond this date.

At this point in time, the Executive Board assumes with a high probability that these funds can be raised in a timely manner. The Company could obtain these funds, for example, from further partnerships with pharmaceutical companies or capital measures. There are no significant concentrations of potential liquidity risks in the Group.

(3) Changes in recognition, measurement and presentation accounting policies

The recognition, measurement and presentation accounting policies used in these interim consolidated financial statements basically correspond to those already applied in the consolidated financial statements for 2020.

Some amendments and interpretations were to be adopted for the first time in 2021. However, these did not have any impact on the consolidated financial statements.

(4) Group companies

In addition to the parent company Medigene AG in Planegg/Martinsried, the Group includes the wholly owned subsidiary Medigene Immunotherapies GmbH, Planegg/Martinsried, since its acquisition in January 2014, and the wholly owned subsidiary Medigene, Inc., San Diego, California, USA, which was acquired in 2001.

C. NOTES TO THE STATEMENT OF INCOME

(5) Revenue

Medigene's revenue increased by 17% to €4,291 k in the first half year of 2020 (6M 2020: €3,673 k). The increase compared to the first half year of 2020 results from the licensing and collaboration agreement with Roivant/ Cytovant for cell therapies in Asia, which was concluded in 2019 and started in April 2020.

Under the agreement with Roivant/Cytovant research on two additional target antigens for TCR-T immunotherapies generated revenue in the first half year of 2021 amounting to €1,944 k (6M 2020 €967 k). These revenues from Roivant/Cytovant consist of a prorated recognition of the upfront payment made in 2019 (US$ 5 m, equivalent to €4,465 k), which will be recognized as planned over the 36-month research period beginning in April 2020 (€744 k), and the reimbursement of research and development costs incurred during the reporting period in connection with the collaboration (€1,200 k).

Revenue generated by the cooperation with bluebird bio, which was agreed in 2016 and expanded in 2018, amounted to €2,346 k in the first half of 2021 (6M 2020: €2,696 k). This revenue results from the pro rata recognition of the upfront payments received in 2016 (US$ 15 m, equivalent to €13.4 m) and 2018 (US $8 m, equivalent to €6.7 m) and the reimbursement of research and development expenses arising from this cooperation during the reporting period.

TOTAL REVENUE

IN € K	6M 2021 UNAUDITED	6M 2020 UNAUDITED	CHANGE
Revenue from immunotherapies (bluebird bio cooperation)	**2,346**	**2,696**	**-17%**
thereof revenue from the derecognition of contract liabilities (over time, fixed consideration)	**1,896**	1,897	0%
thereof R&D payments (over time, variable consideration)	**450**	799	-16%
Revenue from immunotherapies (Roivant/Cytovant cooperation)	**1,944**	**977**	**99%**
thereof from the derecognition of contract liabilities (over time, fixed consideration)	**744**	372	100%
thereof R&D payments (over time, fixed consideration)	**1,200**	600	100%
thereof revenue from product sales (point in time, fixed consideration)	**0**	5	-100%
Total revenue from contracts with customers	**4,291**	**3,673**	**17%**

(6) Selling and general administrative expenses

Selling and general administrative expenses of the Company decreased in the first half year of 2021 by 34% to €3,034 k (6M 2020: €4,565 k) due to specific project-related consulting costs in the corresponding prior half-year.

(7) Research and development expenses

Medigene's research and development costs decreased by 43% in the first half of 2021 to €6,314 k (6M 2020: €11,673 k). The background for the cost reduction is the refocus on the development of TCR-T cells for the treatment of solid tumors (MDG10XX) and the associated efficiency gains.

R&D expenses incurred in the collaborations with bluebird bio and Roivant/Cytovant are reimbursed by bluebird bio and Roivant/Cytovant. The reimbursements are recognized as R&D payments in immunotherapies revenue.

(8) Other financial result

The other financial result includes contingent purchase price payments of €28 k received in the first half of 2021 (6M 2020: €307 k) based on sales for Amgen's drug, Imlygic™ due to the agreement concluded with Amgen Inc., USA. This agreement was valid until 31 December 2020.

D. NOTES TO THE BALANCE SHEET

(9) Financial assets consisting of equity instruments

Financial assets from equity instruments consist of the shares in Immunocore, which were measured at fair value through other comprehensive income and amounted to €4,796 k as of 30 June 2021 (31 December 2020: €3,254 k). Since the listing on 4 February 2021, the fair value of the shares in Immunocore has been included in Level 1 of the fair value hierarchy for financial instruments and is determined using quoted prices in an active market. There were 162,035 ordinary shares reclassified from Level 3 of the fair value hierarchy to Level 1 at the date of initial listing.

The difference of €1,543 k in the fair value from 31 December 2020 to the reporting date of 30 June 2021 was recognized directly in other comprehensive income (6M 2020: €-240 k).

(10) Trade receivables

Trade receivables amounting to €954 k (31 December 2020: €867 k) were neither overdue nor impaired as of the reporting date.

Receivables from contracts with customers usually have a payment period of 30 days.

(11) Cash and cash equivalents

Cash and cash equivalents decreased by 26% as at the balance sheet date to €22,232 k (31 December 2020: €30,033 k).

(12) Subscribed capital

Subscribed capital was unchanged €24,562,658 as of 30 June 2021. Subscribed capital was divided into 24,562,658 non-par registered shares, which were issued and outstanding as of the reporting date.

(13) Contract liabilities

CONTRACT LIABILITIES WITH CUSTOMERS

IN € K	30/06/2021 UNAUDITED	31/12/2020	CHANGE
Contract liabilities from cooperation with bluebird bio	**3,794**	**5,691**	**-33%**
thereof non-current	**0**	1,897	-100%
thereof current	**3,794**	3,794	0%
Contract liabilities from cooperation with Roivant/Cytovant	**2,605**	**3,349**	**-22%**
thereof non-current	**1,117**	1,861	-40%
thereof current	**1,488**	1,488	0%

E. OTHER NOTES

(14) Segment reporting

The Group has been a single-segment company since 2020, and only data relating to the Immunotherapies business area are reported. The original non-core business was already transferred to external partners in previous years.

More than 90% of the current segment assets and all of the non-current segment assets are located in Germany.

Sales have been allocated according to the location of the customer and are attributable to the cooperation agreements with bluebird bio and Roivant/Cytovant. Sales to each of the two companies account for more than 10% of total sales.

IN € K	IMMUNOTHERAPIES	TOTAL
6M 2021		
United States	2,346	**2,346**
Asia	1,944	**1,944**
Revenue from contracts with customers	**4,463**	**4,463**
6M 2020		
United States	2,696	**2,696**
Asia	977	**977**
Revenue from contracts with customers	**3,673**	**3,673**

(15) Related parties

The parties deemed to be related are entities and individuals who can be significantly influenced by the Company or can exert significant influence on the Company. Related parties are the Company's Executive Management Board and Supervisory Board.

As of 30 June 2021, Medigene held 38.21% of the shares in Aettis, Inc., Bala Cynwyd, PA, USA, but is not represented on its Board of Directors and no significant influence is apparent by or upon the Company. No transactions were conducted with Aettis, Inc. in the 2021 reporting period.

The remuneration and shareholdings of the Company's Executive Management Board and Supervisory Board members are itemized for each member of these boards in section F on p. 22.

F. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

REMUNERATION, DIRECTORS' HOLDINGS AND NOTES ON SUBSCRIPTION RIGHTS

	REMUNERATION IN € K	SHARES TOTAL NUMBER		OPTIONS TOTAL NUMBER	
	6M 2021 UNAUDITED	**30/06/2021 UNAUDITED**	31/12/2020	**30/06/2021 UNAUDITED**	31/12/2020
Dr. Gerd Zettlmeissl, Chairman since 23/05/2019	**22**	**0**	0	**0**	0
Antoinette Hiebeler-Hasner, Deputy Chair	**17**	**0**	0	**0**	0
Dr. Anthony Man	**10**	**0**	0	**0**	0
Dr. Keith Manchester[1)]	**12**	**0**	0	**0**	0
Ronald Scott	**12**	**0**	0	**0**	0
Dr. Frank Mathias	**15**	**20,197**	20,197	**46,089[2)]**	46,089
Total Supervisory Board	**88**	**20,197**	**20,197**	**46,089**	**46,089**
Prof. Dolores J. Schendel, CEO[3)]	**236**	**846,296**	846,296	**97,500**	97,500
Dr. Kai Pinkernell, member of the board until 31/03/2021	**99**	**0**	0	**73,438**	73,438
Axel Sven Malkomes, member of the board	**177**	**0**	0	**75,000**	75,000
Total Executive Management Board[4)]	**652**	**846,296**	**846,296**	**245,938**	**245,938**

[1)] Dr. Manchester is a partner and Head of Life Sciences QVT Financial LP New York, USA. According to the latest voting rights announcement dated 8 June 2018, the funds managed by QVT hold 1,072,879 shares in Medigene AG.
[2)] The stated number of options corresponds to 89,839 options prior to a capital reduction in 2013.
[3)] Prof. Schendel indirectly holds 846,296 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH, which can be allocated to Prof. Schendel directly.
[4)] The remuneration paid to the members of the Executive Management Board comprises a fixed component and variable components based on the accrual recognized (not discounted) to cover a 100% pay-out and fringe benefits (pension expenses).

RESPONSIBILITY STATEMENT OF THE MEMBERS OF THE GOVERNING BODY

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management's discussion and analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Planegg/Martinsried, 11 August 2021

Prof. Dolores J. Schendel
Chief Executive Officer (CEO/CSO)

Axel Sven Malkomes
Member of the Executive Management Board (CFO/CBO)

Financial calendar 2021 and 2022

Quarterly Statement Q3 2021	11 November 2021
Annual Report 2021	23 March 2022
Quarterly Statement Q1 2022	4 May 2022
Annual General Meeting 2022	18 May 2022
6-Months Report 2022	3 August 2022
Quarterly Statement Q3 2022	2 November 2022

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The English version of the text 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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