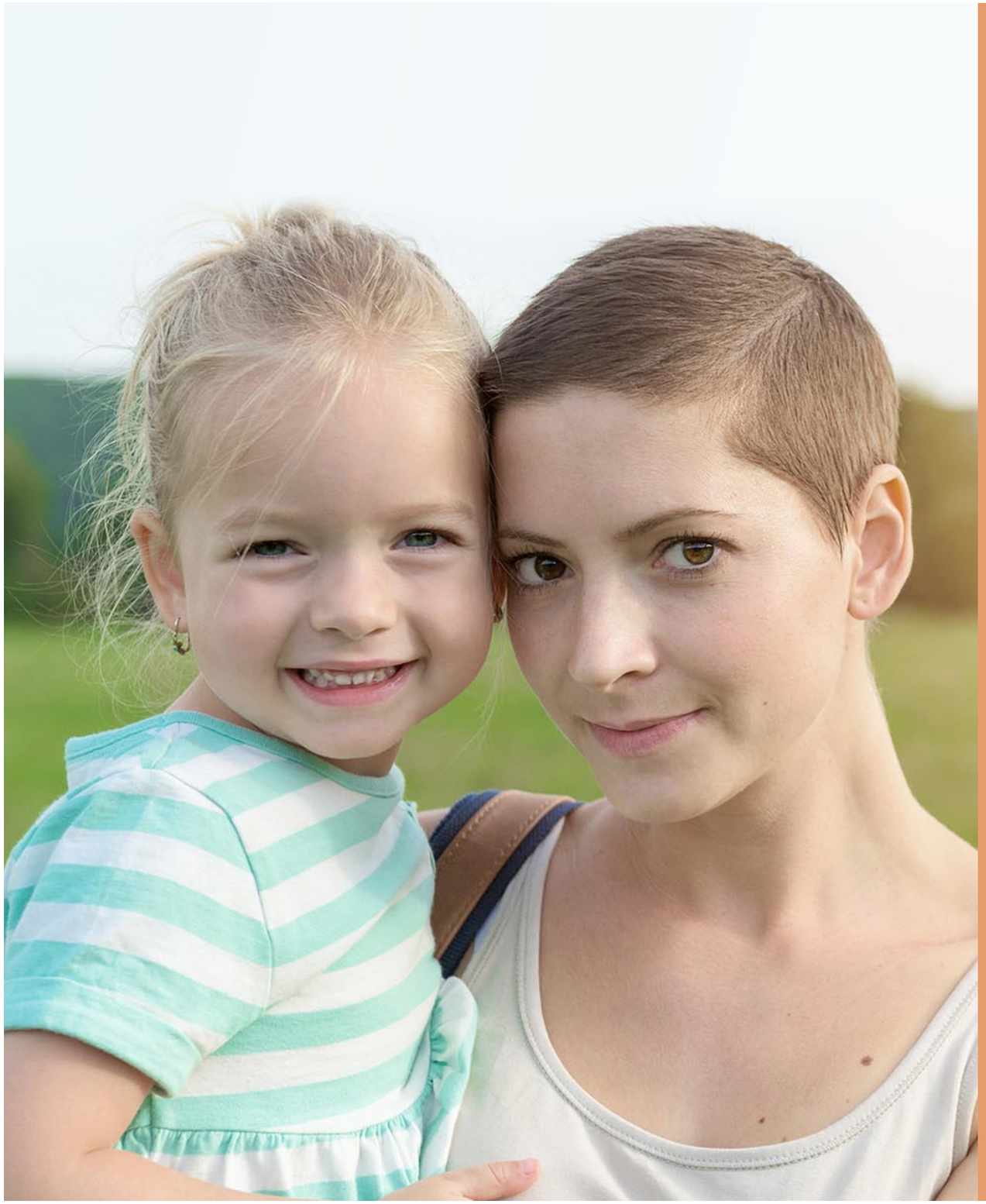
Annual Report

2023

medigene

www.medigene.com



Our Mission

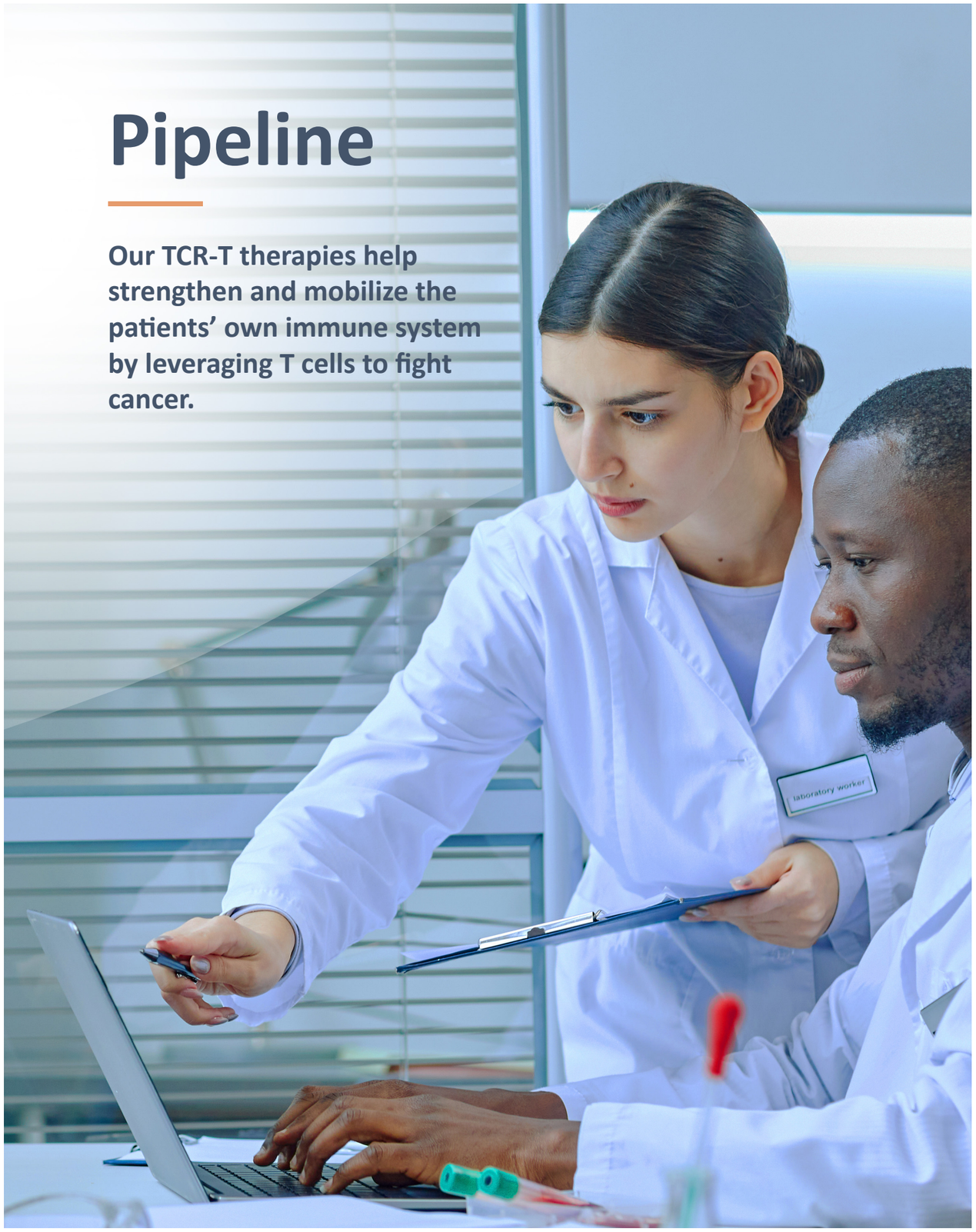
We aim to unlock the immune system's potential to achieve curative therapies for patients with solid tumors

Cancer is a leading cause of death worldwide. Over the past decades, cancer research efforts have contributed to major breakthroughs, arguably most notably in immunotherapy, impacting patient lives in a profoundly positive manner. Despite these advancements, significant challenges remain, in particular regarding treatment options for patients with solid tumors. Cell therapies such as T cell receptor engineered T cell (TCR-T) therapies represent one of only a few promising treatments with the potential for a curative therapy for solid cancers.

At Medigene, our journey starts with the patient in mind. We are committed to deliver best-in-class, differentiated TCR-T therapies, for the treatment of multiple solid tumor indications with high unmet medical need to fundamentally improve the lives of cancer patients.

Pipeline

Our TCR-T therapies help strengthen and mobilize the patients' own immune system by leveraging T cells to fight cancer.



The pipeline candidates can pave the way to effective results for the treatment of multiple solid tumor indications. Our TCR-T cells recognize a broad range of targets, highly suited for the immunotherapy of solid tumors as they are unique to cancer cells and absent in healthy tissue. Those targets include several well-characterized CTAs (cancer-testis antigens) such as NY-ESO-1/ LAGE-1a (New York esophageal squamous cell carcinoma-1 /L Antigen Family Member 1) as well as neoantigens such as KRAS (Kirsten rat sarcoma virus).

We develop TCR-T therapies with our own resources and capabilities as well as by partnering with other immuno-oncology companies and scientific institutions that share our belief in the transformative potential of TCR-based cancer therapies. As an innovative company, we continuously advance the research & development approaches of our differentiated TCR-T therapies for the treatment of solid tumors and expand the focus into the potential for new TCR-based treatment modalities.

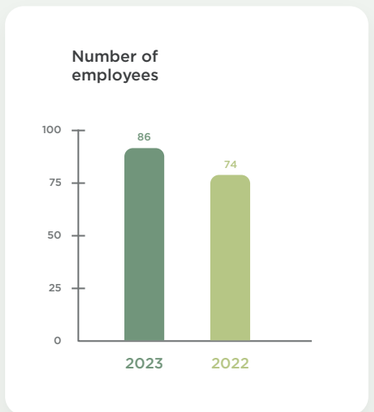
Program	Target	Armoring & Enhancement	Discovery	Lead Candidate Selection	CTA / IND enabling	Clinical Studies	Next Milestone
Medigene Programs							
MDG1015	NY-ESO-1 / LAGE-1a	PD1-41BB	HLA-A*02				CTA / IND 2H 2024
MDG2011	KRAS-G12V	PD1-41BB	HLA-A*11				IND enabling
MDG2021	KRAS-G12D	PD1-41BB or CD40L-CD28	HLA-A*11				Lead selection 1H 2024
MDG2012	KRAS-G12V	PD1-41BB or CD40L-CD28	HLA-A*03				Lead selection 2025
MDG20XX	KRAS[1]	PD1-41BB or CD40L-CD28	HLA-A*				Undisclosed
MDG10XX	Undisclosed	Undisclosed	HLA-A*				Undisclosed
Partnered Programs							
2seventybio	MAGE-A4	Yes[2]	HLA-A*02				FIH study recruiting[3]
BIONTECH	PRAME	Yes	HLA-A*02				Undisclosed

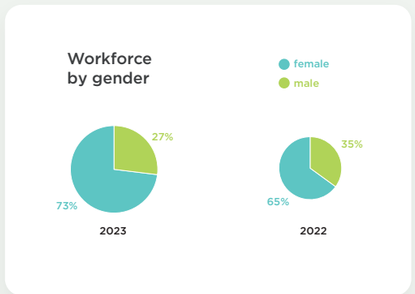
- Cancer Testis Antigens
- Neoantigens
- Undisclosed targets

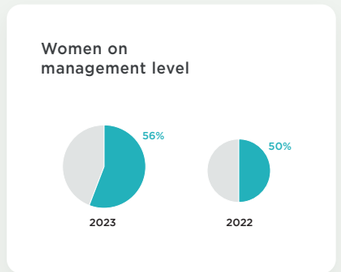
Notes:
FIH; First-in-human
1. MDG20XX – Medigene exploring multiple, additional HLAs and/or G12 mutations
2. Enhancement not licensed from Medigene
3. Clinicaltrials.gov NCT06170294

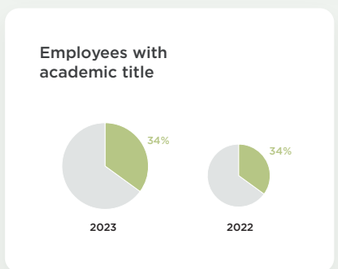
Key figures medigene

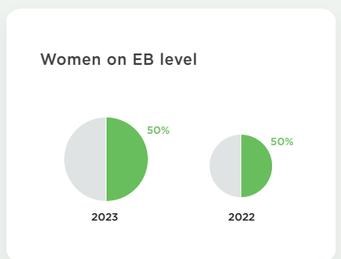
in EUR THOUSAND (unless otherwise stated)	**2023**	2022
Results in operations		
Revenue	**6,034**	31,247
Cost of revenues	**-1.643**	-1,983
Selling and general administrative expenses	**-9,336**	-9,885
Research and development expenses	**-11,545**	-28,499
Oher operating income	**341**	393
EBITDA	**-14,686**	13,125
Net result	**-16,177**	-8,330
Earnings/loss per share	**-0,66**	-0,34
Balance sheet		
Cash and cash equivalents	**8,674**	22,224
Non-current assets	**13,579**	14,426
Current assests	**18,137**	37,252
Equity	**21,066**	37,027
Non-current liabilities	**3,471**	7,236
Current liabilities	**7,179**	7,415











Content

Highlights 2023

January

Milestone payment from partner 2seventy bio Inc.

March

Cooperative research and development agreement with the National Cancer Institute

April

Presentation of preclinical data of MDG1015 at AACR

May

Acquisition of the worldwide, exclusive license of a CD40L-CD28 costimulatory switch protein

June

Pipeline expansion into neoantigens targeting multiple KRAS mutations and HLAs

August

Expansion of Intellectual Property rights of costimulatory switch proteins into other cell types

September

European patent for the PD1-41BB costimulatory switch protein

September

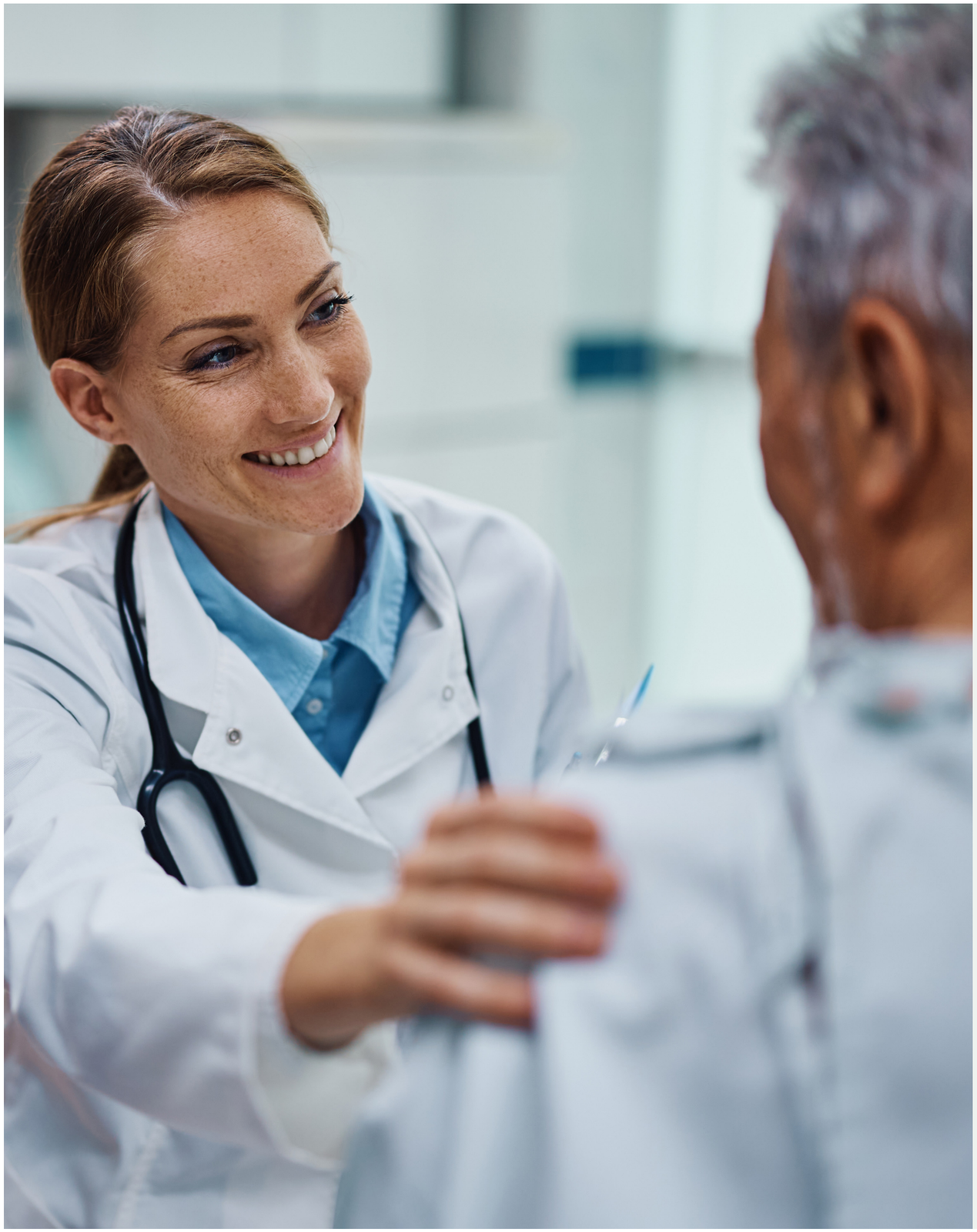
Lead selection for MDG2011 as the first TCR-T therapy of the KRAS library

November

Presentation of novel preclinical data on MDG2011 at ESMO and SITC

November

Pipeline prioritization to accelerate MDG1015 and KRAS library

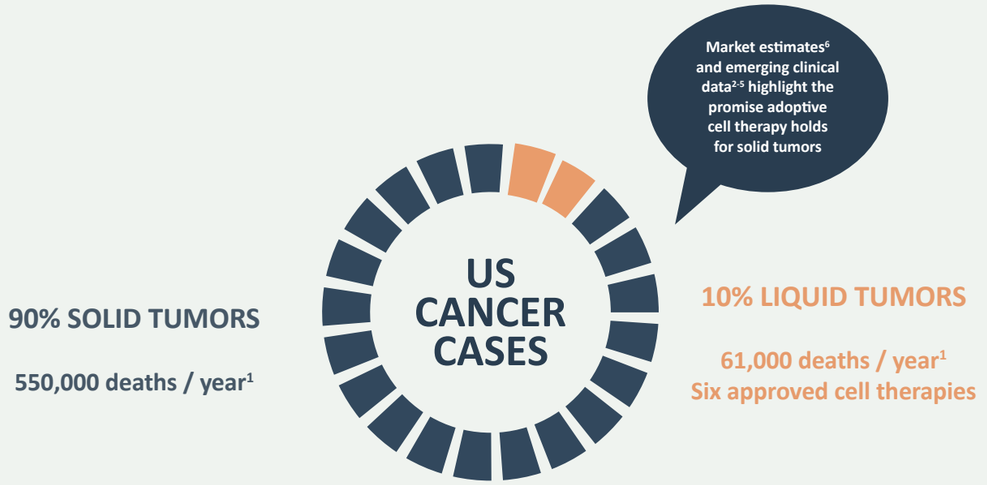


Cell therapies in solid tumors

An area with significant unmet need

Cell therapies have been widely used for the treatment of liquid cancers, which originate from blood cells, with currently six approved cell therapies available to patients. Until now, cell therapies for the treatment of solid cancers are lagging behind. Still, with solid tumors accounting for roughly 90% of cancers, there is an immense medical need for more, and more effective, therapies.

The major challenges that have hampered successful cell therapy developments for solid tumors include ensuring optimal target interaction, overcoming the immunosuppressive environment created by solid tumors, and creating a final drug product that is effective and safe.



1. 2024 ACS Cancer Statistics, 2. D'Angelo Cancer Discov 2018, 3. AdaptImmune ASCO 2023 poster + Corporate Deck August 2023, 4. AdaptImmune ESMO 2023 presentation, 5. Immatics Interim Data Updates 2023 + Beacon Intelligence Database, 6. Statistics / Global T-Cell 6th Ed. 2022-2035 Roots Analysis

Our differentiated approach addresses current TCR-T therapy challenges

Our proprietary End-to-End (E2E) Platform enables us to create best-in-class, differentiated TCR-T therapies optimized for efficacy, safety, and durability, with the goal to ultimately advancing cancer patient outcomes.

1. Our development technologies allow for the generation of optimal affinity 3S (sensitive, specific, safe) TCRs for improved safety and efficacy.

2. Our armoring and enhancement technologies, such as our exclusive PD1-41BB costimulatory switch protein (CSP), enhance the activity and persistence of the TCR-T cells in the hostile tumor microenvironment resulting in better efficacy and sustained anti-cancer immune responses.

3. Our drug composition is tailored through an accelerated, automated manufacturing process, which reduces time-to-treatment in patients and generates the optimal cell composition of our TCR-T therapy. This leads to improved clinical efficacy, safety and durability of the treatment.

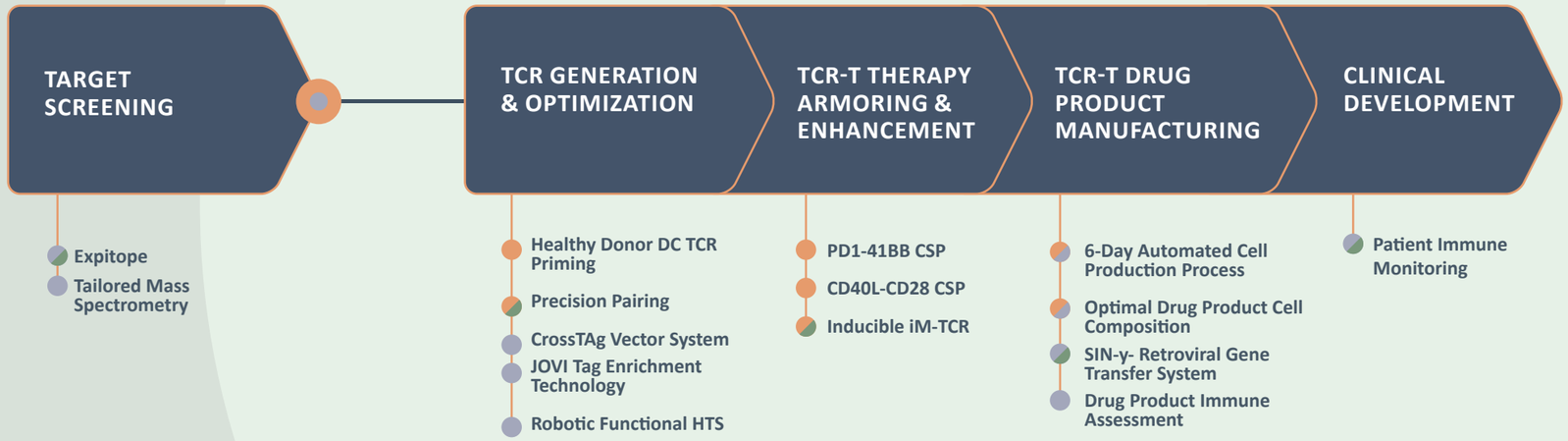
TME: Tumor microenvironment; CSP: Costimulatory switch protein; DP: Drug Product

End-to-End Platform

The core of our differentiated strategy

The End-to-End (E2E) Platform provides the basis of our differentiated approach and combines multiple exclusive and proprietary technologies to create best-in-class, differentiated TCR-T therapies.

Our E2E Platform includes multiple TCR development and optimization technologies (e.g., Allogenic-HLA (Allo-HLA) TCR Priming), product enhancement tools (e.g., PD1-41BB and CD40L-CD28 costimulatory switch proteins, Precision Pairing) as well as the opportunity to provide a tailored drug product composition through our cell manufacturing process to address challenges in developing efficacious, durable and safe TCR-T therapies.

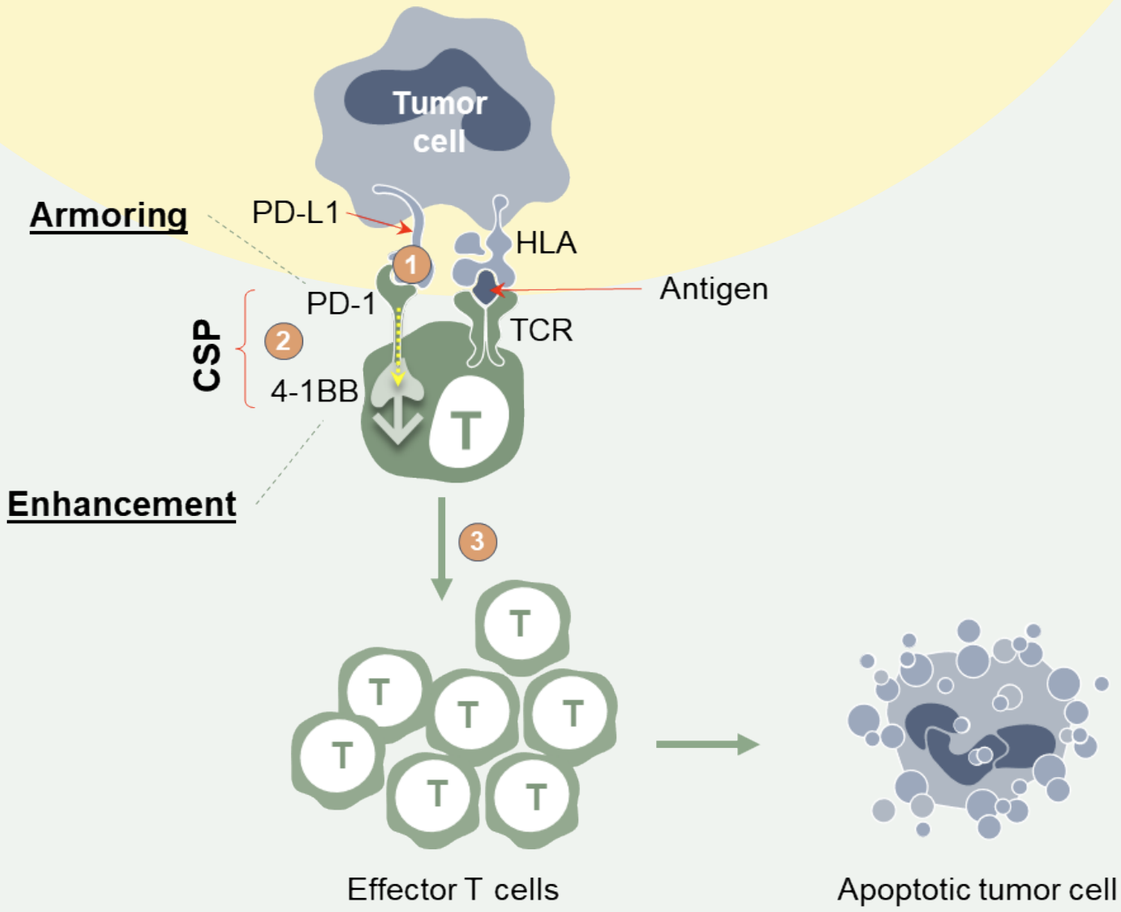


Spotlight: PD1-41BB costimulatory switch protein- an armoring tool for TCR-T therapies

Tumor immune escape or immune evasion by cancer cells is one of the major challenges in immunotherapy for solid tumor indications. This means T cells and the broader immune system are no longer able to recognize and/or respond to cancer cells. Cancer cells achieve this either through the loss of antigen (the part on the tumor cell surface that is recognizable to T cells) or by the upregulation of antigen on their cell surface which negatively affects T cells so they no longer respond to a cancer cell. One of the most prominent examples of immune evasion is the presence of Programmed Cell Death Ligand 1 (PD-L1) on cancer cells. When PD-L1 binds to Programmed cell death protein 1 (PD-1) present on the T cells surface (1), it results in a negative intracellular T cell signal leading to reduced activity or even non-response of T cells.

Therapies targeting PD-1 have been successfully used in the commercial setting for various cancer types[1]; however, resistance or non-response to this therapy as well as various significant side effects when given systemically represent major obstacles. Therapies combining PD-1/PD-L1 checkpoint inhibitors with other compounds can be effective but have the potential for not only increasing those side effects but also therapy costs.

Our solution is to beat cancer at its own game: by armoring our TCR-T cells with a protein consisting of the extracellular domain of PD-1, which is the part that cancer cells can utilize as an 'off-switch', but exchanging the intracellular part from PD-1 to 4-1BB (2), we turn the intended negative signal into an activation signal for the T cell. This leads to increased activity of T cells and to improved tumor cell killing (3).



1: PD-1 and PD-L1: architects of immune symphony and immunotherapy breakthroughs in cancer treatment; Front Immunol. 2023; 14: 1296341. Published online 2023 Dec 1. doi: 10.3389/fimmu.2023.1296341

MDG1015: First-in-Class 3rd Generation TCR-T Therapy

MDG1015 is our most **advanced pipeline candidate**

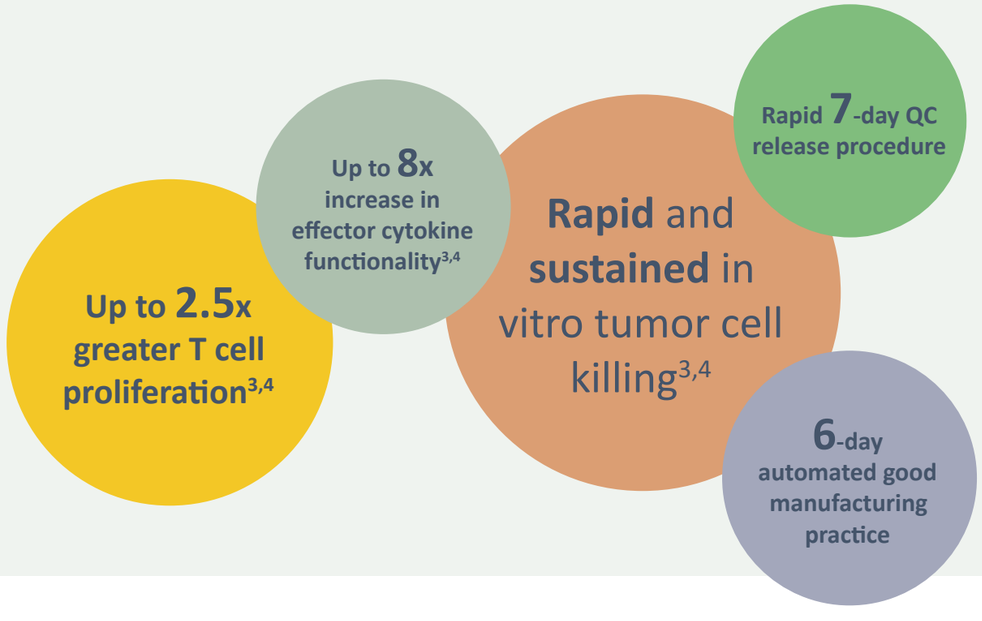
MDG1015 contains an optimal affinity TCR directed against **NY-ESO-1/ LAGE-1a**

MDG1015 is armored and enhanced by **PD1-41BB** costimulatory switch protein

Target expression varies with higher prevalence in metastatic vs. primary tumors[1]

Clinically validated target[1,2]

IND/ CTA approval expected 2nd half of 2024



Gastric Cancer

- 5th most common cancer worldwide[5]
- 74,000 patients HLA & target positive[6,7]
- Around 60% of patients are diagnosed with incurable disease[8]
- Projected USD 11.5B market in 2030[9]

Ovarian Cancer

- 8th most common cancer in women[10]
- 19,000 patients HLA & target positive[6,11]
- Only 36 % of patients respond to first line treatment (ORR)[12,13]
- Projected USD 19.9B market in 2030[14]

Myxoid/Round Cell & Synovial Sarcoma

- Accounts for 10-20% of soft tissue sarcomas
- Global incidence with 3,995 patients[15]
- Only 15-20% of patients respond to first line treatment (ORR)[15]
- Projected USD 1.3B market in 2030[16]

Lead indications for clinical development of MDG1015

CSP: Costimulatory Switch Protein NY-ESO-1/LAGE-1a: New York oesophageal squamous cell carcinoma 1 / L Antigen Family Member-1a

1. Aung Hum Pathol 2014, 2. Raza J Transl Med 2020, 3. Coluccio AACR 2023, 4. Crame ESMO 2023,

5. Guan et al J Hematol Oncol 16, 57 (2023), 6. Globocan 2022 – data version 08.02.2024, 7. Blouch et al An of Oncol (2021) 32 sup5:S382-S406, 8. Lordick et al An of Oncol vol 33, issue 10, p1005-1020, Oct 2022, 9. Biospace Stomach Cancer Treatment Market Size, Share, Trends, Report 2022 to 2030 Aug 29, 2022, 10. WCRF accessed 2024, 11. HLA frequencies database, 12. St. Laurent et al JCO 2023 Vol 24 number 2, 13. Moore et al JCO 2023 Vol 41 number 17, 14. Straits research Global ovarian cancer market size, top share, growth and forecast to 2031 (2021), 15. Florou et al ASCO Educational Book Vol 38, Nr 38, 16. Astute Analytica Soft Tissue Sarcoma Market – Industry Dynamics, Market Size, and opportunity Forecast to 2030

MDG2011: Best-in-Class 3rd Generation TCR-T Therapy

- KRAS mutations are widely recognized as the most common oncogene mutations[3]
- Global patient population of ~300,000 annually [4,5]
- Clinically validated target [6]
- Found in ~30% of solid tumors[5], such as pancreatic, colorectal, endometrial and non-small-cell lung cancer.

MDG2011 contains an optimal affinity TCR directed against neoantigen **KRAS G12V**

Lead KRAS MDG2011 within broad **KRAS Library** (MDG20XX)

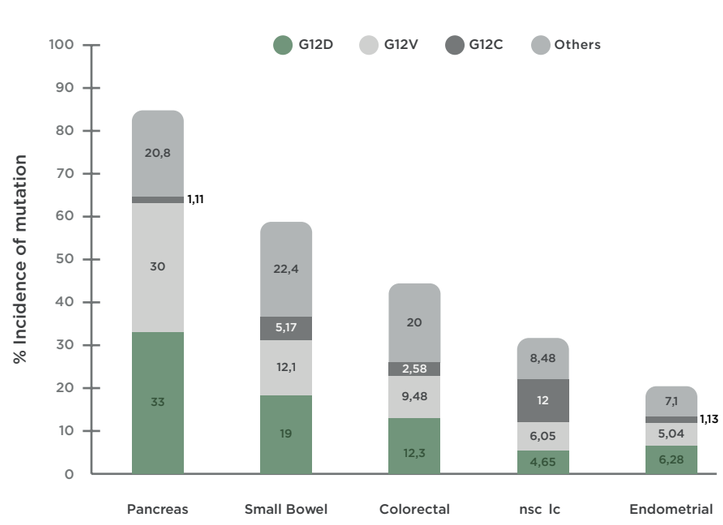
MDG2011 is armored & enhanced by **PD1-41BB** costimulatory switch protein

Up to 4× increased recognition of tumor cells [1,2]

Up to 2× increase in effector cytokine functionality [1,2]

Rapid and **sustained** in vitro tumor cell killing [1,2]

Incidence of KRAS mutations in different cancer entities[4]



Our broad KRAS library can target various KRAS mutations in different cancer entities

CSP: Costimulatory Switch Protein KRAS:Kirsten rat sarcoma viral oncogene homologue

1.Crame ESMO 2023, 2. Schendel SITC 2023, 3. Pereira et al.,Cells 2022 Feb; 11(3): 398., 4. ECIS - European Cancer Information System, 5. Stephen Cancer Cell 2014, 6.FDA Approved Lumakras /Sotorasib and Krazati/ Adagrasib G12C inhibitor package inserts

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INTERVIEW WITH THE CEO DR. SELWYN HO

MORE THAN A YEAR AGO, DR. SELWYN HO WAS APPOINTED TO THE EXECUTIVE BOARD OF MEDIGENE AG ALONGSIDE PROF. DR. DOLORES SCHENDEL. IN THIS INTERVIEW, HE EXPLAINS WHAT THEY HAVE ACHIEVED TOGETHER IN 2023 AND HOW THE DEVELOPMENT OF MEDIGENE HAS PROGRESSED.

"The focus of our approach to develop TCR-T therapies is to provide safe, effective and durable treatment for solid tumours."

Dr. Ho, how would you assess the market sentiment for T cell therapies in 2023 and how did Medigene perform in this environment?

T cell based therapies are increasingly being recognized for their potential to be one of the few types of treatment that could offer the promise of a functional cure in the management of cancer. By offering a precise way to target and destroy cancer cells, especially in solid tumors where conventional treatments may struggle, T cell therapies in general and specifically T cell receptor (TCR)-based therapies have made significant progress towards being accessible to patients. In December 2023, a rolling biologics license application (BLA) for Afamicel (Adaptimmune Therapeutics plc) to the U.S. Food and Drug Administration (FDA) was completed for the treatment of synovial sarcoma and a final decision on marketing approval is expected around August this year. More recently, on February 16th 2024, the FDA approved Amtagvi (Iovance Biotherapeutics, Inc.), the first tumor infiltrating lymphocyte (TIL) cell therapy to treat patients with unresectable or metastatic melanoma.

Despite this growing appreciation of the value of T cell therapies by the biopharma industry, overall negative sentiment for most of 2023 in the capital markets driven by high inflation, high interest rates and wider geopolitical tensions, continued to impact financing for public companies. However, in the last quarter of 2023 and continuing into the early months of 2024, we observed that investors had an increased risk appetite for biotech equities with an increase in IPO, follow-on financing and M&A activity as well as analysts becoming more bullish about the future growth potential of the TCR-based therapy space.

With our expertise in making potentially best-in-class T cell receptor engineered T cell (TCR-T) therapies and our exclusive & proprietary technologies within our End-to-End (E2E) Platform, we are very well-positioned in the TCR space. Even though access to capital was constrained in 2023, we achieved significant strategic and operational success in evolving our E2E Platform, advancing our collaborative partnerships and expanding our pipeline into neoantigens by adding new KRAS programs and accelerating the development of our lead candidate, MDG1015, a first-in-class 3rd generation TCR-T therapy targeting NY-ESO-1/ /LAGE-1a combined with our PD1-41BB costimulatory switch protein armoring technology.

What were Medigene's key strategic and operational achievements during the year?

First of all, I would like to mention how proud I am of the achievements of all colleagues at Medigene.

Over the past year, we have been prioritizing the programs that we believe will create the most value for patients and shareholders. We also have made significant progress in advancing our pipeline and in further developing our End-to-End (E2E) Platform. Last year, we selected the CRO (clinical research organization) and CDMO (contract development and manufacturing organization) that we will work with as we look to bring our lead program MDG1015 into the clinic. Additionally, we had positive interactions with regulatory authorities in both the U.S and Europe. We remain on track for submitting an Investigational New Drug (IND) application to the FDA and a Clinical Trial Application (CTA) to European Medicines Agency (EMA) for this program, with the plan to enter the clinic at the end of 2024 subject to financing. Importantly, we recently announced that we aim to recruit patients with synovial sarcoma, myxoid round cell liposarcoma, ovarian cancer and gastric cancer as part of our first phase 1 clinical trial, thus targeting both rare tumors as well as those which are more commonly seen.

In addition, we successfully broadened our pipeline into neoantigens. Neoantigens are oncogenic driver mutations that alone are sufficient to initiate and maintain cancer, with *KRAS* as one of the most frequent neoantigens in solid cancers. Our unique KRAS library approach offers multiple TCR candidates, addressing a spectrum of different KRAS neoantigens and human leukocyte antigens (HLAs) in diverse solid cancers. As part of our lead KRAS program, MDG2011, , a KRAS G12V-specific TCR (HLA-A*11) combined with our PD1-41BB costimulatory switch protein, we generated three outstanding TCRs, all of them exceeding the company's selection criteria for highly specific, sensitive and safe (3S) TCRs and selected one of these TCRs as the lead to advance to pre-clinical stage.

Finally, in 2023, we extended the licensing for our costimulatory switch proteins, PD1-41BB and CD40L-CD28, for use in additional cell types and in Chimeric Antigen Receptor T cell (CAR-T) therapies, broadening the application scope of our innovative technologies in immuno-oncology as well as expanding our IP portfolio.

The research area of TCRs is becoming a very competitive field. How does your E2E platform differentiate Medigene from other companies?

Our approach to developing TCR-T therapies is focused on addressing the challenges of treating solid tumors in a safe, effective and durable way.

Our End-to-End Platform is built on multiple proprietary and exclusive technologies that enable us to generate optimal T cell receptors, armor and enhance these to create best-in-class, differentiated T cell receptor engineered T cell (TCR-T) therapies and rapidly provide patients with a tailored drug product composition for multiple solid tumor indication.

Allow me to dive a little deeper into those three core pillars of differentiation. The starting point for our TCR-T therapies is always an optimal T-cell receptor, which we believe are highly specific, sensitive and safe (3S).We have decades of experience and have generated multiple potentially best-in-class TCRs that either we or our partners have chosen for further development. Our core competency is and has been to generate the best TCRs, which is validated by our partnerships.

Secondly, for the successful treatment of solid tumors, we believe it is important to enhance and arm TCR -T cells to counteract immune evasion, a phenomenon allowing cancer cells to proliferate and metastasize into other organs without being recognized by the host immune system and one of the major challenges in immunotherapy for solid cancers. We achieve this by armoring and enhancing our TCR-T cells with proprietary technologies such as our costimulatory switch proteins (CSPs) PD1-41BB and CD40L-CD28 and Medigene's inducible TCR (iM-TCR). Our PD1-41BB costimulatory switch protein, for example, enhances the ability of T cells

to specifically recognize, attack and destroy tumor cells in the safest possible way and to overcome the immunosuppressive microenvironment of the solid tumor.

Finally, cellular therapies are living treatments with potential long term durable benefits for a patient, the specific composition of our drug product (DP) is critically important and potentially unique in the field. We achieve a tailored drug product composition through optimized cell therapy product development (CTPD), which enables us to maximize efficacy, safety & especially durability of response. These modified T cells potentially remain active in the body longer and help prevent the tumor from recurring. Due to these properties, our TCR-T therapies have a particularly strong potential for durable treatment of solid tumor types for which there are currently only limited treatment options.

You recently announced that ovarian and gastric cancer as well as soft tissue sarcoma subtypes synovial sarcoma and myxoid round cell liposarcoma will be the first clinical indications for Medigene's lead candidate MDG1015. Can you give us more information on the medical need and the markets for these indications?

MDG1015 is a third-generation TCR-T therapy armored and enhanced by our PD1-41BB costimulatory switch protein, targeting NY-ESO-1 and/or LAGE-1a positive solid tumors. With MDG1015, we are aiming to address solid cancers with high unmet medical need, that have high expression of the cancer antigen (NY-ESO-1 or LAGE-1a), and that also affect significant numbers of patients and thus potentially large market opportunities.

Gastric cancer, is often characterized by late diagnosis and rapid progression, which underscores the need for more effective late-stage treatment options. It is estimated for 60% of patients to be beyond curative options at time of diagnosis and for patients with distant metastases at time of diagnosis the 5-year relative survival rate is a mere 7%. Gastric cancer ranks as the fifth most commonly diagnosed cancer globally and the fourth leading cause of cancer deaths.

Our second indication is ovarian cancer, which again is often diagnosed at an advanced stage. It ranks as the 8th most commonly diagnosed cancer globally in women and it is the most common cause of death among women who develop cancers of gynecologic origin. Despite the availability of improved treatments, the prognosis remains poor for patients with a 5-year relative survival rate of 31% for epithelial ovarian cancer patients with advanced disease.

Both myxoid/round cell liposarcoma and synovial sarcoma, are rare subtypes of soft tissue sarcoma. While less prevalent, these solid tumors often display high levels of NY-ESO-1, which correlates with poorer overall prognosis. Particularly, myxoid/round cell liposarcoma affects younger patients between 30–50 years of age and patients with advanced disease exhibit a 5-year disease-specific survival rate of only 5%.

Medigene's science is widely recognized in the industry and in the scientific community. Can you tell us about your business development initiatives in the past year as well as going forward?

Scientific as well as development partnerships such as with BioNTech SE and 2seventy bio, Inc. provide important scientific validation of our technology and assets. As partnered programs move into clinical development, they will further provide clinical proof of concept alongside our own programs. The collaboration with BioNTech, initiated in February 2022, is based on our E2E Platform for the development of TCRs against BioNTech's solid tumor targets. Since the commencement of the agreement, our global strategic partnership has been making good progress, with work progressing on multiple potential targets. We anticipate to successfully continue and potentially expand the partnership with BioNTech.

Additionally, the MAGE-A4 program with 2seventy bio is advancing well in Greater China through JW Therapeutics. This program has started patient recruitment for an investigator initiated trial since January 2024.

Both partnerships underscore the value and potential of our E2E Platform in advancing cancer treatment and continue to validate Medigene as a valuable collaboration partner for TCR-T therapies.

We constantly evaluate additional partnership opportunities related to our expanding pipeline and technology platform in order to maximize the value of the company. Accordingly, we are assessing the regional partnering of the lead product candidate MDG1015 in Asia, the partnering of the growing KRAS-directed programs, the licensing of some platform technologies to third parties and finally to the role our core technologies and expertise could be used in additional cell types and new treatment modalities.

In order to support the development of our research projects, we have built an international scientific network through partnerships. We have established scientific collaborations with leading academic institutions in Europe and in North America, such as the Helmholtz Munich with which we have been holding a strong relationship for nearly a decade as well as our longstanding collaboration with the Technical University Munich (TUM). In 2023, we entered a joint collaboration with the Laboratory of Cellular and Molecular Biology of the Center for Cancer Research at the US National Cancer Institute (NCI) with the focus to evaluate the potential of Medigene's proprietary TCRs to be used in new cell constructs for the treatment of solid tumors.

Looking ahead to 2024 and beyond, what are Medigene's priorities, and how do you envision the company's growth?

In 2024, we will continue to work on advancing the research and development of our differentiated TCR-T therapies for the treatment of solid tumors, as well as expand our focus into the potential for new TCR-based treatment modalities. We anticipate our lead program MDG1015 to enter into the clinic at the end of 2024, subject to financing.

In the near-term, we will accelerate our growth by demonstrating proof-of-concept of our E2E Platform clinically in solid tumors with our own program as well as partnered programs through BioNTech and 2seventyBio. In the medium-term, we aim to expand our strategy by leveraging our core unique skills of developing best-in-class TCRs into new indications and new modalities as well as broadening our TCR-T library, which includes our KRAS programs MDG2011, 2021 and 2012 to cover wide cancer patient populations and indications, and other currently undisclosed targets. In the long-term, we will advance our TCR-T therapy leadership by making our therapies available to cancer patients and providing clinical validation for use of TCRs in new modalities and other cell types.

Across all of the company's priorities and timepoints, we will continue to evaluate the role that additional partnership opportunities related to our expanding pipeline and technology platform could impact and maximize the value of the Company.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

During the fiscal year 2023, the Supervisory Board diligently performed all the duties assigned to it by law and the Articles of Association. On the basis of the verbal and written reports provided, the Supervisory Board regularly advised the Executive Management Board and monitored its management activities on an ongoing basis. The Supervisory Board participated directly in all decisions that were substantial for the Company and was involved in the discussions with the Executive Management Board on the strategic alignment of the Company. The Supervisory Board voted on the resolutions proposed by the Executive Management Board after in-depth examination and deliberation.

In addition to the regular Supervisory Board meetings, the Executive Management Board routinely and promptly issued comprehensive written and verbal reports on the current status of the research and development projects, the economic situation and the development of the Company and its subsidiaries as well as on corporate planning, major business transactions and fundamental matters of corporate policy, including the Company's strategic and organizational focus, cost and earnings trends, investments and financial planning. Furthermore, risk management and compliance were part of the reporting and joint deliberations. Finally, relevant agenda items for the Annual General Meeting 2023, the composition of the Supervisory Board as well as strategic alignment of the Company were part of these. All documents prepared by the Executive Management Board or the responsible departments and forwarded to the Supervisory Board were examined without any exceptions. The Supervisory Board members and, in particular the Chairman of the Supervisory Board, were also in regular contact with the Executive Management Board outside the scheduled Supervisory Board meetings to keep themselves informed about current business developments. All matters were then discussed within the Supervisory Board. The Chairman of the Supervisory Board spoke regularly with the Company's Chief Executive Officer to keep himself and his Supervisory Board colleagues informed about important business matters. The Chairman of the Supervisory Board ensured that all important matters were discussed by the full Supervisory Board or in the appropriate Supervisory Board committees. Employees of the Company and, in particular, the members of the Executive Management Board, were interviewed about key topics.

As one area of particular focus, the Supervisory Board constantly observed, monitored and examined the Company's risk situation and its risk management, and its corporate governance in compliance with the law and in an ethically correct manner (Compliance). Any deviation of business development from plans and targets were explained in detail to the Supervisory Board, and the Executive Management Board received approval of the Company's strategic focus from the Supervisory Board. All business transactions of importance to the Company and its subsidiaries were discussed in detail by the Supervisory Board. The Executive Management Board provided information on a regular basis to the Audit Committee and the full Supervisory Board on the risk management system implemented by the Company. The risk management system is described in the risk report of the Annual Report.

Election of the Supervisory Board

The Annual General Meeting partially elected the Supervisory Board on 10 August 2023, because with the end of this Annual General Meeting the term of office of Dr. Gerd Zettlmeissl, Ronald Scott and Dr. Anthony Man

ceased. The following members of the Supervisory Board proposed by the Nomination- and Compensation Committee were reelected: Dr. Gerd Zettlmeissl, Ronald Scott and Dr. Anthony Man The term of office of Zettlmeissl and Ronald Scott will cease at the end of the Annual General Meeting, which will decide upon the discharge for the first financial year after the beginning of the term of office, i.e. after the Annual General Meeting in 2024. The term of office of Dr. Anthony Man will cease at the end of the Annual General Meeting, which will decide upon the discharge for the third financial year after the beginning of the term of office, i.e. after the Annual General Meeting in 2026.

SUPERVISORY BOARD UNTIL 10 AGUST 2023

NAME	FUNCTION	MEMBER SINCE	TERM OF OFFICE UNTIL
Dr. Gerd Zettlmeissl	Chairman of the Supervisory Board	2017	2023
Antoinette Hiebeler-Hasner	Deputy Chairwoman of the Supervisory Board	2016	2025
Dr. Anthony Man	Member of the Supervisory Board	2020	2023
Dr. Frank Mathias	Member of the Supervisory Board	2018	2025
Ronald Scott	Member of the Supervisory Board	2017	2023

SUPERVISORY BOARD FROM 10 AUGUST 2023

NAME	FUNCTION	MEMBER SINCE	TERM OF OFFICE UNTIL
Dr. Gerd Zettlmeissl	Chairman of the Supervisory Board	2017	2024
Antoinette Hiebeler-Hasner	Deputy Chairwoman of the Supervisory Board	2016	2025
Dr. Anthony Man	Member of the Supervisory Board	2020	2026
Dr. Frank Mathias	Member of the Supervisory Board	2018	2025
Ronald Scott	Member of the Supervisory Board	2017	2024

Supervisory Board meetings

The Supervisory Board carried out its duties on the basis of the Executive Management Board's detailed written and verbal reports, which provided timely and comprehensive information. During the 2023 fiscal year, four ordinary meetings were held. All members of the Supervisory Board participated in each of these meetings. Furthermore, several conference calls took place in addition to the ordinary meetings as part of the regular monitoring and consultation provided to the Executive Management Board, to discuss. The Supervisory Board regularly convened also without participation of members of the Executive Management Board in so called "Executive Sessions".

PRESENCE AT ORDINARY SUPERVISORY BOARD MEETINGS

MEMBER	22 MARCH 2023	24 MAY 2023	20 SEPTEMBER 2023	21 NOVEMBER 2023
Dr. Gerd Zettlmeissl	+	+	+	+
Antoinette Hiebeler-Hasner	+	+	+	+
Dr. Anthony Man	+	+	+	+
Dr. Frank Mathias	+	+	+	+
Ronald Scott	+	+	+	+

+ = present; - = not present; n.a. = not applicable

All business matters submitted to the Supervisory Board for approval pursuant to the law or the Articles of Association were discussed in depth with the Executive Management Board. In addition to the Company's economic position, its revenue and earnings trends, project developments and the latest business developments, the subjects discussed by the Supervisory Board in the fiscal year 2023 included, in particular, the Company's strategic development and the progress of the immunotherapy programs. The granting of stock options to the members of the Executive Management Board and employees, the Company's compliance as well as the risk management were also part of the discussions at the Supervisory Board meetings.

In particular, the Supervisory Board addressed the following business matters in the 2023 fiscal year, all of which required approval:

→ Development and expansion of the strategic partnership with BioNTech

→ Strategic alignment and financing of the Company

Supervisory Board committees

The Company's Supervisory Board has established two committees to fulfil its duties more efficiently, the Nomination and Compensation Committee and the Audit Committee.

SUPERVISORY BOARD COMMITTEES

COMMITTEE	UNTIL 10/8/2023	SINCE 10/8/2023
Nomination and Compensation Committee	Dr. Frank Mathias (Chair) Dr. Anthony Man Dr. Gerd Zettlmeissl	Dr. Frank Mathias (Chair) Dr. Anthony Man Dr. Gerd Zettlmeissl
Audit Committee	Antoinette Hiebeler-Hasner (Chair) Ronald Scott Dr. Gerd Zettlmeissl	Antoinette Hiebeler-Hasner (Chair) Ronald Scott Dr. Gerd Zettlmeissl

The Nomination and Compensation Committee held four meetings in the course of 2023. Furthermore, several conference calls took place in addition to the ordinary meetings. The Audit Committee met four times in the reporting period.

PRESENCE AT NOMINATION AND COMPENSATION COMMITTEE MEETINGS

MEMBER	23 MARCH 2023	25 MAY 2023	14 SEPTEMBER 2023	25 NOVEMBER 2023
Dr. Frank Mathias (Chair)	+	+	+	+
Dr. Anthony Man	-	+	+	+
Dr. Gerd Zettlmeissl	+	+	+	+

+ = present; - = not present

PRESENCE AT AUDIT COMMITTEE MEETINGS

MEMBER	21 MARCH 2023	26 APRIL 2023	9 AUGUST 2023	19 OCTOBER 2023
Antoinette Hiebeler-Hasner (Chair)	+	+	+	+
Ronald Scott	+	+	+	+
Dr. Gerd Zettlmeissl	+	+	+	+

+ = present; - = not present

The duties of the Nomination and Compensation Committee included preparing personnel matters related to the members of the Executive Management Board. The main focus was on determining the bonuses and stock options for the Executive Board members and the ongoing evaluation of the Executive Board compensation system to bring it into line with the statutory provisions of sections 87a and 120a of the German Stock Corporation Act (AktG). In this context, the Nomination and Compensation Committee dealt with the regulations governing Executive Board compensation as a whole and the determination of a maximum compensation for Executive board members, the criteria for determining the short-term and long-term bonus component, and other disclosures and compensation components specified in section 87a of the AktG.

The members of the Audit Committee dealt with topics relating to accounting, risk management, internal control system, compliance, required independence of the auditor, engaging the auditor, setting the audit focus areas and agreeing on the audit fee. The Audit Committee obtained the auditor's declaration of independence and monitored the auditor's independence. In the presence of the auditor and the responsible member of the Executive Management Board, the Audit Committee discussed the audit of the separate and consolidated financial statements of Medigene AG. Furthermore, the Audit Committee regularly discussed the 6-months report and quarterly statements with the Executive Management Board prior to their publication. Moreover, the Audit Committee provided the Supervisory Board with a recommendation with regards to proposing an auditor for election by the Annual General Meeting. The Audit Committee also monitored the financial reporting process, the effectiveness of the internal control system and the risk management system.

The Supervisory Board formed no other committees.

Corporate Governance

On 20 March 2023, the Supervisory Board together with the Executive Management Board decided to implement to a large extent the recommendations and suggestions of the German Corporate Governance Code in its version dated 16 December 2019 and in its version dated 28 April 2022. On the same day, the new declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) was adopted by the Supervisory Board and Executive Management Board. The declaration is permanently available to shareholders on the Company's website.

In their statement of corporate governance, the Executive Management Board and the Supervisory Board report on the corporate governance at Medigene pursuant to Rule 23 of the German Corporate Governance Code. The statement on corporate governance is available on the Company's website.

In the event of conflicts of interest within the Supervisory Board pursuant to Section E.1 of the German Corporate Governance Code, these are generally disclosed to the other Supervisory Board members No conflicts of interest arose among the members of the Supervisory Board during the 2023 fiscal year.

Some members of the Supervisory Board are also members of supervisory boards of other companies in the pharmaceutical and biotechnology industry. However, in line with Section C.12 of the German Corporate Governance Code, none of these were considered as key competitors of Medigene AG. The external mandates of the members of the Supervisory Board are published in the Company's Annual Report and the statement on corporate governance as well as on Medigene's website.

The Company supports in general all newly elected members of the Supervisory Board in the course of their respective inauguration. This is implemented, amongst others, through written and, on a case-by-case basis, oral information and clarification regarding insider laws in general and special Company-specific internal insider rules as well as reporting obligations for Managers Transactions (Directors' Dealings). Valid corporate documents such as the Articles of Association of the Company or Rules of Procedures of the corporate bodies are available to members of the Supervisory Board for download in an electronic dataroom at all times. If required, the Company informs the Supervisory Board upon essential changes in the Stock Corporation Laws and Corporate Laws as well as Corporate Governance.

Separate and consolidated financial statements

The independent auditor elected by the Annual General Meeting, who was duly engaged by the Supervisory Board, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the separate financial statements of Medigene AG prepared in accordance with the German Commercial Code (HGB) by the Executive Management Board for the year ending 31 December 2023, together with the management's discussion and analysis for the fiscal year 2023, and rendered an unqualified audit opinion thereon. The Chairman of the Supervisory Board issued the audit engagement in accordance with the resolution of the Annual General Meeting held on 10 August 2023. The consolidated financial statements of Medigene AG were prepared according to the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB). The auditor also issued an unqualified audit opinion on the consolidated financial statements and the group management's discussion and analysis.

The Audit Committee established the audit focus for the reporting year together with the auditor.

The Supervisory Board members received the financial statements as well as the auditor's reports in a timely manner. They were reviewed in detail by the Audit Committee on 26 March 2024 and the Supervisory Board on 27 March 2024 and discussed in the presence of the Executive Management Board and the auditor. The auditor attended the deliberations and discussions about the financial statements and reported in detail on the most

important results of the audit, amongst others, the results regarding key audit matters as well as the internal control and risk management systems and the financial reporting process. It was noted that the risks and opportunities described in the group management's discussion and analysis provide a true and fair view and the measures taken by the Executive Management Board pursuant to Section 91 (2) of the German Stock Corporation Act (AktG) are appropriate for identifying at an early stage any developments which may jeopardize the Company's ability to continue as a going concern.

After examining the separate and consolidated financial statements, the management's discussion and analysis and the group management's discussion and analysis, the Supervisory Board endorsed the auditor's findings. In the meeting on 27 March 2024, the Supervisory Board approved the separate financial statements and the consolidated financial statements as at 31 December 2023 in accordance with the recommendation of the Audit Committee. The financial statements have therefore been adopted.

Acknowledgement of commitment and performance

The Supervisory Board would like to thank the Executive Management Board and the employees of Medigene for their successful commitment to the Company in the fiscal year 2023. Also in 2023, it was possible to carry out the pending tasks of day-to-day business, such as the collaboration with BioNTech and extensive work of Company alignment due to focused corporate strategy. I would therefore like to take this opportunity to express my sincere thanks to all colleagues for their hard work.

On behalf of the Supervisory Board, I also would like to thank you, the shareholders of Medigene AG, for your continued trust.

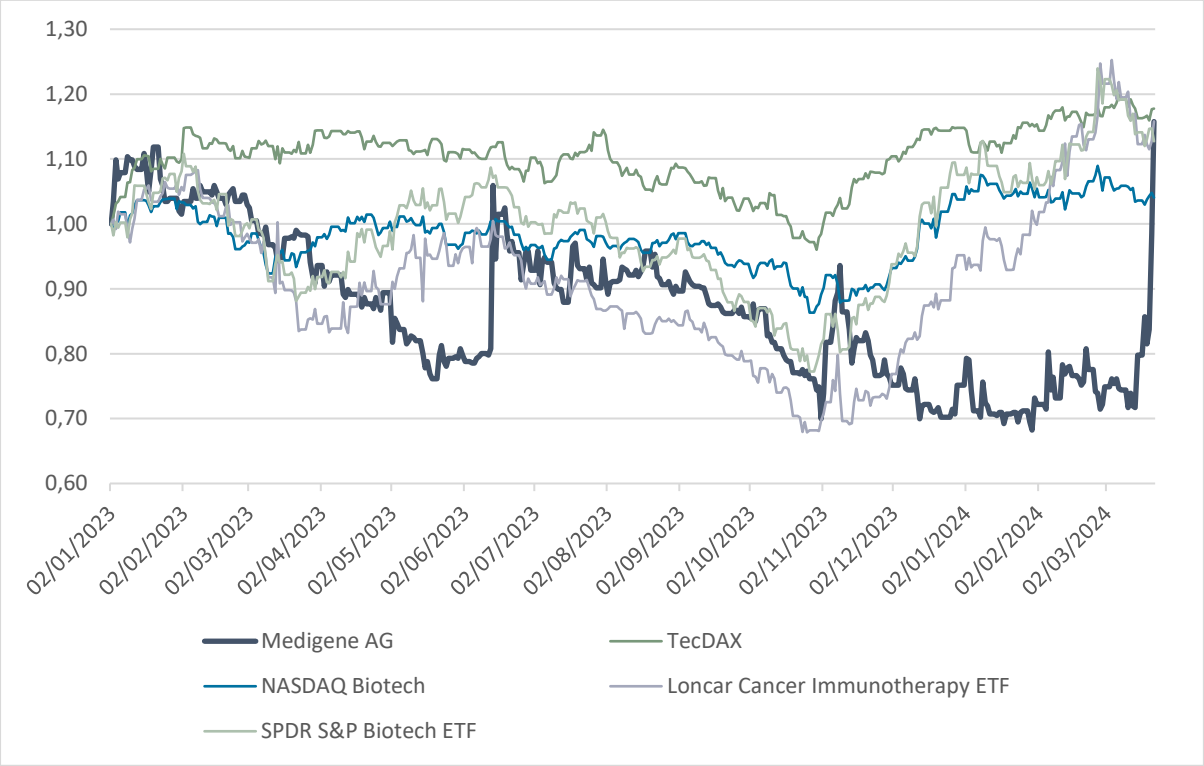
Planegg/Martinsried, March 2024

For the Supervisory Board

Dr. Gerd Zettlmeissl
Chairman of the Supervisory Board

THE MEDIGENE STOCK

SHARE PRICE PERFORMANCE FROM JANUARY 2, 2023 TILL MARCH 22, 2024



KEY SHARE DATA 2023		
Securities identification number (WKN)	A1X 3W0	
International securities identification number (ISIN)	DE000A1X3W00	
Ticker symbol	MDG1	
Market segment	Prime Standard	
Marketplace	XETRA and all other German stock exchanges	
Designated Sponsor	Baader Bank AG	
Type of shares	Namensaktien	
Weighted average number of shares (basic)	24.562.658	
Total number of shares in circulation (as of 31 December)	24.562.658	
Year opening price (XETRA, in €)	2,03	
Year-end closing price (XETRA, in €)	1,53	
52-week high (XETRA, in €)	2,27	
52-week low (XETRA, in €)	1,42	
Average price (XETRA, in €)	1,83	
Average daily turnover (XETRA)	14.671	
Average daily turnover (Tradegate)	24.213	
Average market capitalization (in € m)	44,91	
Free float as defined by Deutsche Börse AG (as of 31 December, in %)	96%	
Earnings per share* (basic and diluted, in €)	-0,66	

* Reference value: total number of shares issued

GROUP MANAGEMENT REPORT

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR FISCAL YEAR 2023

1 COURSE OF BUSINESS

1.1 Company overview

Medigene AG (hereinafter referred to as "Medigene" or the "Company") together with its consolidated subsidiaries (hereinafter referred to as the "Group"), is an immuno-oncology platform company, operating in the biotechnology sector, headquartered in Planegg/Martinsried near Munich, Germany. In addition to the parent company Medigene AG, Planegg/Martinsried, the Group includes the wholly owned subsidiary Medigene Immunotherapies GmbH, Planegg/Martinsried, since its acquisition in January 2014, as well as the wholly owned subsidiary Medigene, Inc., San Diego, California, USA, which was acquired in 2001. The Group is managed by the Executive Management Board of the parent company, Medigene AG. The management of the respective subsidiaries is composed of members who sit on the Group's Executive Management Board.

Medigene is focused on developing differentiated T cell receptor engineered T cell (TCR-T) therapies for the treatment of multiple solid tumor indications with high unmet medical need. Medigene's strategy is to leverage its proprietary End-to-End (E2E) Platform to discover such therapies, advance these into clinical trials, and demonstrate clinical proof of concept. The Company is developing such therapies with its own internal resources and capabilities, as well as partnering with other biotechnology companies who have a strategic focus and commitment to developing medicines for patients suffering from solid tumors. Through these partnerships, Medigene expects to receive upfront and milestone payments as well as research and development funding, and royalties on future product sales.

1.2 Industry environment

1.2.1 Overall economic development

In 2023, the global recovery from the COVID-19 pandemic continued, despite the emergence of new variants and waves of infections throughout the year, as COVID-19 vaccines, effective treatments and stronger immunity of the global population have helped to move this into an endemic phase.

From a geopolitical perspective, the global economic impact of the Russian invasion of Ukraine continues to be significant with food supply chain insecurity, volatile energy prices and an global inflation leading to elevated bank interest rates and a significant impact on the on the cost of living for consumers. The Hamas attack on Israel in October 2023 and the subsequent Israeli government response has further added to the geopolitical instability and negative economic sentiment.

While there are signs of optimism, this uncertainty surrounding the macroeconomic environment and geopolitics continues to negatively affect equity market sentiment, especially for high growth but higher risk, R&D focused capital intensive sectors requiring continued access to capital, such as in biotechnology. An improvement in the macroeconomic environment as evidenced through a clear indication that interest rates have peaked and will subsequently be reduced in the near term, or through reduction in geopolitical conflict, could potentially clear the

way for investor risk appetite and improved access to capital for existing public companies and the reopening of IPO markets, in the US and Europe.[1]

1.2.2 Developments in the pharmaceutical and biotechnology industry

Access to capital continued to be challenging for biotech companies for the same reasons affecting the broader market, as previously stated. Investors' willingness to take risks and finance innovative, publicly listed biotech companies that require significant amounts of capital continued to be subdued in 2023. In 2021, despite disruption from the COVID-19 pandemic, more than 100 biotechs priced an IPO, raising nearly $15 billion in total. In comparison, 2023 saw only 19 new biotech listing with a total of about USD 2.7 billion raised on the capital markets.[2]

While the total enterprise value of the global biotech sector was down for the majority of 2023, the market value ended the year up USD 15.7% and from its low in USD 148 billion in October 2023 to year-end with 57.5%, adjusted for exits and entries.[3] This was also reflected by the key indicator of US biotech valuations, the XBI, which rallied in the fourth quarter of 2023 to end the year up 8.6%, however, still depressed off the all-time highs reached in 2021.[4] Therefore, the majority of publicly listed biotechnology companies ended 2023 at a lower market valuation than at the beginning of the year. German life sciences equities lost a total of around 10% in value in 2023. Overall, 13% less venture capital was invested in the biopharma sector worldwide compared to 2022 (including venture private, IPOs, follow-on equity offerings and debt privates).[5]

Despite the continued challenging market environment in 2023, the pharmaceutical and biotechnology industry as a whole has remained committed to advancing innovative therapies for the benefit of patients with large unmet medical needs. There was a steady stream of positive sector fundamentals and translational breakthroughs in almost all areas such as genetic disease, oncology, heart disease, obesity, liver disease and neuroscience has been encouraging.

1.2.3 Developments in the field of cancer immune cell therapies

According to Cell & Gene, the cell therapy sector has evolved beyond oncology in 2023. Many companies now have product candidates in the pipeline for indications beyond oncology, which was the main application for cell therapies just a few years ago, e.g. in immunology.[6] By the end of the first quarter of 2023, there were more than 100 different approved gene, cell and RNA therapies worldwide, and more than 3,700 others were in clinical and preclinical development.[7] In 2023, TCR-based therapies made significant progress from a regulatory perspective. A rolling biologics license application (BLA) for Afamicel (Adaptimmune) to the FDA was completed in December 2023 for the treatment of synovial sarcoma, which was accepted by the FDA with priority review at the end of

[1] https://www.pwc.co.uk/services/audit/insights/global-ipo-watch.html (accessed on Dec 4, 2023)
[2] https://www.biopharmadive.com/news/biotech-ipo-performance-tracker/587604/ (accessed on Feb 1, 2024)
[3] https://www.stifel.com/newsletters/investmentbanking/bal/marketing/healthcare/biopharma_timopler/StifelBiopharmaOutlook2024_01.05.2024.pdf
[4] https://www.stifel.com/newsletters/investmentbanking/bal/marketing/healthcare/biopharma_timopler/StifelBiopharmaOutlook2024_01.05.2024.pdf
[5] https://www.stifel.com/newsletters/investmentbanking/bal/marketing/healthcare/biopharma_timopler/StifelBiopharmaOutlook2024_01.05.2024.pdf
[6] https://www.cellandgene.com/doc/cell-gene-therapies-how-can-our-knowledge-of-2023-inform-our-predictions-for-2024-0001 (accessed on Feb 1, 2024)
[7] Chancellor, D., Barrett, D., Nguyen-Jatkoe, L., Millington, S., & Eckhardt, F. (2023). The state of cell and gene therapy in 2023. Molecular therapy : the journal of the American Society of Gene Therapy, 31(12), 3376–3388. https://doi.org/10.1016/j.ymthe.2023.11.001

January 2024.[8,9] This represents the first ever application for a market approval for an engineered T-cell therapy for solid tumors. Adaptimmune's autologous TCR-T therapy is directed against MAGE-A4, a cancer testis antigen.[9] In October 2023, Immatics' IMA203 TCR-T cell therapy received Regenerative Medicine Advanced Therapy (RMAT) designation from the FDA Center for Biologics Evaluation and Research (CBER) in multiple PRAME-expressing tumors including cutaneous and uveal melanoma, ovarian cancer and other cancer types.[10] A RMAT designation allows for accelerated approval.

In addition, further clinical data has emerged in 2023, replicating earlier trial results for TCR-T directed against other cancer testis antigens, including PRAME[11], NY-ESO[12] and MAGE[13], as well as neo-antigens such as Kirsten rat sarcoma viral oncogene homologue (KRAS)[14,15], thus providing further validation of the TCR-T therapy approach as being of potential value to patients with solid tumors.

1.3 Significant events at corporate level

1.3.1 Macroeconomic environment

In 2023, Medigene was mainly unaffected by the shift to an endemic phase for COVID-19. The ongoing war in Ukraine as well as the Israel-Hamas war, in October 2023, have had no impact on Medigene's R&D activities, but have impacted the ability to raise capital.

1.3.2 Leadership team

During the reporting period, the Company has strengthened and complemented the executive leadership team with the addition of Pamela Keck as Head of Investor Relations & Corporate Communications and Kirsty Crame, MD as Head of Clinical Research & Development.

1.3.3 Prioritization of pipeline and optimization of resource allocation

In November 2023, the Company announced the prioritization of its pipeline and optimization of resource allocation to support the execution of its long-term corporate strategy. Based on the budget approved by the Supervisory Board, the current financial resources will enable the Company to continue as a going concern until April 2025 (see sections 4.4.1 *Financing requirements for business continuation and product development* and *4.7 Overall risk assessment* in the opportunity and risk report as well as section 6.1 *Company outlook*).

The update confirmed that the Company's lead program MDG1015 remains on track for IND/CTA filing with the IND/CTA approval expected in the second half of 2024. Furthermore, the portfolio prioritization allows Medigene to accelerate its maturing KRAS library by focusing on the development of two of its previously announced KRAS-targeted programs. By optimizing the development processes of the KRAS-targeted programs MDG2011 and MDG2021, the Company expects an acceleration for future KRAS programs as well as other cancer targets. As such, the lead selection for the Company's third announced KRAS-targeted program MDG2012 is now expected in

[8] https://www.adaptimmune.com/investors-and-media/news-center/press-releases/detail/258/adaptimmune-completes-submission-of-rolling-biologics

[9] https://www.adaptimmune.com/investors-and-media/news-center/press-releases/detail/260/adaptimmune-announces-u-s-fda-acceptance-of-biologics

[10] https://investors.immatics.com/news-releases/news-release-details/immatics-receives-fda-regenerative-medicine-advanced-therapy-0

[11] https://investors.immatics.com/news-releases/news-release-details/immatics-reports-interim-clinical-data-actenginer-ima203-and

[12] https://www.adaptimmune.com/investors-and-media/news-center/press-releases/detail/254/adaptimmune-reports-positive-data-with-lete-cel1-from-an

[13] https://www.adaptimmune.com/investors-and-media/news-center/press-releases/detail/253/adaptimmune-reports-better-outcomes-for-people-with

[14] https://affinittx.com/wp-content/uploads/2023/06/AFNT-211-ASCO-June-2023-Poster-Presentation.pdf

[15] https://affinittx.com/wp-content/uploads/2023/11/SITC-abstract-365-poster-AFNT-212.pdf

2025 as opposed to the second half of 2024 (for more information on the Company's pipeline, see section 1.4.1.1 *Pipeline)*.

Resource allocation was optimized through cost reductions put in place during 2023 and planned in 2024. These mainly relate to external expenses that lower professional and consulting fees, as well as moving of programs initially scheduled for spend in 2024 into 2025. The Company continues to operate a lean staff structure and has kept headcount flat throughout the second half of 2023. Medigene remains focused on partnering opportunities, including for some of its currently announced product candidates, to expedite their continued development. The Company's ability to deliver on its contractual obligations within its partnerships remains unaffected.

1.4 Research and development activities

Medigene is a research-driven, immuno-oncology platform company focused on developing potentially differentiated, best-in class T cell receptor engineered T cell (TCR-T) therapies, and then advancing these into clinical trials, to initially demonstrate clinical proof of concept for the treatment of multiple solid tumor indications with high unmet medical need. Research and Development (R&D) and the associated know-how represented by the specialized knowledge of our employees are the foundation of all our activities. In the reporting period, Medigene employed 53 people in R&D (previous year: 53; or 62% and 72% in 2023 and 2022 of the workforce, respectively).

1.4.1 Overview

+This section including its subsections is unaudited.+

At the heart of Medigene's R&D efforts is its proprietary, E2E Platform consisting of multiple, combinable exclusive and proprietary technologies from target screening through to clinical development. The E2E Platform has generated multiple TCRs that have been partnered out or have been selected by Medigene for advancement in its in-house programs.

1.4.1.1 Pipeline

During the reporting period, Medigene continued to expand and advance its pipeline of TCR-T therapies for the treatment of patients with solid tumors. Specifically, Medigene's lead program MDG1015, a third-generation TCR-T therapy consisting of a TCR targeting the well characterized cancer testis antigens, NY-ESO1/LAGE 1a, combined with a PD1-41BB costimulatory switch protein, has been undergoing Investigational New Drug (IND) and Clinical Trial Application (CTA) enabling experiments, with the aim of having the IND / CTA filed in the second half of 2024.

In 2023, the Company also announced its pipeline expansion into a library of neoantigens (also known as oncogenic driver mutations) that comprise multiple KRAS-mutations and HLAs (human leukocyte antigens), which will be combined with the PD1-41BB and/or the CD40L-CD28 costimulatory switch proteins. Medigene has prioritized two of the three announced KRAS-targeted programs for near-term development, MDG2011 (lead selection made in the third quarter of 2023) and MDG2021 (expected lead selection in the first half of 2024). First pre-clinical data on MDG2011 was presented at the European Society for Medical Oncology (ESMO) Congress 2023 held in Madrid in October as well at the Society of Immunotherapy of Cancer (SITC) 38th Annual Meeting held in San Diego in November.

Over the course of the year, Medigene extended and strengthened its patent portfolio with new technologies and expanded existing patents into additional jurisdictions. Please refer to section 1.4.3 *Expansion of patent portfolio.*

1.4.1.2 End-to-End Platform

Medigene's E2E Platform combines multiple exclusive and proprietary technologies to create potentially best-in-class TCR-T therapies. The E2E Platform includes multiple product enhancement technologies, (e.g., PD1-41BB costimulatory switch protein, CD40L-CD28 costimulatory switch protein, Precision Pairing) and development optimization technologies (e.g., Allogeneic-HLA (Allo-HLA) TCR Priming) to aid the development of differentiated TCR-T therapies.

During the reporting period, Medigene acquired the exclusive, worldwide rights to a CD40L-CD28 costimulatory switch protein from its partner Helmholtz Munich. The CD40L-CD28 costimulatory switch protein expands the Company's product enhancement technologies within the End-to-End Platform. It joins the existing PD1-41BB costimulatory switch protein as a technology that has the potential to further armor and enhance the anti-tumor activity of Medigene's TCR-T cells and improves their ability to overcome the immunosuppressive solid tumor microenvironment.

1.4.2 Partnerships

Scientific as well as development partnerships such as with BioNTech SE and 2seventy bio, Inc. provide important scientific validation of the Company's technology and assets. As partnered programs move into clinical development, they will further provide clinical proof of concept alongside Medigene-owned programs.

1.4.2.1 Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute

In April 2023, Medigene entered into a Cooperative Research and Development Agreement (CRADA) with the United States National Cancer Institute headquartered in Bethesda, Maryland, USA to evaluate the use of Medigene's proprietary T cell receptors in novel cell constructs. Through this collaboration, the Company expects to expand the range of tools and technologies in its E2E Platform and expects this could lead to opportunities to use multiple immune cell types, in addition to Medigene's current work with T cells.

1.4.2.2 TCR-T and technology partnership with BioNTech SE (BioNTech)

In February 2022, Medigene signed a global strategic partnership with BioNTech to advance TCR-based immunotherapies against cancer. The terms of this agreement have previously been described in earlier financial reports and will potentially encompass several cancer antigens that Medigene will apply its proprietary TCR discovery platform expertise to discover novel, specific, safe and sensitive TCRs for BioNTech. The initial term of the discovery part of the agreement is at least three years. Once a target has been selected by BioNTech, they will be responsible for all further global development and hold exclusive worldwide commercialization rights on all TCR therapies resulting from this research collaboration.

Upon achievement of contractually defined targets, Medigene will be eligible to receive development, regulatory and commercial milestone payments up to a triple digit million Euro amount per selected program. In addition, the Company will receive tiered commercial milestone and royalty payments on global net sales for products based on TCRs arising from the collaboration. Medigene could also earn royalties on products utilizing at its proprietary licensed technologies.

Since the commencement of the agreement in February 2022, our global strategic partnership with BioNTech has been making good progress, with work progressing on multiple potential targets.

1.4.2.3 TCR-T partnership with 2seventy bio, Inc. (2seventy bio)

As previously communicated, at the end of June 2022, the research term for this partnership was concluded in accordance with the contract. Upon achievement of contractually defined targets, Medigene remains eligible for milestone payments and royalties from 2seventy bio as per the existing agreement.

In December 2022, 2seventy bio announced a strategic partnership with JW Therapeutics Co., Ltd. (JW Therapeutics), which triggered a USD 3 million milestone payment from 2seventy bio. The payment was booked in 2022 and received in January of 2023.

In January 2024, 2seventy bio started patient recruitment in an investigator initiated trial (IIT) in Greater China for the program using Medigene's targeted TCR MAGE-A4. If the contractually agreed milestone for the IIT is reached, Medigene expects to receive a further milestone payment.

At the end of January 2024, 2seventy bio announced that it will focus exclusively on the commercialization and development of Abecma in partnership with Bristol Myers Squibb and sell the research and development pipeline, which includes Medigene's MAGE-A4-TCR, to Regeneron Pharmaceuticals, Inc. (Regeneron) to form the Regeneron Cell Medicines business. The transaction is expected to close in the first half of 2024, subject to certain closing conditions.

1.4.2.4 TCR-T and DC partnering with Hongsheng Sciences HK Limited (Hongsheng Sciences; formerly Roivant Sciences Ltd./Cytovant Sciences Co., Ltd.)

As previously communicated, due to the prolonged funding and development pause by Hongsheng Sciences, that included Medigene’s NY-ESO-1-targeted TCR, the parties mutually agreed to terminate the partnership agreement as it relates to the NY-ESO-1 asset in Q3 2023.

Furthermore, and subsequent to the end of the reporting period, Medigene and Hongsheng Sciences have mutually agreed to terminate the remaining framework agreement of the partnership, including the agreements regarding the DC vaccine and the license and discovery (see *Subsequent Events* section in the Notes).

1.4.3 Expansion of patent portfolio

Medigene constantly works to increases the size and scope of its patent portfolio with new technologies and expands existing patents into additional jurisdictions. The majority of Medigene’s property rights have been filed in the name of Medigene Immunotherapies GmbH (MeIT) as sole applicant. The remaining IP is in the name of Medigene’s partner Helmholtz Munich (HM) or has been filed jointly, with Medigene holding an exclusive license to the property rights in both cases.

The Company maintains 28 different patent families worldwide, of which four are in-licensed from Medigene's partner HM, two are jointly filed with HM, two are jointly filed with Medigene’s partner 2seventy bio, Inc. and 17 patent families are in the name of MeIT. As of December 31, 2023, the patent portfolio consisted of 112 issued and 131 pending patents (December 31, 2022: 57 issued and 58 pending patents).

In May and September 2023, the Company announced that it has been issued patents by the Japan Patent Office (JP725019) and the European Patent Office (EP3 433 269), respectively, protecting its PD1- 41BB costimulatory switch protein. These patent grants complement the Company’s PD1-41BB IP-portfolio with similar patents already granted in the United States and China. Medigene’s PD1-41BB costimulatory switch protein technology was developed by its partner Helmholtz Munich and is exclusively licensed to Medigene.

In May 2023, the Company announced the acquisition of a worldwide, exclusive license of a CD40L-CD28 costimulatory switch protein from its partner HM. Since then, patent applications protecting the CD40L-CD28 costimulatory switch protein have been filed in Europe, the United States and Japan.

In August 2023, the Company announced the expansion of the IP license for its PD1-41BB and CD40L-CD28 costimulatory switch proteins (WO2017/162797), enabling their application to additional cell types and for use in Chimeric Antigen Receptor T cell (CAR-T) therapies.

In addition, the Company reported that it had been granted the patent protection of its T cell receptor targeting PRAME (PReferentially expressed Antigen of MElanoma) in Europe, the United States and China. These patent grants complements patent protection for PRAME already received in Eurasia, Japan and Korea.

Furthermore, 8 patent families comprising 165 granted patents are held by Medigene AG, which have been outlicensed to partners.

1.5 Financial performance indicators

As part of internal reporting, the Group's revenue as well as research and development (R&D) costs are the key performance indicators, as Medigene's core activities are related to R&D.

In addition, liquidity of the Group and of Medigene AG is used as a key performance and management indicator. Liquidity is described as cash and cash equivalents and fixed-term deposits, and is expressed as the cash reach in the planning period. Medigene considers the cash reach to be a key performance indicator, as it has the most meaningful impact on the Company's ability to continue as a going concern. Liquidity is monitored on a daily basis.

These key figures are also reflected in the financial guidance in section 6.2. *Financial guidance 2024.*

2 RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

2.1 Results of operations

2.1.1 Revenue

In fiscal 2023, the Company's revenues from its core immunotherapies business amounted to EUR 6,034 thousand, a decrease of EUR 25,213 thousand or 81% (2022: EUR 31,247 thousand). The decrease in 2023 is due to the comprehensive TCR-T and technology partnership with BioNTech concluded in February 2022 as a result of which EUR 20,877 thousand in product revenues were generated in 2022. In addition, revenues from the partnerships with 2seventy bio and Hongsheng Sciences were generated in 2022.

Revenue includes income from service contracts with partner companies, pro rata revenue recognition from upfront payments received in the past as well as milestone payments.

REVENUE

In EUR THOUSAND (unless stated otherwise)	2023	2022	Change
Revenue from immunotherapies	6,034	31,247	-81%
thereof from the derecognition of contract liabilities (over time, fixed consideration)	2,002	3,903	-23%
thereof R&D payments (over time, variable consideration)	4,031	3,649	10%
thereof revenue from milestone payments	0	2,818	-100%
thereof sales from product deliveries (point in time, fixed consideration)	0	20,877	-100%

2.1.2 Cost of sales

The cost of sales in 2023 amounted to EUR 1,643 thousand, a 14% decrease compared to EUR 1,983 thousand in 2022. The cost of sales includes expenses incurred to generate the sales revenue. This mainly relates to development activities for partner companies.

2.1.3 Selling and general administrative expenses

Selling expenses decreased from EUR 2,193 thousand in 2022 to EUR 20 thousand in the reporting period 2023. This decrease is due to the above-mentioned partnership with BioNTech and the related costs incurred in the first half of 2022 as part of the preparation process leading up to the agreement.

General administrative expenses increased from EUR 7,692 thousand to EUR 9,316 thousand in the 2023 financial year. This 21% increase was mainly due to higher personnel expenses and consulting costs.

2.1.4 Research and development (R&D) expenses

In fiscal 2023, R&D costs decreased by 59% to EUR 11,545 thousand (2022: EUR 28,499 thousand) and reflect the work related to the development of T-cells for the treatment of solid tumors and pre-clinical development activities.

The significant decrease in 2023 is mainly due to depreciation related to the full impairment of the drug candidate RhuDex®, which was out-licensed to Dr. Falk Pharma GmbH, in the amount of EUR 20,400 thousand in 2022. This is attributable to the results of a clinical trial for primary biliary cirrhosis (PBC), as the efficacy of the drug candidate RhuDex® could not be demonstrated.

R&D expenses incurred in the collaborations with partner companies are reimbursed by the companies. The reimbursements are recognized as R&D payments in immunotherapies revenue.

The increase in personnel expenses from EUR 2,584 thousand to 3,790 thousand in 2023 is due to the increase of R&D employees im number and qualification, as well as the one-off adjustment of some of the salaries in line with industry standard.

RESEARCH AND DEVELOPMENT EXPENSES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	**2023**	2022	CHANGE
Personnel expenses	**3,790**	2,584	47%
Third-party services	**1,819**	1,473	23%
Laboratory material costs	**2,073**	1,148	81%
Depreciation and amortization	**829**	21,320	-96%
Office rent and utilities	**463**	237	95%
Patent and license fees	**987**	721	37%
Consultancy fees	**434**	314	38%
Temp work	**351**	275	28%
Other	**798**	427	87%
Total	**11,545**	**28,499**	**-60%**

2.1.5 Other operating income

The Company's other income recorded an overall decline to EUR 341 thousand in fiscal year 2023 (2022: EUR 393 thousand).

2.1.6 EBITDA

In fiscal 2023, the Company's EBITDA decreased by EUR 27,811 thousand from EUR 13,125 thousand in 2022 to EUR -14,686 thousand due to the product sale in the previous year as part of the partnership with BioNTech.

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 and amortization.

EBITDA

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	**2023**	2022	CHANGE
Net profit/loss for the year	**-16,177**	-8,330	99%
Taxes	**-415**	-1,044	-61%
Financial result	**413**	630	-35%
Foreign exchange losses/gains	**30**	17	76%
Depreciation and amortization	**1.463**	21,852	-93%
EBITDA	**-14,686**	**13,125**	**n/a**

2.1.7 Net result

The net result of fiscal 2023 increased by EUR 7,847 thousand to EUR -16,177 thousand compared to EUR -8,330 thousand in 2022. The decrease is due to the described partnership with BioNTech in February 2022 and the associated revenues.

2.1.8 Earnings/loss per share

In 2023, loss per share amounted to EUR -0.66 (weighted average number of shares, basic and diluted: 24,562,658). In the comparable prior-year period the loss was EUR 0.34 (weighted average number of shares, basic and diluted: 24,562,658).

2.2 Financial position

CHANGE IN CASH AND CASH EQUIVALENTS

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Net cash used in/provided by			
operating activities	**-15,119**	11,976	n/a
investing activities	**2,384**	-12,005	n/a
financing activities	**-776**	-282	268%
exchange rate	**-39**	118	n/a
Decrease/increase in cash and cash equivalents	**-13,550**	**-193**	**6,921%**
Cash and cash equivalents, opening balance	**22,224**	22,417	-1%
Cash and cash equivalents, closing balance	**8,674**	**22,224**	**-61%**

2.2.1 Cash flow from operating activities

In 2023, the cash used in operating activities amounted to EUR -15,119 thousand (2022: cash generated from operating activities of EUR 11,976 thousand). This is mainly due to the partnership with BioNTech concluded in February 2022 and the resulting revenues during the reporting period in 2022. The amount of the current average cash outflow from operating activities is only of limited significance for the future development of this amount, as it is significantly influenced by one-time payments in the context of partnerships as well as by R&D expenses, the amount of which depends on the project status.

2.2.2 Cash flow from investing activities

Medigene recorded a net cash inflow from investing activities of EUR 2,384 thousand in 2023 (2022: cash outflow of EUR 12,005 thousand), mainly due to the reversal of time deposits in the amount of EUR 3,000 thousand.

2.2.3 Cash flow from financing activities

Medigene recorded cash outflows from financing activities of EUR 776 thousand in the reporting period, mainly due to the redemption of existing lease agreements (2022: cash outflow of EUR 282 thousand).

2.2.4 Changes in cash and cash equivalents and time deposits

As of December 31, 2023, the Company held cash and cash equivalents in the amount of EUR 8,674 as well as time deposits in the amount of EUR 8,000 thousand, totaling EUR 16,674 thousand (December 31, 2022: EUR 33,224 thousand). There were no lines of credit outstanding.

2.3 Net Assets

DEVELOPMENT OF ASSETS, SHAREHOLDERS' EQUITY AND LIABILITIES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	31/12/2023	31/12/2022	CHANGE
Assets			
Property, plant and equipment and intangible assets	**13,291**	14,139	-6%
Financial assets consisting of equity instruments and non-current other receivables	**287**	287	0%
Cash and cash equivalents and time deposits	**16,674**	33,224	-50%
Trade accounts receivable	**416**	3,240	-87%
Current other receivables and other assets	**1,047**	788	33%
Total assets	**31,716**	**51,678**	**-39%**
Shareholders' equity and liabilities			
Shareholders' equity	**21,066**	37,027	-44%
Non-current liabilities	**3,471**	7,236	-49%

Current liabilities	**7,179**	7,415	-2%
Total shareholders' equity and liabilities	**31,716**	**51,678**	**-39%**

2.3.1 Assets

2.3.1.1 Non-current assets

Non-current assets in the amount of EUR 13,579 thousand (December 31, 2022: EUR 14,426 thousand) include property, plant and equipment and intangible assets in the amount of EUR 13,291 thousand (December 31, 2022: EUR 14,139 thousand). The decrease in property, plant and equipment and intangible assets is mainly due to scheduled depreciation.

2.3.1.2 Current assets

Current assets totaled EUR 18,137 thousand as of December 31, 2023 (December 31, 2022: EUR 37,252 thousand). This includes cash and cash equivalents and time deposits of EUR 16,674 thousand (December 31, 2022: EUR 33,224 thousand), as well as trade receivables of EUR 416 thousand (December 31, 2022: EUR 3,240 thousand).

2.3.2 Equity and liabilities

2.3.2.1 Equity

As of December 31, 2023, the Group reports equity of EUR 21,066 thousand in accordance with IFRS (December 31, 2022: EUR 37,027 thousand). This is mainly due to the net loss for the year. The development of equity is shown in the consolidated statement of changes in equity.

2.3.2.2 Non-current liabilities

Non-current liabilities amounted to EUR 3,471 thousand as of December 31, 2023 (December 31, 2022: EUR 7,236 thousand). This includes lease liabilities of EUR 2,036 thousand (December 31, 2022: EUR 2,746 thousand) and contract liabilities of EUR 427 thousand (December 31, 2022: EUR 3,622 thousand).

2.3.2.3 Current liabilities

As of December 31, 2023, current liabilities totaled EUR 7,179 thousand (December 31, 2022: EUR 7,415 thousand). These mainly include lease liabilities of EUR 914 thousand (December 31, 2022: EUR 809 thousand), contract liabilities of EUR 3,196 thousand (December 31, 2022: EUR 1,708 thousand), and other financial liabilities of EUR 1,556 thousand (December 31, 2022: EUR 2,081 thousand).

2.4 Assessment of the 2023 financial guidance

In the previous year's report, total revenue was forecasted to be between EUR 5 to 7 million with revised R&D expenses expected to be between EUR 11 to 14 million (initial guidance for 2023: EUR 13 to 16 million in 2023), as well as a cash runway into April 2025 (previous guidance: first quarter of 2024).

At EUR 6 million in total revenue for the 2023 fiscal year, revenue was within the forecast range. R&D expenses of EUR 11.5 million were within the amended forecast range.

In fiscal 2023, the initial financial guidance was adjusted once to reflect the amended resource allocation based on business demands. For more information on the financial guidance, see section 6.2 *Financial guidance 2024.*

2.5 Assessment of business performance by the Management Board

Our proactive approach to drug development aims to further position us as a key player in the development of differentiated immunotherapies and to provide patients and physicians with effective therapies.

In summary, the Management Board is satisfied with the operational progress it has achieved in financial year 2023, as Medigene has advanced the pipeline by expanding and prioritizing its product candidates to support the implementation of the long-term corporate strategy. At the same time, the cash reach extension fell short of expectations as it could not be significantly extended. Further information on the financial forecast can be found in section *6.2 Financial forecast 2024*.

3 EMPLOYEES

At year-end 2023, the calculated number of employees converted into FTEs was 76 (December 31, 2022: 66) excluding employees on parental leave. On December 31, 2023, the number of employees, including members of the Management Board, was 86 (December 31, 2022: 74).

The breakdown of employees by entity and region as of December 31 is as follows:

EMPLOYEES BY COMPANY AND REGION

	31/12/2023	31/12/2022	CHANGE
Medigene Immunotherapies GmbH, Planegg/Martinsried	**53**	46	15%
Medigene AG, Planegg/Martinsried	**30**	25	20%
Medigene, Inc., San Diego	**3**	3	0%
Total	**86**	**74**	**16%**

Personnel expenses increased by 17% to EUR 9,516 thousand in fiscal 2023 (2022: EUR 8,104 thousand) due to the refocus on the development of TCR-T cells for the treatment of solid tumors and preparation activity related to clinical trials. The average length of service of employees increased from 5.8 years in 2022 to 6.0 years in 2023.

4 OPPORTUNITY AND RISK REPORT

For the Group, success involves seizing business opportunities as well as taking risks while acting with the appropriate degree of prudence. In addition to the entrepreneurial opportunities that present themselves to Medigene, Medigene's management identifies and evaluates the possible opportunities and risks that are most relevant to Medigene.

The most relevant opportunities and the possible risks associated with these opportunities are outlined below. This section includes a description of the main features of the internal monitoring and risk management system with regard to the financial reporting process according to Sec. 289 (4) and Sec. 315 (4) of the German Commercial Code (HGB).

4.1 Opportunities and risks in drug development

4.1.1 Immunotherapies in oncology

In line with its overall strategy, Medigene has concentrated, and intends to continue to concentrate its R&D efforts on its proprietary immunotherapy approach which aims to improve the cancer killing ability of a patients T cells

by first discovering potential best-in-class TCRs and then engineering a patients T cells with these novel TCRs as well as T cell armoring and enhancement technologies, to combat cancer. Although several TCR-T cell based product candidates have been under development by competitors, none have yet been approved. However, in February 2022[16], a therapy using a TCR to target cancer cells, was approved by the FDA in the U.S.

Medigene is subject to the typical industry and market risks inherent in the development of biopharmaceutical products using innovative technologies. The approval of the first TCR-T therapy by regulators is not yet complete, and only limited data from clinical trials is available so far. Any failures or setbacks involving TCR-T technology, whether developed by Medigene or third parties, including adverse events, could have a detrimental impact on Medigene's therapy candidates and research pipeline. For example, if a TCR-T technology is determined to not be safe, Medigene could be forced to modify, abandon or restart all of its current development projects, which could have a material adverse effect on its costs, future business and prospects.

Experience has shown that in the classical pharmaceuticals business, development of such a novel product can take up to 15 years. In principle, there is a risk that some or all of Medigene's products may not be developed or marketed successfully. There is also the possibility that they may fail to obtain the regulatory approval required for marketing or further development, that one or all of the therapeutic candidates turn out to be hazardous or ineffective, that not all the financing required to develop therapies can be raised, that the products cannot be manufactured in large quantities or marketed profitably, or that they are not sufficiently competitive. Furthermore, proprietary rights held by third parties may pose an obstacle to marketing therapies, or other companies may launch products that are superior in terms of quality or market price.

According to market analyses, the global T cell immunotherapies market will grow at a compound annual rate of 23% to reach about USD 34 billion in 2035.[17]

4.1.2 Pharmaceutical development and marketing authorization

Highly innovative forms of therapy, such as cellular immunotherapies for cancer diseases of high unmet medical needs, are undergoing clinical development in some cases faster than traditional pharmaceutical products. Authorities responsible for market authorizations in various countries (in particular the US FDA and European EMA) have established shorter approval procedures in a number of cases. If there are no available treatment options for otherwise incurable patients, novel therapeutic approaches, such as those from Medigene, may lead to such accelerated procedures.

Nevertheless, Medigene's product candidates have to pass through preclinical development stages, followed by the various phases of clinical trials. In these trials, the effectiveness of the therapeutic candidates and side effects are investigated. Delays in a clinical trial or in patient recruitment may result in higher costs and delay the market launch. In addition, numerous partners are involved in clinical trials, such as service providers and trial centers, whose non-performance could have far-reaching consequences for the progress, timing, or financing of a trial.

Equally, positive results of previous trials do not imply that an accurate forecast can be made of the outcome of future trials. It is not possible to accurately predict the results of preclinical and clinical trials, and these can be positive as well as negative. A number of pharmaceutical and biotechnology companies have experienced setbacks in later stage clinical trials even after achieving promising results in earlier phases. In the field of cellular immunotherapies, trials by some other companies or academic institutes have shown significant side effects in some patients, leading to death in individual cases. Negative trial results can lead to delays or even to the discontinuation of individual trials or development programs.

[16] https://www.labiotech.eu/trends-news/immunocore-tcr-cancer-immunotherapy/
[17] Global T-Cell (CAR-T, TCR, and TIL) Therapy Market (6th Edition), 2022-2035 Roots Analysis

Conversely, severe side effects and even individual cases of death resulting from the therapy in trials with severely ill patients without therapeutic alternatives do not necessarily have to lead to the discontinuation of a trial or development project. Tested therapies may still be successfully developed further if the overall balance of safety and efficacy profile is positive as demonstrated by examples from other companies. Medigene cooperates with the regulatory authorities and subjects all projects to an annual risk assessment in discussion with internal and external experts.

As cell therapies are based on novel technologies, there could potentially be changes in regulatory requirements. These could lead to delays in the clinical development and approval processes for Medigene's therapies.

Should the preclinical and clinical studies be positive, the application for marketing authorization can be submitted to the relevant authorities. After reviewing the application and the submitted data, the authorities decide whether to approve a product for marketing. There is a risk that therapies may not be approved based on the data submitted, that approval may be granted subject to conditions, or that further data may be required to obtain approval.

Furthermore, there is the risk of losing a granted marketing authorization in whole or in part if serious quality deficiencies or safety risks are subsequently identified.

4.1.3 Competition

Medigene competes with other companies in the biotechnology and pharmaceutical industries in terms of financing, developing, and commercializing its immunotherapies. Medigene believes that its clear positioning in the field of cellular immunotherapies, its proprietary technology in this area, its broad patent position, and its established collaborations with renowned companies, among other things, put the Company in a good competitive position. From this position, Medigene has been able to advance its proprietary technologies, establish partnerships, and is making progress in the development of its immunotherapies.

However, if competitors develop comparable therapies more rapidly, achieve better results and bring these to market, Medigene may no longer be able to attract investors and business partners for the Company. Likewise, serious setbacks among competitors with similar therapies could lead to a loss in confidence in Medigene's own therapies and technologies. The field of immunotherapies against cancer is developing quickly and dynamically.[18] Other companies are becoming increasingly active in this field and could potentially threaten Medigene's competitive positioning.

4.1.4 Collaboration with external development service providers

The production of cell-based immunotherapies requires expert knowledge and experience. Medigene believes its employees have a high degree of expertise in this area, which represents a strategic technological advantage.

However, Medigene does not currently own or operate any manufacturing facilities for the production of its cellular immunotherapies and is therefore dependent on contract manufacturers specifically for the conduct of clinical trials. This dependence on external suppliers and manufacturers entails risks for Medigene. This relates in particular to the timely delivery of sufficient quantities and quality as well as compliance with regulatory requirements and quality assurance standards. In addition, existing contracts with manufacturers might not be renewed, Medigene might not find suitable alternative partners and/or Medigene's partners might not provide sufficient capacities at the desired time. This could lead to delays or a halt in the production of the material required for the development and commercialization of the therapies. In addition, Medigene is dependent on contract research organizations (CROs) for preclinical and clinical development. Medigene places great importance

[18] https://www.cancerresearch.org/cancer-cell-therapy-landscape (accessed on Feb 29, 2024)

on contracting experienced and renowned service providers to conduct clinical trials. Nevertheless, it is possible that a service provider may fail to conduct a trial properly in all respects or terminate the agreement, which could also cause delays in development, result in higher financial costs for clinical trials and possibly even cause a study to be discontinued. Moreover, the CROs must also comply with regulatory requirements and quality assurance standards that Medigene can only influence to a limited degree. If the CROs do not properly and successfully fulfil their obligations to Medigene, the Company may not be able to obtain regulatory approval for its product candidates.

4.2 Opportunities and risks from intellectual property rights, license agreements and partnerships

4.2.1 Intellectual property rights

Intellectual property rights and business secrets represent a significant value of the Company; especially in R&D projects. Medigene already has a broad patent portfolio in the field of immunotherapies. New inventions by employees are reported immediately, examined with regard to relevance, novelty and usability and, if necessary, legal ownership is transferred to Medigene in order to apply for a patent. Medigene's ability to license its technology and/or programs at present or in the future is based on this approach, which is seen as an important business opportunity and therefore consistently pursued.

Medigene's success also depends on its ability to acquire comprehensive patents for its technologies and products, to protect its trade secrets, to defend infringements effectively and assert its own rights without infringing the rights of third parties. To protect its legally patented technologies and products, Medigene also has confidentiality agreements and contractual license restrictions in place with its partners, employees, consultants, and other contractual parties.

There is no guarantee that patents will not be challenged, declared invalid or circumvented, or that they might not be of commercial benefit to the Company. The Company intends to take appropriate action against any infringements and to continue expanding its technology and product portfolio. However, in the areas concerned, third parties may assert legally protected interests based on intellectual property rights or on cooperation, research and license agreements.

4.2.2 In-licensing

Medigene has in-licensed intellectual property that it considers are important to its business, especially the patent families covering TCR-Ts, armoring, enhancement and development optimization technologies some of which were invented /co-invented and developed at the Helmholtz Munich (HM).

If Medigene fails to comply with its obligations under those or its other agreements, including payment and diligence terms, its current and future licensors may have the right to terminate these agreements. In addition, the agreements under which Medigene in-licenses intellectual property from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. Disagreements in contract interpretation, termination of these agreements or reduction or elimination of Medigene's rights under these agreements may result in the Company having to negotiate new or reinstated agreements, which may not be available to it on equal terms, or at all, or cause it to lose its rights under these agreements, including its rights to intellectual property or technology important to its development programs.

In this case, Medigene may not be able to develop or manufacture a product covered by these agreements or face other penalties under these agreements. This could have a material adverse effect on Medigene's business, financial condition, results of operations and prospects.

4.3 Marketing and cooperation agreements

Due to the considerable financial resources needed to get a new drug approved by the regulatory authorities and subsequently market it successfully, Medigene may depend on partnerships with other companies in the industry at various stages of development. Such partnerships for the development and/or marketing of Medigene's therapies represent an attractive business opportunity, as they validate the Company's technologies and usually contribute to a prompt payment for the development work already carried out in the respective cooperation area and also allow Medigene to participate in the future success of the development and subsequent marketing. Such partnerships can thus have a significant positive impact on the Company's performance. Corresponding partnerships may also reduce the need for Medigene to refinance itself regularly on the capital markets. In times of a difficult market environment, this financial support can sometimes lead to a decisive advantage.

However, it cannot be ruled out that collaboration partners may decide at a later date on the basis of internal strategies or other considerations to return all or part of the acquired rights to Medigene or to not develop such projects further. In addition, there is a risk that targets and milestones agreed in partnerships will not be achieved or Medigene is not aware of such achievements as they occur and that corresponding performance-related payments may be delayed or not paid at all. There is also no guarantee that these existing or future partners are able to market and sell the drugs to the extent that Medigene anticipates. This could have a long-term material impact on the net assets, financial performance and results of operations, lead to a substantial delay in the programs concerned as well as erode the trust shown by the industry and investors.

For the research and development of its immunotherapies, Medigene seeks to make further arrangements with potential development and cooperation partners in addition to the existing collaborations. Should the Company fail to enter into cooperation agreements of this kind, this may delay or hinder the Company's ability to develop its immunotherapy platforms or make such activities unreasonably expensive. This may adversely affect the Company's net assets, financial position and results of operations.

4.4 Financial opportunities and risks

4.4.1 Financing requirements for business continuation and product development

Medigene AG was founded in 1994 and the Company has reported operating losses in almost every fiscal year, as R&D expenses 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 currently not yet secured.

Medigene finances its current research and development projects to a high degree through equity capital, as well as revenue generated from service contracts for research activities with partner companies, and one-time payments and milestone payments from partnership agreements. The company also generates revenue from sales of T-cell receptors derived from Medigene's End-to-End Platform.

The ability to obtain financing from investors through capital measures at any given time depends on the prevailing conditions of the capital markets as well as on the Company's operational progress and its ability to present itself as an attractive investment target for investors. To this end, Medigene regularly attends investor events and seeks intensive dialogue with investors on a one-to-one basis, among other means. A prerequisite for successful capital measures is a positive development of the share price, the value of which depends on progress or possible setbacks in the Company's pipeline as well as on developments in the global industry and wider capital markets.

The ability to expand existing partnerships and enter into new partnerships depends on progress in the research and development programs as well as the positive development of the immuno-oncology sector. Based on the budget approved by the Supervisory Board, the current financial resources will enable the Company to continue

as a going concern until April 2025. Until future financing is secured, there is uncertainty regarding the business continuation for the Company beyond April 2025. Medigene's Executive Management continues to believe that there is an overriding probability that the Company will be able to continue as a going concern by obtaining additional funds. In order to generate additional required funds, the following options, among others, are available to Medigene:

- Cost-saving measures

As a small biotech company in a challenging capital markets environment, we have a focus on careful cost management and resource allocation. Cost reductions made to date and planned in 2024 mainly relate to external expenses that lower professional and consulting fees, as well as moving of programs into 2025. The Company continues to operate a lean staff structure and has kept headcount flat throughout the second half of 2023. Further savings are dependent on the availability of additional funding. If these funds cannot be generated in a timely manner, a further evaluation of resource allocation and the associated prioritization of the portfolio will be carried out and programs may be postponed further or temporarily discontinued.

- Sale of parts of the innovative End-to-End Platform:

As an innovative platform company with many years of experience in the development of differentiated TCR-T therapies, the company is evaluating the possibility of making the platform available to strategic partners and investors. The potential value of the sale of parts of the E2E Platform may secure funding for current research and development activities as well as enable a potential expansion of the Company's drug pipeline and thereby provide the foundation for a sustainable future of the Company.

- Capital measures by raising capital (equity or debt):

Among other things, the Company is exploring the possibilities of increasing capital through equity and debt capital in order to secure the financing of its business activities.

- Expansion of existing partnerships and entering into new ones:

Global or regional collaborations with partner companies enable the development and/or commercialization of Medigene therapies at reduced or no cost to the company. In addition, partnerships validate Medigene's therapies. Furthermore, they allow Medigene to participate in the future success of development and subsequent commercialization, which enables further financing of research and development activities of the Company's own drug pipeline. The company is currently exploring, among other things, regional partnering of the lead product candidate MDG1015 in Asia, partnering of the growing KRAS-targeted programs, as well as licensing of some platform technologies to third parties.

If Medigene is unable to obtain additional funding on a timely basis, or if revenues are less than projected, the Company may be required to significantly curtail, delay or discontinue one or more of its research or development programs for its own product candidates or be unable to expand our operations or otherwise capitalize on our business opportunities as desired, which could materially affect our business, financial condition and results of operations. Should the necessary funds not be generated in a timely manner, the ability of the Group as well as Medigene AG to continue as a going concern is at risk. In this context, there is material uncertainty in connection with events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. As a result, the Group may not be able in the normal course of business to realize the value of its assets and settle its liabilities.

In addition, if the Company is unable to obtain necessary funding on a timely basis, it may be required to liquidate some or all of its assets and may receive less than the value at which those assets are carried on our audited financial statements, which could cause investors to lose all or a part of their investment. However, the Executive Management Board currently believes that the funds necessary for financing of its operations can be raised in the coming months.

4.4.2 Planning risks

On an annual basis, Medigene's management prepares a detailed business plan incorporating the results of portfolio management and assessment of resource allocation, and continuously evaluates such plan over the course of the planning period. This plan contains numerous assumptions including, but not limited to, project progress, the outcome of clinical trials, the conclusion of new licensing and development agreements, the trend in product revenues and related costs as well as general conditions within the relevant pharmaceutical market segments. These assumptions may deviate substantially from actual future developments. Important prerequisites for achieving financial targets include the success of research and development activities as well as progress with the commercialization of drugs and drug candidates. Indirectly, the planning may be significantly affected by the activities of the cooperation partners.

Despite consistent past delivery against the business plans, there is no guarantee that Medigene will achieve the progress required to meet its future financial targets and that its partners will be as commercially successful as expected. Medigene's plans are based on assumptions regarding future research and development results and on estimates of the market and competitive environment. These assumptions may prove to be incorrect and thereby have a negative impact on the Company's financial position and results of operations.

4.5 General and organizational opportunities and risks

4.5.1 Human resources

Qualified employees and an experienced management team are fundamental factors in the success of Medigene. Retaining those individuals who possess excellent skills and competencies in the Company for the long-term will have a positive impact on the Company and its financial goals. Medigene remains optimistic that it can continue to attract key employees in the future as needed.

However, there is intense competition among companies to recruit employees with industry-specific expertise. Medigene's commercial success will continue to depend on recruiting and retaining appropriately qualified employees for these areas and taking appropriate measures to pass on specialty knowledge. The risk of a lack of qualified employees or the loss of people in management positions with key competencies becoming an obstacle to Medigene's growth cannot be ruled out, a fact that may adversely affect the Company's net assets, financial position and results of operations.

4.5.2 Legal risks and liability risks

At present there are no pending lawsuits that could have a major influence on the Company's financial situation or that of its subsidiaries. Judicial disputes cannot be ruled out in the future. These could arise, for example, from possible lawsuits regarding alleged patent infringement or lawsuits by clinical trial participants or product liability claims, from administrative proceedings in connection with non-compliance with capital market regulations, or from legal disputes in connection with existing licensing or collaboration agreements.

Medigene is exposed to the risk of substantial claims for damages in the event that a patient suffers significant adverse effects from participating in a clinical trial or being treated with a therapy developed by Medigene. In particular, such compensation claims could exceed Medigene's insurance coverage and consequently have a negative impact on the Company's financial position and results of operations, as well as its net cash.

4.5.3 IT- and data security risks

Medigene is dependent upon information technology systems, infrastructure, and data. The multitude and complexity of Medigene's computer systems make them inherently vulnerable to service interruption or destruction,

malicious intrusion, and random attack. Likewise, data privacy or security breaches by third parties, employees, contractors, or others may pose a risk that sensitive data, including Medigene's intellectual property, trade secrets or personal information of its employees, patients, or other business partners may be exposed to unauthorized persons or to the public.

Cyberattacks are increasing in their frequency, sophistication, and intensity. Cyberattacks could include the deployment of harmful malware, denial-of-service, social engineering, and other means to affect service reliability and threaten data confidentiality, integrity, and availability. Medigene's business and technology partners face similar risks and any security breach of their systems could adversely affect its security posture.

While Medigene has invested, and continues to invest, in the protection of its data and information technology infrastructure, there can be no assurance that its efforts, or the efforts of its partners and vendors, will prevent service interruptions, or identify breaches in its systems, that could adversely affect its business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm to Medigene.

4.5.4 Tax risks

Medigene is subject to different forms of taxation in several jurisdictions in which it operates. Income tax payable may be assessed on the basis of transfer pricing rules or profit allocation rules, which may not be aligned between various jurisdictions, thereby potentially triggering double taxation. Tax law and administration is complex and often requires Medigene, through its external tax advisors, to make subjective determinations. Changes in tax laws or their interpretation or application or changes in the amount of taxes imposed on companies could increase Medigene's future tax burden. Any changes in tax laws or their interpretations could also decrease the amount of cash Medigene receives or earns, the value of any tax loss carryforwards and the amount its cash flow, and have a material adverse impact on its business, financial condition and results of operations.

Tax authorities around the world are increasingly rigorous in their scrutiny of transactions and may not agree with the determinations that are made by Medigene, through its external tax advisors, with respect to the application of tax law. As a result of current or future tax audits or other review actions by the relevant financial or tax authorities, Medigene's internal tax assessments, as prepared by its external tax advisors, including its interpretation and application of tax laws such as its tax positions with respect to certain immaterial assets (for example, its intellectual property rights) or with respect to tax deductions such as those related to financing costs, could be challenged and, as a result, revised and additional taxes, including interest and penalty payments could be assessed in relation to future or previous tax assessment periods.

4.5.5 Force majeure including epidemics, war, climate and environment

The rapid spread of a a disease, such as COVID-19, could result in significant volatility in global financial markets and economic difficulties through the imposition of wide-reaching control measures by many countries (including Germany), including temporary bans on events and travel, the closure of schools, restaurants, other businesses and national borders, as well as prohibitions on public and private gatherings.

COVID 19, in particular, has little to no impact on Medigene at present and therefore the risks associated with COVID-19 are also considered to be very low.

Wars and especially the current situation in the Ukraine and Israel / Gaza have not had any impact on Medigene's business and development projects so far and currently do not adversely affect the Company's financial position, financial performance or cash flows. However, the current crises and conflicts may have a negative effect on Medigene's earnings and financial position in the future if macroeconomic factors change adversely. In particular, sustained high inflation and changes in purchasing conditions due to supply chain bottlenecks could have a

negative impact on the financial position. If there is a deterioration in the capital market conditions as a result of this, there may be a negative impact on any potential future refinancing efforts.

Based on Medigene's business model, there are no potential sustainability risks in the area of climate change and water scarcity. Therefore, the Company does not currently expect any material impact of sustainability risks on its financial reporting.

4.6 Risk management and internal control system

4.6.1 Principles of an internal control system

+ This section is unaudited. +

The internal control system as the entirety of all systematically defined controls and monitoring activities aims to ensure the safety and efficiency of business transactions, the reliability of financial reporting, and the compliance of all activities in accordance with legislation and guidelines. An effective and efficient internal control system is crucial to successfully manage risks in our business processes. In its design, the internal control system at Medigene considers all material business processes and goes beyond controls in the accounting process. In the accounting process itself, for example, various monitoring measures and controls help to ensure that the consolidated financial statements are prepared in accordance with the applicable accounting rules. Appropriate separation of duties and the application of the four-eyes principle reduce the risk of fraudulent actions. The coordinated processes, systems and controls provide sufficient assurance that the accounting process complies with IFRS, the German Commercial Code (HGB) and other accounting-related regulations and laws and is reliable. We regularly perform system backups of relevant IT systems to prevent data loss and system failures to the extent possible. The security concept also includes technical system controls, random manual checks by experienced employees, and tailored authorizations and access restrictions. We continuously develop the requirements for the internal control system, adapt the control landscape to changing processes and use a standardized risk-control matrix and a structured self-assessment process for this purpose.

At Medigene, risk management is organized as a combined top-down/bottom-up process. The binding process and system specifications are formulated centrally at Group level and apply to all business units. The ultimate responsibility for risk, risk identification and risk management along the value chain is decentralized and lies with the functional managers in the business units. This also paves the way for subsequent risk reporting to the Executive Management Board and Supervisory Board. The installed processes make a significant contribution to continuing to meet the corporate governance requirements at Medigene at a high level. Training is provided on a regular basis and as required to the employees entrusted with risk management and the internal control system. The results of the risk inventory, the risk control matrix and the self-assessment process are used as a building block for risk-oriented audit planning. Our standardized risk management processes are essential for providing the Executive Management Board and Supervisory Board with timely and structured information on the Group's current risk situation. However, despite the comprehensive analysis of risks, their occurrence cannot be completely ruled out. For our assessment of the appropriateness and effectiveness of the risk management system and the internal control system, we refer to the disclosures in the corporate governance statement.

4.6.2 Principles of risk identification and risk controlling

Medigene’s management utilizes a risk management system (RMS) that can be flexibly adapted to new situations and is subject to continuous review. Risks resulting from business activities are systematically recorded and valued based on probability of occurrence and possible loss potential. The respective information management involves regular reporting on newly arisen risks by the risk managers to the Executive Management Board, an evaluation at least quarterly of all corporate risks in line with the definition of risks issued by the Executive Management

Board, and the requirement that all risks to the Company's ability to continue as a going concern be reported on an ad-hoc basis. All employees are encouraged to openly, completely and promptly report all business transactions which could involve potential risks and to then discuss these fully and openly with the Executive Management Board.

The Executive Management Board comprehensively informs the Supervisory Board of the reported risks at its meetings that are held at least four times a year. This regular communication allows the Executive Management Board to identify any risks, evaluate their impact on Medigene and initiate appropriate countermeasures.

Another important organizational safeguard is the avoidance of financial risks in particular, above all through the segregation of functions. Activities or business transactions with inherent risks shall never be carried out by one employee alone – rather, several persons are generally responsible for the decision-making process and the decision itself. Work instructions and workflows as well as their recording are standardized to ensure the consistent and transparent execution of each individual operation. IT risks are minimized by means of clearly-regulated and regularly reviewed access restrictions and policies for system development and maintenance, whereby forms, worksheets and laboratory journals are used to fully record and document all data. Medigene's controlling department is responsible for target-oriented coordination of planning, information supply, and management and monitoring. In order to identify any deviations in business development, all projects undergo a monthly budget-to-actual comparison based on the respective budget figures, the results of which are regularly discussed with project managers and the Executive Management Board.

4.6.3 Internal strategy review

Medigene regularly monitors the Company's medium- to long-term strategy, as this prioritizes business opportunities and hence therapeutic development projects. It evaluates whether identified opportunities in the course of business development are to be reconciled with the resulting risks. As a result of this regular monitoring of the corporate strategy, adjustments are made where necessary and long-term corporate goals are defined. Information on the strategy of the Company can be found in section 1.1.

4.6.4 Portfolio strategy to reduce overall risk

Medigene's overall risk with regard to its success and existence as a going concern is essentially determined by the individual risks arising in different corporate divisions. The commercial success and future existence of Medigene depend primarily on successful drug development, partnering and product commercialization, as well as prevailing conditions in the capital markets. Opportunities and risks arising in clinical development and product marketing, as well as from entering into successful strategic partner arrangements with the biotech/pharmaceutical industry and corporate financing are considered in the overall assessment. Medigene counters the inherently high risk of failure of individual projects by a portfolio approach based on various, independent technological and scientific projects and partnerships to broaden its own portfolio of TCR-based therapies as well as new technologies.

Medigene's project portfolio is managed proactively and assessed on a regular basis. The management process includes creating development plans for each individual project which are then adopted and monitored by the Executive Management Board. The regular assessment of the individual projects is based on the analysis and evaluation of their opportunities and risks, in addition to the technical development risks, the intellectual property (IP) and scientific progress of potential competitors. The general business environment of the pharmaceutical industry in the field of oncology is also continuously analyzed and evaluated. Other areas covered by the assessment with regard to the portfolio strategy are clinical development considerations, market approval conditions, and process development. At the discretion of Management, another significant element is the analysis of the current and future development of oncology and T cell immunology as a subsector of the drug market as well as

broader public health policy. In particular, developments in the area of cost recovery in the health sector as well as guidelines for the treatment of cancer diseases are continuously monitored.

Results are summarized in a scenario analysis that includes a profitability assessment of individual projects based on discounted cash flows. This economic and feasibility study then provides the basis for any decision relating to Medigene's overall portfolio management and future strategic orientation of the Company.

4.6.5 Business planning and forecasting

On an annual basis, Medigene's management prepares a detailed business plan incorporating the results of portfolio management and assessment of resource allocation, and continuously evaluates such plan over the course of the planning period. plan contains numerous assumptions, including but not limited to, project progress, the outcome of clinical trials, the conclusion of new licensing agreements, the development of the capital resources and financial situation as well as general conditions within the relevant pharmaceutical market segments. These assumptions may deviate substantially from actual future developments. In order to be able to successfully manage the Company despite the resulting uncertainties, various scenarios are developed regarding key assumptions, the aim of which is to pursue the most promising strategy from an opportunity and risk perspective and to secure the Company's financing.

Adherence to the business plan is subject to continuous monitoring. The Company is managed on the basis of monthly analyses of budget deviations. Furthermore, the business plan is adjusted as soon as there are any changes in the assumptions made. A monthly liquidity and shareholders' equity plan is also drawn up.

4.6.6 Accounting-related internal control system

Medigene considers its internal control and risk management system to be comprehensive and bases its approach on the definitions of accounting-related internal control system and risk management system provided by the Institute of Public Auditors in Germany, Düsseldorf (IDW). This approach defines an internal control system as consisting of the principles, procedures and measures introduced in the Company by the management with the purpose of implementing management decisions in the organization. Such principles, procedures and measures pursue the following goals:

- To deliver effective and efficient business activities (this also encompasses asset protection, including prevention and detection of fraud)
- To ensure proper and reliable internal and external financial reporting
- To comply with the legal requirements applicable to the Company policies

The risk management system is the totality of all organizational regulations and measures introduced to identify and manage the risks of entrepreneurial activity. All companies, business units and departments included in the consolidated financial statements are integrated into the system via a defined leadership and reporting organization.

The Executive Management Board bears overall responsibility for the accounting-related internal control and risk management system of the consolidated companies and the Group.

Medigene considers those aspects of the internal monitoring and risk management system that have a significant influence on group accounting and the overall picture conveyed by the group financial statements and group management report to be material. They include, in particular, the following elements:

- Identification of key risk zones and controlling areas relevant to the group-wide accounting process
- Checks to monitor the group-wide reporting system and its findings at the business unit and departmental levels and at the companies included in the consolidated financial statements

- → Control measures for the finance and accounting systems of the Group and of those companies, units and divisions included in the consolidated financial statements that generate information which is fundamental to the preparation of the consolidated financial statements and the group management's discussion and analysis. These control measures include the separation of duties and pre-defined approval processes in the relevant divisions
- → Internal checks of the Group's accounting-related internal control and risk management system by management

Moreover, the Group has implemented a risk management system for the group-wide accounting process that includes measures to identify and assess major risks, as well as measures designed to limit such risks in order to ensure that the consolidated financial statements are properly prepared.

4.7 Overall risk assessment

After an evaluation of the overall risk situation, the most important risk areas resulting from business activities were systematically evaluated according to their probability of occurrence and their loss potential (gross exposure). Due to Medigene's continuing dependence on the capital market to secure its financing, the risk assessment always evaluates not only its possible effects on the net assets, financial position and results of operations but also the possible impacts on the share price and the capital market's perception of Medigene. A distinction is made between short- and medium-term risks.

According to Management's assessment, the Company is exposed to five main risks, some of which are in turn composed of subcategories. Considering the probability of occurrence, the potential loss and the countermeasures already taken internally, Management assesses on a percentage basis the extent to which the subcategories contribute to the main risks and how the main categories affect the overall business risk in relation to each other. The summary, which is reflected in the opportunities and risks described above and additionally shows which opportunities and risks affect which risk categories, is presented in the following table:

	Weighting		Short term (1 year)		Medium term (3 years)	
RISK CATEGORY	MAIN CATEGORIES	SUB-CATEGORIES	RISK PROBABILITY	LOSS POTENTIAL	RISK PROBABILITY	LOSS POTENTIAL
1) Research and development	**30%**		●●●	●●●	●●●	●●●
Strategic focus of the Company (4.1.1)		30%	•••	•••••	•••	•••••
TCR-T product development incl. market approval (4.1.1, 4.1.2)		25%	••	•••	••	•••
Development of tools and technologies (4.1.1)		20%	••	•	••	•
Competition (4.1.1, 4.1.3)		20%	••••	•••••	••••	•••••
Dependence on third parties (4.1.2, 4.1.4)		5%	••	••	••	••
2) Intellectual property and licenses (4.1.1, 4.2.1, 4.2.2, 4.5.2)	**5%**		●●	●●●	●●	●●●
3) Existing and future cooperation and marketing agreements (4.1.3, 4.3)	**20%**		●●●	●●●●	●●●	●●●●
4) Financial situation	**30%**		●●●●	●●●●	●●●●	●●●●
Future financing (4.3, 4.4.1, 4.5.1, 4.5.5)		85%	••••	••••	••••	••••
Other financial risks incl. tax and and financial planning (4.4.2, 4.5.4)		15%	••	••	••	••
5) General and organizational matters	**10%**		●●●	●●	●●●	●●
Personnell (4.5.1)		40%	•••	•••	•••	•••
Other risks incl. IT security, legal		60%	••	••	••	••

disputes and fore majeure (4.5.2, 4.5.3, 4.5.5)						
Weighted overall assessment of the main risk categories			●●●	●●●●	●●●	●●●●

	Risk probability	Loss potential	
Highly probable (more than 75%)	●●●●●	●●●●●	Very high (more than EUR 20 m)
Probable (between 50% and 75%)	●●●●	●●●●	High (between EUR 10 m and EUR 20 m)
Medium probability (between 25% and 50%)	●●●	●●●	Medium (between EUR 5 m and EUR 10 m)
Improbable (between 10% and 25%)	●●	●●	Low (between EUR 1 m and EUR 5 m)
Highly unlikely (less than 10%)	●	●	Very low (less than EUR 1 m)

Based on the risk assessment, the Executive Management Board is of the opinion that, in spite of the relevant risks generally associated with the development of drugs and medical treatments in the field of immunotherapies, the opportunities and prospects for the Company outweigh the risks. The current risk assessment has identified certain risks, considering the probability of occurrence currently estimated by the Management Board, which individually or in combination could threaten the ability of Medigene to continue as a going concern in the short or medium-term. Medigene is aware of such risks and the Management Board believes that it is taking appropriate measures to mitigate them.

In addition to short and medium-term risks, there are also long-term risks which could endanger the Company's existence as a going concern. This includes in particular in the following order of priority:

1.) Unsuccessful financing of the Company's development projects by the capital markets and/or through collaborations
2.) Lack of success in clinical development and regulatory approval procedures for proprietary development projects
3.) Change in the competitive environment that could potentially lead to Medigene's products no longer being considered attractive, e. g. through developments by competitors that would render Medigene's technology obsolete
4.) Insufficient productivity of own research, which could lead to the failure to identify clinical development candidates in the future
5.) Potential acquisition of Medigene by a competitor which would endanger the ability of the Company to continue as an independent entity. The Company's risk-bearing capacity is assessed on the basis of the business model by looking at the financing situation. As of December 31, 2023, cash and cash equivalents amounted to EUR 8,674 thousand and fixed-term deposits in the amount of EUR 8,000 thousand. Based on current planning, Medigene is financed into April 2025.

As of December 31, 2023, the Company's risk position has been adversely affected compared to the previous year due to the ongoing challenging conditions of accessing finance on the capital markets in the biotech space. However, as the Company also generates revenue from service contracts for research activities with partner companies, upfront payments and milestone payments from partnership agreements as well as from sales of T-cell receptors from Medigene's end-to-end platform, the Executive Management Board currently believes that funds necessary for financing of its operations can be raised in due time.

5 EXPLANATORY REPORT AND STATEMENT ON CORPORATE GOVERNANCE

5.1 Statements in accordance with Section 315a (1) of the German Commercial Code (HGB) and explanatory report

5.1.1 Composition of subscribed capital

The Company's share capital as at December 31, 2023, amounts to EUR 24,562,658.00 and is divided into 24,562,658 registered no-par shares each representing a share in capital of EUR 1.00. As at the reporting date of December 31, 2023, all 24,562,658 shares were filed with the commercial register.

Shareholders have no right to demand share certificates for their shares, unless certification is required under the rules of a particular stock exchange on which the Company's shares are listed for trading. In accordance with Section 67 (2) of the German Stock Corporation Act (AktG), only persons who have been entered in the shareholders' register are deemed to be shareholders in relation to the Company. All shares grant the same rights. Each share provides one vote at the Annual General Meeting and the same profit share. The detailed rights and obligations of shareholders result from the provisions of the German Stock Corporation Act, in particular Sections 12, 53a et seq., 118 et seq. and 186 of the AktG as well as the Company's Articles of Association.

As of December 31, 2023, the equity ratio was 66% (December 31, 2022: 72%).

5.1.2 Restrictions on voting rights or the transfer of shares

In the cases specified in Section 136 AktG, the voting rights arising in connection with the relevant shares are excluded by law.

The Company is not aware of any other restrictions relating to the exercise of voting rights or the transfer of shares. Each share entitles the bearer to one vote at the Annual General Meeting and determines the bearer's share in the profits of the Company.

5.1.3 Investments in capital exceeding 10% of the voting rights

In accordance with the German Securities Trading Act (WpHG), every investor who directly or indirectly achieves, exceeds or falls below a certain threshold for voting rights by buying or selling shares or by any other means must notify the Company and the German Federal Financial Supervisory Authority (BaFin) accordingly. The lowest limit in respect of this duty of notification is 3%.

Medigene had not been notified of any direct or indirect investments in the share capital of Medigene AG by the end of the reporting period which amount to or exceed 10% of the voting rights, nor is the Company aware of any such investments.

5.1.4 Shares that grant special control privileges

The Company has not issued any shares that grant special control privileges.

5.1.5 Nature of voting control if employees have a share in the capital and do not directly exercise their right of control

Employees who hold Medigene AG shares exercise their control rights directly like any other shareholder in accordance with the law and the Articles of Association. If employees hold a share in the capital and do not directly exercise their right of control, voting control does not exist.

5.1.6 Statutory provisions and stipulations in the Articles of Association on the appointment and dismissal of members of the Executive Management Board and on amendments to the Articles of Association

The Executive Management Board of the Company, in accordance with Art. 7 (1) of the Articles of Association, consists of one or more persons and is appointed, in accordance with Art. 7 (2) of the Articles of Association and Section 84 (1) AktG, by the Supervisory Board for a period of no more than five years. Reappointments or term extensions are permissible, in each case for a maximum period of five years. The Supervisory Board appoints one of the members of the Executive Management Board as Chief Executive Officer. In accordance with Section 84 (3) AktG, the Supervisory Board may also revoke the appointment of a member of the Executive Management Board and the appointment of the Chief Executive Officer on important grounds. Such grounds include gross breach of duty, inability to duly manage the Company and vote of no confidence by the Annual General Meeting – unless the vote of no confidence was evidently based on unrelated reasons. If a required member of the Executive Management Board is missing, in urgent cases the relevant member is appointed by the courts upon request by one of the parties concerned, in accordance with Section 85 AktG.

The law governing amendments to the Articles of Association is contained in Sections 179 and 133 AktG. Under these provisions, any amendment to the Articles of Association requires a resolution of the Annual General Meeting for which at least three quarters of the capital represented at the time of the resolution must approve, unless the Articles of Association specify a different capital majority. Art. 18 (1) of the Company's Articles of Association stipulates that shareholders' resolutions must be adopted by a simple majority of the votes cast, unless a larger majority is compulsory by law. This would be the case when, for example, creating authorized capital (Section 202 (2) Sentence 2 AktG) or conditional capital (Section 193 (1) Sentence 1 AktG) and issuing non-voting preferred shares (Section 182 (1) Sentences 1 and 2 AktG), each of which requires a three-quarters majority of the capital represented at the vote on the resolution. According to Art. 15 of the Articles of Association, the Supervisory Board has the right to make amendments to the Articles of Association, provided they affect only the wording.

5.1.7 Powers of the Executive Management Board, especially with regard to issuing and repurchasing shares

In accordance with Section 76 (1) AktG, the Executive Management Board manages the Company on its own authority and in accordance with Section 78 (1) AktG, it represents the Company in and out of court and is authorized to issue and repurchase shares.

The authorizations of the Executive Management Board to issue new shares from authorized capital and the conditional capital items in connection with the associated resolutions for issuing convertible notes or options as outlined above are intended to enable the Executive Management Board to cover any need for capital that may arise and to take advantage of attractive financing options depending on the state of the market.

The ability to settle the acquisition of entities, parts of entities or interests in entities in individual cases by issuing shares of the Company to the seller allows the Company to expand without burdening its cash position. The issue of stock options secured by conditional capital is a component of the remuneration of employees and Executive Management Board members in German stock corporations.

The Executive Management Board may acquire treasury shares for the Company in the cases mentioned in Section 71 (1) AktG. The Executive Management Board is not currently authorized to repurchase the Company's shares pursuant to Section 71 (1) No. 8 AktG. The Company does not hold any treasury shares at present.

5.1.8 Significant company agreements that are conditional on a change in control as a result of a takeover bid

No such arrangement exists.

5.1.9 Compensation agreement with members of the Executive Management Board or employees in the event of a takeover bid

The service agreements with the current board members Dr. Selwyn Ho (Executive Management Board member and CEO since July 25, 2022) and Prof. Dr. Dolores Schendel (Executive Management Board member since 1 May 1, 2014) contain special termination rights for both the Company and the respective Executive Management Board members applicable in the event of a change in control as well as agreed severance arrangements.

As defined by the service agreements, a change of control is when (i) a bidder who holds no voting rights or less than 5% of the voting rights at the time the service agreement is entered into obtains control over the Company in the sense of Sec. 29 WpÜG by holding at least 30% of the voting rights (including the voting rights allocable to it pursuant to Sec. 30 WpÜG) or (ii) as an independent entity enters into a control agreement as defined in Sec. 291 AktG with the Company and this agreement has become effective or (iii) the Company is merged with another legal entity pursuant to Sec. 2 UmwG unless the value of the other entity amounts to less than 30% of the value of the Company as evidenced by the swap ratio agreed for the merger.

If a service agreement with a member of the Executive Management Board is terminated due to a change of control and exercise of the right to special termination by the Company or such member of the Executive Management Board, the respective member has the right to a severance payment. This may not exceed a sum that is twice the agreed annual gross remuneration as at the date on which the service contract terminates.

The service agreements for Executive Management Board members include special termination rights for both the Company and the Executive Management Board members in the event of a change in control. In the event of a change in control, the Company and the respective member of the Executive Management Board each have a special termination right due to a triggering event for a period of three months following the date of the change in control in each case.

If a service agreement with a member of the Executive Management Board is terminated due to the exercise of the right to special termination presented above, the respective member is entitled to:

- → Payment of a severance payment equal to the gross remuneration (fixed component) until the regular end of the service agreement
- → A pro rata temporis gross bonus (excluding stock options) until the end of the regular term of the service agreement and
- → A severance payment of 1.5 times the annual remuneration (fixed component and performance-related remuneration, excluding stock options).
- → Severance cap: The severance payment may not exceed 2.0 times the sum of the agreed annual remuneration (fixed and performance-based components) valid at the time the service agreement is terminated.

If a member of the Executive Management Board exercises the special right to termination, they are entitled to:

- → A severance payment equivalent to 2.0 times the gross monthly sum for every completed year of membership on the Company's Executive Management Board. The gross monthly amount comprises one twelfth of the current gross remuneration at the time of termination and one twelfth of the average annual bonus,
- → However, at least twelve gross monthly amounts (lower limit).
- → Severance cap: The severance payment may not exceed 2.0 times the sum of the agreed annual remuneration (fixed and performance-based components) valid at the time the service agreement is terminated (upper limit).

SUMMARY OF SEVERANCE PAYMENTS DUE TO THE EXERCISE OF A SPECIAL RIGHT OF TERMINATION

EXECUTIVE MANAGEMENT BOARD	TERMINATED BY:	RIGHT TO A SEVERANCE PAYMENT OF	CAPS
Dr. Selwyn Ho, Chief Executive Officer (since July 25, 2022)	Company	1. Gross remuneration (fixed component) until the regular end of the agreement 2. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 3. 1.5 times the annual remuneration (excluding stock options)	2 times the annual remuneration (fixed remuneration plus bonus)
	Executive Management Board	1. 2 times the gross monthly amount (1/12 of fixed remuneration plus 1/12 of bonus) for each full year of service as a member of the Executive Management Board, but 2. At least 12 gross monthly amounts (lower limit)	2 times the annual remuneration (fixed remuneration plus bonus)
Prof. Dr. Dolores Schendel	Company	1. Gross remuneration (fixed component) until the regular end of the agreement 2. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 3. 1.5 times the annual remuneration (excluding stock options)	2 times the annual remuneration (fixed remuneration plus bonus)
	Executive Management Board	1. 2 times the gross monthly amount (1/12 of fixed remuneration plus 1/12 of bonus) for each full year of service as a member of the Executive Management Board, but 2. At least 12 gross monthly amounts (lower limit)	2 times the annual remuneration (fixed remuneration plus bonus)

5.2 Statement on corporate governance pursuant to Sections 289f, 315d of the German Commercial Code (HGB)

The statement on corporate governance pursuant to Sections 289f, 315d of the German Commercial Code (HGB) is publicly available on the Company's website at https://www.medigene.com/investors-media/corporate-governance/corporate-governance-report.

6 OUTLOOK

6.1 Company outlook

Based on the budget approved by the Supervisory Board, the current financial resources will enable the Company to continue as a going concern until April 2025. Until future financing is secured, there is uncertainty for the Company beyond April 2025. Medigene's Executive Management continues to believe that there is an overriding probability that the Company will be able to continue as a going concern by obtaining additional funds (see section 4.4.1 *Financing requirements for product development*).

Should the necessary funds not be generated in a timely manner, the Group's ability to continue as a going concern is at risk. In this context, there is material uncertainty in connection with events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. As a result, the Group may not be able in the normal course of business to realize the value of its assets and settle its liabilities.

In 2024, Medigene will continue to work on advancing the R&D of its differentiated TCR-T therapies for the treatment of solid tumors, as well as to expand its focus into the potential for new TCR-based treatment modalities. This combination, in the Company's opinion, represents the most promising commercial opportunity for Medigene.

At the core of Medigene's R&D efforts and its development of potentially differentiated products is the Company's proprietary E2E Platform, which consists of multiple combinable, exclusive and proprietary technologies from target screening to clinical development. Our scientific focus will be to advance our lead program MDG1015 toward the clinic, progress our announced KRAS-programs MDG2011, 2021 and 2012 toward IND/CTA-enabling work and lead selection, respectively, as well as expand the technologies within the E2E Platform, which will be supported with further scientific data and continually developed. The Company's scientists will continue to submit results to be presented at upcoming reputable scientific conferences.

From a clinical development perspective, our most advanced TCR-T therapy candidate from the E2E platform, MDG1015 will be advanced towards first in-human clinical trials with IND/CTA approval expected in the second half of 2024. Subject to successful financing, we expect to be able to initiate a Phase 1 trial for MDG1015 by the end of 2024.

In 2024, Medigene will focus on the development of two of its previously announced KRAS-targeted programs. By optimizing the technology and processes for the development of MDG2011 and MDG2021 (lead selection expected in 1H 2024), the Company expects an accelerated development for future KRAS programs as well as other cancer targets.

Consistent with its previously announced strategic pivot in November 2022, away from hematologic cancers, and to focus on solid tumors, the Company evaluated the possibility for partnering MDG1011 with interested parties. A lack of interest from potential partners to drive the program forward indicates that the competitive landscape has changed. The Company has therefore decided to discontinue the active partnering of MDG1011.

Medigene also anticipates to successfully continue and potentially expand the partnership with BioNTech. Furthermore, additional partnership opportunities related to our expanding pipeline and technology platform are continuously being evaluated in order to maximize the value of the Company. Accordingly, as described above, the regional partnering of the lead product candidate MDG1015 in Asia, the partnering of the growing KRAS-directed programs and the licensing of some platform technologies to third parties are being evaluated.

6.2 Financial guidance 2024

The 2024 financial guidance reflects the Company's focus and progress in its core immunotherapies business.

These projections include potential future milestone payments from existing partnerships that are highly likely to materialize in the amount of USD 1 million and EUR 2 million, respectively. They do not include potential milestone payments from or future/new partnerships or transactions as the occurrence of such payments or their timing and size largely depend on third parties and cannot be controlled or influenced by Medigene.

Currently, the Company does not anticipate any significant effects related to COVID-19, the Ukraine crisis or the Israel-Hamas war on revenues and R&D costs. In addition, for the purpose of preparing the 2024 financial guidance, the Company has assumed there will be no significant events that could have a material impact or a

lasting effect on the Group's operations, such as force majeure (e.g. fire, flood, earthquake, strike or war) or extraordinary economic events.

Based on the above assumptions, Medigene expects revenue in 2024 to be between EUR 9 and 11 million. The Company expects R&D costs ranging from EUR 11 to 13 million. Based on current planning, the Company is funded into April of 2025 (see section 4.4.1 *Financing requirements for business continuation and product development).*

Due to its current profit situation, Medigene will not be able to make any dividend distributions. In the medium term, Medigene will invest available cash and cash equivalents in the development of its drug candidates. The distribution of a dividend is therefore not expected at this time.

Executive Management Board

Planegg/Martinsried, March 26, 2024

Medigene AG

Dr. Selwyn Ho
Chief Executive Officer (CEO)

Prof. Dolores J. Schendel
Member of the Executive Management Board (CSO)

CONSOLIDATED INCOME STATEMENT

OF MEDIGENE AG FOR THE FISCAL YEARS FROM JANUARY 1 TO DECEMBER 31, 2023

IN EUR THOUSAND	NOTE	**2023**	2023
Revenue	(25)	6.034	31,247
Cost of sales	(26)	-1,643	-1,983
Gross profit		**4,391**	**29,264**
Selling expenses	(27)	-20	-2,193
General administrative expenses	(28)	-9,316	**-7,692**
Research and development expenses	(29)	-11,545	-28,499
Other income	(30)	341	393
Operating result		**-16,149**	-8,727
Interest income	(31)	135	**29**
Interest expense	(31)	-548	-659
Foreign exchange losses/gains		-30	-17
Earnings before tax		**-16,592**	-9,374
Taxes	(41)	415	1,044
Net profit/loss for the year		**-16,177**	**-8,330**
Basic and diluted earnings per share (EUR)		**-0.66**	**-0.34**
Weighted average number of shares (basic and diluted)		**24,562,658**	**24,562,658**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF MEDIGENE AG FOR THE FISCAL YEARS FROM JANUARY 1 TO DECEMBER 31, 2023

IN EUR THOUSAND	NOTE	**2023**	2022
Net profit/loss for the year		**-16,177**	**-8,330**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations[1)]		**-82**	173
Subtotal		**-82**	**173**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit pension plans[1)]		**-12**	25
Deferred taxes		**3**	-7
Subtotal		**-9**	**18**
Other comprehensive income, net of tax		**-91**	**191**
Total comprehensive income		**-16,268**	**-8,139**

[1)] No income tax effects were incurred.

CONSOLIDATED BALANCE SHEET

OF MEDIGENE AG AS OF DECEMBER 31, 2023

ASSETS

IN EUR THOUSAND	NOTE	**DEC 31, 2023**	DEC 31, 2022
A. Non-current assets			
I. Property, plant and equipment	(33, 34)	**3,438**	4,392
II. Intangible assets	(33, 34)	**9,853**	9,747
III. Other assets	(36)	**287**	287
Total non-current assets		**13,579**	**14,426**
B. Current assets			
I. Trade receivables	(35)	**416**	3,240
II. Other assets	(36)	**1,047**	788
III. Time deposits	(12)	**8,000**	11,000
IV. Cash and cash equivalents	(37)	**8,674**	22,224
Total current assets		**18,137**	**37,252**
Total assets		**31,716**	**51,678**

SHAREHOLDERS' EQUITY AND LIABILITIES

IN EUR THOUSAND	NOTE	DEC 31, 2023	DEC 31, 2022
A. Shareholders' equity	(38)		
I. Subscribed capital		24,563	24,563
II. Capital reserve		480,245	479,938
III. Other reserves		2.449	2,540
IV. Accumulated deficit		-486,190	-470,014
Total shareholders' equity		**21,066**	**37,027**
B. Non-current liabilities			
I. Lease liabilities	(44)	2,036	2,746
II. Provisions	(39, 40)	367	579
III. Contract liabilities	(43)	427	3,622
IV. Deferred taxes	(41)	640	289
Total non-current liabilities		3,471	**7,236**
C. Current liabilities			
I. Lease liabilities	(44)	914	809
II. Provisions	(39)	762	823
III. Tax provisions	(41)	411	1,189
IV. Trade payables	(42)	340	634
V. Financial liabilities		0	171
VI. Other liabilities	(43)	1,556	2,081
VII. Contract liabilities	(43)	3,196	1,708
Total current liabilities		7,179	**7,415**
Total liabilities		10,650	**14,651**
Total shareholders' equity and liabilities		**31,716**	**51,678**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF MEDIGENE AG FOR THE FISCAL YEARS FROM JANUARY 1 TO DECEMBER 31, 2023

IN EUR THOUSAND	**2023**	2022
Cash flow from operating activities		
Earnings before tax	**-16,592**	-9,374
Adjustments:		
Share-based payments	**307**	350
Depreciation and amortization	**1,463**	21,852
Loss on disposal of property, plant and equipment	**0**	33
Interest income	**-135**	-29
Interest expense	**250**	305
Changes in:		
Trade accounts receivable, other receivables and other assets	**2,565**	-2,281
Trade accounts payable	**-294**	137
Other liabilities and contract liabilities	**-2,568**	1,259
Tax paid	**0**	0
Interest received	**135**	29
Interest paid	**-250**	-305
Cash Flow from operating activities	**-15,119**	**11,976**
Cash Flow from investing activities		
Purchase of property, plant and equipment	**-664**	-955
Cash received from the sale of property, plant and equipment	**48**	2
Cash received from the sale of intangible assets	**0**	-52
Cash received from the sale of financial assets	**3,000**	0
Cash to short-term time deposits, net	**0**	-11,000
Cash Flow from investing activities	**2,384**	**-12,005**
Cash Flow from financing activities		
Payments of principal on lease liabilities → note (44)	**-605**	-111
Payments of principal on financial liabilities → note (44)	**-171**	-171
Cash Flow from financing activities	**-776**	**-282**
Effect of exchange rate changes	**-39**	**118**
Decrease/increase in cash and cash equivalents	**-13,550**	**-193**
Cash and cash equivalents, opening balance	**22,224**	22,417
Cash and cash equivalents, closing balance	**8,674**	**22,224**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF MEDIGENE AG FOR THE FISCAL YEARS FROM JANUARY 1 TO DECEMBER 31, 2023

IN EUR THOUSAND	NUMBER OF SHARES	SUBSCRIBED CAPITAL	CAPITAL RESERVE	ACCUMULATED DEFICIT	EXCHANGE DIFFERENCES	PENSIONS	FINANCIAL ASSETS	TOTAL SHAREHOLDERS' EQUITY
Balance as at 1/1/2022	**24,562,658**	**24,563**	**479,588**	**-461,684**	**91**	**6**	**2,252**	**44,816**
Net loss for the year				-8,330				**-8,330**
Other comprehensive income					173	18	0	**191**
Total comprehensive income								**-8,139**
Share-based payments			350					**350**
Balance as at 12/31/2022	**24,562,658**	**24,563**	**479,938**	**-470,014**	**264**	**24**	**2,252**	**37,027**
Balance as at 1/1/2023	**24,562,658**	**24,563**	**479,938**	**-470,014**	**264**	**24**	**2,252**	**37,027**
Net loss for the year				-16,177				**-16,177**
Other comprehensive income					-82	-9	0	**-91**
Total comprehensive income								**-16,268**
Share-based payments			307					**307**
Balance as at 12/31/2023	**24,562,658**	**24,563**	**480,245**	**-486,190**	**182**	**15**	**2,252**	**21,066**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE FISCAL YEAR 2023

A. BUSINESS ACTIVITY AND INFORMATION ON THE COMPANY

Medigene AG, Planegg, local district Martinsried (Medigene or Company), together with its consolidated subsidiaries (Group), is a biotechnology company headquartered in Planegg, local district Martinsried, Germany. With scientific expertise, Medigene is working on the development of innovative immunotherapies to enhance T-cell activity against solid cancers in areas of high unmet medical need. Medigene's strategy is to advance proprietary therapeutic approaches to clinical proof of concept. In addition, the Company offers discovery and development opportunities to selected partners based on its proprietary technology platforms. In return, Medigene expects upfront and milestone payments as well as reimbursement of research and development costs and future royalties.

Medigene AG was founded in 1994 as a limited liability company in Planegg, local district Martinsried. 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 (Deutsche Börse: Regulated Market, Prime Standard; German Security Identification Number (WKN) A1X3W0, symbol MDG1, International Securities Identification Number (ISIN) DE000A1X3W00).

The Group's holding company is Medigene AG located in Planegg, local district Martinsried. Medigene AG prepares the consolidated financial statements, which include the wholly owned subsidiary Medigene Immunotherapies GmbH (Medigene Immunotherapies), Planegg, local district Martinsried as well as the wholly owned subsidiary Medigene, Inc., San Diego, California, USA. The Group is managed by the Executive Management Board of the parent company, Medigene AG. The management of the respective subsidiaries is composed of members serving on the Group's Executive Management Board. Medigene Immunotherapies applied the exemption provided by Sec. 264 (3) HGB regarding the duty to compile, audit and publish financial statements for the fiscal year from January 1, 2023 to December 31, 2023, and therefore foregoes the disclosure of its annual financial statements including the notes and management report for 2023.

B. ACCOUNTING AND MEASUREMENT POLICIES

(1) Basis of preparation

The consolidated financial statements have been prepared based on historical cost. Exceptions to this rule are financial assets in the form of debt or equity instruments which are measured at fair value. The consolidated financial statements are prepared in German and in euros. All figures are rounded to the nearest thousand euro (EUR thousand), unless otherwise stated, this may result in rounding differences. The fiscal year corresponds to the calendar year.

The consolidated financial statements are prepared on a going concern basis:

Based on the budget approved by the Supervisory Board, the current financial resources will enable the Company to continue as a going concern until April 2025. Until future financing is secured, there is uncertainty regarding the business continuation for the Company beyond April 2025. Medigene's Executive Management continues to believe that there is an overriding probability that the Company will be able to continue as a going concern by obtaining additional funds. In order to generate additional required funds, the following options, among others, are available to Medigene:

→ Cost-saving measures

As a small biotech company in a challenging capital markets environment, we have a focus on careful cost management and resource allocation. Cost reductions made to date and planned in 2024 mainly relate to external expenses that lower professional and consulting fees, as well as moving of programs into 2025. The Company continues to operate a lean staff structure and has kept headcount flat throughout the second half of 2023. Further savings are dependent on the availability of additional funding. If these funds cannot be generated in a timely manner, a further evaluation of resource allocation and the associated prioritization of the portfolio will be carried out and programs may be postponed further or temporarily discontinued.

→ Sale of parts of the innovative End-to-End Platform:

As an innovative platform company with many years of experience in the development of differentiated TCR-T therapies, the company is evaluating the possibility of making the platform available to strategic partners and investors. The potential value of the sale of parts of the E2E Platform may secure funding for current research and development activities as well as enable a potential expansion of the Company's drug pipeline and thereby provide the foundation for a sustainable future of the Company.

→ Capital measures by raising capital (equity or debt):

Among other things, the Company is exploring the possibilities of increasing capital through equity and debt capital in order to secure the financing of its business activities.

→ Expansion of existing partnerships and entering into new ones:

Global or regional collaborations with partner companies enable the development and/or commercialization of Medigene therapies at reduced or no cost to the company. In addition, partnerships validate Medigene's therapies. Furthermore, they allow Medigene to participate in the future success of development and subsequent commercialization, which enables further financing of research and development activities of the Company's own drug pipeline. The company is currently exploring, among other things, regional partnering of the lead product candidate MDG1015 in Asia, partnering of the growing KRAS-targeted programs, as well as licensing of some platform technologies to third parties.

If Medigene is unable to obtain additional funding on a timely basis, or if revenues are less than projected, the Company may be required to significantly curtail, delay or discontinue one or more of its research or development programs for its own product candidates or be unable to expand our operations or otherwise capitalize on our business opportunities as desired, which could materially affect our business, financial condition and results of operations. Should the necessary funds not be generated in a timely manner, the ability of the Group as well as Medigene AG to continue as a going concern is at risk. In this context, there is material uncertainty in connection with events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. As a result, the Group may not be able in the normal course of business to realize the value of its assets and settle its liabilities.

In addition, if the Company is unable to obtain necessary funding on a timely basis, it may be required to liquidate some or all of its assets and may receive less than the value at which those assets are carried on our audited

financial statements, which could cause investors to lose all or a part of their investment. However, the Executive Management Board currently believes that the funds necessary for financing of its operations can be raised in the coming months.

(2) Statement of compliance with IFRSs and the requirements of Section 315e (1) of the German Commercial Code (HGB)

The consolidated financial statements of Medigene AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In the opinion of the Company's management, these consolidated financial statements reflect all transactions necessary for the presentation of the Company's financial position and results of operations as of the end of the periods ending December 31, 2023, and 2022. Additionally, these consolidated financial statements meet the requirements of Section 315e (1) HGB.

These consolidated financial statements and the Group management's discussion and analysis of Medigene AG for the fiscal year ending December 31, 2023, were prepared and authorized for issue by the Executive Management Board on March 26, 2024.

(3) Changes in accounting, valuation and disclosure policies

a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in the annual reporting period beginning January 1, 2023:

- IFRS 17: Insurance contracts
- Amendments to IAS 1: Disclosure of accounting and valuation methods
- Amendments to IAS 8: Definition of accounting-related estimates
- Amendments to IAS 12: Deferred taxes in connection with leases and disposal obligations (Restriction of the Initial Recognition Exception)

The amendments listed above had no effect on amounts recognized in prior years and are not expected to have a material impact on future reporting periods.

b) Future changes in accounting policies

Various new accounting standards and interpretations have been issued but are not mandatory for the reporting period ending December 31, 2023, and have not been early adopted by the Group. The Group does not consider the impact of these new regulations on future reporting periods and foreseeable future transactions to be material.

In detail, these are:

- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IAS 12: Global minimum taxation according to the Pillar Two model
- Amendments to IFRS 16: Subsequent valuation of sale and leaseback agreements
- Amendments to IAS 7 and IFRS 7: Qualitative and quantitative disclosures on financing agreements with suppliers (reverse factoring agreements)

→ Amendments to IAS 21: Non-convertibility (for reporting periods beginning on or after January 1, 2025)

(4) Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets, liabilities, provisions, and contingent liabilities at the date of the financial statements. Due to their nature, these estimates and assumptions are subject to significant uncertainties that may result in material adjustments to the carrying amounts of the assets or liabilities affected in future periods.

a) Judgments

In applying the accounting policies, management has made the following judgments that have a significant effect on the amounts recognized in the financial statements.

i. Revenue

Due to the nature of the business activities of the Group, many of the sales transactions have a complex structure and comprise diverse contractual performance obligations that will be satisfied at different points in time. Application of IFRS 15 on research and development cooperation required greater judgment, for example an analysis of whether such cooperation is within the scope of IFRS 15, whether the contract with a customer is to be grouped with other contracts that have been concluded simultaneously or nearly simultaneously with the same customer, whether the performance obligations identified are separately identifiable or bundled, and whether the performance obligations are satisfied at a point in time or over time. Out-licensing agreements can be entered into with or without any further significant contractual obligations. In addition, determining the transaction price requires significant judgments and estimates, in particular as a result of uncertainties customary to the industry associated with future milestone payments and royalties. Depending on the outcome of this assessment, all contract revenue might be measured and recognized immediately upon the contract taking effect or spread over the longer term of a contractual performance obligation. → notes (20) and (25).

ii. Deferred tax assets on tax loss carry forward

The recognition of deferred tax assets requires certain assumptions to be made within management's judgment. These relate primarily to the assessment of the circumstances and the period in which tax assets can be realized through the utilization of existing loss carryforwards. At the present time, the conditions are not met.

iii. Capitalization of development expenses

Development costs must be capitalized if the requirements of IAS 38 are met. This requires management to make many estimates and assumptions. To date, no development costs have been capitalized as the necessary requirements under IAS 38 have not been met.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of intangible assets

The Group reviews at least annually whether the value of intangible assets is impaired. This requires, among other things, an estimate of the value in use of the underlying research and development projects allocated to the cash-

generating units (CGUs). As the projects are not yet in a state ready for use, they are tested for impairment once a year. Estimating the value in use requires management to estimate the expected future cash flows of the individual projects, to assess the chances of the underlying projects developing successfully and to determine an appropriate discount rate. Due to the length of the planning periods considered of up to 19 years, the assumptions and forecasts involved are subject to significant uncertainties. Please refer to → note (33) for the methodology of the impairment test and its results and presentation.

(5) Consolidation of subsidiaries

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. The Company obtains control when it has the power to govern the financial and operating policies of an investee, is exposed to variable returns from its involvement with the investee and can affect the amount of those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements (full consolidation) when the Group obtains control. They are deconsolidated from the date on which control ceases. Consolidation ends as soon as the parent company no longer has control.

The consolidated financial statements comprise the separate financial statements of Medigene AG and its subsidiaries as of December 31st of each fiscal year. The financial statements of the companies included in consolidation have been prepared using uniform accounting policies.

All intercompany balances, transactions, income, expenses, and gains and losses on intercompany transactions included in the carrying amount of assets have been eliminated in full. The accounting policies of subsidiaries have been changed to the extent necessary to ensure consistency with the policies adopted by the Group.

(6) Functional currency/foreign currency translation

Foreign currency transactions and foreign operations are included in the consolidated financial statements of Medigene AG in accordance with IAS 21 “The Effects of and Changes in Foreign Exchange Rates”.

a) Functional currency and presentation currency

The consolidated financial statements are presented in euros, which is the functional currency of the parent company and the reporting currency of the Group. Each entity within the Group determines its functional currency. The items included in the financial statements of the respective entity are measured using this functional currency. The functional currency of Medigene Immunotherapies is the euro (€) and of Medigene, Inc. is the US dollar ($ or USD). The operations of Medigene, Inc. are conducted largely independently. The financing of the business operations is ensured by sufficient cash and cash equivalents in US dollars. The expenses of Medigene, Inc. are incurred exclusively in US dollars.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items measured at fair value in a foreign currency are translated at the rate prevailing at the date of fair value. Receivables and liabilities not denominated in the functional currency are translated at the exchange rate prevailing at the balance sheet date. Purchases and sales in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Resulting currency differences are recognized in the income statement.

c) Group companies

When consolidating the foreign subsidiary, the balance sheet items are generally translated at the closing rates. Income and expenses are translated for consolidation purposes at the respective transaction rate on the date of the transaction. The resulting differences from currency translation are recognized in other comprehensive income.

Exchange rates for 2023 and as of the reporting date December 31, 2022:

EXCHANGE RATES

	CLOSING RATE		AVERAGE RATE	
	DEC 31, 2023	DEC 31, 2022	**2023**	2023
€1 in US$	**1.1026**	1.05565	**1.0607**	1.0511

Deutsche Bank AG, reference exchange rates

(7) Property, plant, and equipment

In accordance with IAS 16 “Property, Plant and Equipment” property, plant and equipment is measured at cost less straight-line depreciation and impairment losses. Property, plant, and equipment are depreciated on a straight-line basis over their expected useful lives or, in the case of leasehold improvements, over the lease term, if shorter.

Technical equipment and laboratory equipment	3 - 13 years
Leasehold improvements	3 - 7 years

Subsequent costs are recognized as part of the cost of the asset or, where appropriate, as a separate asset, only when it is probable that future economic benefits resulting from the item will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are recognized in the income statement in the fiscal year in which they are incurred. On disposal or retirement of property, plant, and equipment, the cost and related accumulated depreciation are derecognized in the year of disposal. The gain or loss on disposal is recognized in the income statement under other income and expenses. Purchases and sales of property, plant, and equipment within the Group are eliminated on consolidation. The useful life, depreciation method, and residual carrying amount are reviewed at each balance sheet date.

Details on the development of property, plant, and equipment → note (33).

(8) Leases

The Group assesses at contract inception whether a contract is or contains a lease. This is the case when the contract conveys the right to control the use of an identifiable asset for a specified period in return for payment of a fee. The Group recognizes and measures all leases (except short-term leases and leases of low-value assets) using a single model. It recognizes liabilities to make lease payments and rights to use the underlying asset.

a) Right-of-use assets

The Group recognizes rights of use at the date of commitment (i.e., the date when the underlying leased asset is available for use). Rights-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. The cost of rights-of-use assets includes the recognized lease liability, the initial direct costs incurred, and lease payments made at or before the time the asset is made available for use, less any lease incentives received. Rights-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the expected useful life of the asset as follows:

Right-of-use assets – office space	7 years
Right-of-use assets – laboratory equipment	3-5 years
Right-of-use assets – office equipment, furniture, and fixtures	1-2 years

The Group determines the term of the lease based on the non-cancelable basic term of the lease and considering the periods resulting from an option to extend the lease if it is sufficiently certain that it will exercise this option. The lease agreement concluded for office and laboratory space includes an extension option for a further five years. The Group has not included this extension period in the lease term as it is not sufficiently certain that the extension option will be exercised. If exercised, rental payments of currently EUR 810 thousand would be incurred over the next five years.

If ownership of the leased asset is transferred to the Group at the end of the lease term, or if the cost includes the exercise of a purchase option, depreciation is determined based on the expected useful life of the leased asset. This relates to laboratory equipment with a useful life of 3 - 10 years.

Details on the development of right-of-use assets → note (44).

b) Lease liabilities

At the commitment date, the Group recognizes lease liabilities at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments linked to an index or (interest) rate and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if there is reasonable assurance that the Group will exercise it, and penalties for termination of the lease if the lease term reflects the Group's intention to exercise the termination option. Variable lease payments that are not linked to an index or (interest) rate are expensed in the period in which the event or condition giving rise to the payment occurs.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the commitment date because the interest rate implicit in the lease cannot be readily determined. After the commitment date, the amount of the lease liability is increased to reflect the higher interest expense and decreased to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured for changes in the lease, changes in the lease term, changes in the lease payments (e.g., changes in future lease payments because of a change in the index or interest rate used to determine those payments), or a change in the assessment of a purchase option on the underlying asset.

Details on the development of lease liabilities are presented under → note (44).

(9) Intangible assets

a) Accounting policies for acquired intangible assets

A summary of the accounting policies applied to the Group’s intangible assets is as follows:

	TECHNOLOGY RIGHTS, PATENTS, LICENSES AND SOFTWARE	RESEARCH AND DEVELOPMENT PROJECTS ACQUIRED THROUGH BUSINESS COMBINATIONS
Useful life	Limited to term of patent or contract	Limited to term of patent
Applied amortization method	Straight-line amortization over patent or contract life; amortization period up to 14 years	Straight-line amortization from receipt of market approval, prior to that an impairment test at least once a year
Internally developed or acquired	Acquired	Acquired

Details on the development of intangible fixed assets → note (33).

b) Technology rights, patents, licenses and software

Individually acquired intangible assets with finite useful lives are measured at cost on initial recognition. Acquired technology rights, patents, licenses, and software as well as in-licensed research and development projects are capitalized as intangible assets if all the following three criteria are met:

- → Clear identification of the asset is possible.
- → Reliable determination of the costs of the asset is possible.
- → Inflow of future economic benefits from the asset is probable.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over their useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the asset is derecognized.

c) Research and development projects acquired through business combinations

The capitalized research and development projects from business combinations relate to the immunotherapy projects. They are capitalized at cost, which corresponds to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the intangible assets on which drug candidates are based is charged from the time of their market approval. Until that time, an annual impairment test is performed. Further impairment tests are performed as soon as there are indications of impairment.

(10) Impairment of and reversal of impairment on non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The recoverable amount must be determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The calculation of the value in use is based on forecasted cash flows planned by management and on a discount rate that reflects current market expectations regarding interest effect and specific risks of the asset or CGU. The planning period considered includes the development and approval phase as well as the period from market launch, for which patent terms of generally slightly more than ten years are assumed. To determine the fair value less costs to sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is applied.

Impairment losses of the operating businesses, including impairment of inventories, are recognized in profit or loss in the expense categories consistent with the function of the impaired asset in the business.

For assets, a review is performed at each reporting date if there is any indication that a previously recognized impairment loss may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal of an impairment loss is limited to the extent that the carrying amount of an asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized through profit or loss.

(11) Financial assets/Financial instruments

The Group classifies its financial assets into the following measurement categories:

- those that are subsequently measured at fair value (either through other comprehensive income or through profit and loss) and
- those measured at amortized cost.

The classification and subsequent measurement depend on the entity's business model regarding the management of financial assets and the contractual cash flows. The Group only has non-derivative financial instruments that are recognized because of a firm commitment to purchase or sell goods or services or to incur liabilities only when at least one of the parties to the contract has performed as promised under the contractual arrangements.

a) Initial measurement

On initial recognition, the Group measures a financial asset at fair value plus - in the case of a financial asset not subsequently measured at fair value through profit or loss - transaction costs directly attributable to the acquisition of that asset. Transaction costs relating to financial assets at fair value through profit or loss are recognized as an expense in the income statement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represent solely payments of principal and interest.

b) Subsequent measurement of debt instruments

The Group classifies debt instruments held into twomeasurement categories:

- Measured at amortized cost: Assets held to collect contractual cash flows, where these cash flows represent solely interest and principal payments, are measured at amortized cost, and tested for impairment. Interest income from these financial assets is recognized in the income statement using the effective interest method. Gains or losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

  This category is the most significant for the consolidated financial statements. The Group's financial assets measured at amortized cost include trade receivables, other financial assets, cash and cash equivalents as well as time deposits.

- At fair value through profit and loss (FVTPL): Assets that do not meet the criteria of the categories “fair value measured at amortized cost” or “FVOCI” are measured in the category “at fair value through profit or loss”. Gains or losses on such debt instruments are recognized through profit or loss in the period in which they arise.

c) Impairment losses

The Group recognizes an allowance for expected credit losses (ECL) on all debt instruments that are not measured at fair value through profit or loss. The Group assesses on a forward-looking basis the expected credit loss

associated with debt instruments held at amortized cost. The impairment method depends on whether there is a significant increase in credit risk. For trade receivables, the Group applies the simplified approach of IFRS 9, according to which expected credit losses over the term are recognized from the initial recognition of the receivables. The assessment of credit risk is mainly determined by the individual characteristics of the counterparties. Most counterparties have multi-year business relationships with Medigene. No amounts were derecognized for any of these counterparties or were impaired in terms of creditworthiness. Therefore, no significant impairment requirement was identified on the debt instruments measured at amortized cost as of the balance sheet date.

d) Hierarchy of fair values

The Group uses the following hierarchy to determine and report fair values of financial instruments by valuation method:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: methods for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: methods that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(12) Time deposits

The time deposits have a residual term of more than three months and are not reported under cash and cash equivalents. The carrying amounts are very close to fair value due to the short maturity.

(13) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, and investments with an original maturity of up to three months. For an investment to be classified as cash or cash equivalents, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(14) Shareholders' equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are recognized in equity, net of tax, as a deduction from the proceeds of the issue.

(15) Share-based payments: Stock options

As an incentive to contribute to the long-term success of the Company and to retain key employees over the long term, employees and members of the Management Board of the Group also receive share-based compensation in the form of equity instruments. For this purpose, the Group has established a share-based payment program which is settled by the issuance of new shares. These equity instruments, such as options, are accounted for in accordance with IFRS 2. The fair value of stock options granted by Medigene in return for work performed by employees is recognized as an expense. The instruments are measured at the date of grant using the binomial model. The binomial model considers, among other things, vesting periods, exercise hurdles, volatility of the underlying (Medigene AG share), and market interest rates. The expenses resulting from the granting of equity instruments and the corresponding increase in equity are recognized over the period in which the exercise and performance conditions must be fulfilled (vesting period). This period ends on the date of the first exercise opportunity, i.e., the date on which the employee concerned becomes irrevocably entitled to the award. No expense is recognized for compensation rights forfeited during the vesting period.

At each balance sheet date, the estimate of the number of options expected to vest is reviewed. The effects of any changes in original estimates that need to be considered are reflected in the income statement and by a corresponding adjustment in equity over the remaining period until vesting.

When stock options are exercised, EUR 1 per share is recognized in common stock for each option and the remaining amount is recognized in capital reserve.

The outstanding stock options are considered as additional dilution in the calculation of earnings per share as long as a dilutive effect exists.

(16) Financial liabilities/Financial instruments

Financial liabilities are valued at amortized cost. The Group classifies its financial liabilities upon initial recognition. Valuation at amortized cost is carried out net of directly attributable transaction costs. The Group's financial liabilities comprise trade and other payables. As of December 31, 2023, the Group does not have any financial liabilities measured at fair value through profit or loss.

(17) Provisions

Provisions are recognized in accordance with IAS 37 “Provisions, contingent liabilities and contingent assets” to the extent that there is a present obligation to a third party because of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to the recognition of a provision is recognized in the income statement. Provisions for obligations that are not expected to lead to an outflow of resources in the following year are recognized in the amount of the present value of the expected outflow of resources. The carrying amount of provisions is reviewed at each reporting date.

(18) Pension obligations

Pension obligations are accounted for in accordance with IAS 19 “Employee Benefits”. Different pension plans exist in the Group. The Group has implemented both defined benefit and defined contribution pension plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, the amount of which is dependent on one or more factors such as age, years of service, and salary. The liability recognized in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, which consist of reinsurance policies. The DBO is calculated annually by an independent actuarial expert using the projected unit credit method. The “Richttafeln 2018 G” mortality tables by Prof. Dr. Klaus Heubeck were used as the biometric basis for calculation. The pension obligations have a term of 15 years. The present value of the DBO is calculated by discounting the expected future cash outflows using the interest rate of top-rated corporate bonds denominated in the currency in which the benefits are also paid and whose maturities correspond to those of the pension obligation. Actuarial gains and losses based on experience adjustments and changes in actuarial assumptions are recognized in full in other comprehensive income.

Under a defined contribution plan, the Group pays fixed contributions to an independent insurance company. Under defined contribution plans, the Group has no legal or constructive obligation to make additional contributions if the insurance company does not hold sufficient assets to settle the pension claims of all employees from current and prior fiscal years. Contributions are recognized in personnel expenses when due. Prepayments of contributions are recognized as assets to the extent that there is a right to a refund or a reduction in future payments.

(19) Taxes

a) Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The calculation of the amount is based on the tax rates and tax laws applicable at the balance sheet date.

Current taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

b) Deferred taxes

Deferred taxes are recognized in accordance with IAS 12 “Income taxes” using the liability method, for all temporary differences between the current tax base of assets/liabilities (tax base) and their carrying amounts in the IFRS financial statements. Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- deferred tax liabilities arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards, and unused tax credits to the extent that deferred tax liabilities exist or it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized, except:

- deferred tax asset from deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss, and
- deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures provided that the temporary differences will not reverse in the foreseeable future or that sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilized. In addition, the statutory restrictions on the recognition of deferred tax assets for tax loss carryforwards pursuant to Section 10d (2) of the German Income Tax Act (EStG) and other tax law rules are considered.

Deferred taxes relating to items recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or in equity.

Deferred tax assets and liabilities are measured using tax rates expected to apply to the period when the asset is realized, or the liability is settled. These are based on the country-specific tax rates and tax laws applicable at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset if the tax assets and income taxes relate to the same taxable entity, have matching maturities and are levied by the same taxation authority.

(20) Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer. Revenue is recognized to the extent of the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue transactions as it usually has control over the products or services before they are transferred to the customer. Medigene recognizes revenue from sales and research and development collaborations as revenue from contracts with customers.

a) Revenue from the research and development cooperation with 2seventy bio, Inc. (2seventy bio) (formerly: bluebird bio)

In 2016, Medigene entered into a strategic research and development collaboration and license agreement for the co-development of TCR immunotherapies against now six targets with the US company bluebird bio, Inc., Cambridge, MA, USA, which was expanded and modified in 2018 and 2019. In November 2021, bluebird bio spun off its oncology business into the newly formed company 2seventy bio and all contracts concluded with Medigene were transferred to 2seventy bio.

Under this collaboration, Medigene is responsible for the generation and delivery of the collaboration TCRs using its TCR technology platform and know-how. After the collaborative preclinical development, 2seventy bio will assume sole responsibility for the clinical development and eventual commercialization of the TCR products. 2seventy bio received an exclusive license for the patents of the respective TCRs.

The contract with 2seventy bio contains various remuneration components. Under this collaboration, Medigene received an upfront payment of USD 15.0 million (EUR 13.4 million) in 2016 and an additional upfront payment of USD 8.0 million (EUR 6.7 million) in 2018 and a milestone payment of USD 1.0 million (EUR 0.9 million) in 2019. In addition, Medigene is eligible for potential milestone payments if defined preclinical, clinical, regulatory or commercial milestones are achieved for the future TCR products in multiple indications. Once granted, all upfront and milestone payments are non-refundable. In addition, Medigene will be reimbursed for research and development costs incurred as part of the collaboration. In addition, Medigene could receive staggered royalties on net sales in the future, which could reach a double-digit percentage.

At the end of June 2022, the research period for this partnership was terminated in accordance with the agreement. Medigene remains entitled to milestone payments and royalties from 2seventy bio under the existing agreement. In December 2022, following the announcement of a strategic partnership between 2 seventy bio and JW Therapeutics, which included plans to advance the MAGE-A4 TCR licensed by Medigene to 2seventy bio into a Phase 1 clinical trial in China, a milestone payment from 2seventy bio to Medigene in the amount of USD 3 million was triggered.

b) Revenue from the research and development cooperation with Roivant/Cytovant

In April 2019, Medigene signed a licensing and collaboration agreement with the U.S. biopharmaceutical company Roivant Asia Cell Therapy Holdings Ltd. (a subsidiary of Roivant Sciences Ltd.) for Cytovant Sciences Co. Ltd. (Roivant/Cytovant), for cell therapies in Asia. Cytovant was founded by Roivant and the Asian company Sinovant Sciences HK Ltd. The partnership covers four programs of Medigene's TCR-T therapies and its DC vaccine.

Similar to the agreement with 2seventy bio, Roivant/Cytovant and Medigene have entered into a strategic collaboration agreement for the discovery of two target antigens for T cell receptor immunotherapies. Medigene is responsible for the generation and delivery of TCR constructs using the company's proprietary TCR Discovery platform. Upon completion of the research, Roivant/Cytovant will assume sole responsibility for the further development and commercialization of these TCR-T therapies in East Asia including China, Hong Kong, Macau, Taiwan, South Korea and Japan. The TCRs to be generated by Medigene will be specifically tailored for Asian patients.

Medigene received an upfront payment of USD 5 million (EUR 4,465 thousand) for the research of two target antigens and may receive potential payments upon reaching milestones in development, approval, and commercialization. In addition, Medigene could be entitled to royalties on net sales of the products in the respective countries at a low double-digit percentage rate. Furthermore, Roivant/Cytovant will reimburse Medigene for research and development costs incurred during the collaboration in the amount of EUR 600 thousand per quarter.

Medigene has granted Roivant/Cytovant exclusive development, manufacturing and commercialization rights to an investigational T cell receptor (TCR) against the tumor antigen NY ESO 1 and to a DC vaccine against the tumor antigens WT-1 and PRAME, in each case for the regions mentioned above. There are no further obligations for the Group in connection with the outlicensing. In addition, Medigene could receive royalties on net sales of the products in the respective countries at a low double-digit percentage.

Medigene was informed that Roivant Sciences sold its stake in Cytovant Sciences in July 2022, which has since become Hongsheng Sciences HK Limited. Due to funding constraints, Hongsheng Sciences has temporarily suspended its development activities under the Medigene partnership. As of December 31, 2022, unfulfilled performance obligations amounted to EUR 1,488 thousand.

c) Revenue from TCR-T and technology partnership with BioNTech

In February 2022, Medigene and BioNTech entered into a global strategic partnership to develop TCR-based immunotherapies against cancer. Under the agreement, Medigene has received a payment of EUR 26 million and will be reimbursed for the research and development costs incurred for the duration of the collaboration. The research collaboration will include multiple targets and has an initial term of three years. Medigene will use its proprietary TCR discovery platform to develop TCRs against various targets selected by BioNTech addressing a variety of solid tumors. BioNTech will subsequently be responsible for global development and hold exclusive worldwide commercialization rights for all TCR therapies resulting from the collaboration.

BioNTech has acquired Medigene's TCR-4 from the MDG10XX program, which targets the cancer antigen PRAME. BioNTech also has the exclusive option to acquire additional existing TCRs from Medigene's research pipeline and has obtained licenses to Medigene's PD1-41BB switch receptor and precision pairing library. These technologies offer the opportunity to further increase the efficacy of TCR cell therapies and can be applied to all of BioNTech's cell therapy programs.

Medigene is also eligible to receive future development, regulatory and commercial milestone payments of up to a three-digit million amount per program if contractually defined targets are achieved. In addition, there are staggered deferred option payments on the worldwide net sales of products based on TCRs from the collaboration as well as royalties on sales of products containing at least one of the licensed technologies.

The transaction price was estimated at EUR 37,200 thousand. In accordance with IFRS 15, Medigene allocated EUR 20,878 thousand as revenue for the acquisition of TCR-4, which was recognized on a time-related basis. As in the case of the other cooperation agreements, the remaining EUR 5,122 thousand from the advance payment was recognized as a contractual liability and recognized as revenue on a straight-line basis over the term of the

agreement. BioNTech will also reimburse Medigene for research and development costs incurred in connection with the collaboration. A total of EUR 16,322 thousand was allocated for research and development services and recognized as revenue over the term of the agreement. The agreement has a term until March 31, 2025.

BioNTech's target antigens were selected as of April 1, 2022, and the upfront payment was recognized as revenue on a pro-rata basis beginning April 1, 2022. Research and development costs are invoiced monthly with a payment term of 30 days. As of December 31, 2023, unfulfilled performance obligations amounted to EUR 2,135 thousand.

(21) Research and development expenses

Research and development costs are expensed in the period in which they are incurred. Research and development costs include personnel expenses, cost of materials, expenses for patents and licenses, specific services provided by third parties, consultancy fees, and other costs such as rent and energy. They also include pro rata depreciation and amortization.

(22) Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity holders of the parent (numerator) by the weighted average number of shares outstanding (denominator) during the period.

b) Diluted earnings per share

Diluted earnings per share are calculated by dividing net income for the period adjusted for all changes in income or expense that would result from the conversion of dilutive financial instruments (options, convertible bonds, etc.) into new shares (numerator) by the weighted average number of shares outstanding during the period increased by the number of new shares resulting from the conversion of dilutive financial instruments (denominator).

Regarding stock options, the number of shares that could be acquired at fair value (determined by the average annual share price) is calculated. The number of shares calculated in this way is compared with the number that would have resulted if these stock options had been exercised. The conversion of options into new shares is deemed to have taken place at the beginning of the period or on the date on which the new shares were issued.

For the financial years 2023 and 2022, diluted earnings per share were the same as basic earnings per share, as considering the weighted average number of shares to be issued upon exercise of stock options would have an anti-dilutive effect. Of the total of 1,264,011 stock options, there was no dilutive effect in 2023, as the exercise price for most of the stock options was above the annual average of EUR 1.84 (Deutsche Börse; XETRA closing price).

(23) Statement of cash flows

The Company applied the indirect method to determine cash flows from operating activities and has broken these down into operating activities, investing activities, and financing activities. Cash flows from investing and financing activities have been calculated on a cash basis.

(24) Segment reporting/operating segments

Segment reporting in accordance with IFRS 8 “operating segments” follows the "management approach" regarding the determination of individual segment data. The individual segment data are taken from internal

reporting, so that the determination of the individual information represents the management concept of the company.

An "operating segment" is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which the relevant financial information is available.

For management purposes, the Group is organized into business units based on products and services and has one reportable operating segment “Immunotherapies”.

In addition, the Group reports revenues from external customers and non-current assets, which include property, plant and equipment, intangible assets, and goodwill, by the country in which the Company generates revenues or holds assets.

The figures reported for the individual segments can be found in → section E. “Segment reporting”.

C. NOTES TO THE STATEMENT OF INCOME

The income statement was prepared in accordance with the cost of sales method.

(25) Revenue

In fiscal 2023, the Company's revenues from its core immunotherapies business amounted to EUR 6,034 thousand, a decrease of EUR 25,213 thousand or 81% (2022: EUR 31,247 thousand). The decrease in 2023 is due to the comprehensive TCR-T and technology partnership with BioNTech concluded in February 2022 as a result of which EUR 20,877 thousand in product revenues were generated in 2022. In addition, revenues from the partnerships with 2seventy bio and Hongsheng Sciences were generated in 2022.

Revenues totaling EUR 6,034 thousand were generated from this partnership in 2023(2022: EUR 5,110 thousand of which EUR 20,878 thousand were generated from the sale of the TCR-4 from the MDG10XX program). Of this amount, EUR 2,002 thousand (2022: EUR 1,634 thousand) is attributable to the upfront payment received in the amount of EUR 5,122 thousand, which, as planned, will be realized over the duration of the research period of 36 months starting in April 2022. Revenue of EUR 4,031 thousand (2022: EUR 2,599 thousand) was recognized from the reimbursement of research and development costs incurred as part of the collaboration during the reporting period. Due to the term of the agreement, the upfront payment received was treated as a liability discounted at 9.2% and compounded in 2023 in the amount of EUR 295 thousand (2022: EUR 353 thousand).

Under the agreement with Hongsheng Sciences for research work on target antigens for TCR-T immunotherapies, no revenue was generated in 2023 (2022: EUR 372 thousand). The collaboration was suspended as at April 1, 2022.

In 2016, Medigene and bluebird bio entered into a strategic research and development partnership and licensing agreement for TCR-T immunotherapies directed against four targets. No revenue was generated in 2023 (2022: EUR 5,165 thousand). The cooperation was terminated on June 29, 2022 in accordance with the contract. A milestone payment of USD 3 million was agreed in an addendum dated October 28, 2022, which was paid on January 15, 2023.

REVENUE

IN EUR THOUSAND	2023	2022	CHANGE
Revenue from immunotherapies (2seventy bio-cooperation)	**0**	**5,165**	**-100%**
thereof revenue from the derecognition of contract liabilities (over time, fixed consideration)	0	1,897	-100%

thereof milestone	0	2,818	-100%
thereof R&D payments (over time, variable consideration)	0	450	-100%
Revenue from immunotherapies (Hongsheng Sciences-cooperation)	**0**	**972**	**-100%**
thereof revenue from the derecognition of contract liabilities (over time, fixed consideration)	0	372	-100%
thereof R&D payments (over time, variable consideration)	0	600	-100%
Revenue from immunotherapies (BioNTech-cooperation)	**6.034**	**25,110**	**-76%**
thereof revenue from the derecognition of contract liabilities (over time, fixed consideration)	2.002	1,634	+23%
thereof R&D payments (over time, variable consideration)	4.031	2,599	+55%
thereof revenue from product sales (point in time, fixed consideration	0	20,877	-100%
Total revenue from contracts with customers	**6,034**	**31,247**	**-81%**

(26) Cost of sales

The cost of sales includes expenses incurred to generate the sales revenue. This mainly relates to development activities for partner companies.

(27) Selling expenses

Selling expenses include expenses for business development. In 2022, personnel expenses, consulting fees, market studies and other services were incurred specifically as a result of the BioNTech contract. Selling expenses decreased to EUR 20 thousand in the reporting period (2022: EUR 2,193 thousand).

SELLING EXPENSES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Personnel expenses	15	230	-93%
Consultancy fees/market studies	0	1,883	-100%
Other	5	80	-94%
Total	**20**	**2,193**	**-99%**

(28) General administrative expenses

General and administrative expenses increased to EUR 9,361 thousand in the reporting period (2022: EUR 7,692 thousand), mainly due to higher personnel expenses as well as consulting costs. In addition, expenses for Executive Board compensation were reported under general and administrative expenses, whereas in previous years this was shown within research and development expenses.

GENERAL ADMINISTRATIVE EXPENSES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Personnel expenses	4,389	4,064	8%
Consultancy fees	2,783	1,931	44%
Temporary work	308	166	86%
Office rent and utilities	55	163	-66%
Depreciation	581	355	64%
Other	1,200	1,013	18%
Total	**9,316**	**7,692**	**21%**

(29) Research and development expenses

In In fiscal year 2023, R&D costs decreased to EUR 11,545 thousand (2022: EUR 28,499 thousand). The significant increase is mainly due to depreciation related to the full impairment of the drug candidate RhuDex® outlicensed

to Dr. Falk Pharma GmbH in the amount of EUR 20,400 thousand in the previous year. The background to this is the results of a clinical trial for the indication primary biliary cirrhosis (PBC), as the efficacy of the drug additive RhuDex® could not be demonstrated. In the previous year, the impairment loss on RhuDex® amounted to EUR 1,530 thousand.

The significant increase in personnel expenses is due to the increase of R&D employees by number and qualification, as well as the one-off adjustment of some of the salaries in line with industry standard.

RESEARCH AND DEVELOPMENT EXPENSES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Personnel expenses	**3,790**	2,584	47%
Purchased services	**1,819**	1,473	23%
Laboratory material costs	**2,073**	1,148	81%
Depreciation and amortization	**829**	21,320	-96%
Office rent and utilities	**463**	237	95%
Patent and license fees	**987**	721	37%
Consultancy fees	**434**	314	38%
Temporary work	**351**	275	28%
Other	**798**	427	87%
Total	**11,545**	**28,499**	**-60%**

(30) Other income

In the financial year, other income decreased overall by EUR 52 thousand to EUR 341 thousand (2022: EUR 393 thousand).

(31) Financial result

FINANCIAL RESULT

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Interest income	**135**	29	372%
Interest expense	**-548**	-659	-17%
thereof interest expense for leases → note (44)	**-216**	-247	-13%
thereof interest expense for non-current liabilities	**-328**	-386	-15%
thereof net interest cost for pension obligations → note (40)	**-1**	-25	-96%
thereof other	**0**	-1	-100%
Total	**-413**	**-630**	**-35%**

(32) Personnel expenses

The expense items in the income statement include the following personnel expenses:

PERSONNEL EXPENSES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022	CHANGE
Wages and salaries	**7,735**	6,298	263
Social security	**1,148**	959	20%
Pension expenses			
Defined contribution plans	**60**	39	54%
Defined benefit plans	**14**	13	8%
Stock options issued to executives and employees	**307**	350	-2%
Other	**253**	445	-43%

PERSONNEL EXPENSES

Total	**9,516**	**8,104**	**17%**

At year-end 2023, the calculated number of full-time employees was 84 (December 31, 2022: 74) excluding employees on parental leave.

AVERAGE NUMBER OF EMPLOYEES BY FUNCTION (EXCLUDING MANAGEMENT BOARD)

	2023	2022	CHANGE
Research and development	**61**	53	15%
General administration	**23**	21	9%
Total	**84**	**74**	**14%**

D. NOTES TO THE BALANCE SHEET

Assets

(33) Property, plant and equipment and intangible assets

The composition and development of property, plant and equipment and intangible assets are presented in the statement of changes in non-current assets.

The carrying amounts of intangible assets not yet available for use as of December 31, 2023, are attributable to:

BOOK VALUE

IN EUR THOUSAND	31.12.2023		**31.12.2022**
	IMMUNOTHERAPIES		IMMUNOTHERAPIES
Carrying amount of CGU 2 (Immunotherapies) intangible assets not yet available for use	**9,692**		9,692
Total	**9,692**		9,692

Annual impairment test as of December 31, 2023

a) Methodology for determining the recoverable amount

The recoverable amount of intangible assets is estimated based on value-in-use calculations using discounted risk-adjusted net present value (rNPV) models. The cash flow projections used include detailed assumptions on the probability of market entry, future competition, project progress, product profile and life cycle, and market share of the future drug candidate.

The after-tax cash flows have been discounted using an after-tax discount rate that reflects current market assessments of interest rate levels and company- or product-specific risks for which the estimated future cash flows in the respective models have not been adjusted. Management uses discount rates and after-tax cash flows because it believes that discounting after-tax cash flows using an after-tax discount rate does not produce significantly different results than discounting pre-tax cash flows using a pre-tax discount rate because there are no changes in the discount rate due to the capital structure.

The values assigned to the assumptions correspond in each case to the Management Board's assessment of future developments and are based on internal planning scenarios as well as external sources of information and market information. In doing so, management also relies on the assessment of external consulting and valuation specialists.

The assumptions used in the calculation of the value in use are subject to estimation uncertainties, including the following factors:

- Development periods and project progress
- Probability of market entry
- Expected market volume, including prices

i. Development periods and project progress

The clinical development of a drug up to its regulatory approval can take between 7 and 15 years and is usually divided into successive development phases. Key factors influencing the development time are the results obtained in the individual development phases on the effects and side effects of a drug candidate. The assumptions made by Medigene's management for each candidate and indication are based on the current development status, the project results achieved so far, historical experience regarding the disease area and drug class, as well as industry knowledge and experience from comparable development projects.

ii. Probability of market entry

Medigene has made assumptions regarding the probability of market entry for the drug candidates. The necessity of these assumptions results from the development risks typical for drugs. For each development project, industry-standard comparisons are made regarding individual transition probabilities from one development phase to the next. The resulting cumulative transition probabilities then represent the overall probability of market entry. The respective risks vary greatly depending on the pharmaceutical development project under consideration and depend, among other things, on the medical indication, the form of therapy, the class of active ingredient, and other factors customary in the industry. The development risks are considered when determining the project-specific cash flows.

iii. Expected market volume

The data available for the development project in each case, the expected competitive position based on the analysis of the development pipelines of other companies in the respective segment, and market factors and trends form the basis for evaluating the respective market volumes. These are carefully assessed and evaluated by management and, against this background, "bottom-up" scenarios are developed in which the following parameters are successively assessed: (a) incidence and prevalence of the disease, (b) treatable or addressable patient population, (c) assumed market penetration based on the efficacy and side effect profile of the respective drug candidate, (d) competitive market environment and (e) achievable price per patient. For most indications, the very comprehensive epidemiological analyses of the GlobalData database were used. These reports are detailed, high quality, transparent and market-oriented, and provide expert analysis on epidemiological trends and patient population forecasts for key markets. In particular, the reports identify disease trends over a 10-year forecast period in six or seven major markets (U.S., France, Germany, Italy, Spain, United Kingdom, Japan).

The respective data to be contributed are derived from various sources and take into account, e.g. when estimating the market prices of a drug, the prices of approved drugs or therapeutic approaches currently used for the treatment in the indication. As usual, Medigene relies on the assessment of external consulting and valuation

specialists for such estimates. The expected future market shares are estimated depending on the life cycle of the development project and are in the double-digit range in the peak years. On this basis, management arrives at an estimate of the expected future market potential.

b) Basic assumptions for calculating value in use for TCR-Platform

In determining the value in use of the TCR platform, management intends to further develop its own TCR-T therapies for the treatment of cancer patients with solid tumors (TCR target molecule and tumor indication will be announced at an appropriate time prior to the start of the trial). In addition, estimated future revenues from the collaboration with bluebird bio and Roivant/Cytovant are included. The cash flow models extend beyond the expected patent life and cover a total period until 2040. The first launch date was assumed to be 2030 (DC vaccine) and 2030 (TCR PRAME) for the EU as well as for the US, reflecting current experience (December 31, 2022: 2030).

PROJECT-SPECIFIC ASSUMPTIONS CGU-2	
Planning horizon in years	18
Project-specific cumulative probability of market entry (%)	5-16 resp. 36
Tax rate (%)	30
Discount rate after taxes (%)	15.1

An inflation-adjusted gross margin of approx. 65% - 70% is assumed for the projects in own further development. It is assumed that the production of these products will be outsourced to appropriate service providers (contract manufacturers); investments in own facilities, except for research purposes, are therefore not assumed. Marketing, administrative, and general costs are planned as a flat percentage of annual sales.

c) Sensitivity of the assumptions made – Immunotherapies

The Company investigated the impact of higher risks regarding the safety and efficacy profile during clinical development. The increased development risks are reflected in a risk factor that measures the probability of market entry. Even if the project progress probabilities are each reduced by 10%, so that the cumulative market entry probability is only 6%-10% (previously: 8%-13%), this does not result in an impairment requirement

In addition, the impact of a higher discount rate is examined: if the interest rate is increased by 1 percentage point to 16.1%, this does not result in an impairment requirement.

Even a cumulative change in the basic assumptions as described above (project progress probabilities -10% and discount rate + 1 percentage point) does not result in an impairment requirement. However, if several significant unfavorable changes in the basic assumptions are taken into account, the value in use could fall below the carrying amount and would have to be written down in full.

(34) Development of the Group's fixed assets

IN EUR THOUSAND	ACQUISITION / PRODUCTION COSTS				
	JAN 1, 2023	CURRENCY CHANGES	ADDITIONS	DISPOSALS	DEC 31, 2023
Property, plant and equipment	18,684	**-1**	**543**	**574**	18,631
thereof rights of use	6,829	**0**	262	0	7,091
Intangible assets	33,955	**0**	**123**	**0**	34,078
thereof RhuDex®	23,750	0	0	0	23,750
thereof TCR Platform	9,692	0	0	0	9,692
thereof other	513	0	123	0	636
Goodwill	3,141	0	0	0	3,141
TOTAL	**55,780**	-1	666	574	**55,850**

ACCUMULATED DEPRECIATION					NET BOOK VALUE	
JAN 1, 2023	CURRENCY CHANGES	ADDITIONS	DISPOSALS	DEC 31, 2023	DEC 31, 2023	DEC 31, 2022
14,292	**2**	**1,447**	**524**	**15,193**	**3,438**	**4,392**
3,609		860		4,469	2,622	3,219
24,208		16		**24,224**	**9,853**	**9,746**
23,750				23,750	0	0
0				0	9.692	9,692
458		16		474	161	54
3,141					0	0
41,641					**13,291**	**14,138**

IN EUR THOUSAND	ACQUISITION / PRODUCTION COSTS				
	JAN 1, 2022	CURRENCY CHANGES	ADDITIONS	DISPOSALS	DEC 31, 2022
Property, plant and equipment	**17,940**	**2**	**952**	**210**	**18,684**
thereof rights of use	6,381	0	654	206	**6,829**
Intangible assets	**33,903**	**0**	**52**	**0**	**33,955**
thereof RhuDex®	23,750	0	0	0	**23,750**
thereof TCR Platform	9,692	0	0	0	**9,692**
thereof other	461	0	52	0	**513**
Goodwill	**3,141**	**0**	**0**	**0**	**3,141**
Total	**54,984**	**2**	**1,004**	**210**	**55,780**

ACCUMULATED DEPRECIATION						NET BOOK VALUE	
JAN 1, 2022	CURRENCY CHANGES	ADJUSTMENTS	ADDITIONS	DISPOSALS	DEC 31, 2022	DEC 31, 2022	DEC 31, 2021
13,036	**2**	**0**	**1,431**	**177**	**14,292**	**4,392**	**4,904**
3,017	0	0	765	173	3,609	3,219	3,363
3,788	**0**	**0**	**20,420**	**0**	**24,208**	**9,746**	**30,115**
3,350	0	0	20,400	0	23,750	0	20,400
0	0	0	0	0	0	9,692	9,692
438	0	0	20	0	458	54	23
3,141	**0**	**0**	**0**	**0**	**3,141**	**0**	**0**
19,965	**2**	**0**	**21,851**	**177**	**41,641**	**14,138**	**35,019**

(35) Trade receivables

Trade receivables amounting to EUR 416 thousand (2022: EUR 3,240 thousand) were not impaired as of the reporting date. The high receivables in the previous year were mainly due to a milestone payment that fell due in December 2022 and was settled in January 2023.

Receivables from contracts with customers relate to variable consideration from the reimbursement of research and development costs for the fourth quarter of the respective year and usually have a payment period of 30 days.

The fair values of trade receivables are very close to their carrying amounts due to the short terms and valuation methods applied to these instruments.

(36) Other assets

OTHER ASSETS

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	DEC 31, 2023	DEC 31, 2022	CHANGE
Non-current			
Security deposit on a lease > 1 year (measured at amortized cost)	**287**	287	-
Total non-current	**287**	287	-
Current			
Prepaid expenses	**352**	637	-45%
VAT receivables	**619**	131	373%
Other (measured at amortized cost)	**76**	20	280%
Total current	**1,047**	**788**	**33%**

As of the reporting date, receivables and assets were neither past due nor impaired. Their maturities break down as follows:

AGING ANALYSIS OF TRADE ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND FINANCIAL OTHER ASSETS

IN EUR THOUSAND	MATURITY					
	UP TO 30 DAYS	30-180 DAYS	180-360 DAYS	1-5 YEARS	>5 YEARS	TOTAL
Balance as at Dec 31, 2023						
Other receivables and other assets	**116**	**253**	**678**	**287**	**0**	**1,334**
Trade receivables	**416**	**0**	**0**	**0**	**0**	**416**
Total	**532**	**253**	**678**	**287**	**0**	**1,750**
Balance as at Dec 31, 2022						
Other receivables and other assets	330	237	221	287	0	1,075
Trade receivables	3,240	0	0	0	0	3,240

AGING ANALYSIS OF TRADE ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND FINANCIAL OTHER ASSETS

IN EUR THOUSAND	MATURITY					
	UP TO 30 DAYS	30-180 DAYS	180-360 DAYS	1-5 YEARS	>5 YEARS	TOTAL
Total	**3,570**	**237**	**221**	**287**	**0**	**4,315**

The fair values of current trade receivables and other receivables are very close to their carrying amounts due to the short maturities and valuation methods applied to these instruments.

(37) Cash and cash equivalents

CASH AND CASH EQUIVALENTS

IN € K (UNLESS STATED OTHERWISE)	DEC 31, 2023	DEC 31, 2022	CHANGE
Cash and cash equivalents < 3 months	**8,674**	22,224	-61%
Total	**8,674**	**22,224**	**-61%**

The fair values of cash and cash equivalents are very close to their carrying amounts due to the short maturities or valuation methods applied to these instruments.

Shareholders' equity and liabilities

(38) Shareholders' equity

a) Subscribed capital

The subscribed capital remained unchanged at EUR 24,562,658.00 as of December 31, 2023 (December 31, 2022: EUR 24,562,658.00).

As of December 31, 2023, the subscribed capital was divided into 24,562,658 no-par value registered shares, which were issued and freely tradable as of the balance sheet date. The shares are fully paid in.

b) Reserves

The reserves include the capital reserve of EUR 480,245 thousand (previous year: EUR 479,938 thousand), which contains the premium from the share issue and the option expense. The other reserves of EUR 2,449 thousand (previous year: EUR 2,539 thousand) mainly comprise the gains realized on the sale of shares measured at fair value through other comprehensive income.

c) Stock options

Equity instruments, such as stock options, are accounted for and measured in accordance with IFRS 2.

Stock options were issued to members of the Board of Management and employees of the Group in the financial year in accordance with the authorization resolution of the Annual General Meeting on August 10, 2023 (Conditional Capital 2023/I) as part of corresponding employee option programs. The options have a term of ten years from the issue date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The exercise price of the options is determined at the grant date and corresponds to the unweighted average closing price of the last 30 trading days on the XETRA trading system of the German stock exchange prior to the

grant date. The options may be exercised by the beneficiaries at the earliest after the expiry of a statutory waiting period of four years, starting on the allocation date of the respective subscription right.

The exercise of an option right requires that the unweighted average of the closing prices of the company's shares over a period of ten consecutive trading days (test period) is at least 120% of the exercise price and that the comparison price exceeds the exercise price by at least the ratio by which the TecDax (price index) on the last trading day before the respective exercise period exceeds the TecDax (price index) on the issue date (performance target). Only the test periods that end on the last day of the waiting period or later are relevant. If this condition is met after the end of the waiting period, the option rights can be exercised during the term of the option rights irrespective of the further performance of the company's share price.

If an employee's employment relationship ends before the end of the respective waiting period due to termination for operational reasons or termination by mutual agreement, option rights already allocated lapse on a pro rata basis, without compensation or reimbursement, provided that the waiting period has not yet expired. If the employment relationship of an employee ends before the end of the respective waiting period due to personal or behavioral reasons or due to the option holder's own termination, all option rights shall lapse, provided that the waiting period has not yet expired.

All options converted in accordance with the exercise conditions are to be settled by physical delivery of shares.

In December 2023, 40,000 stock options (2022: 210,000) were issued to members of the Executive Management Board in accordance with the authorizing resolution of the Annual General Meeting on August 10, 2023 (Conditional Capital 2023/I).

In December 2023, 46,436 stock options (2022: 46,436) were further issued to employees in accordance with the authorizing resolution of the Annual General Meeting on August 10, 2023 (Conditional Capital 2023/I).

TOTAL CHANGE IN STOCK OPTIONS OUTSTANDING

	2023		2022	
	AVERAGE EXERCISE PRICE (EUR)	NUMBER	AVERAGE EXERCISE PRICE (EUR)	NUMBER
Stock options outstanding, balance as at Jan 1	**6.47**	**1,081,348**	**7.49**	**893,638**
Granted	**1.68**	**112,648**	2.33	256,436
	2.15	**85,000**		
Forfeited	**2.15**	**217**	4.16	-52,106
Expired	**3.64**	**14,768**	4.20	-16,620
Stock options outstanding, balance as at Dec 31		**1,264,011**		**1,081,348**
Weighted average exercise price per option (EUR)		**5.79**		**6.47**

The stock option is valued using a binomial model. The following parameters are considered:

MEASUREMENT PARAMETERS FOR STOCK OPTIONS

	2023	2022
Vesting period	**4 years**	4 years
Option term	**7 years**	7 years
Exercise threshold	**120%**	120%
Weighted average share price (EUR)	**1.56**	2.28
Expected volatility	**54%**	54%
Risk-free interest rate	**3.62%**	1.5%

The expected volatility was determined on a historical basis and is based on the 250-day floating average at the date of the option issue. The risk-free interest rate corresponds to the yield of a hypothetical zero-coupon bond without credit default risk and was 3.62% at the option issue date (source: Deutsche Bundesbank). The average

fair value of all stock options issued in fiscal 2023 was EUR 0.80 per option (2022: EUR 1.20). In accordance with IFRS, a total expense of EUR 307 thousand (2022: EUR 350 thousand) is reported for share-based payment in 2023. This breaks down as follows:

EXPENSES FOR STOCK OPTIONS

IN EUR THOUSAND	2023	2021
Expenses for stock options from the year		
2018	0	83
2019	172	172
2020	20	49
2021	36	46
2022	75	0
2023	4	0
TOTAL	**307**	350

As of December 31, 2023, outstanding stock options were classified by exercise price, number of stock options issued, remaining term and options still convertible as follows:

STOCK OPTIONS

EXERCISE PRICE IN EUR	NUMBER OF STOCK OPTIONS OUTSTANDING	REMAINING TERM IN YEARS	NUMBER OF EXERCISABLE STOCK OPTIONS[1)]
4.05	39,062	2	39,062
5.88	47,829	3	47,829
6.33	10,000	4	10,000
6.97	10,000	4	10,000
8.94	70,119	4	70,119
12.12	207,139	5	207,139
13.46	20,000	3	20,000
10.26	58,795	3	58,795
9.03	50,000	4	50,000
5.71	124,888	4	124,888
3.58	79,576	5	0
3.61	72,736	6	0
3.21	20,000	6	0
2.46	150,000	7	0
2.15	191,219	7	0
1.68	112,648	10	0
	1,264,011		**637,832**

[1)] Provided the statutory vesting period has been met.

The weighted average remaining term of stock options outstanding is 5 years.

d) Authorized capital

With the resolution of the Annual General Meeting on August 10, 2023, the Authorized Capital 2019/I was cancelled and new authorized capital was created. By resolution of the Annual General Meeting on August 10, 2023, the Executive Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 2,456,328.00 in return for cash contributions on one or more occasions until August 9, 2025, whereby shareholders' subscription rights may be excluded (Authorized Capital 2023/I). The resolution was entered in the commercial register on August 23, 2023.

In accordance with the resolution of the Annual General Meeting on December 16, 2020, Medigene has authorized capital in the amount of EUR 9,825,000.00, which was entered in the commercial register on December 23, 2020 (Authorized Capital 2020/I). The resolution authorizes the Executive Management Board of Medigene, with the approval of Medigene's Supervisory Board, to increase the share capital on one or more occasions until December 15, 2025, against cash or non-cash contributions, by a total of up to EUR 9,825,000.00 by issuing up to 9,825,000 shares (Authorized Capital 2020/I). The Executive Management Board of Medigene is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights on one or more occasions, inter alia, when new shares are issued against contributions in kind.

The Executive Management Board of Medigene is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights on one or more occasions, inter alia, when the issue price of the new shares is not significantly lower than the stock market price of shares with the same features and the shares issued in accordance with or by analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) against cash contributions while excluding subscription rights do not exceed a total of 10% of the share capital during the term of this authorization.

However, the Executive Management Board of Medigene has itself undertaken not to make use of Authorized Capital 2020/I or the authorization provided for in Article 5 (4) of the Articles of Association and Authorized Capital 2023/I or the authorization provided for in Article 5 (9) of the Articles of Association to the extent that the total number of shares issued on the basis of these authorizations with the exclusion of subscription rights in the event of capital increases both against cash contributions and against contributions in kind does not exceed 20% of the share capital - calculated at the time the authorization becomes effective or the authorization is exercised, whichever is the lower. The aforementioned 20% limit shall include (i) shares issued on the basis of other authorized capital subject to an exclusion of subscription rights during the period in which these authorizations take effect and (ii) shares to be issued during the period in which these authorizations take effect to service convertible bonds and/or bonds with warrants whose authorization bases exist at the time in which these authorizations take effect or are resolved by the same Annual General Meeting which resolved these authorizations, provided that the convertible bonds and/or bonds with warrants were issued subject to an exclusion of shareholders' subscription rights.

The Company did not issue any shares from Authorized Capital in the financial year 2023 and therefore did not make use of the corresponding authorizations by the Annual General Meeting.

As of December 31, 2023, Authorized Capital 2020/I in the amount of EUR 9,825,000.00 (9,825,000 shares) and Authorized Capital 2023/I in the amount of EUR 2,455,713.00 (2,455,713 shares) were still available (corresponds to approximately 50% of the capital stock as of December 31, 2023).

e) Conditional capital and classification of conditional capital

The conditional capital of May 25, 2007 (Conditional Capital XVIII) was cancelled. The conditional capital of May 15, 2018 (Conditional Capital 2018/I) is reduced to EUR 762,569.00. The company's share capital is conditionally increased by EUR 1,201,066.00 by resolution of the Annual General Meeting on August 10, 2023 (Conditional Capital 2023/I).

As of December 31, 2023, the Company's share capital was conditionally increased by a total of up to EUR 12,136,647.00, divided into a total of up to 12,136,647 ordinary shares (49.4% of the share capital as of December 31, 2023).

The various underlying conditional capitals are summarized in the following tabular overview:

CLASSIFICATION OF CONDITIONAL CAPITAL BY STOCK OPTIONS AND CONVERTIBLE NOTES
(BASED ON THE ARTICLES OF ASSOCIATION)

(NO.)	NUMBER AS AT DEC 31, 2023 (EUR)	PURPOSE: TO SERVICE
2016/II	347,414	Options
2018/I	762,569	Options
2020/I	9,825,000	Convertible notes and options
2023/1	1,201,066	Options
GESAMT	12,136,647	

The Company did not issue any shares from the conditional capital in the financial year 2023.

The table "Breakdown of conditional capital by stock options and convertible bonds" shows all existing conditional capitals. Conditional Capitals 2016/II and 2018/I are old capitals under which no new stock options can be issued, but which are still required if valid stock options already issued are in fact converted. This is because the corresponding underlying conditional capital is then required for the share issue. Conditional Capital 2020/I has been created if a convertible bond/warrant bond program should be set up. Current / future share options will be issued from Conditional Capital 2023/I.

The table "Stock options" shows the stock options issued to date which are still exercisable. Convertible bonds are not shown here as no convertible bonds have been issued to date.

(39) Provisions

PROVISIONS

IN EUR THOUSAND	DEC 31, 2023	DEC 31, 2022	CHANGE
Pension obligation (non-current)	**92**	76	21%
Executive Management Board bonus (non-current)	**275**	503	-45%
Restructuring liability (current)	**50**	80	-38%
Bonus (current)	**712**	743	-3%
Total	**1,129**	**1,402**	**-1%**

The current bonus provisions include a bonus of EUR 99 thousand for the Executive Management Board.

The development of provisions is as follows:

IN EUR THOUSAND	JAN 1, 2023	CONSUMPTION	RELEASE	ADDITION	Dec 31, 2023
Pension obligation	**76**	**0**	**0**	**16**	**92**
Executive Management Board bonus longterm	**503**	**59**	**223**	**54**	**275**
Employees and Managment Board bonus shortterm	**743**	**743**	**0**	**712**	**712**
Restructuring	**80**	**30**	**0**	**0**	**50**
Total	**1,402**	**832**	**223**	**782**	**1,129**

(40) Pension obligations

The amount of the pension obligations is determined as follows:

PENSION OBLIGATIONS

IN EUR THOUSAND	DEC 31, 2023	DEC 31,2022
Present value of benefit obligations	**1,849**	1,824
Fair value of plan assets	**-1,757**	-1,748
Carrying amount of the obligation	**92**	**76**

The plan assets consist of reinsurance policies. These are unlisted assets for which there is no market price quotation in an active market. No employer contributions are expected in 2024. Pension obligations for former members of the Executive Management Board amounted to EUR 1,330 thousand.

The following table shows the reconciliation of the opening balance to the closing balance for the net liability (net asset value) from defined benefit plans and their components.

	DEFINED BENEFIT OBLIGATIONS		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT LIABILITY	
IN EUR THOUSAND	**2023**	2023	**2023**	2022	**2023**	2022
As at Jan 1	**1,824**	1,934	**-1,748**	-1,838	**76**	96
Service costs	**1**	14	**0**	0	**1**	14
Interest	**70**	25	**-67**	-24	**3**	1
Benefit payment from plan assets	**-14**	0	**14**	0	**0**	0
Participant contributions	**0**	1	**0**	-1	**0**	0
Employer contribution	**0**	0	**0**	-10	**0**	-10
Expected return	**0**	0	**0**	0	**0**	0
Transfer	**0**	0	**0**	0	**0**	0
Remeasurements (from financial assumptions)	**-31**	-150	**43**	125	**12**	-25
As at Dec 31	**1,849**	**1,824**	**-1,757**	**-1,748**	**92**	**76**
Defined benefit costs included in P&L						
Service costs					**1**	14
Interest					**3**	1

Medigene offers all its employees in Germany defined benefit pension plans in the form of a provident fund (current obligation: EUR 519 thousand). These pension plans are fully reinsured by insurance contracts. In addition, the Group has entered into individual agreements with the members of the Executive Management and some employees in the form of direct commitments with guaranteed interest. These commitments allow as defined benefit pension plans the conversion of bonus payments into pension entitlements. The assets allocated to these pension entitlements do not constitute plan assets according to IAS 19.7.

The effect of a change in interest rates is shown in the following table:

Discount rate in %	3.57%
Duration (in years)	15
Defined benefit obligations (in EUR thousand)	
Change in interest rate - 50 basis points	1,853
Change in interest rate + 50 basis points	1,846
Change in discount rate	
Change in interest rate - 50 basis points	0.18%
Change in interest rate + 50 basis points	-0.17%

(41) Taxes

The major income tax components for the 2023 and 2022 fiscal years are as follows:

INCOME TAXES

IN EUR THOUSAND	2023	2022
Current income taxes		
Current income tax benefit (previous year: expense)	**770**	-1,189
Deferred taxes	**-355**	2,233
Income tax expense/benefit reported in the income statement	**415**	1,044

Deferred taxes as of December 31, 2023, related to the following items:

DEFERRED TAXES

IN € K	CONSOLIDATED BALANCE SHEET		CONSOLIDATED INCOME STATEMENT	
	DEC 31, 2023	DEC 31, 2022	**2023**	2022
Deferred tax assets				
Deferred taxes on unused tax losses Germany	**85,348**	80,895	**4,453**	-2,086
United States	**4,236**	6,104	**-1,868**	-1,908
Subtotal	**89,584**	**86,999**	**2,586**	**-3,993**
thereof unrecognized	**-88,357**	-86,299	**-2,058**	654
Net	**1,227**	**700**	**527**	**-3,339**
Property, plant and equipment	**139**	84	**55**	84
Other taxes from subsidies/relief	**1,065**	1,271	**-206**	**-452**
Other assets	**0**	344	**-344**	**-10**
Right-of-use assets, net of lease liabilities	**0**	0	**0**	**-49**
Other liabilities and provisions	**552**	942	**-390**	369
Pension provisions	**64**	0	**64**	0
Subtotal	**1,820**	2,641	**-821**	-58
thereof unrecognized	**-1,090**	-1,281	**191**	450
Net	**730**	**1,360**	**-630**	**391**
Total deferred tax assets	**1,957**	**2,060**	**-103**	**-2,948**
Deferred tax liabilities				
Intangible assets	**2,585**	2,049	**536**	-5,103
Property, plant and equipment	**0**	0	**0**	-142
Trade receivables	**0**	0	**0**	
Other assets	**12**	0	**12**	0
Right-of-use assets, net of lease liabilities	**1**	43	**-42**	43
Pension provisions	**0**	256	**-256**	28
Total deferred tax liabilities	**2,598**	**2,348**	**250**	**-5,174**
Net deferred tax liabilities	**640**	**289**	**-351**	2,226
thereof deferred tax benefit			**-355**	**2,233**
thereof neutral to profit or loss			**3**	**-7**

In the reporting year, a tax benefit of EUR 3 thousand (2022: tax expense of EUR 7 thousand) was recognized for the adjustment of pension provisions through other comprehensive income (OCI). The corresponding reduction in deferred tax assets was recognized directly in equity.

Deferred tax liabilities of EUR 4 thousand (previous year: EUR 5 thousand), which were not recognized in accordance with IAS 12.39, resulted from accounting and valuation differences between the IFRS balance sheet and the tax balance sheet in connection with shares in subsidiaries.

For 2023 and 2022, the calculation of deferred taxes in Germany is based on a mixed tax rate of 26.68%, which is composed as follows: corporate income tax rate of 15%, solidarity surcharge of 5.5% on corporate income tax and trade tax of 10.85%.

The country-specific tax rates were used for the deferred taxes of the foreign operation.

The reported tax expense differs from the expected tax expense that would have resulted if the nominal tax rate had been applied to the IFRS result. A reconciliation of the differential effects is shown in the following table, using the tax rate applicable in each case for the period.

INCOME TAXES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	2023	2022
Earnings before tax	**-16.961**	**-9,374**
Expected tax income	**4.524**	2,500
Net addition to unrecognized deferred tax assets	**-4.717**	-1,412
Tax previous years	**595**	0
Non-deductible expenses	**-22**	-23
International tax rate differences	**-2**	-18
Other	**36**	-4
Income tax expense/benefit reported	**415**	**1,044**
Effective tax rate	**2.45%**	**11.13%**

The breakdown of unused tax losses is as follows:

UNUSED TAX LOSSES

IN EUR THOUSAND	DEC 31, 2023	DEC 31, 2022
Corporate income tax Germany	**319,797**	304,611
Trade tax Germany	**320,187**	301,292
State tax USA	**18,627**	27,412
Federal tax USA	**3,671**	3,935

In Germany, tax loss carryforwards can generally be carried forward indefinitely. In the event of a detrimental change of shareholder, the deduction of existing loss carryforwards could be partially or fully excluded.

The tax loss carryforwards of the U.S. subsidiary Medigene, Inc. on which no deferred taxes have been recognized are expected to expire as follows:

TAX LOSS CARRYFORWARDS OF THE U.S. SUBSIDIARY MEDIGENE, INC.

IN EUR THOUSAND	DEC 31, 2023	DEC 31, 2022
Tax loss carryforwards Federal Tax		
Expiration date within		
1 year	3,769	8,120
2 years	3,265	3,903
3 years	3,110	3,381
4 years	3,841	3,221
5 years	2,677	3,979
after 5 years	1,965	4,808
Can be carried forward indefinitely		
Total	18,627	**27,412**
Tax loss carryforwards State Tax		
Expiration date within		

1 year	-	-
2 years	-	-
3 years	-	-
4 years	-	-
5 years	2,237	-
after 5 years	1,434	3,935
Can be carried forward indefinitely	-	-
Total	**3,671**	**3,935**

(42) Trade payables

Trade payables (measured at amortized cost) amount to EUR 340 thousand as of December 31, 2023 (prior year: EUR 634 thousand).

(43) Other liabilities

OTHER LIABILITIES

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	Dec 31, 2023	DEC 31, 2022	CHANGE
Current			
Outstanding invoices for production, preclinical and clinical studies (measured at amortized cost)	668	1,116	-45%
Other non-financial liabilities	888	965	-8%
Total other liabilities	**1,556**	**2,081**	**-28%**

The fair values of the liabilities are very close to their carrying amounts due to the short maturities or valuation methods applied to these instruments.

CONTRACT LIABILITIES FROM CONTRACTS WITH CUSTOMERS

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	DEC 31, 2023	DEC 31, 2022	CHANGE
Contract liabilities - contract with Hongsheng Sciences	1,488	1,488	-
thereof non-current	0	1,488	-100%-
thereof current	1,488	0	-
Contract liabilities - contract with BioNTech	2,134	3,842	-45%
thereof non-current	427	2,134	-80%
thereof current	1,708	1,708	-

(44) Leases

The following table presents the carrying amounts of right-of-use assets and changes during the reporting period:

NET CARRYING AMOUNT OF RIGHT-OF-USE ASSETS

IN EUR THOUSAND	Office space	Laboratory equipment	IT equipment	TOTAL RIGHT-OF-USE ASSETS
As of Jan 1, 2023	2,662	116	442	3,220
Additions	262	0	0	262
Depreciation	-698	-69	-93	-860
As of Dec 31, 2023	**2,296**	**47**	**349**	**2,621**

NET CARRYING AMOUNT OF RIGHT-OF-USE ASSETS

IN EUR THOUSAND	Office space	Laboratory equipment	Office equipment, furniture and fixtures	TOTAL RIGHT-OF-USE ASSETS
As of Jan 1, 2022	**3,158**	**206**	**0**	**3,364**
Additions	170	19	465	654
Divesture	0	-33	0	-33
Depreciation	-666	-76	-23	-765
As of Dec 31, 2022	**2,662**	**116**	**442**	**3,220**

The following table presents the carrying amounts of lease liabilities and changes during the reporting period:

LEASE LIABILITIES ACCORDING IFRS 16

IN EUR THOUSAND	**2023**	2022
As of Jan 1	**3,555**	3,665
Additions	262	654
Accretion of interest	216	247
Payments	-1,083	-1,011
As of Dec 31	**2,950**	**3,555**
thereof current	914	809
thereof non-current	2,036	2,746

LEASE LIABILITIES ACCORDING IFRS 9

IN EUR THOUSAND	**2023**	2022
As of Jan 1	**171**	**359**
Accretion of interest	35	33
Payments	-206	**-221**
As of Dec 31	**0**	171
thereof current	**0**	171
thereof non-current	**0**	0

The lease liabilities under IFRS 9 result from the sale and lease back from 2019.

The maturities of the lease liabilities are as follows:

IN EUR THOUSAND	1 YEAR	1-5 YEARS	>5 YEARS	TOTAL
As of Dec 31, 2023				
Lease according IFRS 16	**914**	**2,036**	**0**	2,950
Lease according IFRS 9	**0**	**0**	**0**	0
Total	914	2,036	0	2,950
As of Dec 31, 2022				
Lease according IFRS 16	809	2,746	0	3,555
Lease according IFRS 9	171	0	0	171
Total	980	2,746	0	3,726

(45) Contingent liabilities

There were no contingent liabilities as of December 31, 2023.

(46) Related parties

Related parties are persons or entities that can be significantly influenced by the Company or that can significantly influence the Company. Related parties are the Executive Management Board and the Supervisory Board of the Company as well as the company Aettis Inc., Bala Cynwyd, Pennsylvania, USA (Aettis).

As of December 31, 2023, and 2022, Medigene holds 38.21% of the shares in the inactive Aettis, but is not represented on its Supervisory Board (Board of Directors). No transactions with Aettis took place in the fiscal year 2023.

The remuneration of the Executive Management Board and Supervisory Board of the Company as well as the shareholdings of individual board members are listed under → section G. “Executive Management Board and Supervisory Board” notes (51) and (52).

(47) Objectives and methods of financial risk management

The main financial liabilities comprise trade accounts payable, other financial liabilities, and finance lease liabilities. The main purpose of these financial liabilities is to finance the Group's operating activities. The Group has various financial assets, trade receivables, cash and cash equivalents, and time deposits.

The Group's operations expose it to various financial risks, including market risk, credit risk, and liquidity risk.

The financial risk factors and the associated financial risk management of the Group are described below. The currently existing positions resulting from financial risks, which are listed below, are not significant from management's point of view.

Market risks

a) Interest rate risk

Fluctuations in market interest rates affect the cash flows of floating-rate financial assets and liabilities or their fair values. Medigene's management has deliberately refrained from entering into transactions to hedge interest rate-related cash flows, as the investment of cash and cash equivalents is focused on short-term availability to finance current operations. Furthermore, as of December 31, 2023, the Group does not hold any significant floating rate financial instruments and is therefore not exposed to interest rate risks. There are no significant concentrations of potential interest rate risk within the Group.

b) Credit risk

Credit risk is the risk that a counterparty will fail to discharge its obligations under a financial instrument or customer contract, resulting in a financial loss. The Group is exposed to credit risk in its operating activities (particularly trade receivables) and in its investing activities (cash deposits with banks and other financial assets). The Group does not anticipate any significant need to recognize impairment losses on trade receivables and other financial assets → note (11).

There are no significant concentrations of credit risk within the Group. A major customer relationship exists with BioNTech. Creditworthiness is monitored based on regular discussions with the company and publicly available business management reports and consolidated financial statements.

With regard to the Group’s financial assets, the maximum credit risk in the event of default by the counterparty is the carrying amount of these instruments → note (36).

c) Liquidity risk

Medigene AG was founded in 1994 and the Company has reported operating losses in almost every fiscal year, as R&D expenses 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 currently not yet secured.

Medigene finances its current research and development projects to a high degree through equity capital, as well as revenue generated from service contracts for research activities with partner companies, and one-time payments and milestone payments from partnership agreements. The company also generates revenue from sales of T-cell receptors derived from Medigene's End-to-End Platform.

The ability to obtain financing from investors through capital measures at any given time depends on the prevailing conditions of the capital markets as well as on the Company's operational progress and its ability to present itself as an attractive investment target for investors. To this end, Medigene regularly attends investor events and seeks intensive dialogue with investors on a one-to-one basis, among other means. A prerequisite for successful capital measures is a positive development of the share price, the value of which depends on progress or possible setbacks in the Company's pipeline as well as on developments in the global industry and wider capital markets.

The ability to expand existing partnerships and enter into new partnerships depends on progress in the research and development programs as well as the positive development of the immuno-oncology sector.

Based on the budget approved by the Supervisory Board, the current financial resources will enable the Company to continue as a going concern until April 2025. Until future financing is secured, there is uncertainty regarding the business continuation for the Company beyond April 2025. Medigene's Executive Management continues to believe that there is an overriding probability that the Company will be able to continue as a going concern by obtaining additional funds. In order to generate additional required funds, several options are available to Medigene (see description under (1) Basis of preparation).

If Medigene is unable to obtain additional funding on a timely basis, or if revenues are less than projected, the Company may be required to significantly curtail, delay or discontinue one or more of its research or development programs for its own product candidates or be unable to expand our operations or otherwise capitalize on our business opportunities as desired, which could materially affect our business, financial condition and results of operations. Should the necessary funds not be generated in a timely manner, the ability of the Group as well as Medigene AG to continue as a going concern is at risk. In this context, there is material uncertainty in connection with events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. As a result, the Group may not be able in the normal course of business to realize the value of its assets and settle its liabilities.

In addition, if the Company is unable to obtain necessary funding on a timely basis, it may be required to liquidate some or all of its assets and may receive less than the value at which those assets are carried on our audited financial statements, which could cause investors to lose all or a part of their investment. However, the Executive Management Board currently believes that the funds necessary for financing of its operations can be raised in the coming months.

d) Capital management

The primary objective of Medigene's management is to secure sufficient liquidity to finance ongoing research and development programs. Since Medigene finances its current research and development projects to a large extent through equity, particular attention is paid to developments on the capital market. The ability to raise capital from

investors in due course depends on Medigene's ability to convince as an attractive investment target as well as on the overall development of the capital market.

Medigene's management measures the Company's success on the progress of development projects as a prerequisite for their validation and commercialization as well as on securing corporate financing. On the financial side, Medigene's corporate goals are reflected in particular in the key figures for total revenues, research and development costs, and EBITDA result. High expenditures for the development of Medigene's immunotherapies and associated medium-term losses are a prerequisite to position the company as a leader in the field of cellular immunotherapies in a highly competitive and rapidly evolving environment.

The analysis of the most significant financial indicators can be found in the Group Management Report.

E. SEGMENT REPORTING

(48) Disclosures on reportable segments

The Group has been a single-segment company since 2020, and only data relating to the Immunotherapies business area will be 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 the non-current segment assets are in Germany.

Immunotherapies

- → T cell receptor-based adoptive T cell therapy (TCR-T)
- → DC vaccines (DC)

The breakdown of revenue from contracts with customers by main geographical markets is presented by customer location:

IN EUR THOUSAND	IMMUNOTHERAPIES	OTHER PRODUCTS	TOTAL
2023			
Germany	**6,034**	**0**	**6,034**
Revenue from contracts with customers	**6,034**	**0**	**6,034**
2022			
Germany	25,110	0	**25,110**
United States	5,165	0	**5,165**
Asia	972	0	**972**
Revenue from contracts with customers	**31,247**	**0**	**31,247**

Sales have been allocated by customer location and are attributable to the collaboration agreements with 2seventy bio ,Hongsheng Sciences and BioNTech. Sales with TSVT and BioNTech each account for more than 10% of total sales.

TOTAL REVENUE

IN EUR THOUSAND (UNLESS STATED OTHERWISE)	**2023**	2022	CHANGE
Revenue from immunotherapies (2seventy bio, Hongsheng & BioNTech cooperation)			
thereof revenue from the derecognition of contract liabilities (over time, fixed consideration)	**2,002**	3,903	-49%
thereof R&D payments (over time, variable consideration)	**4,032**	3,649	11%

thereof milestones	0	2,818	-100%
thereof revenue from product sales (point in time, fixed consideration)	0	20,877	-100%
Total revenue from contracts with customers	**6,034**	**31,247**	**-81%**

F. OTHER DISCLOSURES

(49) German Corporate Governance Code

In the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) dated March 21, 2023, the Executive Management Board and the Supervisory Board of Medigene AG confirmed that Medigene AG has complied with the recommendations of the German Corporate Governance Code in accordance with the recommendations of the Code in its current version, with the exceptions stated and justified, and that it complies or will comply with the recommendations of the Code in its current version, with the exceptions stated. The respective recommendations of the Code that Medigene AG does not implement are explained and justified in the declaration of conformity. This declaration is available on Medigene AG's website at https://www.medigene.com/investors-media/corporate-governance/declaration-on-corporate-governance-convenience-translation in German and English.

Medigene AG's declarations of conformity are available on the Company's website for at least five years.

(50) Audit fees

The auditors of the Company and the Group received the following fees for the past fiscal year:

AUDIT FEES

IN EUR THOUSAND	2023	2022
Audit services	**455**	370
thereof additional work previous year	**60**	30
Other services	**140**	0
Total	**595**	**370**

Fees in connection with a comfort letter are reported under other services.

To this presentation, the audit services are defined in accordance with Article 2 of Directive 2006/43/EC of the European Parliament and Council of May 17, 2006 in conjunction with Directive (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 (EU Audit Regulation).

G. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

(51) Executive Management Board

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to EUR 942 thousand in 2023 (2023: EUR 1,145 thousand).

REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD

IN EUR THOUSAND	2023	2022
Fixed remuneration component (basic remuneration)	680	552
Short-term variable compensation component	99	179
Short-term benefits	779	731

Mid-term variable compensation component	54	97
Post-employment benefits (service cost from pension entitlements)	77	65
Share-based payment	32	252
Total	**942**	**1,145**

The benefits granted for the compensation of the Executive Management Board amounted to EUR 931 thousand for the financial year 2023 (2021: EUR 1,098 thousand). The members of the Executive Management Board do not serve on any supervisory boards or comparable bodies.

Remuneration of EUR 40 thousand (2022: EUR 35 thousand) was granted to former members of the Executive Management Board in the reporting year.

(52) Supervisory Board

a) Supervisory Board remuneration

Supervisory Board compensation amounted to EUR 163 thousand in 2023 (2022: EUR 174 thousand). The total compensation of the members of the Supervisory Board comprises fixed compensation and attendance fees. In addition, expenses are reimbursed. The greater scope of activities of the Supervisory Board Chairman and Deputy Chairman is reflected in correspondingly higher compensation. Since the resolution on the compensation system for members of the Supervisory Board was adopted at the 2020 Annual General Meeting on December 16, 2020, this has also applied to the chairmanship of a committee. The disclosures on subscription rights of board members are as follows → note (53). No advances were paid to members of the Supervisory Board and Executive Management Board.

b) Supervisory Board members of Medigene AG

The Supervisory Board of the Company consists of five members as of December 31, 2023. The Annual General Meeting elected Dr. Anthony Man to the Supervisory Board on December 16, 2020; his term of office ends at the end of the Annual General Meeting that resolves on the third financial year after the start of his term of office, i.e. on the day of the 2023 Annual General Meeting. The terms of office of Ronald Scott and Dr. Gerd Zettlmeissl end at the end of the Annual General Meeting that resolves on the second financial year after the start of their term of office, i.e. on the day of the 2023 Annual General Meeting. Ronald Scott, Dr. Anthony Man and Dr. Gerd Zettlmeissl were re-elected to the Supervisory Board at the Annual General Meeting on August 10, 2023. The term of office of Ronald Scott and Dr. Gerhard Zettlmeissl ends at the end of the Annual General Meeting that resolves on the first financial year after the start of their term of office, i.e. on the day of the 2024 Annual General Meeting. Ms Antoinette Hiebeler-Hasner and Dr. Frank Mathias were re-elected to the Supervisory Board at the Annual General Meeting on May 18, 2022; their term of office ends at the end of the Annual General Meeting that resolves on the third financial year after the start of their term of office, i.e. on the day of the 2025 Annual General Meeting. The term of office of Dr. Anthony Man ends at the end of the Annual General Meeting which decides on the third financial year after the beginning of the term of office, i.e., on the day of the Annual General Meeting 2026.

Dr. Gerd Zettlmeissl
Self-employed consultant immunoprophylaxis and immunotherapies
Mandates on other supervisory boards/advisory boards in Germany: none
Mandates outside Germany:

- → MSD Wellcome Trust Hilleman Laboratories, New Delhi, India (Non-Profit), Chairman
- → Themis Bioscience GmbH, Vienna, Austria, Chairman

Antoinette Hiebeler-Hasner

Mandates on other supervisory boards/advisory boards in Germany:

- → Grob Aircraft SE, Tussenhausen-Mattsies, Chairman
- → Ventuz Technology AG, Grünwald, Chairman

Mandates outside Germany: none

Ronald Scott

Mandates on other supervisory boards/advisory boards in Germany: none

Mandates outside Germany: none

Dr. Frank Mathias

CEO of Oxford Biomedica, Oxford

Mandates on other supervisory boards/advisory boards in Germany:

- → Rentschler Biopharma SE, Laupheim
- → August Faller GmbH & Co. KG, Waldkirch, Chairman
- → leon-Nanodrug GmbH, Munich

Mandates outside Germany: none

Dr. Anthony Man

Global Clinical Development Head, Communicable Diseases, Global Health Development Unit at Novartis Pharma AG

Supervisory board/advisory board mandates: none

(53) Directors' holdings and notes on subscription rights

DIRECTORS' HOLDINGS AND NOTES ON SUBSCRIPTION RIGHTS

NUMBER OF SHARES/OPTIONS	SHARES		OPTIONS	
	DEC 31, 2023	DEC 31, 2022	**DEC 31, 2023**	DEC 31, 2022
Dr. Gerd Zettlmeissl	**0**	0	**0**	0
Antoinette Hiebeler-Hasner	**0**	0	**0**	0
Dr. Anthony Man	**0**	0	**0**	0
Dr. Frank Mathias	**20,917**	20,917	**0**	0
Ronald Scott	**0**	0	**0**	0
Total Supervisory Board	**20,917**	**20,917**	**0**	**0**
Prof. Dolores J. Schendel[1)]	**846,296**	846,296	**177,500**	157,500
Axel Sven Malkomes, member of the board	**0**	0	**95,000**	95,000
Dr. Selwyn Ho, CEO	**123,000**	29,000	**210,000**	190,000
Total Executive Management Board	**969,296**	**875,296**	**482,500**	**442,500**

[1)] 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.

H. SUBSEQUENT EVENTS

(54) New developments

In February 2024, Hongsheng Sciences and Medigene mutually agreed to terminate the remaining framework agreement of the partnership including the DC vaccine, license and discovery agreements. The termination of the framework agreement follows the mutually agreed termination of the partnership agreement related to NY-ESO-1 in the third quarter of 2023 due to Hongsheng Sciences' extended funding and development pause. The contract liabilities still recognized in the amount of EUR 1,488 thousand will be reversed through profit or loss in 2024.

Management Board

Planegg/Martinsried, March 26, 2024

Medigene AG

Dr. Selwyn Ho
Chief Executive Officer (CEO)

Prof. Dolores J. Schendel
Member of the Management Board (CSO)

"INDEPENDENT AUDITOR'S REPORT

To Medigene AG, Planegg/Martinsried

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Medigene AG, Planegg/Martinsried, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including any material disclosures on the accounting policies. In addition, we have audited the group management report of Medigene AG for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of the sections entitled "1.4.1 Overview" and "4.6.1 Principles of the internal control system and of the risk management system" in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those sections of the group management report referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit

Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Material Uncertainty Related to Going Concern

We refer to the disclosures made in the section entitled "B.(1) Basis of preparation" in the notes to the consolidated financial statements and the disclosures in the sections entitled "4.4.1 Financing requirements for going concern and product development" and "6.1 Company outlook" of the group management report, in which the executive directors state that the Group's ability to continue as a going concern is dependent on it securing additional requisite financing in due time. As explained in the sections entitled "B.(1) Basis of preparation", "4.4.1 Financing requirements for going concern and product development" and "6.1 Company outlook", these events and conditions, together with the other matters described therein, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and that constitutes a risk jeopardizing its existence as a going concern within the meaning of § 322 Abs. 2 Satz 3 HGB.

In accordance with Article 10 (2) point (c) (ii) of the EU Audit Regulation, we summarize our response to this risk as follows:

As part of our audit, among other things we assessed the Company's Group-wide corporate and financial planning and its underlying assumptions and evaluated whether the corporate and financial planning was properly derived on the basis of those assumptions. We also held discussions with the executive directors and inspected the underlying documents to assess the possible measures to secure additional financing in due time.

Our audit opinions on the consolidated financial statements and the group management report do not reflect this matter.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters. In addition to the matter described in the section "Material Uncertainty Related to Going Concern", we have identified the matter described below as the key audit matter to be disclosed in our audit report.

❶ Recoverability of the intangible asset not yet in use

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ **Recoverability of the intangible asset not yet in use**

① In the Company's consolidated financial statements, an intangible asset not yet in use amounting to EUR 9,692 thousand (31% of total assets) is reported under the "Intangible assets" balance sheet item.

An intangible assets not yet in use is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the cash-generating unit to which the intangible asset not yet in use has been allocated. The carrying amount of the cash-generating unit, including the intangible asset not yet in use, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the cash-generating unit normally serves as the basis of valuation. The present value is calculated using discounted cash flow models. For this purpose, the long-term business plan of the Group forms the starting point which is extrapolated using long-term rates of growth on the basis of assumptions regarding development times and project progress, market entry probability and expected market volume including prices. Expectations relating to future market developments, the probability of successful product development and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the cash-generating unit. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the cash-generating unit, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty.

Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the long-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. This essentially involves detailed assumptions on the probability of market entry, future competition, project progress, the product profile and its life cycle, and the market share of the future drug candidate. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value in use of the cash-generating unit calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analysis performed by the Company and carried out our own sensitivity analysis.

Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are also within what we consider to be reasonable ranges.

③ The Company's disclosures relating to the "Intangible assets" balance sheet item are contained in sections 4, 9 and 34 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the sections "1.4.1 Overview" and "4.6.1 Principles of the internal control system and of the risk management system" as an unaudited part of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the

opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures

in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter

the "ESEF documents") contained in the electronic file Medigene_AG_KA+ZLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on August 10, 2023. We were engaged by the supervisory board on November 7, 2023. We have been the group auditor of Medigene AG, Planegg/Martinsried, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dietmar Eglauer."

RESPONSIBILITY STATEMENT OF THE MEMBERS OF THE GOVERNING BODY

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

Planegg/ Martinsried, March 26, 2024

Medigene AG

Dr. Selwyn Ho
Chief Executive Officer (CEO)

Prof. Dolores J. Schendel
Member of the Management Board (CSO)

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Forward-looking Statements

This text 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 text.

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.