

MolMed Board of Directors calls for extraordinary Shareholders' Meeting

- *Approval of the financial statements at 30 November 2013 pursuant to art. 2446 of the Italian Civil Code*
- *Call for Shareholders' Meeting on 3 March 2014 to resolve upon*
 - ✓ *the reduction of the share capital from Euro 27,070,992.30 to Euro 10,485,541.89 to cover recorded losses*
 - ✓ *the share capital increase against payment with pre-emptive rights up to a maximum amount of Euro 4,999,999.00*
 - ✓ *authorizing the Board of Directors to increase the share capital against payment with pre-emptive rights by a maximum of Euro 50,000,000.00 option by and no later than 31 December 2016*

Milan (Italy), 31 January 2014 – The Board of Directors of MolMed S.p.A. (MLM.MI), chaired by Professor Claudio Bordignon, today reviewed and approved the financial statements of the Company at 30 November 2013 pursuant to art. 2446 of the Italian Civil Code, which report aggregate losses, net of available reserves, equal to Euro 16,585,450.41, i.e. higher than one third of the currently subscribed and paid-in share capital (equal to Euro 27,070,992.30).

The Board has then resolved to propose to the extraordinary Shareholders' Meeting to cover in full the aggregate losses, net of available reserves, equal to Euro 16,585,450.41 at 30 November 2013 by approving a reduction of the share capital from Euro 27,070,992.30 to Euro 10,485,541.89 without cancellation of any shares, given the absence of any indication of the relevant par value.

During the same meeting, the Board also resolved to propose to the extraordinary Meeting a share capital increase against payment, in divisible form, for a total maximum amount of Euro 4,999,999.00, including the relevant share premium, to be executed through the issuance of ordinary shares with no par value, in dematerialised form, having regular dividend and the same characteristics of the currently outstanding shares, to be offered with pre-emptive rights to the Shareholders of the Company pursuant to Article 2441, paragraph 1 of the Italian Civil Code.

The proposed share capital increase provides that the issue price of the new ordinary shares shall be equal to the average of the reference prices of the shares in the 30 days prior to the date of the extraordinary Shareholders' Meeting, with the application of a discount equal to 5%.

In light of the exemptions from prospectus requirements - respectively set forth by Article 34-ter, paragraph 1, c) and Article 57, paragraph 1,a) of CONSOB Regulation n. 11971 of 14 May 1999 (as subsequently amended) - the Company established the final subscription term at 31 July 2014. It is foreseen that the offer period of the share capital increase shall commence in March, following the approval of the financial statements by the Board of Directors of the Company.

FROM GENES TO THERAPY

MOLMED S.p.A.

Via Olgettina, 58 - 20132 Milan, Italy | Phone +39 02 21277.1 - Fax +39 02 21277.325
info@molmed.com - www.molmed.com

Share capital € 27,070,992.30 fully paid - Office of Milan Company Registry number 1506630 - Tax identification number 11887610159

On 31 January 2014 shareholders Fininvest S.p.A., Airain Servicoes de Consultadoria e Marketing, Sociedae Unipessoal, Lda., H-Equity S.r.l. and H-Invest S.p.A. expressed their availability to participate to the share capital increase subscribing in full their pre-emptive rights to subscribe for shares, representing respectively 24.903%, 6.645%, 4.062% and 3.616% of the share capital increase. Shareholder Fininvest S.p.A. also stated its availability to subscribe a number of unsubscribed shares upon completion of the Rights Offering on the Milan Stock Exchange, for an aggregate maximum amount - including the amount of its pre-emptive share - of Euro 1,695,000. This availability is, however, under the condition that Fininvest S.p.A. does not exceed the 30% threshold of the ordinary share capital of MolMed S.p.A. or any other relevant threshold which would trigger the obligation to launch a mandatory tender offer, pursuant to Article 106 of Legislative Decree nr. 58 of 24 February 1998. The Shareholders Airain and H-Equity also stated their availability to subscribe a number of unsubscribed shares upon completion of the Rights Offering on the Milan Stock Exchange, for an aggregate maximum amount - including the amount of their respective pre-emptive shares – of respectively Euro 437,514 and Euro 267,550.

Finally, the Board resolved to submit to the extraordinary Meeting a proposal to grant the Board of Directors – in accordance with Article 2443 of the Italian Civil Code - the authorization to increase the share capital against payment for a total maximum amount of Euro 50,000,000.00 including the relevant share premium, to be executed in divisible form, in one or more tranches, by and no later than 31 December 2016 by issuing ordinary shares with no par value, in dematerialized form, having regular dividend and the same characteristics of the currently outstanding shares, to be offered with pre-emptive rights to the Shareholders of the Company pursuant to Article 2441, paragraph 1 of the Italian Civil Code.

The afore mentioned share capital increases must be evaluated within a broader context of financial strengthening of the Company, which also includes further initiatives by the shareholders of the Company.

As of 30 November 2013, in fact, the Company's net working capital (calculated as the difference between current assets and current liabilities) was positive in an amount equal to Euro 7.8 million, with an estimate equal to approximately Euro 6.8 million as of 31 December 2013, with a reduction of approximately Euro 1 million if compared to the same item as of 30 November 2013, in line with the specific trend of the Company's business.

On the basis of the forecasts concerning the operating trend of the Company, of the estimate of the economic results and the evolution of the relevant working capital, as well as of the assumption underlying the 2014 budget extended to the first quarter of 2015, it is foreseen that the Company's net financial requirement for the next 12 months and until 31 January 2015 shall be equal to Euro 15.1 million. Such amount appears consistent with the minimum financial requirement in a conservative scenario which takes into account exclusively the current activities of research and development concerning the proprietary products currently included in the Company's pipeline.

The Company plans to address the afore mentioned net financial requirement through the following measures:

- the share capital increase against payment for an amount equal to Euro 4,999,999.00; in such respect, the shareholders Fininvest, Airain and H-Equity, members of the Company's shareholders' agreement, as well as H-Invest S.p.A., have expressed their availability to participate to the share capital increase for an aggregate maximum amount equal to ad Euro 2.6 million;
- the commitment letters by the shareholders, Airain and H-Equity, members of the Company's shareholders' agreement, under which such shareholders have undertaken to grant the Company,

upon request of the Board of Directors and if required by actual financial needs, the financial support from time to time strictly necessary to enable the prosecution of the Company's planned activities and ensure the compliance with the Company's obligations, until 30 April 2015 and for an aggregate maximum amount equal to Euro 12.7 million; the commitment letter by the shareholder Delfin S.à.r.l. member of the Company's shareholders' agreement, under which said shareholder has undertaken to grant the Company, upon request of the Board of Directors and if required by actual financial needs, the financial support from time to time strictly necessary to enable the prosecution of the Company's planned activities and ensure the compliance with the Company's obligations, until 30 November 2014 and for a maximum amount equal to Euro 1 million. Unlike the other shareholders expressly mentioned herein, as of today Delfin has not extended the duration nor increased the amount of its commitment;

- only in the event that the afore mentioned commitments would not result sufficient to satisfy the Company's liquidity needs, subject to the full payment of such committed amounts, a market value interest-bearing loan, with a maturity up to 3 years, that the Company may borrow by the shareholder Fininvest by and no later than 30 April 2015 for a maximum amount equal to Euro 2.32 million.

The Board of Directors believes that the afore mentioned capital increases, together with the shareholders' commitments and the potential drawdown of the interest-bearing loan, may grant necessary financial resources for the overall operations of the Company and to support its business plan which currently provides for:

- primary analysis within the first half-year of 2014 of the results of the double-blind, randomised Phase III trial for the investigational drug NGR-hTNF in mesothelioma. The extension of the follow-up period, compared to that which was previously estimated, is due to the number of deaths observed to date in the trial which is inferior to what expected from the statistical scheme;
- continuation of the Phase III trial of TK therapy, for which the Company expects to file a "conditional approval" authorisation to the European regulatory body within the first quarter of 2014;
- intensification of development and production activities of novel gene and cell therapy treatments.

Therefore, the Board granted to the Chairman the power to convene an extraordinary Shareholders' Meeting on 3 March 2014 at 11:00 AM at NH Hotel Milano 2, via Fratelli Cervi, 20090 Segrate (Milan), Italy, in order to resolve upon the following agenda:

1. Examination of the financial statements at 30 November 2013. Proposal to reduce the share capital to cover the losses resulting therefrom. Consequential amendment of Article 5 of the Corporate by-laws; inherent and consequential resolutions;
2. Proposal of share capital increase against payment, in divisible form, for up to a maximum amount of Euro 4,999,999.00 to be performed by issuing new ordinary shares having the same characteristics of the currently outstanding ordinary shares, to be offered with pre-emptive rights to the current shareholders of the Company. Consequential amendment of Article 5 of the Corporate by-laws; inherent and consequential resolutions;
3. Proposal to authorize the Board - pursuant to Article. 2443 of the Italian Civil Code - to increase the share capital by up to Euro 50,000,000.00 to be completed by 31 December 2016, in divisible form, to be performed by issuing ordinary shares with pre-emptive rights to the current shareholders. Consequential amendment of Article 5 of the Corporate by-laws; inherent and consequential resolutions.

The complete Notice will be made available to the public on 1st February 2014 on MolMed's website (www.molmed.com) and at *Borsa Italiana* via the SDIR-NIS circuit. The Italian version of the Notice will be published, on the same date, in abridged on the Italian daily newspaper *Milano Finanza*.

All documents and materials relevant to the Shareholders' Meeting, including the explanatory reports concerning the items on the agenda as approved today by the Board of Directors, together with the relevant resolution proposals, will be made available to the public at the Company's headquarters and on MolMed's website (www.molmed.com), within the terms provided by the law.

The official Corporate Financial Reporting Manager herewith attests, pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Law on Finance (Legislative Decree 58/1998), that the accounting disclosure contained in this press release matches documentary evidence, corporate books, and accounting records.

This press release is written in compliance with public disclosure obligations established by CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14.5.1999, as subsequently amended.

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About MolMed

MolMed S.p.A. is a biotechnology company focused on research, development and clinical validation of novel anticancer therapies. MolMed's pipeline includes two antitumour therapeutics in clinical development: TK, a cell-based therapy enabling bone marrow transplants from partially compatible donors, in absence of post-transplant immune-suppression, in Phase III in high-risk acute leukaemia; NGR-hTNF, a novel vascular targeting agent, in Phase III in malignant pleural mesothelioma and in Phase II in six more indications: colorectal, lung (small-cell and non-small-cell), liver and ovarian cancer, and soft tissue sarcomas. MolMed also offers top-level expertise in cell and gene therapy to third parties to develop, conduct and validate projects from preclinical to Phase III trials, including scale-up and cGMP production of clinical-grade viral vectors, and manufacturing of patient-specific genetically engineered cells. MolMed is headquartered at the San Raffaele Biomedical Science Park in Milan, Italy. The Company's shares are listed on the main market (MTA) of the Milan Stock Exchange. (Ticker Reuters: MLMD.MI)



For further information:

Marina Del Bue

**General Manager Business & Administration
Investor Relations Director *ad int.***

MolMed S.p.A.

phone: +39 02 21277.371

fax: +39 02 21277.325

e-mail: investor.relations@molmed.com

Andrea Quaglino

Director of Administration, Finance and Control

MolMed S.p.A.

phone: +39 02 21277.302

fax: +39 02 21277.404

e-mail: afc@molmed.com

Press agent

Federico Ferrari

SEC Relazioni Pubbliche e Istituzionali srl

phone: +39 02 6249991 – mobile +39 347 6456873

e-mail: ferrari@secrp.it

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