Heidelberg Pharma AG: Interim Management Statement on the First Three Months of 2018

- Exclusive research agreement signed with Magenta for the development of Antibody Targeted Amanitin Conjugates
- License agreement signed with the University of Texas MD Anderson Cancer Center
- Outlook for 2018: increase investments in proprietary ATAC pipeline for the preparation of the clinical development

Ladenburg, Germany, 12 April 2018 – Heidelberg Pharma AG (FSE: WL6) today reported on the first three months of fiscal year 2018 (1 December 2017 – 28 February 2018) and the Group's financial figures.

Important operational achievements

- **License agreement with the University of Texas MD Anderson Cancer Center:** At the beginning of March 2018, Heidelberg Pharma Research GmbH as the licensee and The University of Texas System, Houston, TX, USA, signed a license agreement for patent rights related to the diagnosis and treatment of patients with so-called RNA polymerase II deletion. The subject of the license is a patent application, filed in the name of the Board of Regents of The University of Texas System, which covers important aspects of a potential personalized treatment of patients based on Heidelberg Pharma's ATAC technology (Antibody Targeted Amanitin Conjugates).
- **Exclusive research agreement with Magenta for the development of Antibody Targeted Amanitin Conjugates:** On 5 March 2018, Heidelberg Pharma announced that it had signed an exclusive multi-target research agreement with Magenta Therapeutics, Cambridge, MA, USA, (Magenta). The collaboration will combine Magenta's stem cell platform with proprietary antibodies for up to four exclusive targets with Heidelberg Pharma's proprietary ATAC technology for the development of new Antibody Targeted Amanitin Conjugates. Magenta is granted access to Heidelberg Pharma's Amanitin linker platform technology, and it has an option for an exclusive license for global development and commercialization rights to each of the product candidates resulting from the collaboration.

  As licensor, Heidelberg Pharma receives upfront technology access and exclusivity fees and payments for research support. Under the exclusive license agreement, Heidelberg Pharma would be eligible to receive clinical development, regulatory and sales-related milestone payments of up to USD 334 million, if Magenta were to exercise the options on all target molecules and all milestones were reached.

Results of operations, financial position and net assets

The Heidelberg Pharma Group – as of the reporting date comprising Heidelberg Pharma AG and subsidiary Heidelberg Pharma Research GmbH – reports consolidated figures. The reporting period referred to below concerns the period from 1 December 2017 to 28 February 2018 (first quarter 2018).

In the first three months of fiscal year 2018, the Group generated sales revenue and income totaling EUR 0.7 million (previous year: EUR 0.6 million). This figure includes **sales revenue** of EUR 0.6 million (previous year: EUR 0.5 million), which stems solely from the business of Heidelberg Pharma Research GmbH. Income from the research agreement with Magenta is not included, as the agreement was signed in March after the reporting period.

At EUR 0.1 million, **other income** remained at the previous year's level (EUR 0.1 million). It primarily consists of German and European grants and of the reversal of unutilized accrued liabilities and provisions.

Operating expenses including depreciation and amortization amounted to EUR 3.1 million in the reporting period (previous year: EUR 2.5 million). **Cost of sales** for customer-specific research amounted to EUR 0.4 million (previous year: EUR 0.2 million). **Research and development (R&D) costs** of EUR 2.1 million were up EUR 0.5 million compared to the prior-year period (EUR 1.6 million) due to an increase in costs related to preparations for external GMP production (Good Manufacturing Practice) incurred by Heidelberg Pharma Research GmbH. At 66% of operating expenses, R&D was by far the largest cost item as expected. **Administrative costs** in the first quarter of 2018 remained constant at EUR 0.6 million compared to the prior-year period. Among others, this figure includes holding company costs and costs related to the stock market listing. **Other expenses** for business development, marketing and commercial market supply activities amount to EUR 0.03 million in the current reporting period (previous year: EUR 0.05 million).

The Heidelberg Pharma Group's **net loss** for the first three months of the fiscal year increased to EUR 2.4 million, as planned (previous year: EUR 2.0 million).

In spite of the higher net loss, **earnings per share** improved from EUR -0.15 in the previous year to EUR -0.11 in the quarter just ended, due to the higher average number of shares.

Total assets as of 28 February 2018 amounted to EUR 38.1 million compared to the 30 November 2017 reporting date (EUR 41.5 million) due to a decrease in cash and cash equivalents. At EUR 34.6 million, **equity** was also down compared to the end of fiscal year 2017 (EUR 37.0 million). This corresponds to an equity ratio of 91.0% (30 November 2017: 89.2%). The exercise of convertible bonds (mandatory convertible bonds) resulted in 5,649,964 new no par value shares that increased the share capital of Heidelberg Pharma AG from EUR 22,452,570 to EUR 28,102,534 divided into 28,102,534 no par value bearer shares.

No corporate actions were implemented during the reporting period.

Cash and cash equivalents as of the end of the first quarter amounted to EUR 27.2 million (30 November 2017: EUR 30.4 million). This represents an average monthly cash outflow of EUR 1.08 million in the first quarter of the fiscal year (previous year: EUR 0.67 million).

Financial outlook for 2018

Financial guidance remains unchanged compared to that provided on 22 March 2018. The Heidelberg Pharma Group expects to generate between EUR 3.0 million and EUR 5.0 million in sales revenue and other income (2017: EUR 2.5 million) for the 2018 fiscal year. This guidance takes into account potential cash inflows from new licensing activities. According to current plans, operating expenses should be in the range of EUR 16.0 million to EUR 20.0 million (2017: EUR 13.2 million). Earnings before interest and taxes (EBIT) for the 2018 fiscal year are projected to be between EUR -12.0 million and EUR -16.0 million (2017: EUR -10.8 million).

Heidelberg Pharma expects to require funds of EUR 13.0 million to EUR 17.0 million in 2018. Monthly cash use should be in the range of EUR 1.1 million to EUR 1.4 million. Based on current planning, the Company's financing is secured into 2020.

Heidelberg Pharma will not hold a conference call on this interim management statement. The complete figures for the interim financial statement can be downloaded at www.heidelberg-pharma.com > Press+Investors > Announcements > Financial Reports > Interim Management Statement of 12 April 2018.

Key figures for the Heidelberg Pharma Group

In EUR'000	**Q1 2018** [1] **EUR'000.**	**Q1 2017** [1] **EUR '000.**
Earnings		
Sales revenue	592	455
Other income	124	134
Operating expenses	(3,130)	(2,498)
of which research and development costs	(2,075)	(1,634)
Operating result	(2,414)	(1,909)
Earnings before tax	(2,414)	(1,965)
Net loss for the period	(2,414)	(1,965)
Earnings per share in EUR	(0.11)	(0.15)
Balance sheet as of the end of the period		
Total assets	38,064	13,304
Cash and cash equivalents	27,151	2,568
Equity	34,641	7,823
Equity ratio[2] in %	91.0	58.8
Cash flow statement		
Cash flow from operating activities	(3,087)	(1,904)
Cash flow from investing activities	(154)	(104)
Cash flow from financing activities	0	0
Employees (number)	60	53
Employees as of the end of the period[3]	54	49
Full-time equivalents as of the end of the period[3]		

1 The reporting period begins on 1 December and ends on 28 February.
2 Equity / total assets
3 Including members of the Executive Management Board
Rounding of exact figures may result in differences.

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About Heidelberg Pharma

Heidelberg Pharma AG is a biopharmaceutical company based in Ladenburg, Germany. Heidelberg Pharma is an oncology specialist and the first company to develop the toxin Amanitin into cancer therapies using its proprietary Antibody Targeted Amanitin Conjugate (ATAC) technology and to advance the biological mode of action of the toxin as a novel therapeutic principle. This proprietary technology platform is being applied to develop the Company's proprietary therapeutic ATACs as well as in third-party collaborations to create a variety of ATAC candidates. The proprietary lead candidate HDP-101 is a BCMA ATAC for multiple myeloma.

The Company has entered into partnerships to further develop and commercialize its clinical assets MESUPRON® and REDECTANE®, while RENCAREX® is available for out-licensing and further development. Heidelberg Pharma AG is listed on the Frankfurt Stock Exchange: ISIN DE000A11QVV0 / WKN A11QVV / Symbol WL6. More information is available at http://www.heidelberg-pharma.com/.