

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/>.

This communication contains certain forward-looking statements relating to the Company's business, which can be identified by the use of forward-looking terminology such as "estimates", "believes", "expects", "may", "will", "should", "future", "potential" or similar expressions or by a general discussion of the Company's strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results of operations, financial position, earnings, achievements, or industry results, to be materially different from any future results, earnings or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors and partners are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update any such forward-looking statements to reflect future events or developments.

**Consolidated IFRS interim financial statements of Heidelberg Pharma AG,
Ladenburg, Germany, for the first quarter of fiscal year 2018**

Consolidated statement of comprehensive income

	Q1 2018	Q1 2017
Sales revenue	591,970	454,553
Other income	<u>123,591</u>	<u>134,093</u>
Income	715,561	588,759
Cost of sales	(376,722)	(187,783)
Research and development costs	(2,074,697)	(1,634,379)
Administrative costs	(644,454)	(629,781)
Other expenses	<u>(33,838)</u>	<u>(45,741)</u>
Operating expenses	(3,129,711)	(2,497,925)
OPERATING RESULT	(2,414,150)	(1,908,925)
Finance income	0	0
Finance costs	<u>0</u>	<u>(55,950)</u>
Financial result	0	(55,950)
EARNINGS BEFORE TAX	(2,414,150)	(1,964,875)
Income taxes	0	0
NET LOSS FOR THE PERIOD	(2,414,150)	(1,964,875)
Net currency gain/loss from consolidation	0	0
OTHER COMPREHENSIVE INCOME	0	0
COMPREHENSIVE INCOME	(2,414,150)	(1,964,875)
<i>Earnings per share in EUR</i>	(0.11)	(0.15)

Consolidated balance sheet as of 28 February 2018

in EUR	28 Feb. 2018	30 Nov. 2017
Property, plant and equipment	1,380,711	1,299,623
Intangible assets	2,815,327	2,819,272
Goodwill	6,111,166	6,111,166
Other non-current assets	51,350	51,350
Non-current assets	10,358,554	10,281,411
Inventories	81,435	178,032
Prepayments	169,681	154,942
Trade receivables	107,665	232,508
Other receivables	195,234	261,880
Cash and cash equivalents	27,151,271	30,381,061
Current assets	27,705,286	31,208,423
TOTAL ASSETS	38,063,840	41,489,833
Subscribed capital	28,102,534	22,452,570
Capital reserve	214,171,470	219,789,793
Accumulated losses	(207,632,647)	(205,218,496)
Equity	34,641,357	37,023,866
Pension obligations	8,803	8,803
Non-current liabilities	8,803	8,803
Trade payables	636,897	1,501,090
Provisions	408,201	408,201
Other current liabilities	2,368,581	2,547,873
Current liabilities	3,413,680	4,457,164
TOTAL EQUITY AND LIABILITIES	38.063.840	41,489,833

Consolidated cash flow statement

in EUR	Q1 2018	Q1 2017
NET LOSS FOR THE PERIOD	(2,414,150)	(1,964,875)
Adjustment for items in the statement of comprehensive income		
Stock options	31,641	31,727
Depreciation, amortization and impairment losses	76,533	185,478
Items not relevant for cash flow	(11,014)	226,310
Finance costs	0	55,950
	97,161	499,465
Changes in balance sheet items		
Inventories	96,597	(57,660)
Prepayments	(14,739)	5,438
Trade receivables	124,842	(159,808)
Other receivables	66,646	(297,254)
Other non-current assets	0	72
Trade payables	(864,193)	503,281
Other liabilities	(179,292)	(415,079)
Financial liabilities	0	19,272
	(770,138)	(401,738)
Cash flow from operating activities	(3,087,127)	(1,867,148)
Finance costs paid	0	(36,679)
Net cash flow from operating activities	(3,087,127)	(1,903,827)
Cash flow from investing activities		
Purchase of property, plant and equipment	(147,953)	(103,553)
Purchase of intangible assets	(5,724)	0
Net cash flow from investing activities	(153,677)	(103,553)
Net cash flow from financing activities	0	0
Influence of exchange rate effects on cash and cash equivalents	11,014	676
Net change in cash and cash equivalents	(3,229,790)	(2,006,703)
Cash and cash equivalents		
at beginning of period	30,381,061	4,574,382
at end of period	27,151,271	2,567,678

Consolidated statement of changes in equity

in EUR	Shares	Subscribed capital	Capital reserve		Accumulated losses	Total
			Corporate actions/premium	Measurement of stock options		
			187,537,023	3,539,969		
As of 1 December 2016	12,927,564	12,927,564	191,076,991		(194,248,324)	9,756,231
Measurement of stock options				31,727		31,727
Net loss for the period					(1,964,875)	(1,964,875)
Net change in equity						(1,933,148)
As of 28 February 2017	12,927,564	12,927,564	187,537,023	3,571,696	(196,213,200)	7,823,083
			191,108,718			

in Euro	Shares	Subscribed capital	Capital reserve		Accumulated losses	Total
			Corporate actions/premium	Measurement of stock options		
			216,121,501	3,668,292		
As of 1 December 2017	22,452,570	22,452,570	219,789,793		(205,218,496)	37,023,866
Measurement of stock options				31,641		31,641
Net loss for the period					(2,414,150)	(2,414,150)
Exercise of convertible bonds	5,649,964	5,649,964	(5,649,964)			
Net change in equity						(2,382,509)
As of 30 November 2017	28,102,534	28,102,534	210,471,537	3,699,933	(207,632,647)	34,641,357
			214,171,470			