

Heidelberg Pharma AG: Interim Management Statement on the First Three Months of 2019

- Partner Link Health receives approval to conduct clinical trials with MESUPRON® in China
- Poster presentation at the AACR Annual Meeting 2019
- Financials have developed in line with planning

Ladenburg, Germany, 11 April 2019 – Heidelberg Pharma AG (FSE: WL6) today reported on the first three months of fiscal year 2019 (1 December 2018 – 28 February 2019) and the Group's financial figures.

Important operational achievements

- **IND approval and milestone payment from Link Health:** In January 2019, Heidelberg Pharma announced that the IND application for a Phase I and II trial with MESUPRON® was approved at the end of 2018. Details of the planned trials are not yet available as the Chinese regulatory authorities have changed the trial regulations, as a result of which Link Health can revise the clinical development plan for MESUPRON®. There is now a chance that a Phase II trial can begin immediately based on previous data from the USA and Europe. A milestone payment became payable to Heidelberg Pharma when the trial was granted approval in principle. In this context, EUR 421 thousand was recognized in profit or loss.
- **Manufacturing of Amanitin according to Good Manufacturing Practice:** Based on the established GMP production for the Amanitin-linker developed by Heidelberg Pharma for its Antibody Targeted Amanitin Conjugates (ATACs), Heidelberg Pharma will not only be able to supply license partners on a laboratory scale in the future, but will also be able to offer supplies in GMP quality. The conceptual coordination with our GMP manufacturer Carbogen and our partner Magenta was largely completed in recent weeks.

Events after the reporting period

- **Poster presentation at the AACR Annual Meeting 2019:** Heidelberg Pharma presented a poster on preclinical data on an ATAC that is aimed against the breast cancer antigen HER2 at the Annual Meeting of the American Association of Cancer Research (AACR) in Atlanta in March. These data from an experimental case study show that the HER2-ATAC has the potential to efficiently target tumors with low HER2 expression, which are frequent in triple negative breast cancer. Further, the data show that tumor cells with aggressive progression associated with 17p deletion are particularly susceptible to this treatment.

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 2018 to 28 February 2019 (first quarter 2019).

In the first three months of fiscal year 2019, the Group generated sales revenue and income totaling EUR 1.3 million (previous year: EUR 0.7 million). This figure includes significantly increased **sales revenue** of EUR 1.1 million (previous year: EUR 0.6 million), which are attributable to the ATAC

technology (EUR 0.4 million), the service business (EUR 0.3 million) and the out-licensing of MESUPRON® (EUR 0.4 million).

At EUR 0.2 million, **other income** increased compared to the previous year (EUR 0.1 million). It primarily consists of passing on patent costs and of the reversal of unutilized accrued liabilities and provisions.

Operating expenses including depreciation and amortization amounted to EUR 4.4 million in the reporting period (previous year: EUR 3.1 million). **Cost of sales** for customer-specific research amounted to EUR 0.7 million (previous year: EUR 0.4 million). **Research and development (R&D) costs** of EUR 3.0 million were up EUR 0.9 million as planned compared to the prior-year period (EUR 2.1 million) due to an increase in costs related to preparations for external GMP production (Good Manufacturing Practice) incurred by Heidelberg Pharma Research GmbH. At 67% of operating expenses, R&D was by far the largest cost item as expected. **Administrative costs** in the first quarter of 2019 increased to EUR 0.7 million compared to the prior-year period (EUR 0.6 million). 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 which mainly comprise staff, travel and consulting costs, remained constant at EUR 0.03 million in the current reporting period (previous year: EUR 0.03 million).

The Heidelberg Pharma Group's **net loss** for the first three months of the fiscal year increased to EUR 3.1 million, as planned (previous year: EUR 2.4 million). Basic **earnings per share** based on the weighted average number of shares issued during the reporting period deteriorated from EUR -0.09 in the previous year to EUR -0.11 in the past quarter due to the higher loss.

Total assets as of 28 February 2019 amounted to EUR 28.3 million compared to the 30 November 2018 reporting date (EUR 31.2 million) due to a decrease in cash and cash equivalents. At EUR 22.9 million, **equity** was also down compared to the end of fiscal year 2018 (EUR 25.9 million). This corresponds to an equity ratio of 80.9% (30 November 2018: 83.0%). The exercise of convertible bonds (mandatory convertible bonds) in the first quarter of 2019 resulted in further 10,552 new no par value shares that increased the share capital of Heidelberg Pharma AG from EUR 28,133,308 to EUR 28,143,860 divided into 28,143,860 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 16.1 million (30 November 2018: EUR 19.4 million). This represents an average monthly cash outflow of EUR 1.12 million in the first quarter of the fiscal year (previous year: EUR 1.08 million).

Financial outlook for 2019

Financial guidance is confirmed compared to that provided on 21 March 2019. The Heidelberg Pharma Group expects to generate between EUR 5.0 million and EUR 7.0 million in sales revenue and other income (2018: EUR 4.4 million) for the 2019 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 14.0 million to EUR 18.0 million (2018: EUR 16.0 million). Earnings before interest and taxes (EBIT) for the 2019 fiscal year are projected to be between EUR -8.0 million and EUR -12.0 million (2018: EUR -11.7 million).

Heidelberg Pharma expects to require funds of EUR 10.0 million to EUR 14.0 million in 2019. Monthly cash use should be in the range of EUR 0.9 million to EUR 1.2 million. Based on current planning, the Company's financing is secured until mid of 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 on the first three months of 2019.

Key figures for the Heidelberg Pharma Group (unaudited)

In EUR'000	Q1 2019 ¹ EUR'000.	Q1 2018 ¹ EUR '000.
Earnings		
Sales revenue	1,071	592
Other income	245	124
Operating expenses	(4,400)	(3,130)
of which research and development costs	(2,969)	(2,075)
Operating result	(3,084)	(2,414)
Earnings before tax	(3,084)	(2,414)
Net loss for the period	(3,084)	(2,414)
Earnings per share in EUR (basic)	(0.09)	(0.11)
Balance sheet as of the end of the period		
Total assets	28,326	38,064
Cash and cash equivalents	16,069	27,151
Equity	22,916	34,641
Equity ratio ² in %	80.9	91.0
Cash flow statement		
Cash flow from operating activities	(2,957)	(3,087)
Cash flow from investing activities	(412)	(154)
Cash flow from financing activities	0	0
Employees (number)		
Employees as of the end of the period ³	66	60
Full-time equivalents as of the end of the period ³	60	54

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 2019 (unaudited)

Consolidated statement of comprehensive income

in EUR	Q1 2019	Q1 2018
Sales revenue	1,070,613	591,970
Other income	<u>245,465</u>	<u>123,591</u>
Income	1,316,078	715,561
Cost of sales	(688,557)	(376,722)
Research and development costs	(2,968,853)	(2,074,697)
Administrative costs	(707,612)	(644,454)
Other expenses	<u>(34,896)</u>	<u>(33,838)</u>
Operating expenses	(4,399,917)	(3,129,711)
OPERATING RESULT	(3,083,839)	(2,414,150)
Finance income	0	0
Finance costs	<u>0</u>	<u>0</u>
Financial result	0	0
EARNINGS BEFORE TAX	(3,083,839)	(2,414,150)
Income taxes	0	0
NET LOSS FOR THE PERIOD	(3,083,839)	(2,414,150)
Net currency gain/loss from consolidation	0	0
OTHER COMPREHENSIVE INCOME	0	0
COMPREHENSIVE INCOME	(3,083,839)	(2,414,150)
<i>Basic earnings per share in EUR</i>	(0.11)	(0.09)

Consolidated balance sheet

in EUR	28 Feb. 2019 (unaudited)	30 Nov. 2018 (audited)
Property, plant and equipment	2,231,486	1,949,922
Intangible assets	2,822,572	2,800,914
Goodwill	6,111,166	6,111,166
Other non-current assets	41,350	41,350
Non-current assets	11,206,573	10,903,351
Inventories	48,624	177,559
Prepayments	523,925	56,032
Trade receivables	113,904	365,949
Other receivables	363,544	248,734
Cash and cash equivalents	16,069,027	19,440,352
Current assets	17,119,023	20,288,625
TOTAL ASSETS	28,325,597	31,191,977
Subscribed capital	28,143,860	28,133,308
Capital reserve	214,746,530	214,643,257
Accumulated losses	(219,974,315)	(216,890,476)
Equity	22,916,074	25,886,089
Non-current liabilities	0	0
Trade payables	1,181,403	405,498
Pension obligations	12,101	12,101
Other current liabilities	4,216,018	4,888,288
Current liabilities	5,409,523	5,305,887
TOTAL EQUITY AND LIABILITIES	28,352,597	31,191,977

Consolidated cash flow statement (unaudited)

in EUR	Q1 2019	Q1 2018
NET LOSS FOR THE PERIOD	(3,083,839)	(2,414,150)
Adjustment for items in the statement of comprehensive income		
Stock options	113,824	31,641
Depreciation, amortization and impairment losses	108,989	76,533
Exchange rate effects	2,087	(11,014)
	224,900	97,161
Changes in balance sheet items		
Inventories	128,934	96,597
Prepayments	(467,892)	(14,739)
Trade receivables	252,045	124,842
Other receivables	(114,811)	66,646
Trade payables	775,905	(864,193)
Other liabilities	(672,270)	(179,292)
	(98,088)	(770,138)
Cash flow from operating activities	(2,957,027)	(3,087,127)
Finance costs paid	0	0
Finance income received	0	0
Net cash flow from operating activities	(2,957,027)	(3,087,127)
Cash flow from investing activities		
Purchase of property, plant and equipment	(378,602)	(147,953)
Purchase of intangible assets	(33,609)	(5,724)
Net cash flow from investing activities	(412,211)	(153,677)
Net cash flow from financing activities	0	0
Influence of exchange rate effects on cash and cash equivalents	(2,087)	11,014
Net change in cash and cash equivalents	(3,371,325)	(3,229,790)
Cash and cash equivalents		
at beginning of period	19,440,352	30,381,061
at end of period	16,069,027	27,151,271

Consolidated statement of changes in equity (unaudited)

in EUR	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 ("Comprehensive Income")					(2,414,150)	(2,414,150)
Exercise of mandatory convertible bonds	5,649,964	5,649,964	(5,649,964)			0
Net change in equity						(2,382,509)
As of 28 February 2018	28,102,534	28,102,534	210,471,537	3,699,933	(207,632,647)	34,641,357
			214,171,470			

in EUR	Shares	Subscribed capital	Capital reserve		Accumulated losses	Total
			Corporate actions/premium	Measurement of stock options		
			210,440,763	4,202,495		
As of 1 December 2018	28,133,308	28,133,308	214,643,257		(216,890,476)	25,886,089
Measurement of stock options				113,824		113,824
Net loss for the period ("Comprehensive Income")					(3,083,839)	(3,083,839)
Exercise of mandatory convertible bonds	10,552	10,552	(10,552)			0
Net change in equity						(2,970,015)
As of 28 February 2019	28,143,860	28,143,860	210,430,211	4,316,319	(219,974,315)	22,916,074
			214,746,530			