Heidelberg PHARMA

Focused Cancer Therapies

- HDP-101: Preclinical development program almost completed; preparation of IND application can start in Q3; newly created position of Senior Medical Officer for clinical development filled
- Licensing partner Magenta announces MGTA-117 as the first ATAC candidate for clinical development and presents encouraging data
- Important patents received for ATAC technology for patient stratification in the USA and as tumor therapy in Europe
- Heidelberg Pharma AG generates gross proceeds of € 14.4 million by way of a corporate action
- Financials in line with planning; progress made in preclinical development program triggers increase in research and development costs

HALF-YEARLY FINANCIAL REPORT 2020

KEY FIGURES

	H1 2020[1] € '000	H1 2019[1] € '000
Earnings		
Sales revenue	3,120	3,752
Other income	637	351
Operating expenses	(13,173)	(8,432)
of which research and development costs	(8,703)	(4,977)
Operating result	(9,417)	(4,329)
Earnings before tax	(9,423)	(4,329)
Net loss for the period	(9,423)	(4,329)
Earnings per share in €	(0.33)	(0.15)
Balance sheet at end of period		
Total assets	29,075	26,968
Cash and cash equivalents	15,129	13,109
Equity	21,530	21,578
Equity ratio[2] in %	74.1	80.0
Cash flow statement		
Cash flow from operating activities	(8,298)	(5,740)
Cash flow from investing activities	(733)	(587)
Cash flow from financing activities	14,289	0
Employees (number)		
Employees as of the end of the period (headcount)[3]	78	66
Employees as of the end of the period (full-time equivalents)[3]	73	60

[1] The reporting period begins on 1 December and ends on 31 May.

[2] Equity/total assets

[3] Including members of the Executive Management Board

Rounding of exact figures may result in differences in all tables of this report.

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

The last few months have been unprecedented and challenging, with the COVID-19 crisis almost certainly affecting all of us in some way. At Heidelberg Pharma, we have been fortunate in that our day-to-day business processes have only been impacted to a small extent. We take our responsibility for the safety of our employees very seriously. Where possible, our staff has been working from home, while those employees who need to be on site have been integrated into a rolling system to comply with all safety regulations. There were few disruptions or delays on our supply chain and research and development activities.

Maintaining a dialog with potential investors and the scientific community became more difficult during the global lockdown. The cancellation or postponement of many conferences and conventions significantly reduced opportunities for informal and casual meetings. Although we have been able to hold many meetings virtually, these cannot fully replace personal contact and dialog with our partners, scientists and investors.

We experienced some delays among our collaboration partners with early-stage projects due to reduced capacities and temporary laboratory closures that have since been lifted. Telix Pharmaceuticals stopped patient recruitment for the pivotal Phase III ZIRCON trial in March 2020 as a result of the pandemic but has now resumed recruitment.

Despite the challenging situation, our own projects proceeded according to plan in the first half of the 2020 financial year. The final GLP toxicity study for our development candidate HDP-101 was started and is now nearing completion. At the same time, the clinical development team has been working on the protocol for the Phase I trial for HDP-101 and on regulatory requirements. In this context, I am pleased to report that Dr. András Strassz has been driving forward the work of our clinical team in his role as Senior Medical Officer since April. He is a medical doctor and has 15 years of professional experience in clinical development and oncology gained at Affimed, Sandoz, Polyphor, Amgen and Janssen. As soon as the final data package from the toxicology program is available, we will initially coordinate the start of the clinical trial with the FDA. We are confident that we will be able to submit the application for this trial during the second half of the year.

We are very pleased with the progress seen in the collaboration with our partner Magenta. At the start of the year, Magenta identified ATAC MGTA-117 as a clinical candidate for the targeted preparation, or conditioning, of patients for stem cell transplants or gene therapy and presented preclinical data showing broad tolerability and efficacy and therefore wide preclinical safety margins for MGTA-117.

One important milestone in the last quarter was the successful completion of a corporate action in April. Based on the financing commitment received from our main shareholder dievini in the first quarter, and with the support of several new shareholders, we were able to generate gross proceeds of €14.4 million, which we will use for our ATAC development program, particularly our proprietary ATAC candidate HDP-101.

Our 2020 Annual General Meeting will take place on 22 July 2020. Due to the specific circumstances surrounding COVID-19 and new legislation, it will be held in a virtual format. Although it is not possible to meet in person this year, we look forward to welcoming you virtually to our Annual General Meeting. As a shareholder, you have the opportunity to ask questions in advance via our password-protected Internet service. These questions will be read aloud and answered during the event. We would like to thank all our shareholders for the trust you have placed in us and hope it will be possible to meet you in person in the coming year.

Ladenburg, 9 July 2020

Yours sincerely,

Dr. Jan Schmidt-Brand
Chief Executive Officer and Chief Financial Officer

INTERIM MANAGEMENT REPORT

Reporting period from 1 December 2019 to 31 May 2020

Introduction

Heidelberg Pharma AG is a biopharmaceutical company and oncology specialist. As far as Heidelberg Pharma is aware, it is 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 and other hematologic conditions.

Key events in the first six months

Successful implementation of a corporate action

Heidelberg Pharma AG implemented a corporate action in April by issuing 2,820,961 new shares from authorized capital, which corresponded to just under 10 % of share capital at that time. A total of 2,679,961 of these new shares were placed with the main shareholder dievini Hopp Biotech holding GmbH & Co KG, Walldorf, (dievini) and 141,000 shares with institutional investors at a price of € 5.10 per share. This measure lifted share capital to 31,030,572 shares.

The gross issue proceeds of approximately € 14.4 million are earmarked for securing the further development and marketing of the ATAC technology, in particular clinical development work on the proprietary ATAC candidate HDP-101, until mid-2021.

Heidelberg Pharma's partner MD Anderson Cancer Center is granted a US patent for diagnosis and treatment of patients with TP53/RNA polymerase II deletion

Heidelberg Pharma's partner University of Texas, MD Anderson Cancer Center, Houston, TX, USA, (MD Anderson) was granted a key patent by the US patent office for diagnosis and treatment of select patient groups with TP53/RNA polymerase II deletion. The patent application entitled "Methods Of Treating Cancer Harbouring Hemizygous Loss Of TP53" was submitted with the US patent office by MD Anderson. Heidelberg Pharma holds the exclusive licensing rights to this patent.

Heidelberg Pharma is granted a European patent for amatoxin conjugates for tumor therapy

In late March, the European Patent Office granted Heidelberg Pharma an important patent for its proprietary ATAC technology for the production of Antibody Targeted Amanitin Conjugates. The patent is based on a 2009 patent application entitled "Amatoxin armed therapeutic cell surface binding components designed for tumor therapy" that was submitted by Professor Heinz Faulstich and employees of the German Cancer Research Centre (DKFZ). Heidelberg Pharma exclusively in-licensed the patent in December 2009.

Research and development activities

ADC technology (antibody drug conjugates)

Heidelberg Pharma is developing a technology platform for antibody drug conjugates. The core of this technology is to offer new approaches to antitumor therapy by exploiting a previously unused biological mode of action for treatment of cancer.

Heidelberg Pharma uses the toxin Amanitin, a member of the amatoxin group of natural poisons occurring in the death cap mushroom (Amanita phalloides), among others. By inhibiting RNA polymerase II, Amanitin triggers natural cell death, or apoptosis. This toxic compound is chemically combined with antibodies so that it can be used for therapy. The resulting products – so called ATACs (Antibody Targeted Amanitin Conjugates) – are designed to transport the cross-linked toxin specifically into the cancer cell. After binding to the tumor cell, the ATAC is taken up and releases the toxin within the cell. The released toxin then destroys the tumor cell without affecting healthy tissue.

ATACs are characterized by improved efficacy also in dormant tumor cells, which are rarely reached with existing standard therapies and contribute to tumor recurrence and resistance formation. These ATACs are also being developed to treat tumors that no longer respond to standard chemotherapy or anti-tumor antibodies. Selective treatment of tumors using Amanitin via specific antibody drug conjugates could thus enable much more effective cancer treatments with acceptable side effect profiles.

Scientists at Heidelberg Pharma have succeeded for the first time in synthesizing Amanitin without having to resort to the natural active ingredient and in producing stable quality.

The Company's business model is based on two pillars. One focus is on business-to-business activities where the compound linker technology developed by Heidelberg Pharma is licensed by pharmaceutical and biotechnology companies to make their antibodies more effective in treating tumors. Within this framework, under license agreements, Heidelberg Pharma gives partners not only the licensing rights but also technological support in the manufacture and purification of the conjugates, the production and delivery of the compound, and selected preclinical research.

Several collaborations with biopharmaceutical partners are already in place. These include US company Magenta Therapeutics, Cambridge, MA, USA, (Magenta) (NASDAQ: MGTA) and Japanese company Takeda Oncology, Cambridge, MA, USA, (Takeda).

In addition to partner collaboration activities, Heidelberg Pharma is also working on developing its proprietary ATAC candidates. The Company is testing in-licensed antibodies with its Amanitin linker technology and plans to conduct further research and development activities with these antibodies, if warranted. It is becoming increasingly important to build up the Company's own pipeline to demonstrate the potential of the platform technology with compelling, proprietary data for different indications and develop the potential to add value within the Company. The most advanced project is HDP-101, a BCMA-ATAC, though further preclinical trials are also being advanced with the PSMA-ATAC to fight prostate cancer and further ATACs to fight various hematological tumors.

Project HDP-101 (BCMA-ATAC)

BCMA (B-cell maturation antigen) is a surface protein that is highly expressed in multiple myeloma cells and to which the selected antibody specifically binds. Based on preliminary work and a license from the Max Delbrück Center for Molecular Medicine at the Helmholtz Association (MDC) in Berlin for BCMA-specific antibodies, Heidelberg Pharma produced and tested several proprietary ATAC molecules. This work resulted in the lead candidate HDP-101, which consists of a BCMA antibody, a specific linker and the Amanitin toxin.

In preclinical models of multiple myeloma, HDP-101 showed excellent anti-tumor activity at very low doses including complete tumor remission, and very good tolerability in relation to the effective doses. Finally, the efficacy of HDP-101 was also shown for the first time *ex vivo* with human tumor cells taken from the multiple myeloma of patients.

Multiple myeloma is a cancer affecting bone marrow and the second most common hematologic cancer; it represents a major unmet medical need where new, more effective therapies are urgently needed. HDP-101 also has potential in further hematologic indications.

Production partner Carbogen, who is responsible for producing the Amanitin linkers and conjugating the final product, manufactured the batches of the development candidate HDP-101 based entirely on a synthetic Amanitin derivative and the BCMA antibody previously manufactured by Celonic AG, Basel, Switzerland, (Celonic).

The development of HDP-101 continued according to plan in recent months. The final GLP toxicity study has begun and is at an advanced stage. The study protocol of the Phase I trial in the clinical development program for HDP-101 and further work according to the regulatory requirements are being prepared. Clinical centers in the USA and Germany have been involved in the process. In the coming weeks, Heidelberg Pharma will coordinate the requirements of the clinical trial first with the FDA and subsequently with the Paul Ehrlich Institute.

Other ATAC research projects

PSMA ATAC research project: PSMA is overexpressed in prostate cancer and is a promising target antigen for ATAC technology. In pilot studies, Heidelberg Pharma investigated the anti-tumor efficacy of several monoclonal antibodies targeting PSMA conjugated to Amanitin. After humanization and de-immunization of the chosen anti-PSMA antibody, this was used to produce various ATACs, which will be further optimized preclinically in terms of safety, tolerability and efficacy.

Meanwhile, metastatic castration-resistant prostate cancer (mCRPC), an oncological disease with a high medical need, has been selected as a clinical indication for the PSMA project. In recent months, preclinical studies have been conducted to determine *in vitro* and *in vivo* efficacy, tolerability and pharmacokinetics. The data show that the PSMA ATAC has a promising therapeutic window. This is confirmed by the fact that at 63 % there is a very high prevalence of a 17p deletion in mCRPC, which is outlined further below. The occurrence of a 17p deletion has already been preclinically validated for prostate cancer.[1] Since tumor cells with a 17p deletion are particularly sensitive to Amanitin, this in turn means that PSMA-ATACs might be particularly suitable for tumor therapy of mCRPC.

1 https://www.nature.com/articles/s41467-018-06811-z

Predictive biomarker p53/RNA polymerase II project: Amanitin has the potential to be particularly effective against aggressive tumors in connection with a 17p deletion. The name '17p' refers to the short arm of chromosome 17 which includes both the gene for the tumor suppressor protein TP53 and the largest subunit for RNA polymerase II. Tumors frequently suppress TP53 in tumor cells to weaken the cells' natural defenses. Since RNA polymerase II is also routinely suppressed, this change makes the tumor cells particularly sensitive to Amanitin. Heidelberg Pharma is now working on the development of a companion diagnostic with the aim of detecting and quantifying a TP53/polymerase II deletion in patients. The associated potential for the identification of especially suitable patient groups could also accelerate the clinical development of appropriate treatments.

As part of this biomarker project, Heidelberg Pharma is collaborating with the MD Anderson Cancer Center in Texas. At this meeting, the institute's research team demonstrated that the Amanitin conjugate HDP-101 was especially effective and efficient at attacking tumor cells from multiple myeloma patients with a 17p deletion.[2] The use of TP53 and POLR2A gene status as biomarkers for ATAC sensitivity could permit the stratification of patients who are very likely to benefit from ATAC therapy. There could also be a possible accelerated market approval for this patient population, provided that the preclinical data can be translated into clinical efficacy. The respective patent was granted by the US Patent Office in 2020.

Collaboration with Magenta

The Company's partner Magenta in January 2020 announced MGTA-117 as its first clinical ATAC candidate for the targeted preparation, or conditioning, of patients for stem cell transplants or gene therapy. MGTA-117 is an ATAC that consists of a CD117 antibody and the toxin Amanitin, and which was developed by Magenta as part of the partnership based on a license granted by Heidelberg Pharma. Magenta has presented preclinical data from its work with Heidelberg Pharma's ATAC technology at various scientific conferences. Magenta will conduct further preclinical studies and prepare for MGTA-117 to enter clinical trials in 2021. Magenta plans to release the first clinical data for MGTA-117 in 2021.

In May and June 2020, Magenta announced scientific collaborations with two US companies, Avrobio, Inc. and Beam Therapeutics. Under these collaborations, the companies will test MGTA-117 for conditioning for cell therapy treatment in genetic diseases, including sickle cell anemia and beta thalassemia with Beam Therapeutics and other genetic diseases with AVROBIO. This expansion of the therapeutic application area marks an important step towards the clinical validation of the ATAC technology in genetic diseases.

Preclinical services business

Heidelberg Pharma also has the expertise and required infrastructure for *in vivo* pharmacology, cell biology, bioanalytics, molecular biology and chemistry, and offers preclinical research services in the fields of cancer, as well as inflammatory and autoimmune diseases.

The customer-specific preclinical service business will be continued with existing customers, but has significantly less strategic importance than the ATAC technology.

2 https://ash.confex.com/ash/2018/webprogram/Paper118412.html

Clinical portfolio

Upamostat (formerly MESUPRON®)

RHB-107 (upamostat) is a proprietary, first-in-class, orally administered potent inhibitor of several serine proteases targeting cancer, inflammatory lung diseases, and gastrointestinal diseases. New scientific findings show that the mechanism of serine proteases also plays a role in COVID-19 diseases.

License agreements for the development and commercialization of upamostat are in place with Link Health Co., Guangzhou, China, (Link Health) for China, Hong Kong, Taiwan and Macau, and RedHill Biopharma Ltd., Tel Aviv, Israel, (RedHill) (Nasdaq: RDHL), for the rest of the world. All further development and marketing activities for this product candidate will be carried out by these partners.

In recent years, RedHill has filed a number of patent applications and generated data on potential new therapeutic applications.

In March 2020, Heidelberg Pharma's partner RedHill announced its plans to trial RHB-107 (upamostat) in combination with another development candidate, opaganib, as a third arm in a Phase I/IIa study in advanced cholangiocarcinoma, subject to talks with the FDA. On 20 April 2020, RedHill announced that it has entered into an agreement with the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH), to provide its investigational drug, RHB-107, for testing in non-clinical studies for activity against SARS-CoV-2, the virus that causes coronavirus disease (COVID-19).

TLX250-CDx (formerly being developed as REDECTANE®) – diagnostic antibody

The diagnostic agent is a radiolabeled form of the antibody girentuximab, which binds to the tumor-specific antigen CAIX on clear cell renal cell carcinoma. Under the name REDECTANE®, the project was developed up to an initial Phase III trial (REDECT) at Heidelberg Pharma AG. Accumulation of this antibody in tumor tissue can be visualized by positron emission tomography scans (PET). This could fundamentally change therapy planning for renal cancer patients and avoid potentially unnecessary surgery. The diagnostic agent may also prove suitable for monitoring response to treatment and for diagnosing other kinds of tumors.

The Company has an exclusive license agreement for the global development and marketing of the radiolabeled antibody with the Australian company Telix Pharmaceuticals Limited, Melbourne, Australia, (Telix). The license agreement also covers the development of a therapeutic radioimmunoconjugate program.

Last year Telix developed a modernized production process for the manufacture of the antibody girentuximab. Due to more favorable properties in terms of manufacturing and diagnostics, Telix has decided to use zirconium-89 instead of iodine-124 for radiolabeling, and has defined ^{89}Zr-DFO-girentuximab (TLX250-CDx) as the product candidate. To ensure comparability with the earlier REDECT Phase III trial, the ZIR-DOSE study was carried out and completed successfully.

Telix has been conducting a Phase III study (ZIRCON) with TLX250-CDx for diagnosing renal cancer since August 2019. The study is being carried out as a global multicenter Phase III trial at sites in Europe, Australia, Canada and the USA, and will enroll around 250 renal cancer patients who are to undergo kidney surgery. The study will determine the sensitivity and specificity of TLX250-CDx PET imaging to detect clear cell renal cell cancer (ccRCC) in comparison with histology as standard of truth determined from surgical resection specimens. Patient recruitment had to be suspended due to the COVID-19 lockdown

but resumed in Europe in mid-June. The ZIRCON study is expected to complete recruitment in Q4 2020. On 1 July 2020, Telix received a Breakthrough Therapy Designation from the FDA for TLX250-CDx. For more information, please see the report on post-balance sheet date events.

Telix is also planning the further development of a therapeutic radioimmunoconjugate (^{177}Lu-DOTA-girentuximab, TLX250) program based on the lutetium-177-labeled girentuximab antibody. Due to the COVID-19 crisis, filing the study applications in the USA, which was planned for the first half of the year, is now expected to take place in Q3 2020.

Other ongoing activities to support the commercialization of TLX250 products include the adaptation of the girentuximab cell line to cell culture media based on non-animal-derived raw materials (ADRM), which meets the regulatory requirements of approval authorities worldwide.

Market environment

For further information on the market environment for Heidelberg Pharma's products and product candidates, see pages 19 to 21 of the 2019 Annual Report. In addition, several clinical and regulatory milestones have been reached with antibody drug candidates (ADCs) in cancer therapy.

In April, Immunomedics received FDA approval for sacitzumab govitecan-hziy (Trodelvy™) for the treatment of patients with metastatic triple negative breast cancer (mTNBC) who have received at least two other treatments.[3] Roche's ADC Polivy™ (polatuzumab vedotin-piiq), which uses ADC technology from Seattle Genetics, also received approval in the EU for the treatment of patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL).[4] Seattle Genetics received European approval for brentuximab vedotin (ADCETRIS®) in combination with CHP chemotherapy for the treatment of adult patients with previously untreated systemic anaplastic large cell lymphoma (sALCL).[5] Seattle Genetics also began a Phase I trial with the ADC SGN-B6A in various solid tumors.[6] The ADC loncastuximab tesirine (ADCT-402) from ADC Therapeutics published positive data in a Phase II trial with patients with relapsed or refractory large B-cell lymphoma and is planning to submit an application for approval in the USA in the third quarter of 2020.[7] With new data on its anti-BCMA ADC belantamab mafodotin, for which an application for FDA approval was submitted at the end of 2019[8], GlaxoSmithKline (GSK) was able to publish more positive

3 Immunomedics press release; 22 April 2020: https://www.immunomedics.com/our-company/news-and-events/fda-grants-accelerated-approval-for-immunomedics-trodelvy-in-previously-treated-metastatic-triple-negative-breast-cancer/

4 Roche press release; 21 January 2020: https://www.roche.com/media/releases/med-cor-2020-01-21.htm

5 Seattle Genetics press release; 14 May 2020: https://investor.seattlegenetics.com/press-releases/news-details/2020/Seattle-Genetics-Announces-ADCETRIS-Brentuximab-Vedotin-Receives-European-Commission-Approval-for-Treatment-of-Adult-Patients-with-Previously-Untreated-Systemic-Anaplastic-Large-Cell-Lymphoma/default.aspx

6 Seattle Genetics press release; 18 June 2020: https://investor.seattlegenetics.com/press-releases/news-details/2020/Seattle-Genetics-Announces-Initiation-of-Phase-1-Clinical-Trials-for-Two-Novel-Antibody-Based-Drug-Candidates/default.aspx

7 ADC Therapeutics press release; 9 January 2020: https://ir.adctherapeutics.com/press-releases/press-release-details/2020/ADC-Therapeutics-Announces-Positive-Results-from-Pivotal-Phase-2-Clinical-Trial-of-Single-Agent-Loncastuximab-Tesirine-ADCT-402-in-Patients-with-Relapsed-or-Refractory-Diffuse-Large-B-Cell-Lymphoma/default.aspx

8 GSK press release; 16 December 2019: https://www.gsk.com/en-gb/media/press-releases/pivotal-dreamm-2-study-demonstrated-a-clinically-meaningful-overallresponse-rate-with-belantamab-mafodotin-gsk2857916-for-patients-with-relapsedrefractory-multiple-myeloma/

results from trials with patients with relapsed or refractory multiple myeloma.[9] ImmunoGen also reported positive results for the ADC mirvetuximab soravtansine in combination with Avastin® (bevacizumab) for the treatment of recurrent ovarian cancer.[10] RemeGen received FDA clearance to conduct a Phase II trial with RC48 (disitamab vedotin) in the urothelial cancer indication.[11]

Important financing and new partnerships have also been announced in the ADC sector since the start of the year. In May, ADC Therapeutics completed a highly successful IPO on the New York Stock Exchange (NYSE) at the second attempt, generating proceeds of USD 267 million.[12] The company had already placed a USD 115 million convertible bond with Deerfield prior to the listing.[13] A second ADC company, Mersana Therapeutics, completed its listing on the Nasdaq with proceeds of USD 174.8 million.[14] Silverback Therapeutics received USD 78.5 million in a round of Series B financing for the development of its immunostimulatory ADCs.[15] NBE Therapeutics also raised USD 22 million for immunostimulatory ADCs in a round of Series C financing.[16] Seattle Genetics secured exclusive rights from Five Prime Therapeutics to a family of antibodies for developing ADCs.[17] Trio Pharmaceuticals and Ajinomoto Bio-Pharma Services also entered into a collaboration to develop novel ADCs.[18]

No major setbacks in ADC development have been reported so far this year. However, the SARS-CoV-2 pandemic has led to delays in many clinical trials in oncology.[19] The extent to which trials involving ADCs have been directly impacted by the pandemic will likely only become apparent in the second half of 2020.

9 GSK press release; 27 May 2020: https://www.gsk.com/en-gb/media/press-releases/dreamm-2-and-dreamm-6-data-at-asco-reinforce-the-potential-of-gsk-s-investigational-belantamab-mafodotin/

10 ImmunoGen press release; 29 May 2020: http://investor.immunogen.com/news-releases/news-release-details/immunogen-presents-initial-data-asco-forward-ii-study-evaluating

11 RemeGen press release; 29 April 2020: https://remegen.com/remegen-announces-us-fda-clearance-of-ind-application-to-initiate-phase-ii-clinical-trial-in-urothelial-cancer/

12 ADC Therapeutics press release; 19 May 2020: https://ir.adctherapeutics.com/press-releases/press-release-details/2020/ADC-Therapeutics-Announces-Closing-of-Upsized-267-Million-Initial-Public-Offering-and-Receipt-of-the-65-Million-First-Tranche-under-Its-115-Million-Convertible-Credit-Facility-with-Deerfield/default.aspx

13 ADC Therapeutics press release; 1 May 2020: https://ir.adctherapeutics.com/press-releases/press-release-details/2020/ADC-Therapeutics-Announces-a-115-Million-Convertible-Credit-Facility-with-Deerfield/default.aspx

14 Mersana Therapeutics press release; 2 June 2020: https://ir.mersana.com/news-releases/news-release-details/mersana-therapeutics-announces-closing-public-offering-common-0

15 Endpoints News; 13 March 2020: Silverback Therapeutics gets $78M boost to 'reconceptualize' antibody-drug conjugates; https://endpts.com/silverback-therapeutics-gets-78m-boost-to-reconceptualize-antibody-drug-conjugates/

16 NBE Therapeutics press release; 10 January 2020: https://www.nbe-therapeutics.com/newsroom/news-press-releases/2020/basel-2020-01-10

17 Five Prime Therapeutics press release; 19 February 2020: http://investor.fiveprime.com/news-releases/news-release-details/five-prime-therapeutics-licenses-antibodies-seattle-genetics-use

18 Trio Pharmaceuticals press release; 30 April 2020: https://www.prnewswire.com/news-releases/trio-pharmaceuticals-inc-and-ajinomoto-bio-pharma-services-enter-into-a-development-collaboration-for-a-novel-antibody-therapeutic-301049693.html

19 Nature Reviews Drug Discovery 19, 376-377 (2020), Impact of COVID-19 on oncology clinical trials; https://www.nature.com/articles/d41573-020-00093-1

Results of operations, financial position and net assets

The Heidelberg Pharma Group – as of the reporting date comprising Heidelberg Pharma AG and its subsidiary Heidelberg Pharma Research GmbH – reports consolidated figures. The reporting period referred to below concerns the period from 1 December 2019 to the 31 May 2020 balance sheet date (H1 2020). The period-based comparative figures refer to the period from 1 December 2018 to 31 May 2019 (H1 2019). The reporting date-based comparative figures refer to 30 November 2019 or 31 May 2019.

Heidelberg Pharma does not have business units that differ materially in their risk/reward profiles and would therefore require segment reporting.

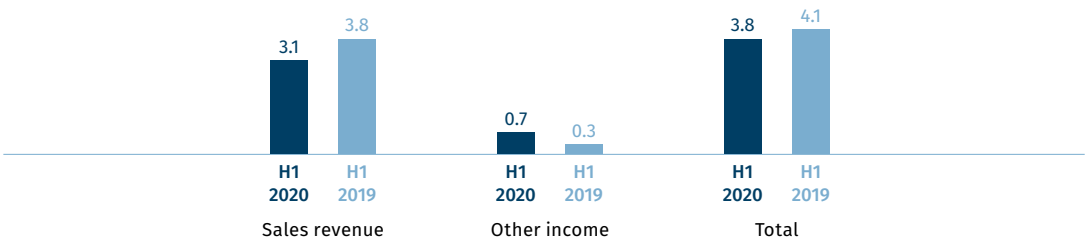
Due to rounding, it is possible that individual figures in this report may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate.

Sales revenue and other income

In the first six months of the 2020 fiscal year, the Heidelberg Pharma Group generated sales revenue and income totaling €3.8 million, thus falling short of the prior-year figure of €4.1 million. Although some of the orders and milestones planned by partners have been postponed to the second half of the year, we still expect to meet our revenue targets for 2020.

Sales revenue and other income includes €3.1 million (previous year: € 3.8 million) in revenue from the collaboration agreements for Heidelberg Pharma Research's ATAC technology (€2.7 million) and from its service business (€0.2 million). The parent company was able to contribute €0.2 million in revenue from out-licensing the product candidate TLX250-CDx.

Income in € million[1]



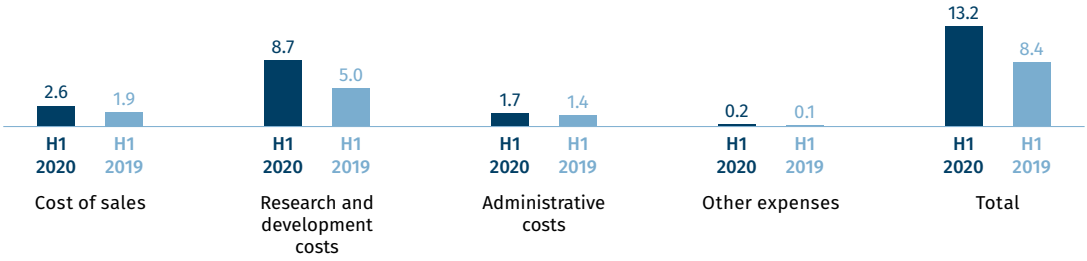
[1] rounded

Other income of €0.7 million was higher than the previous year's figure of €0.3 million and comprised income from the reversal of unused accrued liabilities (€0.4 million), grants under the Horizon 2020 Framework Programme (€0.1 million) and other items (€0.2 million).

Operating expenses

Operating expenses, including depreciation, amortization and impairment, amounted to €13.2 million in the reporting period, higher than the previous year (€8.4 million).

Operating expenses in € million[1]



[1] rounded

The cost of sales concerns the Group's costs directly related to sales revenue. These costs mainly related to expenses for customer-specific research and for the supply of Amanitin linkers to licensing partners. They amounted to €2.6 million (previous year: €1.9 million), representing 20% of operating expenses.

Research and development costs rose year-over-year to €8.7 million (previous year: €5.0 million) as planned due to the expansion of cost-intensive external good manufacturing practice (GMP) production and preclinical and regulatory preparations for the clinical trial with HDP-101. At 66% of operating expenses, R&D remained the largest cost item.

Administrative costs of €1.7 million (previous year: €1.4 million), which include the costs for the holding activities and the stock exchange listing, increased year-over-year in the first six months of 2019 as a result of expanded business operations and accounted for 13% of operating expenses.

Other expenses for business development, marketing and commercial market supply activities, which mainly comprise staff and travel costs, were €0.2 million. They were higher than in the previous year (€0.1 million) and continue to represent 1% of operating expenses.

Financial result

In the first half of fiscal year 2020, the Group reported a financial result of €-6 thousand. Given the low interest rates prevalent on the market, Heidelberg Pharma is currently unable to generate interest income. Interest expense was incurred for lease liabilities in connection with the first-time application of IFRS 16.

In the 2019 comparative period, the Group posted a break-even financial result due to the absence of interest income and expense.

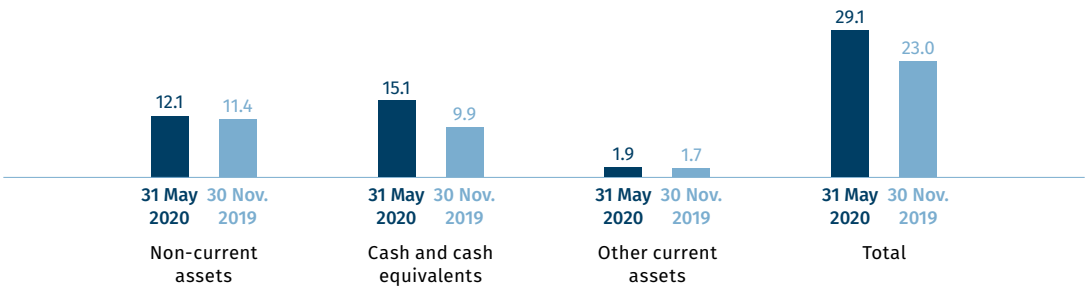
Profit/loss for the period

The Heidelberg Pharma Group expanded its net loss for the first six months of 2020 from € 4.3 million in the previous year to € 9.4 million. With revenue being down, this increase is due in particular to higher expenses. Reflecting the increase in the loss for the period, loss per share was € 0.33, up from € 0.15 in the previous year.

Assets

Total assets as of 31 May 2020 amounted to € 29.1 million, up from € 23.0 million as of the 30 November 2019 reporting date.

Balance sheet – assets in € million [1]



[1] rounded

Non-current assets at the end of the reporting period amounted to € 12.1 million, an increase on the previous year (30 November 2019: € 11.4 million) due to PPE investments and the initial application of IFRS 16. Non-current assets include property, plant and equipment (€ 3.1 million, previous year: € 2.4 million), intangible assets (€ 2.8 million, previous year: € 2.8 million), other non-current assets (€ 0.1 million, as in the previous year), and goodwill of Heidelberg Pharma Research (€ 6.1 million, again as in the previous year).

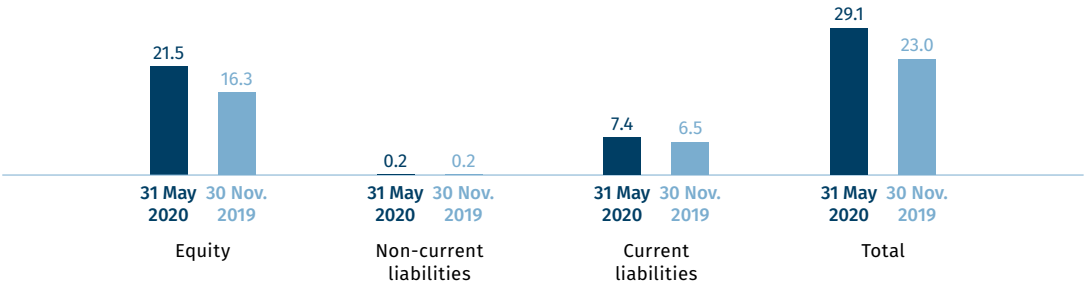
Current assets totaled € 17.0 million (30 November 2019: € 11.6 million). The increase is attributable to the capital increase completed in the second quarter and the related rise in cash, which totaled € 15.1 million as of 31 May 2020 (30 November 2019: € 9.9 million).

Equity

Equity as of the end of the reporting period was € 21.5 million (30 November 2019: € 16.3 million). This corresponded to an equity ratio of 74.1 % (30 November 2019: 70.9 %). Further information can be found in the notes to this report.

Page 22

Balance sheet – equity and liabilities in € million [1]



[1] rounded

Liabilities

Non-current liabilities were € 0.2 million at the end of the reporting period, the same as at the 2019 reporting date. These consist of contract liabilities and since 2020 have also included lease liabilities which need to be recognized in the balance sheet as a result of the first-time application of IFRS 16, each amounting to € 0.1 million.

Current liabilities increased to € 7.4 million as of the end of the reporting period (30 November 2019: € 6.5 million).

Whereas trade payables (€ 1.8 million) increased significantly from the figure on 30 November 2019 (€ 1.0 million), other current liabilities (obligations for holidays not taken, social security and other taxes, deferred income and accrued liabilities) remained virtually stable at € 3.6 million (previous year: € 3.5 million), as did contract liabilities at € 1.8 million (previous year: € 1.9 million). For the first time, current lease liabilities of € 0.1 million had to be shown as a result of IFRS 16.

Cash flow statement

Net cash outflow from operating activities of € 8.3 million in the first six-months of the current fiscal year increased year-over-year (prior-year period: € 5.7 million), reflecting a rise in R&D and manufacturing-related expenses.

Cash outflow from investing activities, which is attributable primarily to laboratory expansion, was € 0.7 million (previous year: € 0.6 million).

There was a net change year-over-year in cash and cash equivalents triggered by financing activities in the first six months of the 2020 fiscal year. The capital increase implemented in the second quarter of 2020 resulted in a total inflow of € 14.3 million, after accounting for capital procurement costs and the principal portion of lease payments in connection with IFRS 16.

Taking into account exchange rate effects of € –11 thousand (previous year: € –5 thousand), the net inflow of cash and cash equivalents thus amounted to € 5.2 million (previous year: net outflow of € 6.3 million).

Excluding the effect from the 2020 capital increase, Heidelberg Pharma's average monthly funding requirement in the first six months of the fiscal year was € 1.5 million (previous year: € 1.1 million).

Cash Flow[1]	H1 2020 € million	H1 2019 € million
Cash as of 1 December 2019 / 1 December 2018	9.9	19.4
Net change in cash from operating activities	(8.3)	(5.7)
Net change in cash from investing activities	(0.7)	(0.6)
Net change in cash from financing activities	14.3	0
Exchange rate effect	(0.01)	(0.01)
Cash as of 31 May 2020 / 31 May 2019	**15.1**	**13.1**

[1] rounded

Employees and compensation system

Including the members of its Executive Management Board, the Heidelberg Pharma Group had 78 employees (73 FTEs) at the close of the reporting period (30 November 2019: 75 employees/70 FTEs; 31 May 2019: 66 employees/60 FTEs).

Heidelberg Pharma has a performance-related remuneration system for its employees comprising a fixed annual salary and a variable salary component. In addition, the stock option plans give employees a stake in the Company's performance.

For more information, see section C. Issue and measurement of stock options" in the notes. Page 22

Report on risks and opportunities

Heidelberg Pharma is exposed to the risks typical for a biotechnology company, namely those arising from the development and production of potential drug and diagnostic candidates for the treatment of cancer. The time between the commencement of drug development and marketing approval usually spans many years. As a result of the focus on the ATAC technology, the Company's own activities were shifted to earlier stages of the value chain and are now exclusively related to preclinical development. This shift entails higher development risks but lower costs. It should be noted that collaboration agreements with development partners, including those concerning early-stage research, can be terminated without cause. The Company is currently unable to finance itself solely through product sales and license revenue and is dependent on funding from equity providers or additional licensees. Risks and opportunities in connection with the Heidelberg Pharma Group's business are described in detail on pages 43 to 52 of the 2019 Annual Report. They remain unchanged unless otherwise noted below.

There are also risks triggered by the global pandemic, e.g. in terms of logistics chains, restrictions on laboratory and manufacturing capacities, access restrictions of trial centers and processing bottlenecks at regulatory authorities, especially due to priority processing of COVID-19 studies. At present, Heidelberg Pharma does not feel a significant impact on its business activities. However, if the crisis situation and reduced capacities persisted, this could also have a negative impact on the development activities planned by Heidelberg Pharma.

Report on post-balance sheet date events

Partner Telix is granted *Breakthrough Therapy Designation* for TLX250-CDx

On 1 July 2020, Heidelberg Pharma's partner Telix announced that it has been granted *Breakthrough Therapy Designation (BT)* from the FDA for the diagnostic candidate TLX250-CDx (^{89}Zr-girentuximab). BT designation offers a number of significant benefits to Telix, including eligibility for fast track designation, more frequent and intensive interactions with the FDA, and the opportunity to submit a "rolling" Biological License Application (BLA) for TLX250-CDx, where the application can be submitted in separate modules to streamline the FDA review process for approval. The criteria for BT designation require preliminary clinical evidence that demonstrates the product may have substantial improvement on at least one clinically significant endpoint over available care.

Outlook

Heidelberg Pharma's strategy focuses on the development and marketing of its proprietary ATAC technology. Its core elements are the expansion of the Company's own project pipeline, the initiation of research and option agreements and their extension to include long-term license agreements, as well as the broadening of the technology base.

The proprietary ATAC candidate HDP-101 will be tested in patients with multiple myeloma. Preparations for conducting this clinical trial are well advanced. According to the clinical development strategy, applications for Phase I will be submitted in the USA and Germany. The timeline for HDP-101 calls for filing the review application with the FDA in the course of 2020. Filing the application for approval of the planned Phase I trial is scheduled for the second half of 2020. The recruitment of patients is then expected to take place based on the trial approval and the activation of the clinical centers.

An additional aim is to identify at least one other development candidate from Heidelberg Pharma Research's ATAC portfolio as a follow-up project. The nomination will largely conclude the research phase and a specific development candidate will be selected as the favorite from a range of prototypes. The development of the biomarker program is being advanced alongside work on the portfolio.

Research/option and license agreements for the development and commercialization of ATAC candidates will be signed with biopharmaceutical companies to test and transfer the therapeutic potential to their antibodies. To this end, Heidelberg Pharma is supplying the toxin Amanitin in GMP quality as well as the Amanitin linker technology. The existing collaboration with partners Magenta and Takeda will be continued as planned.

The further development of the ATAC technology involves the evaluation of new target molecules and/or antibodies and alternative conjugation processes together with academic groups and biotechnology companies, e.g. in the Emergence Therapeutics joint venture and as part of the EU's MAGICBULLET::reloaded project.

The clinical product candidates outside the ATAC technology are further developed by the partners Telix, RedHill and Link Health. In the event of approval and marketing, Heidelberg Pharma will receive milestone payments and attractive royalties.

The Company is not yet in a position to fully finance its own R&D activities using its own funds in the short to medium term. Stable revenue from the services business and increased payments from Heidelberg Pharma Research GmbH's technology partnerships or from license agreements are expected to help finance in-house development work. Depending on the development plan, the Company still needs to raise funds for product development via the capital markets. As a result of the corporate action implemented in April 2020, which generated proceeds of € 14.4 million, Heidelberg Pharma's financing is currently secured until mid-2021 based on current planning.

The Heidelberg Pharma Group confirms its full-year financial guidance issued on 19 March 2020. Sales revenue and income will primarily comprise the sales revenue generated by Heidelberg Pharma Research GmbH and, to a lesser extent, potential milestone payments to Heidelberg Pharma AG.

Financial outlook	Actual 2019 € million	Plan 2020 € million
Sales revenue and other income	8.0	8.0 – 10.0
Operating expenses	18.1	20.0 – 24.0
Operating result	(10.1)	(11.0) – (15.0)
Total funding requirement	9.6	11.0 – 15.0[1]
Funds required per month	0.8	0.9 – 1.3[1]

[1] Not including any corporate actions

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

Reporting period from 1 December 2019 to 31 May 2020

	H1 2020 €	H1 2019 €
Sales revenue	3,119,552	3,751,813
Other income	636,570	351,036
Income	**3,756,122**	**4,102,849**
Cost of sales	(2,631,047)	(1,970,896)
Research and development costs	(8,702,543)	(4,976,773)
Administrative costs	(1,650,735)	(1,409,868)
Other expenses	(188,524)	(74,315)
Operating expenses	**(13,172,848)**	**(8,431,851)**
Operating result	**(9,416,727)**	**(4,329,002)**
Finance income	0	0
Finance costs	(6,017)	0
Financial result	**(6,017)**	**0**
Earnings before tax	**(9,422,743)**	**(4,329,002)**
Income tax	0	0
Net loss for the period	**(9,422,743)**	**(4,329,002)**
Net currency gain/loss from consolidation	0	0
Other comprehensive income	**0**	**0**
Comprehensive income	**(9,422,743)**	**(4,329,002)**
Earnings per share		
Basic earnings per share	(0.33)	(0.15)
Average weighted number of shares issued	28,749,139	28,209,639

Rounding of exact figures may result in differences.

Quarterly comparison	Q2 2020 €	Q1 2020 €	Q4 2019 €	Q3 2019 €	Q2 2019 €
Revenue	1,621,419	1,498,132	445,388	2,427,875	2,681,201
Other income	369,086	267,484	(60,249)	210,193	105,571
Operating expenses	**(6,840,120)**	**(6,332,729)**	**(2,976,759)**	**(3,952,693)**	**(4,031,935)**
of which cost of sales	(1,124,030)	(1,507,017)	(982,948)	(784,887)	(1,282,339)
of which research and development costs	(4,823,321)	(3,879,222)	(2,987,855)	(2,264,168)	(2,007,920)
of which administrative costs	(794,837)	(855,898)	1,098,577	(810,065)	(702,256)
of which other expenses	(97,931)	(90,592)	(104,532)	(93,574)	(39,419)
Operating result	**(4,849,614)**	**(4,567,113)**	**(2,591,620)**	**(1,314,625)**	**(1,245,163)**
Finance income	0	0	0	0	0
Finance costs	(2,590)	(3,427)	(2,353,153)	0	0
Financial result	**(2,590)**	**(3,427)**	**(2,353,153)**	**0**	**0**
Earnings before tax	**(4,852,204)**	**(4,570,539)**	**(4,944,774)**	**(1,314,625)**	**(1,245,163)**
Income tax	0	0	5,006	(5,006)	0
Net loss for the period	**(4,852,204)**	**(4,570,539)**	**(4,939,768)**	**(1,319,631)**	**(1,245,163)**
Net currency gain/loss from consolidation	0	0	0	0	0
Comprehensive income	**(4,852,204)**	**(4,570,539)**	**(4,939,768)**	**(1,319,631)**	**(1,245,163)**
Basic earnings per share	(0.17)	(0.16)	(0.18)	(0.05)	(0.04)
Average weighted number of shares issued	29,282,803	28,209,611	28,209,611	28,209,639	28,209,639

Rounding of exact figures may result in differences.

CONSOLIDATED BALANCE SHEET (IFRS)

as of 31 May 2020 and as of 30 November 2019

Assets	31 May 2020 €	30 Nov. 2019 €
Property, plant and equipment	3,150,726	2,426,848
Intangible assets	2,782,803	2,800,732
Goodwill	6,111,166	6,111,166
Equity investments accounted for using the equity method	12,599	12,599
Other non-current assets	44,900	44,900
Non-current assets	**12,102,193**	**11,396,244**
Inventories	583,290	237,702
Prepayments	134,253	63,888
Trade receivables	494,999	1,230,258
Other receivables	631,285	178,682
Cash and cash equivalents	15,129,043	9,883,592
Current assets	**16,972,871**	**11,594,122**
Total assets	**29,075,064**	**22,990,366**

Equity and liabilities	31 May 2020 €	30 Nov. 2019 €
Subscribed capital	31,030,572	28,209,611
Capital reserve	227,107,129	215,268,448
Accumulated losses	(236,607,382)	(227,184,639)
Equity	**21,530,319**	**16,293,420**
Lease liabilities (non-current)	138,679	0
Contract liabilities (non-current)	54,805	235,247
Non-current liabilities	**193,484**	**235,247**
Trade payables	1,815,025	1,011,708
Lease liabilities (current)	95,667	0
Contract liabilities (current)	1,837,093	1,938,064
Other current liabilities	3,603,477	3,511,926
Current liabilities	**7,351,261**	**6,461,699**
Total equity and liabilities	**29,075,064**	**22,990,366**

Rounding of exact figures may result in differences.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

Reporting period from 1 December 2019 to 31 May 2020

	Shares	Subscribed capital €	Capital reserve: Corporate actions/ premium €	Capital reserve: Stock options €	Accumulated losses €	Total €
			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**
Effect of first-time application of IFRS 15					(146,028)	(146,028)
As of 1 December 2018 after IFRS 15 restatement	**28,133,308**	**28,133,308**	**214,643,257**		**(217,036,504)**	**25,740,061**
Measurement of stock options				166,659		166,659
Net loss for the period					(4,329,002)	(4,329,002)
Exercise of the mandatory convertible bond	22,322	22,322	(22,322)			0
Net change in equity						**(4,162,343)**
			210,418,441	4,369,154		
As of 31 May 2019	**28,155,630**	**28,155,630**	**214,787,595**		**(221,365,506)**	**21,577,719**
			210,364,460	4,903,988		
As of 1 December 2019	**28,209,611**	**28,209,611**	**215,268,448**		**(227,184,639)**	**16,293,420**
Measurement of stock options				322,110		322,110
Net loss for the period					(9,422,743)	(9,422,743)
Capital increase after accounting for capital procurement costs	2,820,961	2,820,961	11,516,571			14,337,532
Net change in equity						**5,236,899**
			221,881,031	5,226,098		
As of 31 May 2020	**31,030,572**	**31,030,572**	**227,107,129**		**(236,607,382)**	**21,530,319**

Rounding of exact figures may result in differences.

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

Reporting period from 1 December 2019 to 31 May 2020

	H1 2020 €	H1 2019 €
Net loss for the year	**(9,422,743)**	**(4,329,002)**
Adjustment for items in the statement of comprehensive income		
Stock options	322,110	166,659
Depreciation, amortization and impairment losses	260,078	223,510
Exchange rate effects	11,317	5,209
Finance income	0	0
Finance costs	6,017	0
	599,522	**395,377**
Changes in balance sheet items		
Inventories	(345,588)	137,502
Prepayments	(70,365)	(694,110)
Trade receivables	735,258	(1,027,409)
Other receivables	(452,603)	(160,089)
Other non-current assets	0	(166)
Trade payables	803,317	548,236
Lease liabilities	234,345	0
Contract liabilities	(281,413)	0
Other liabilities	(90,639)	(610,106)
	532,311	**(1,806,141)**
Cash flow from operating activities	**(8,290,910)**	**(5,739,766)**
Finance costs paid	(7,467)	0
Net cash flow from operating activities	**(8,298,377)**	**(5,739,766)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(728,340)	(535,168)
Purchase of intangible assets	(5,078)	(51,401)
Net cash flow from investing activities	**(733,418)**	**(586,569)**
Cash flow from financing activities		
Proceeds from capital increases	14,386,901	0
Capital procurement costs of capital increases	(49,369)	0
Principal portion of lease payments	(48,969)	0
Net cash flow from financing activities	**14,288,563**	**0**
Influence of exchange rate and other effects on cash and cash equivalents	(11,317)	(5,209)
Net change in cash and cash equivalents	**5,245,451**	**(6,331,544)**
Cash and cash equivalents		
at beginning of period	9,883,592	19,440,352
at end of period	15,129,043	13,108,808

Rounding of exact figures may result in differences.

SELECTED NOTES

A. General disclosures

The interim consolidated financial statements include the Group's parent, Heidelberg Pharma AG, Ladenburg, Germany, as well as its subsidiary Heidelberg Pharma Research GmbH, Ladenburg, Germany, – jointly, the "Group".

This half-yearly financial report as of 31 May 2020 applies IFRS 16 ("Leases") for the first time. IFRS 16 replaces IAS 17 and the interpretations IFRIC 4, SIC 15 and SIC 27. Its purpose is to provide a single lessee accounting model according to which a lessee is required to recognize a right-of-use asset and a lease liability for leases with a term of more than 12 months. Heidelberg Pharma has applied the new regulations for the first time for the fiscal year beginning on 1 December 2019, opting for the modified retrospective approach. As a result, prior-year comparatives were not restated. The Group also made use of practical expedients.

The first-time application of IFRS 16 did not have a material effect on the results of operations, financial position and net assets (outside the presentation in the Group's statement of comprehensive income, balance sheet and cash flow statement). Specifically, the capitalized right-of-use assets increased total assets by €280 thousand at the time of first-time application; the lease liability to be recognized also amounted to €280 thousand and essentially corresponds to the discounted rental and lease payments. Interest expenses from the recognition of lease liabilities that would previously have been expensed improved the operating result by €6 thousand in the first half of fiscal year 2020.

Other than that, this report was prepared in accordance with the same accounting policies as the consolidated financial statements as of 30 November 2019.

The Company's results of operations, financial position and net assets, as well as key items in these financial statements, are explained in detail in the interim management report. The Company's business activities are not subject to seasonal or macroeconomic influences.

The interim consolidated financial statements for the first half of fiscal year 2020 that appear in this report were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed and adopted by the European Union (EU), specifically in accordance with IAS 34 ("Interim Financial Reporting") issued by the International Accounting Standards Board (IASB) and in compliance with the Interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). New standards issued by the IASB and adopted by the EU are applied starting in the fiscal year in which their application becomes mandatory.

These interim financial statements are abbreviated, do not include all the information and disclosures required for consolidated financial statements as of the end of a fiscal year, and should be read in the context of the IFRS consolidated financial statements as of 30 November 2019 published for the 2019 fiscal year. They were not subjected to a review by an auditor. Pursuant to the Company's Declaration of Conformity issued in January 2020 concerning the German Corporate Governance Code, both the interim financial statements and the interim management report for the Group were made available to the Supervisory Board's Audit Committee before being published. This interim report was approved for publication by the Executive Management Board of Heidelberg Pharma AG on 9 July 2020.

B. Change in equity

The capital increase implemented in the first half of the fiscal year resulted in the creation of 2,820,961 new no par value shares that increased the share capital of Heidelberg Pharma AG from € 28,209,611 to € 31,030,572 divided into 31,030,572 no par value bearer shares.

Equity of the Heidelberg Pharma Group at the end of the reporting period was € 21.5 million (30 November 2019: € 16.3 million). Capital reserves were € 227.1 million (30 November 2019: € 215.3 million) and the losses accumulated totaled € 236.6 million (30 November 2019: € 227.2 million). The equity ratio of the Heidelberg Pharma Group was 74.1% (30 November 2019: 70.9%).

C. Issue and measurement of stock options

Similar to the approach described in the Annual Report as of 30 November 2019, Heidelberg Pharma's obligation vis-à-vis the beneficiaries resulting from the issuance of options under the 2005, 2011, 2017 and 2018 Stock Option Plans was recognized in accordance with IFRS 2 in the reporting period. The estimated number of options expected to become exercisable is reviewed at each reporting date. The effects of any adjustments to be considered regarding initial estimates are recognized in the statement of comprehensive income as well as by adjusting equity accordingly.

The measurement of the stock options in the first six months of the 2020 fiscal year entailed staff costs of € 322 thousand (previous year: € 167 thousand).

As of the 31 May reporting date, no options had been issued during the 2020 fiscal year. No stock options were exercised, but 2,266 stock options were returned because employees left the Company.

Heidelberg Pharma issued a total of 3,155,177 subscription rights to employees and members of the Executive Management Board under the 2005, 2011, 2017 and 2018 Stock Option Plans, of which 1,902,003 options (687,750 for current or former Executive Management Board members and 1,214,253 for current or former employees) were outstanding as of the end of the reporting period.

A total of 75,281 options of the Executive Management Board and 128,887 options of employees vested in the first six months of the 2020 fiscal year.

D. Related party transactions

During the reporting period, executives of Heidelberg Pharma AG reported the following transactions subject to disclosure in accordance with Article 19 of the Market Abuse Regulation (Directors' dealings):

Name	Date	Transaction	Marketplace	Price €	Volume €
Professor Andreas Pahl (Executive Management Board member)	6 Dec. 2019	Purchase	Tradegate Exchange	2.15	10,750

The Rittershaus law firm provided legal consulting services for the Heidelberg Pharma Group of approximately € 6 thousand during the reporting period. Rittershaus is a related party because the Chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

There were no other related party transactions during the reporting period.

E. Key events after the interim reporting period (report on post-balance sheet date events)

Significant events that occurred after the end of the reporting period are explained in the report on post-balance sheet events that is part of the interim management report. There are currently no further significant events to report.

Page 14

RESPONSIBILITY STATEMENT OF THE EXECUTIVE MANAGEMENT BOARD

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements for the first six months give a true and fair view of the assets, liabilities, financial position and profit or loss of the Heidelberg Pharma Group, and the interim management report includes a fair review of the development and performance of the business and the position of the Heidelberg Pharma Group, together with a description of the material opportunities and risks associated with the expected development of the Heidelberg Pharma Group."

Ladenburg, 9 July 2020

The Executive Management Board of Heidelberg Pharma AG

Dr. Jan Schmidt-Brand
Chief Executive Officer and Chief Financial Officer

Prof. Dr. Andreas Pahl
Chief Scientific Officer

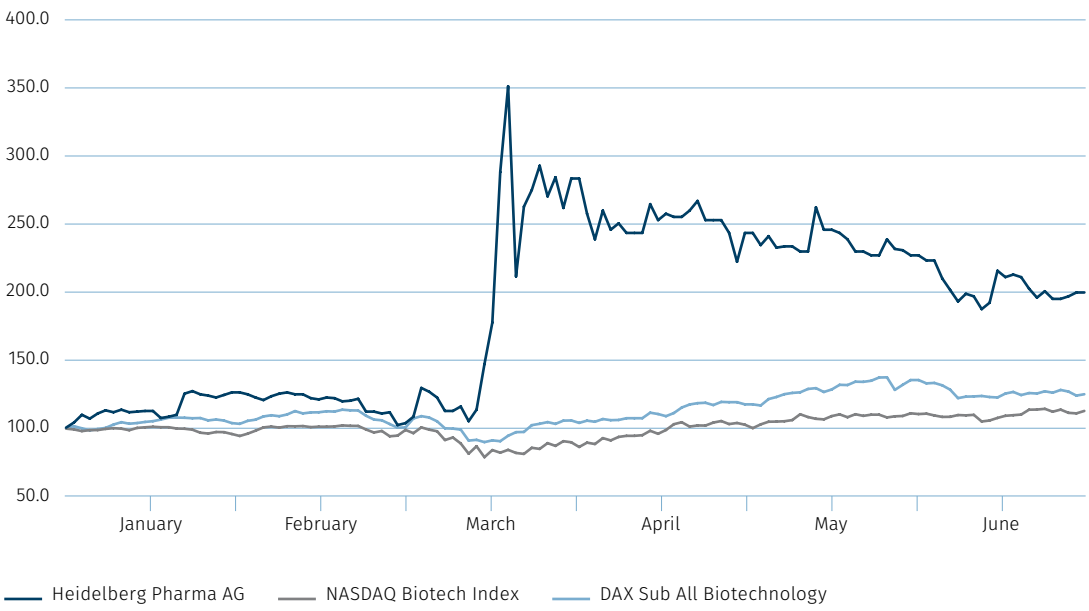
HEIDELBERG PHARMA'S SHARES

Share price performance in 2020

Heidelberg Pharma's shares opened 2020 at € 2.11 and initially remained at this level. Whereas the international financial markets experienced turbulence due to the coronavirus pandemic, the second half of March saw the Heidelberg Pharma share soar, reaching its multi-year high of € 9.30 on 19 March 2020. This sharp rise in the share price was presumably triggered by a press release from Heidelberg Pharma's partner RedHill, which announced that it was testing the active ingredient upamostat, which it licensed from Heidelberg Pharma, for use against COVID-19. In the course of the second quarter, the share price declined and settled at a significantly higher level than at the beginning of the year above the four euro mark.

The figures of the major indices present a mixed picture for the first half of the year. While the DAXsubsector Biotechnology Index and the NASDAQ Biotechnology Index were up 25 % and 13.5 %, respectively, the DAX and the TecDax closed the first half of the year down 7.1 % and 2.1 %, respectively. Heidelberg Pharma's shares closed up 200 % at the end of June.

Heidelberg Pharma's share price performance, indexed as of 1 January 2020



The average daily trading volume in the first six months of 2020 was 49,221 shares, five times the volume of 9,095 shares seen in the previous year. In line with the increase in the share price and the higher trading volume, the market capitalization of Heidelberg Pharma almost doubled year-over-year, from € 78.84 million to € 130.95 million on 30 June 2020.

Key share figures as of the end of the first half-year	1 Jan. to 30 June 2020	1 Jan. to 30 June 2019
Number of shares issued	31,030,572	28,155,630
Market capitalization in € million	130.95	78.84
Closing price (XETRA) in €	4.220	2.800
High[1] in €	9.300 (19 March 2020)	3.990 (17 April 2019)
Low[1] in €	2.060 (02 Jan. 2020)	2.350 (02 Jan. 2019)
Volatility (260 days[1]) in %	106.586	45.514
Average daily trading volume[1] in shares	49,221	9,095
Average daily trading volume[1] in €	252,976.17	27,562.51

[1] All stock exchanges

Source: Bloomberg

Change of stock exchange symbol and expansion of IR activities

The stock exchange symbol of Heidelberg Pharma AG was changed from WL6 to HPHA and has been applicable since 19 June 2020. In the second quarter, MainFirst, which is part of the international bank Stifel, has expanded its coverage by acting as designated sponsor for Heidelberg Pharma in addition to providing analyst research. Heidelberg Pharma and New York-based Solebury Trout also signed an agreement at the end of June to step up the Group's IR activities in the USA. The goal is to bring Heidelberg Pharma's share and equity story more into the focus of international investors based on its upcoming clinical program.

Shareholder structure of Heidelberg Pharma AG	
Dietmar Hopp, parties related to him and companies controlled by them[1]	76.68 %
UCB	3.65 %
Corporate bodies (held directly)	0.72 %
Free float	18.95 %

[1] Also includes dievini Hopp BioTech holding GmbH & Co. KG and DH-Holding Verwaltungs GmbH. All figures are assumptions by Heidelberg Pharma AG based on the most recent notifications in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and/or the voting rights reported at the most recent General Meeting.

Annual General Meeting 2020

The Annual General Meeting of Heidelberg Pharma AG will be held on 22 July 2020. Pursuant to the COVID-19 Act, it will take place in a virtual format. All information is available at http://heidelberg-pharma.com/en/press-and-investors/annual-general-meeting.

@ www.heidelberg-pharma.com

Financial calendar 2020

Date	Type of report/event
22 July 2020	Virtual Annual General Meeting
8 October 2020	Interim management statement on the first nine months of 2020

CONTACT

Heidelberg Pharma AG
Dr. Jan Schmidt-Brand
CEO/CFO
Tel. +49 62 03 10 09-0
E-mail: jan.schmidt-brand@hdpharma.com

Sylvia Wimmer
Senior Manager Corporate Communications
Tel. +49 89 41 31 38-29
E-mail: investors@hdpharma.com

IR/PR support
MC Services AG
Katja Arnold (CIRO)
Managing Director & Partner
Tel. +49 89 21 02 28-40
E-mail: katja.arnold@mc-services.eu

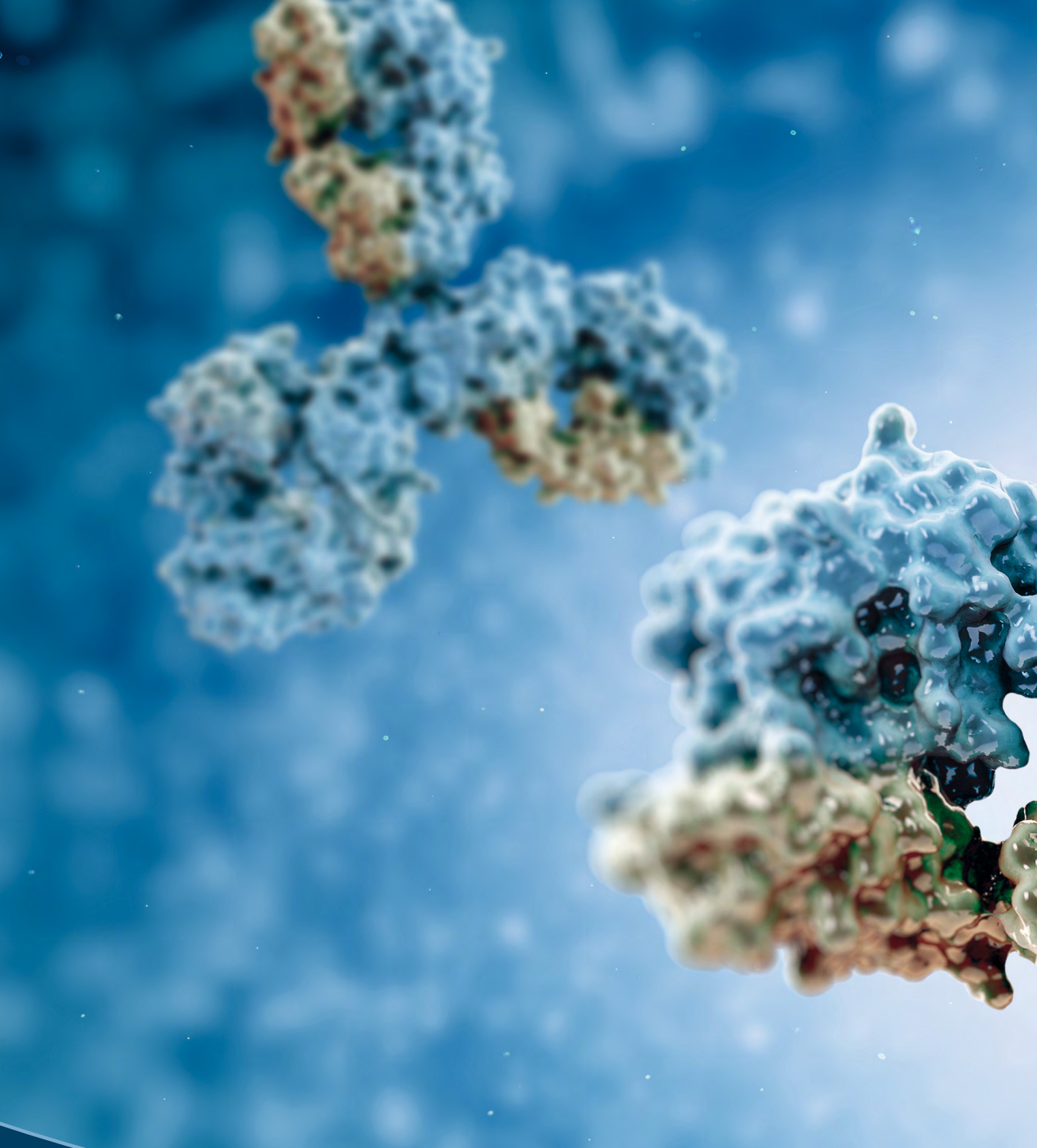
PUBLISHING INFORMATION

Published by: Heidelberg Pharma AG, Schriesheimer Straße 101, 68526 Ladenburg, Germany, www.heidelberg-pharma.com
Responsible for the project: Sylvia Wimmer, Heidelberg Pharma AG, and Katja Arnold, MC Services AG

The half-yearly financial report is also published in German and is available for download from our website at www.heidelberg-pharma.com.

The English translation of the half-yearly financial report is provided for convenience only. The German original is definitive.

As of: 9 July 2020



HEIDELBERG PHARMA AG
Schriesheimer Straße 101
68526 Ladenburg
Germany
Tel. +49 62 03 10 09-0
Fax +49 62 03 10 09-19
E-mail: info@hdpharma.com
www.heidelberg-pharma.com