PRESS RELEASE

Heidelberg Pharma announces financial figures for fiscal year 2017 and provides business update

- Financials in line with guidance on the back of positive revenue performance
- Corporate actions in 2017 secure funding until 2020
- Worldwide license agreement for Phase III candidate REDECTANE® signed with Telix
- ATAC technology: exclusive research agreements signed with Takeda and Magenta
- Preparation of HDP-101 for clinical development in multiple myeloma progressing on schedule
- Conference call to be held on 22 March 2018 at 1:00 p.m. CET

Ladenburg, Germany, 22 March 2018 – Heidelberg Pharma AG (FSE: WL6) today published its financial results and annual report for the fiscal year 2017 (1 December 2016 – 30 November 2017) and its outlook for 2018.

"We made good progress in implementing our strategy in 2017. We are particularly pleased about the agreements signed in June 2017 with Takeda and in March 2018 with Magenta Therapeutics that include options for several exclusive target-specific licenses. Both collaborations are an external validation of our ATAC technology and should provide interesting data on the use of the innovative toxin Amanitin in the fight against different types of cancer," commented Dr. Jan Schmidt-Brand, Chief Executive Officer and Chief Financial Officer of Heidelberg Pharma AG. "We successfully pushed ahead with preparations for our own candidate HDP-101, and we expect to be able to start clinical development in the multiple myeloma indication at the end of 2018 by submitting the Investigational New Drug application. The corporate actions successfully implemented in 2017 secure our development plans until 2020, based on our current financial planning."

Key events in fiscal year 2017

- **Development of the proprietary Antibody Targeted Amanitin Conjugates (ATAC) candidate HDP-101:** In January 2017, a license agreement covering several BCMA antibodies was signed with the Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC) in Berlin. BCMA is a surface protein that is highly expressed in multiple myeloma cells and to which the selected antibodies specifically bind. The ATAC candidate HDP-101 was selected based on a selection and optimization process of the BCMA antibodies. Top-line results from a research collaboration with the University of Heidelberg and the German Cancer Research Center (DKFZ) showed a strong cytotoxic effect and no toxicity on non-BCMA expressing control cells. Preparation for clinical development, which is scheduled to start at the end of 2018 by submitting the Investigational New Drug (IND) application, currently includes working on GMP-compliant manufacturing and developing a clinical study protocol.

- **Signing of a worldwide license agreement for Phase III candidate REDECTANE®:** An exclusive, worldwide license agreement for the development and commercialization of the imaging agent REDECTANE® (radiolabeled antibody Girentuximab) was signed in January 2017 with Telix Pharmaceuticals Limited, Melbourne, Australia. Heidelberg Pharma is entitled to receive milestone payments totaling up to USD 3.7 million, and to royalties on the potential worldwide net revenues.
- **Exclusive research agreement with Takeda:** In June 2017, an exclusive multi-target research agreement was signed with Takeda Pharmaceutical Company Limited (Takeda) for the joint development of antibody drug conjugates (ADCs) that use Amanitin as the payload. Under the terms of the agreement, Heidelberg Pharma produces ATACs using antibodies from Takeda's proprietary portfolio for up to three undisclosed targets. Takeda has an option for an exclusive license for global development and commercialization rights to each of the product candidates resulting from the research collaboration. Should Takeda exercise the option, Heidelberg Pharma would be eligible to receive clinical development, regulatory and sales-related milestone payments of up to USD 113 million for each product candidate, as well as attractive royalties in case of successful marketing approval. Takeda is responsible for further preclinical and clinical development, as well as potential commercialization, of any product candidate it licenses.
- **Successful implementation of two corporate actions:** Heidelberg Pharma carried out a rights issue in May that generated gross proceeds of just under EUR 5 million from the issue of 2,040,816 new shares at a subscription price of EUR 2.45 per share.

  The corporate action completed in November was a mixed capital increase consisting of contributions in cash and in kind. This entailed the issue of 7,484,190 new shares at a price of EUR 2.60 each in addition to 14,968,380 convertible bonds with a principal amount of EUR 1.00 each. The transaction volume for this capital increase was EUR 34.4 million (including the contribution in kind and the issue of convertible bonds).

  The two corporate actions increased the share capital by a total of EUR 9,525,006, from EUR 12,927,564 to EUR 22,452,570.
- **Change of registered office and name:** In July 2017, the General Meeting agreed to change the name of the Company from WILEX AG to Heidelberg Pharma AG and to relocate from Munich to Ladenburg. Both steps were successfully completed with the entry into the Mannheim Commercial Register in October 2017. The Company's shares will continue to be listed on the Regulated Market of the Frankfurt Stock Exchange's Prime Standard under their previous ISIN and symbol. Furthermore, the subsidiary Heidelberg Pharma GmbH was renamed Heidelberg Pharma Research GmbH.

Key events after the reporting period

- **Exercise of convertible bonds:** By 28 February 2018, 14,689,925 (98.14%) of the 14,968,380 convertible bonds issued as part of the corporate action in November 2017 were converted at a conversion price of EUR 2.60. This 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.

- **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.

Key financial figures of the Heidelberg Pharma Group for fiscal year 2017

Fiscal year 2017 ran from 1 December 2016 to 30 November 2017. The Heidelberg Pharma Group comprises two entities, Heidelberg Pharma AG and Heidelberg Pharma Research GmbH.

Heidelberg Pharma fully met its guidance for fiscal year 2017, which it had updated in October 2017. The downward revision of the sales revenue guidance was due to deferred revenue arising under the Takeda agreement, as the first payment had to be split in favor of coming quarters, and to a postponement of milestone payments by licensing partner Link Health as a result of the fact that IND approval for MESUPRON® in China had not yet been granted.

In fiscal year 2017, Heidelberg Pharma posted **sales revenue** of EUR 1.9 million (previous year: EUR 1.3 million), which was mainly attributable to Heidelberg Pharma Research GmbH (EUR 1.6 million). Of this figure, the ATAC technology accounted for EUR 0.7 million and the service business for EUR 0.9 million. The parent company's sales revenue (EUR 0.3 million) was mainly attributable to the out-licensing of REDECTANE®.

At EUR 0.6 million, **other income** was down compared to the previous year (EUR 1.4 million). This figure includes German and European grants, which support Heidelberg Pharma Research GmbH projects in the amount of EUR 0.2 million (previous year: EUR 0.8 million). Furthermore, income of EUR 0.3 million (previous year: EUR 0.4 million) was generated from the reversal of unutilized accrued liabilities and provisions, most of which were subject to limitation. Other items amounted to EUR 0.1 million (previous year: EUR 0.2 million).

Operating expenses including depreciation and amortization rose to EUR 13.2 million in 2017 (previous year: EUR 9.1 million) as planned. **Research and development (R&D) costs** accounted for EUR 9.3 million of operating expenses (previous year: EUR 6.1 million). The planned increase was due to the advancement of the proprietary platform technology and the ongoing CMC (chemistry, manufacturing and controls) development of HDP-101. R&D costs thus accounted for 70% of operating expenses. At EUR 1.0 million, the **cost of sales** was higher than in the previous year (EUR 0.8 million), which was in line with the increase in sales revenue and represents 7% of operating expenses. **Administrative costs** were EUR 2.7 million, up 35% compared to the prior-year level (EUR 2.0 million) and accounted for 21% of operating expenses. Administrative costs increased mainly because the Company stepped up investor relations and financing activities and conducted extensive licensing negotiations. **Other expenses** were unchanged year-over-year at EUR 0.2 million. They accounted for 2% of operating expenses and mainly included staff, travel and consulting costs.

The Heidelberg Pharma Group's **operating result** was EUR -10.8 million in the 2017 fiscal year (previous year: EUR -6.4 million). **Net loss for the year** was EUR 11.0 million (previous year: EUR 6.4 million). **Earnings per share** decreased from EUR -0.53 in the previous year to EUR -0.76.

At the end of the fiscal year, **total assets** amounted to EUR 41.5 million, up EUR 26.3 million from the previous year (EUR 15.2 million), mainly due to higher cash and cash equivalents. Heidelberg Pharma had **cash and cash equivalents** of EUR 30.4 million at the end of the reporting period (30 November 2016: EUR 4.6 million). Monthly cash use increased to EUR 0.7 million (previous year: EUR 0.6 million). The **Group's equity** amounted to EUR 37.0 million (30 November 2016: EUR 9.7 million). This corresponds to an equity ratio of 89.2% (30 November 2016: 64.0%).

Financial outlook on 2018 and strategy

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.

Heidelberg Pharma's strategy focuses on the development and marketing of its proprietary ATAC technology. Its core elements are the initiation of research and option agreements and their extension to include longer-term and more comprehensive license agreements, as well as the broadening of the technology base and the expansion of the Company's own project pipeline. Heidelberg Pharma aims to largely complete the preparation of clinical development for HDP-101 in the multiple myeloma indication by the end of 2018 by submitting the clinical trial application (IND).

Invitation to the financial results press conference

On 22 March 2018, Heidelberg Pharma will hold a conference call for media, analysts and investors in English at 1:00 p.m. CET. Please dial in 10 minutes before the call using the following dial-in numbers:

1. Germany: +49 69 71044 5598
2. UK: +44 20 3003 2666
3. USA: +1 212 999 6659
4. USA toll free: +1 866 966 5335

You will be asked for the password (Heidelberg Pharma) and your name and company. The presentation for the conference (in English) will be available for download at www.heidelberg-pharma.com from 12:30 p.m. CET.

Key figures for the Heidelberg Pharma Group

In EUR million	2017 [1] EUR million	2016 [1] EUR million
Earnings		
Sales revenue	1.9	1.3
Other income	0.6	1.4
Operating expenses	(13.2)	(9.1)
of which research and development costs	(9.3)	(6.1)
Operating result	(10.8)	(6.4)
Earnings before tax	(11.0)	(6.4)
Net loss for the year	(11.0)	(6.4)
Earnings per share in EUR	(0.76)	(0.53)
Balance sheet as of the end of the period		
Total assets	41.5	15.2
Cash and cash equivalents	30.4	4.6
Equity	37.0	9.7
Equity ratio[2] in %	89.2	64.0
Cash flow statement		
Cash flow from operating activities	(7.9)	(6.5)
Cash flow from investing activities	(0.4)	(0.5)
Cash flow from financing activities	34.2	10.3
Employees (number)		
Employees at year end[3]	58	53
Employees at year end[3] (full-time equivalents)	52	49

1) The reporting period begins on 1 December and ends on 30 November.
2) Equity / total assets
3) Including members of the Executive Management Board
Rounding of exact figures may result in differences.

The annual report including the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) is available at http://http://heidelberg-pharma.com/en/press-and-investors/announcements/financial-reports.

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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/.