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/.