WILEX AG: Interim Management Statement on the First Nine Months of 2016

Munich, 13 October 2016 - WILEX AG (ISIN DE000A11QVV0 / WL6 / FSE) today reported on the first nine months of the 2016 financial year (1 December 2015 – 31 August 2016) and the Group's financial figures. WILEX and its subsidiary Heidelberg Pharma are developing a proprietary platform technology for Antibody Targeted Amanitin Conjugates (ATAC technology) to make the highly effective compound Amanitin usable in various cancer treatments.

“We are very pleased with the scientific and operational progress made in recent months. The work on our ATAC technology is proceeding well, and we have generated promising data as a result. We therefore signed an option agreement for the in-licensing of various antibodies with the Max Delbrück Center in Berlin in early September and from these have selected our first development candidate, HDP-101”, commented Dr Jan Schmidt-Brand, Spokesman of the Executive Management Board and CFO of WILEX AG. “Some of these activities were financed with corporate actions during the reporting period. Just recently we also secured a loan from our main shareholder, dievini. These funds are enabling the company to advance HDP-101. Our goal is to begin clinical development in 2018.”

Preparations for the clinical development of HDP-101 will be ongoing in the coming months. Activities will include establishing the manufacturing process for the relevant antibodies, the Amanitin drug and various ATAC candidates at subcontractors in accordance with Good Manufacturing Practice (GMP) standards, as well as conducting additional preclinical studies under Good Laboratory Practice (GLP) conditions.

Partnerships remain a key component of the business model so that Amanitin can be linked with various antibodies by other companies and undergo preclinical testing.

Key events in the first nine months

- **Implementation of several corporate actions**

  In late November 2015, a financing strategy was adopted to ensure the further development and marketing of the ADC technology at the Company's subsidiary Heidelberg Pharma GmbH. The multi-level financing package comprises several corporate actions. WILEX’s main shareholder, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany, agreed to support this strategy with up to EUR 10 million. This commitment applies up to a maximum subscription price of EUR 1.84 per share.

  Three capital increases were implemented during the reporting period. The first two transactions were completed in December 2015 and entered in the Commercial Register on 11 December 2015. The Company’s share capital was increased by a total of EUR 1,373,684.00 to EUR 10,679,292.00 by way of a private placement with main shareholder dievini and a subsequent rights issue for all shareholders, both from authorized capital.

  After a third rights issue from authorized capital was completed in April 2016 and entered in the Commercial Register on 27 April 2016, the Company’s share capital increased by EUR 2,248,272.00 to EUR 12,927,564.00.

In all three capital increases, the subscription price of the shares was EUR 1.84 for all shareholders. The total proceeds of EUR 6.7 million are being used to finance the further development of Heidelberg Pharma's proprietary ATAC technology. Details on the capital increases are available in the half-year financial report.

- **Collaboration with Advanced Proteome Therapeutics Corporation**

In mid-June 2016, the Company announced a collaboration between Heidelberg Pharma and the Canadian company, Advanced Proteome Therapeutics Corporation (APC). The companies are testing combining APC's proprietary site-specific protein modification technology and Heidelberg Pharma's proprietary ATAC technology to generate a cancer therapeutic with enhanced characteristics that can also serve as a prototype for a new generation of ADCs.

- **Granting of patent for the chemical synthetic building block dihydroxyisoleucine for the production of Amanitin**

At the end of June 2016, Heidelberg Pharma was granted a patent by the European Patent Office (EPA) for the proprietary chemical synthesis of dihydroxyisoleucine. The patent has a term until 2033.

The amino acid dihydroxyisoleucine is an important synthetic building block of alpha-Amanitin and of Amanitin derivatives. Without this building block, it is not possible to chemically produce Amanitin. Dihydroxyisoleucine, on the other hand, has to be chemically produced, as it has no natural source. The patent protects the Company's internal Amanitin production process, since the production of adequate quantities of Amanitin of GMP quality for clinical use can only be ensured by a completely chemical production of Amanitin.

- **Advancement of MESUPRON® clinical development by WILEX partners**
  - *Link Health submits study protocol for Phase I clinical trial with the uPA inhibitor MESUPRON® in China*

In January 2016, it was announced that Link Health had submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for a Phase I dose-escalation study with the product candidate MESUPRON®. This open-label, dose-escalation trial will investigate the safety, pharmacokinetics, pharmacodynamics and clinical activity of MESUPRON® in cancer patients in China. WILEX received the remaining amount of an agreed milestone payment totaling EUR 500 k.

  - *Redhill Biopharma plans to launch a Phase II development program with MESUPRON®*

Redhill's current MESUPRON® development program comprises non-clinical trials and the analysis of certain earlier clinical data with the aim of more specifically defining the molecular markers and patient groups for future trials. If the results of the ongoing tests are sufficiently promising, Redhill plans to launch a clinical Phase II trial in 2017.

- **Changes to the Executive Management Board and Supervisory Board**

Professor Andreas Pahl was appointed to the Executive Management Board as Head of Research and Development on 2 June 2016. He served as a member of the executive management of Heidelberg Pharma from 2012 onward and succeeds Dr Paul Bevan, who retired on 31 March 2016 as planned.

On 13 May 2016 the Company's Annual General Meeting adopted a resolution to reduce the Supervisory Board from six to five members. One of the reasons for this step was the

decision by Supervisory Board member Andreas Krebs to leave the Supervisory Board at his own request and for professional reasons.

Events after the reporting period

- **ATAC collaborations and selection of the first development candidate, HDP-101**

  In September 2016 WILEX announced two important agreements related to its ATAC technology.

  Heidelberg Pharma signed an exclusive option agreement with the Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC) in Berlin covering various BCMA specific antibodies developed by the MDC. BCMA (B-cell maturation antigen) is a surface protein that is highly expressed in multiple myeloma cells and to which the selected antibodies specifically bind. Heidelberg Pharma has generated several proprietary ATAC molecules with these antibodies and generated comprehensive preclinical data. Based on these data, Heidelberg Pharma has selected a lead candidate, HDP-101, which consists of a BCMA antibody, a specific linker and the Amanitin toxin. Arrangements for formal preclinical as well as clinical development of HDP-101 have been started.

  Preclinical data showed that HDP-101 had strong *in vitro* anti-tumor activity and led to complete tumor remission in multiple myeloma mouse models even at very low doses. In addition, tolerability studies conducted in different *in vivo* models identified a very favorable therapeutic window. Multiple myeloma is the third most common hematologic cancer and represents a major unmet medical need where new, more effective therapies are urgently needed.

  Heidelberg Pharma also signed an agreement with Celonic AG, Basel, Switzerland. Celonic is a specialist in the development and manufacturing of biologics (Contract Development and Manufacturing Organization, CDMO). This agreement includes cell line development and the production of non-GMP and GMP batches of antibody material to be used in the manufacture of clinical material of HDP-101.

- **WILEX AG receives shareholder loan**

  On 11 October WILEX announced that the Company had received a loan from its main shareholder dievini amounting to EUR 3.7 million. The amount of the loan corresponds to the remaining amount of the November 2015 financing commitment totaling EUR 10 million that secures the Company's cash reach into the second quarter of 2017. EUR 6.3 million of these funds were invested in the Company as part of the capital increases in December 2015 and April 2016.

Results of operations, financial position and net assets

The WILEX Group – as of the reporting date comprising WILEX AG and the subsidiary Heidelberg Pharma GmbH – reports consolidated figures. The reporting period referred to below concerns the period from 1 December 2015 to 31 August 2016 (9M 2016).

In the first nine months of the 2016 financial year, the WILEX Group generated sales revenue and income totaling EUR 2.3 million, down 21% compared to the previous year (EUR 2.9 million), in which income from the license agreement with Roche still had an impact.

The 2016 figure includes **sales revenue** of EUR 1.1 million (previous year: EUR 1.7 million), which is largely made up of the business of Heidelberg Pharma (EUR 1.0 million). A total of EUR 0.1 million was generated from the license agreement with Link Health.

At EUR 1.2 million, **other income** was at the same level as the previous year (EUR 1.2 million), due in particular to income from the government grants provided by the Federal Ministry of Education and Research (BMBF) in the amount of EUR 0.6 million. There was also income of EUR 0.4 million from the reversal of provisions that were not needed. Furthermore, income of EUR 0.2 million was recognized related to the 2013 sale of former subsidiary WILEX Inc. to Nuclea Biotechnologies Inc.

Operating expenses including depreciation and amortization amounted to EUR 6.4 million in the reporting period, the same as in the previous year. **Cost of sales** includes costs that are directly related to sales revenue and were incurred by the Group for customer-specific research; they amounted to EUR 0.5 million (previous year: EUR 0.9 million). **Research and development (R&D) costs** of EUR 4.3 million were up EUR 1.2 million compared to the prior-year period (EUR 3.1 million), due to the expansion of preclinical studies at Heidelberg Pharma. R&D costs accounted for by far the largest share of all operating expenses, at 67%. **Administrative costs** decreased in the first nine months of 2016 to EUR 1.4 million from EUR 2.1 million for the previous year. Among others, this figure includes the costs of the holding company activities and the stock market listing. **Other expenses** for activities related to business development, marketing and commercial market supply amounted to EUR 0.2 million in the current reporting period, down from EUR 0.3 million in the previous year.

At EUR 4.1 million, the WILEX Group's **net loss** for the first nine months of the financial year increased year-on-year from EUR 3.5 million as a result of lower sales revenue. In spite of the higher net loss for the period, **earnings per share** improved by 15% to EUR -0.35 (previous year: EUR -0.41), due exclusively to the higher average number of shares resulting from the completed capital increases.

Total assets as of 31 August 2016 amounted to EUR 13.9 million, up from EUR 12.1 million at the end of the 2015 financial year. **Equity** was EUR 12.0 million, up compared with 30 November 2015 (EUR 9.5 million). This corresponds to an equity ratio of 86.0% (30 November 2015: 78.3%).

Cash inflow from financing activities of EUR 6.6 million was recorded in the reporting period as a result of the successfully completed capital increases. **Cash and cash equivalents** as of the end of the third quarter amounted to EUR 3.3 million (30 November 2015: EUR 1.3 million). WILEX's average monthly cash inflow was EUR 0.22 million (previous year: EUR 0.10 million). Excluding the capital increases in both periods, this is equivalent to an average monthly reduction in cash and cash equivalents of EUR 0.51 million in 2016 resulting from operating and investing activities (previous year: EUR 0.36 million).

There is no change to the guidance for the WILEX Group for the current financial year issued at the end of March 2016. Based on current planning the Company’s financing has been secured into the second quarter of 2017.

The complete figures for the interim financial statements can be downloaded at www.wilex.com > Press+Investors > Financial Reports > Interim Management Statement of 13 October 2016.

Key figures for the WILEX Group

In EUR '000	9M 2016 [1] EUR '000	9M 2015 [1] EUR '000
Earnings		
Sales revenue	1,104	1,714
Other income	1,169	1,161
Operating expenses	(6,385)	(6,388)
of which research and development costs	(4,282)	(3,092)
Operating result	(4,112)	(3,513)
Earnings before tax	(4,113)	(3,511)
Net loss for the period	(4,122)	(3,548)
Earnings per share in EUR	(0.35)	(0.41)
Balance sheet as of the end of the period		
Total assets	13,937	15,427
Cash and cash equivalents	3,269	3,068
Equity	11,991	12,489
Equity ratio[2] in %	86.0	81.0
Cash flow statement		
Cash flow from operating activities	(4,162)	(3,212)
Cash flow from investing activities	(450)	(56)
Cash flow from financing activities	6,587	4,103
Employees (number)		
Employees as of the end of the period[3]	53	51
Full-time equivalents as of the end of the period[3]	49	46

1 The reporting period begins on 1 December and ends on 31 August.
2 Equity / total assets
3 Including members of the Executive Management Board
Rounding of exact figures may result in differences.

Contact

WILEX AG
Corporate Communications
Sylvia Wimmer
Tel.: +49 (0)89-41 31 38-29
Email: investors[at]wilex.com
Grillparzerstr. 18, 81675 Munich, Germany

IR/PR-support

MC Services AG
Katja Arnold (CIRO)
Managing Director & Partner
Tel.: +49 (0)89-210 228-40
Mobile: +49 (0)160 9360 3022
Email: katja.arnold[at]mc-services.eu

About WILEX and Heidelberg Pharma

WILEX AG is a biopharmaceutical company based in Munich, Germany, that serves as a parent and holding company. The Company's research and development work is conducted by its subsidiary Heidelberg Pharma GmbH in Ladenburg. Heidelberg Pharma is focused on developing an innovative ADC technology platform based on the compound Amanitin (ATAC technology) and also provides preclinical drug research and development services. WILEX has diagnostic and therapeutic Phase III drug candidates, which are available for out-licensing. WILEX AG is listed at the Frankfurt Stock Exchange: ISIN DE000A11QVV0 / WKN A11QVV / Symbol WL6. More information is available at http://www.wilex.com.