Heidelberg Pharma AG: Interim Management Statement on the First Three Months of 2023

- Initial findings of HDP-101 presented at ASH Annual Meeting
- Signing of a partnership with Binghamton University
- Termination agreement signed with Magenta
- Financials in line with planning

Ladenburg, Germany, 4th April 2023 - Heidelberg Pharma AG (FSE: HPHA) today reported on the first three months of fiscal year 2023 (1 December 2022 – 28 February 2023) and the Group's financial figures.

Dr. Jan Schmidt-Brand, CEO and CFO of Heidelberg Pharma AG, commented: "A significant event for our company was the presentation of initial safety data from the first clinical trial with our ATAC candidate HDP-101 at the renowned ASH conference in December 2022. We are also encouraged that the substance has so far proven to be safe and well tolerated.

Our partner Magenta stopped its trial with ATAC candidate MGTA-117 due to serious side effects and is in the process of strategically realigning its business operations. We have entered into a termination agreement with Magenta under which all licensed ATAC rights as well as some patents will be acquired by Heidelberg Pharma. The safety review of our own study data does not indicate that the side effects experienced at Magenta could be a class effect of all Amanitin-based ADCs. Nevertheless, we have decided to include additional measures in the study protocol of the trial with HDP-101 for the safety of our patients. The implementation of the changes and regulatory approval will delay the continuation of the study with the 4th patient cohort for several months.

The financial figures developed as planned. Cash outflow was increased due to special effects in the first quarter but is in line with planning for the year."

Important operational developments and achievements

- **HDP-101 (BCMA ATAC) development program:** The candidate is being evaluated since February 2022 in a Phase I/IIa clinical trial for treatment of relapsed or refractory multiple myeloma (MM). MM is a cancer affecting bone marrow and is the second most common hematologic cancer; it represents a major unmet medical need where new, more effective therapies are urgently needed. The first part of this trial is a Phase I dose escalation study involving up to 36 patients to determine a safe and optimal dosage of HDP-101 for the Phase IIa part of the study.

  At the 64th Annual Meeting of the American Society of Hematology (ASH) in December 2022, Heidelberg Pharma presented preliminary safety data from the clinical trial with HDP-101. At the end of the reporting period, the first three patient cohorts and dose levels were concluded and has so far been shown to be safe and well tolerated. Six trial centers are up and running in the United States and Germany, and further centers in Europe are about to initiate. Because of events at partner Magenta Therapeutics, Cambridge, MA, USA, (Magenta), Heidelberg Pharma will implement additional safety measures in the HDP-101 clinical trial. Further details can be found in the paragraph "Events after the reporting period".

- **Partnership with Binghamton:** In December 2022, Heidelberg Pharma Research has entered into a research and exclusive option agreement with Binghamton University, State University of New York, Binghamton, NY, USA, related to a novel and proprietary immunostimulatory technology platform. The platform includes potent novel immunostimulatory compounds and Antibody Drug Conjugate (ADC) technology for the specific delivery of these compounds to tumor tissue. The resulting immunostimulatory ADCs have the potential to harness the patient's own immune system to attack and eliminate malignancies. These immunostimulatory agents are synergistic with cytotoxic agents, including ADCs generated by Heidelberg Pharma's ATAC technology.
- **Development at the partner Magenta:** Magenta announced on 25 January 2023 that in the third dose level of the MGTA-117 clinical trial, a grade 5 serious adverse event resulting in death occurred that deemed to be possibly related to MGTA-117. For safety reasons, Magenta subsequently paused dosing in the clinical trial until further notice. On 2 February 2023, Magenta announced that it has completed a review of its business, including the status of its programs and resources. Magenta halted further development of its programs and conducts a comprehensive review of strategic alternatives. At the end of February 2023, the Amanitin linker supply contract was terminated by Magenta, which will result in Heidelberg Pharma losing sales revenue in the low single-digit million range for fiscal year 2023. After the reporting period, a termination agreement was signed with Magenta in April 2023, under which all licensed ATAC rights and some MGTA patents will be taken over by Heidelberg Pharma.

Events after the reporting period

- **Adaptation of the study protocol of HDP-101:** Following completion of the third dose level, in March 2023, a data review was conducted by the Safety Review Committee (SRC). The SRC concluded that treatment with HDP-101 is safe and well tolerated in these first three cohorts and recommended to escalate the dose.

  Patient safety remains as the top priority for Heidelberg Pharma. Together with the Safety Review Committee, and based on the body of available data, it was decided as an extra precaution to implement further safety measures for our patients, especially regarding the identification and exclusion of those patients who might be prone to develop respiratory events. Additional examination will be also included to detect any similar events early on. These additional measures will be included in the study and shall be implemented with the fourth cohort at the trial sites after approval by the authorities.

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 2022 to 28 February 2023 (Q1 2023).

In the first three months of fiscal year 2023, the Group generated **sales revenue and income** totaling EUR 2.2 million (previous year: EUR 0.8 million). This figure includes **sales revenue** of EUR 2.1 million (previous year: EUR 0.7 million), which is made up of a roughly equal share of sales from ATAC technology and deferred sales.

Other income amounted to EUR 0.1 million (previous year: EUR 0.1 million) and primarily consisted of the reversal of unutilized provisions.

Operating expenses including depreciation and amortization totaled EUR 8.7 million in the

reporting period (previous year: EUR 7.9 million). **Cost of sales** increased to EUR 1.4 million (previous year: EUR 0.6 million) and concern costs directly related to sales revenue. **Research and development costs** increased slightly year-on-year to EUR 5.8 million (previous year: EUR 5.7 million) as planned due to cost-intensive external manufacturing for all three ATAC projects as well as the ongoing clinical trial with HDP-101. At 66% of operating expenses, R&D was the largest cost item. **Administrative costs** decreased to EUR 1.1 million in the first quarter of fiscal year 2023 compared to the prior-year period (EUR 1.4 million), also as a result of transaction-related consulting costs. Among others, this figure includes holding company costs and costs related to the stock market listing. **Other expenses**, comprising the costs incurred for business development, marketing and commercial market supply, doubled from EUR 0.2 million to EUR 0.4 million year-on-year.

The Heidelberg Pharma Group's **net loss** for the first three months of the fiscal year decreased to EUR 6.6 million, as planned (previous year: EUR 7.2 million). Basic earnings per share based on the weighted average number of shares issued during the reporting period improved from EUR -0.21 in the previous year to EUR -0.14 in the reporting quarter as a result of the higher number of shares and the lower loss.

Total assets as of 28 February 2023 amounted to EUR 86.5 million and were lower compared to the 30 November 2022 reporting date (EUR 100.6 million) in particular due to the lower cash. At EUR 60.2 million, **equity** was also significantly lower compared to the end of fiscal year 2022 (EUR 66.6 million). This corresponds to an equity ratio of 69.6 % (30 November 2022: 66.3 %). No corporate actions were implemented during the reporting period. The share capital of Heidelberg Pharma AG therefore remained steady at EUR 46,584,457, divided into 46,584,457 no par value bearer shares.

Cash as of the end of the quarter amounted to EUR 65.0 million (30 November 2022: EUR 81.3 million). The disproportionate cash outflow is due to both a repayment of EUR 5 million and the annual interest payment on the shareholder loan from the majority shareholder dievini Hopp BioTech holding & Co. KG, Walldorf, Germany, in the amount of EUR 0.9 million. The loan amount thus still amounts to EUR 10 million, which bears interest of 8% p.a. This represents an average monthly cash outflow of EUR 3.8 million in the first quarter of the fiscal year (previous year: EUR 2.2 million).

Financial outlook for 2023

The Executive Management Board expects the Heidelberg Pharma Group to generate between EUR 7.0 million and EUR 10.0 million in sales revenue and other income (2022: EUR 19.9 million) in the 2023 fiscal year. Sales revenue generated by Heidelberg Pharma Research GmbH (especially from ATAC technology), as well as deferred revenue and potential milestone payments to Heidelberg Pharma AG will contribute to this figure in roughly equal measure. Sales revenue from major new license agreements was not included in this planning.

Based on current planning, operating expenses are expected to be in the range of EUR 37.0 million to EUR 41.0 million, slightly higher than in the reporting year (EUR 37.0 million). Earnings before interest and taxes (EBIT) in the 2023 fiscal year are expected to be between EUR -28.5 million and EUR -32.5 million (2022: EUR -17.2 million)

If income and expenses develop as anticipated, financing requirements in the 2023 fiscal year for Heidelberg Pharma AG’s business operations are expected to increase considerably compared to 2022 (EUR 8.9 million excluding the capital increase and the shareholder loan from the main shareholder dievini Hopp BioTech holding GmbH & Co. KG). Funds used will be in the range of

EUR 32.5 million to EUR 36.5 million. This corresponds to an average monthly use of cash of EUR 2.7 million to EUR 3.1 million (2022: EUR 0.7 million).

The Group's financing is secured until mid-2025 based on current planning.

Heidelberg Pharma will not host a conference call on this interim management statement. The complete figures for the interim financial statements can be downloaded from http://www.heidelberg-pharma.com/ "Press & Investors > Announcements > Financial Reports > Interim management statement on the first three months of 2023.

Key figures for the Heidelberg Pharma Group (unaudited)

In EUR thsd.	Q1 2023[1] EUR thsd.	Q1 2022[1] EUR thsd.
Earnings		
Sales revenue	2,075	716
Other income	95	113
Operating expenses	(8,718)	(7,913)
of which research and development costs	(5,751)	(5,717)
Operating result	(6,548)	(7,084)
Earnings before tax	(6,484)	(7,246)
Net loss for the period	(6,563)	(7,246)
Earnings per share in EUR (basic)	(0.14)	(0.21)
Balance sheet as of the end of the period		
Total assets	86,476	20,652
Cash	65,011	4,515
Equity	60,165	(365)
Equity ratio[2] in %	69.6	(1.8)
Cash flow statement		
Cash flow from operating activities	(10,740)	(6,524)
Cash flow from investing activities	(302)	(84)
Cash flow from financing activities	(5,026)	4.977
Employees (number)		
Employees as of the end of the period[3]	109	97
Full-time equivalents as of the end of the period[3]	100	89

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 is an oncology specialist and the first company to develop the toxin Amanitin into cancer therapies using its proprietary ATAC technology and to advance the biological mode of action of the toxin as a novel therapeutic principle. The proprietary technology platform is being applied to develop the company's own therapeutic ATACs as well as in third-party collaborations.

The proprietary lead candidate HDP-101 is a BCMA-ATAC in clinical development for multiple myeloma. Further ATAC candidates are being developed against different targets such as CD37, PSMA or GCC each in the indications non-Hodgkin's lymphoma, metastatic castration-resistant prostate cancer or gastrointestinal tumors such as colorectal cancer.

Heidelberg Pharma AG is based in Ladenburg, Germany, and is listed on the Frankfurt Stock Exchange: ISIN DE000A11QVV0 / WKN A11QVV / Symbol HPHA. More information is available at www.heidelberg-pharma.com.

ATAC® is a registered of Heidelberg Pharma Research GmbH in the EU and the USA.