WILEX AG: Interim management statement for the first nine months of 2017

- Exclusive multi-target research agreement signed with Takeda for the development of Antibody Targeted Amanitin Conjugates
- General Meeting adopts resolution to relocate registered office and change company name
- Financing commitment received from main shareholder dievini
- Guidance adjusted

Ladenburg, 09 October 2017 – WILEX AG (ISIN DE000A11QVV0 / WL6 / FSE) today reported on the first nine months of fiscal year 2017 (1 December 2016 – 31 August 2017) and the Group's financial figures.

Dr. Jan Schmidt-Brand, CEO and CFO of WILEX AG, commented: “In addition to making good progress with our internal development programs over the past nine months, we also entered into an important collaboration with a major pharmaceutical company. In June, we signed an exclusive research agreement with Takeda for the development of Antibody Targeted Amanitin Conjugates. The collaboration with this renowned global pharmaceutical company provides valuable external validation of our ATAC technology. Despite having made considerable progress at operational level, WILEX has adjusted its guidance for the current fiscal year published in March 2017. We have revised our forecast for sales revenue downward on the one hand due to deferred revenue arising under the Takeda agreement, as the first payment had to be split in favor of coming quarters. On the other hand, there is a postponement of milestone payments from Link Health. Although we have trimmed our operating expenses to match the current situation, the effects of these changes will also impact our operating result.”

Dr. Schmidt-Brand added: “We also were very pleased to be awarded second place in the Best New Drug Developer category at the World ADC Awards in San Diego in September. This shows that, even though our programs are still in preclinical development, we already are well respected and recognized in the ADC world.”

Important events in the reporting period

- **General Meeting votes in favor of relocation and name change**

  The Annual General Meeting on 20 July 2017 adopted the proposed resolution by the Executive Management Board to move the Company’s registered office from Munich to Ladenburg and to change the name of WILEX AG to Heidelberg Pharma AG. Since then, WILEX AG has relocated to Ladenburg and the subsidiary Heidelberg Pharma GmbH has been renamed Heidelberg Pharma Research GmbH. The last step will be to change the name of the parent company to Heidelberg Pharma AG, which is expected to be completed in the coming weeks.

- **Research and option agreement with Takeda**

  Heidelberg Pharma Research GmbH signed an exclusive research and option agreement for ATAC technology with Takeda Pharmaceutical Company Limited in June. As a first step, Heidelberg Pharma Research GmbH will produce Antibody Targeted Amanitin Conjugates (ATACs) using antibodies from Takeda’s proprietary portfolio for up to three targets. Takeda has already an option right for an exclusive license for global development and commercialization rights to each of the product candidates resulting from the research

collaboration. If it exercises the option, Takeda would be responsible for further preclinical and clinical development, as well as potential commercialization, of any product candidate it licenses. On signing the contract, Heidelberg Pharma Research GmbH received an upfront technology access fee in the third quarter and will be paid for the research services to be provided. In the event Takeda exercises its option for an exclusive license, Heidelberg Pharma is entitled to receive an option fee for each product candidate. Under the exclusive license agreement, 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 royalties.

- **Worldwide license agreement signed for REDECTANE® diagnostic antibody**

  In January 2017, WILEX AG signed an exclusive license agreement for the worldwide development and commercialization of the diagnostic antibody REDECTANE® (INN: 124I-Girentuximab) with Telix Pharmaceuticals Limited, Melbourne, Australia (Telix). In accordance with the terms of the agreement, WILEX received an upfront payment and could receive milestone payments totaling up to USD 3.7 million. In addition, WILEX is eligible to receive royalties on global net sales of REDECTANE® if the collaboration is successful. Telix will be responsible for all development costs, as well as manufacturing and commercialization costs.

  The agreement also covers radiotherapy applications of the Girentuximab antibody. Telix plans to develop a therapeutic radioimmunoconjugate program based on the Lutetium-177-labeled Girentuximab antibody. The agreement also provides for WILEX to receive royalties if a therapeutic product developed by Telix is ultimately granted marketing approval.

- **License agreement signed with the MDC for BCMA antibodies**

  In January 2017, Heidelberg Pharma Research GmbH signed a license agreement with the Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC) in Berlin covering the in-licensing of BCMA antibodies. Financial details of the license agreement were not disclosed. Of the BCMA antibodies licensed under this agreement, the ATAC candidate HDP-101 was selected as the lead candidate, optimized and is now being prepared for clinical development, which is expected to begin at the end of 2018.

- **Financing commitment and corporate action**

  Based on the financing commitment by main shareholder dievini Hopp Biotech holding GmbH & Co. KG, Walldorf, (dievini) made in February 2017, a rights issue was conducted in May 2017. The shareholders subscribed to all 2,040,816 new no par value bearer shares at a price of EUR 2.45 per share by exercising subscription and additional subscription rights. Of the commitment of EUR 10 million made by dievini in February 2017, EUR 5.6 million is still available. With this additional commitment, the Company's cash reach is secured until the end of the second quarter of 2018. Until then, the Executive Management Board assumes that further inflows of funds will be generated and it will therefore be recognized under going concern premises.

- **Legal dispute with Siemens Corporation**

  WILEX AG had to assume a rent guarantee in 2010 in connection with the acquisition of WILEX Inc. (Oncogene Science). In May 2017, Siemens Corporation brought an action against WILEX for USD 832 thousand before the United States District Court for the District of Massachusetts, USA.

WILEX AG considers these claims to be completely unjustified and has already submitted a response to the complaint. WILEX's legal assessment has not changed since the 2016 Annual Report; the Company considers the existing provision of EUR 408 thousand to be adequate. A ruling is not expected before mid-2018.

Results of operations, financial position and net assets

The WILEX Group – as of the reporting date comprising WILEX AG and subsidiary Heidelberg Pharma Research GmbH – reports consolidated figures. The reporting period referred to below concerns the period from 1 December 2016 to 31 August 2017 (9M 2017).

In the first nine months of the 2017 fiscal year, the WILEX Group generated sales revenue and income totaling EUR 1.6 million (previous year: EUR 2.3 million). This figure includes **sales revenue** of EUR 1.4 million (previous year: EUR 1.1 million), which stems from the ATAC technology and the service business (EUR 1.1 million) and income from license agreements signed by the parent company (EUR 0.3 million).

Other income of EUR 0.2 million was significantly lower than the previous year's figure of EUR 1.2 million and mainly includes income of EUR 0.1 million each from a grant from the Federal Ministry of Education and Research (BMBF) for research projects and the reversal of accrued liabilities that were not needed in the projected amount. The prior-year figures for these two items were EUR 0.6 million and EUR 0.4 million, respectively. In addition, income of EUR 0.2 million was recorded in 2016 from the 2013 sale of former subsidiary WILEX Inc. to Nuclea Biotechnologies Inc.

Operating expenses including depreciation and amortization amounted to EUR 9.1 million in the reporting period (previous year: EUR 6.4 million).

Cost of sales includes costs directly related to sales revenue that were incurred for customer-specific research and amounted to EUR 0.6 million (previous year: EUR 0.5 million).

Research and development costs rose year-over-year to EUR 6.4 million (previous year: EUR 4.3 million) due to the advancement of the proprietary platform technology and the ongoing CMC (chemistry, manufacturing and controls) development of HDP-101. At 71% of operating expenses, this expense category remained the largest cost item.

Administrative costs of EUR 2.0 million, which included the costs for holding company activities and the stock exchange listing, increased year-over-year (previous year: EUR 1.4 million) in the first nine months of 2017 as a result of financing efforts, increased investor relations activities and license negotiations. Administrative costs accounted for 22% of operating expenses.

Other expenses for business development, marketing and commercial market supply activities in the current reporting period totaled EUR 0.1 million (previous year: EUR 0.2 million).

The WILEX Group's **net loss** for the first nine months of the fiscal year increased to EUR 7.6 million, as expected (previous year: EUR 4.1 million). **Earnings per share** was EUR -0.55 (previous year: EUR -0.35), considering the increase in the average number of issued shares.

Total assets as of 31 August 2017 decreased to EUR 15.1 million compared to the 30 November 2016 reporting date (EUR 15.2 million) due to a decrease in cash and cash equivalents. At EUR 7.2 million, **equity** was also down compared to the end of fiscal year 2016 (EUR 9.8 million). This corresponds to an equity ratio of 47.7% (30 November 2016: 64.0%).

Cash and cash equivalents as of the end of the third quarter amounted to EUR 4.5 million (30 November 2016: EUR 4.6 million). Excluding funding from capital increases in 2017 and 2016, WILEX's average monthly cash outflow in the first nine months thus was EUR 0.56 million (previous year: EUR 0.51 million).

Financial outlook for 2017

WILEX has adjusted its guidance for the current fiscal year, which was published in March 2017. Sales revenues are downward on the one hand due to deferred revenue arising under the Takeda agreement, as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health.

The WILEX Group expects to generate between EUR 2.0 million and EUR 3.0 million in sales revenue and other income (previously: EUR 4.0 million to EUR 6.0 million) for the 2017 fiscal year.

Operating expenses are now expected to be in the range of EUR 12.0 million to EUR 14.0 million (previously: EUR 11.0 million to EUR 15.0 million). This forecast has been adjusted to match the now much clearer detailed planning, which projects that some costs will not be incurred until next year. Based on these adjustments, earnings before interest and taxes (EBIT) is now expected to be between EUR -9.0 and EUR -11.0 million (previously: EUR -6.0 million to EUR -10.0 million).

WILEX expects to require funds of EUR 8.0 million to EUR 10.0 million in 2017 (previously: EUR 6.0 million to EUR 10.0 million). Monthly cash use thus is expected to be in the range of EUR 0.6 million to EUR 0.8 million (previously: EUR 0.5 million to EUR 0.8 million).

WILEX will require additional funds to implement the activities planned in connection with its proprietary ATAC projects. An amount of EUR 5.6 million is still available from the financing commitment from dievini, which can be accessed by the Company as part of corporate actions or in the form of loans. WILEX is evaluating a variety of financing options, taking into account the Company's research advances and business performance, as well as the market environment.

Based on the updated planning and the remaining funds from the financing commitment, the above-mentioned facts will reduce the Company's cash reach (previously: end of the second quarter 2018). The Company believes it has sufficient funds to finance operations into the second quarter of 2018.

WILEX will not host a conference call on this interim management statement. The complete figures for the interim financial statements can be downloaded from www.wilex.com "Press+Investors > Financial Reports > Interim Management Statement of 09 October 2017".

Key figures for the WILEX Group

In EUR thsd.	9M 2017 [1] EUR thsd.	9M 2016 [1] EUR thsd.
Earnings		
Sales revenue	1,393	1,104
Other income	235	1,169
Operating expenses	(9,079)	(6,385)
of which research and development costs	(6,407)	(4,282)
Operating result	(7,451)	(4,112)
Earnings before tax	(7,619)	(4,113)
Net loss for the period	(7,619)	(4,122)
Earnings per share in EUR	(0.55)	(0.35)
Balance sheet as of the end of the period		
Total assets	15,112	13,937
Cash and cash equivalents	4,491	3,269
Equity	7,208	11,991
Equity ratio[2] in %	47.7	86.0
Cash flow statement		
Cash flow from operating activities	(4,705)	(4,162)
Cash flow from investing activities	(333)	(450)
Cash flow from financing activities	4,975	6,587
Employees (number)		
Employees as of the end of the period[3]	55	53
Full-time equivalents as of the end of the period[3]	50	49

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.

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About WILEX and Heidelberg Pharma

WILEX AG is a biopharmaceutical company based in Ladenburg, Germany, that serves as a parent and holding company. The Company's research and development work is conducted by its subsidiary Heidelberg Pharma Research GmbH. Heidelberg Pharma Research GmbH 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. WILEX's clinical assets MESUPRON® and REDECTANE® have been partnered, while RENCAREX® is available for out-licensing and further development. WILEX is listed on the Frankfurt Stock Exchange: ISIN DE000A11QVV0 / WKN A11QVV / Symbol WL6. More information is available at http://www.wilex.com/.