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Molecular Templates Announces \$8.5M Series C Financing and \$10.6M Grant Funding

Funds to Support Phase 1 Clinical Trial for Non-Hodgkin's Lymphoma

GEORGETOWN, Texas--(BUSINESS WIRE)-- Molecular Templates, Inc., a biopharmaceutical company focused on the discovery and development of a new class of biologic therapeutics, announced today that it recently secured an \$8.5M series C financing led by Excel Venture Management. Santé Ventures, an existing investor, also participated in the round. In addition to venture funding, Molecular Templates received a \$10.6M grant from the Cancer Prevention & Research Institute of Texas (CPRIT) in 2012 to advance its lead compound, MT-3724, into clinical trials for non-Hodgkin's lymphoma. As part of the financing, Dr. Steven Gullans and Caleb Winder from Excel will join the Board of Directors.

"This round of financing will allow us to develop our technology around antibody-drug conjugates, siRNA delivery, and enzyme replacement therapy while continuing to advance our lead compound, MT-3724," said Eric Poma, PhD, CEO and CSO, Molecular Templates. "We believe our drugs represent a new class of therapeutics that possess unique biological properties including the ability to force receptor internalization, self-route intracellularly, and enzymatically and irreversibly inactivate ribosome function. These properties can expand the universe of druggable targets, overcome current mechanisms of resistance, and precisely deliver payloads to targeted cell types."

"Molecular Templates has engineered Shiga-toxin in multiple ways that make it a safe and effective platform for treating many diseases such as cancer," said Steve Gullans, Managing Director at Excel Venture Management. "We are delighted to join the company at a time when it is moving to prove the technology in the clinic."

According to the Leukemia and Lymphoma Society, non-Hodgkin's lymphoma will be diagnosed in almost 70,000 people in the U.S. during 2013. An estimated 20,200 people are expected to die of this disease in 2013.

About the Technology

Molecular Templates has developed a powerful biologics platform technology known as Engineered Toxin Bodies (ETBs) that can be used to develop a multitude of different therapeutics against a variety of diseases. An ETB is comprised of two components: 1) a single-chain variable fragment of an antibody that specifically binds only to a tumor cell, or other target cell, and 2) a component of Shiga-toxin engineered to safely enter targeted cells and kill them. This makes ETBs highly specific for killing tumors while having little effect on non-tumor cells. ETBs have the potential to re-invigorate existing antibody cancer drugs (e.g., Rituxan™) that often lose their efficacy due to tumor resistance.

The lead compound MT-3724 potently and specifically destroys malignant B-cell lymphomas that express the CD20 transmembrane protein. CD20 has been validated as an important target for the destruction of malignant B-cells but past efforts have been limited to indirect mechanisms of cell kill targeting CD20 or the use of radio-immunotherapies against the CD20 target. MT-3724 represents the first non-radioactive, targeted mechanism of direct cell-kill against CD20.

About Molecular Templates

Molecular Templates is a venture-backed biopharmaceutical company focused on the discovery and development of a new class of targeted biologic therapeutics with advantages over existing Antibody Drug Conjugates (ADCs). This biologics platform technology can be used to develop different therapies across a wide range of cancers.

For more information, please visit www.moleculartemplates.com.

About Excel Venture Management

Excel Venture Management builds companies that apply transformative technologies to solve problems in healthcare and beyond. The Excel investment portfolio is balanced across healthcare IT and services, diagnostics, and medical devices, plus life science platforms that address adjacent markets including energy, chemicals, defense and agriculture. Excel's investments include leading companies such as Tetrphase Pharmaceuticals (TTPH), Aileron Therapeutics, Cleveland Heart Lab, Synthetic Genomics, and IlluminOss. More information can be found at <http://www.excelvm.com>.

About Santé Ventures

Santé Ventures is a life sciences venture capital firm that invests exclusively in early-stage companies developing innovative new medical technologies or healthcare delivery models. The firm was founded in 2006 and has \$260 million in capital under management in two funds. For more information, visit www.santeventures.com.

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