Q&A with Jonathan “Jon” P. Foster, CPA, CGMA, Executive VP and CFO of Moleculin Biotech, Inc. developing Six Drug Candidates with blockbuster potential for Hard to Treat Cancers including Acute Myeloid Leukemia, Brain Tumors and Pancreatic Cancer

Jonathan “Jon” P. Foster, CPA, CGMA
Executive VP and Chief Financial Officer
Moleculin Biotech, Inc. (Nasdaq-MBRX)
www.moleculin.com

Contact:
Jonathan P. Foster, EVP & CFO
864-903-1331
jfoster@moleculin.com

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Foster, what is the concept at Moleculin Biotech, Inc.?  
Mr. Foster: Moleculin Biotech is a clinical stage drug development company targeted on hard to treat cancers with three distinctly different technologies, with six potential drug candidates, all with blockbuster potential. We do that with world leading collaboration with MD Anderson and other clinics. The three technologies start with Annamycin, which is for acute myeloid leukemia, designed to be non-cardio toxic, and avoids multidrug resistance mechanisms. Then we have the WP1066 Portfolio, which is a STAT3 inhibitor that also stimulates immune response. Lastly, we have our WP1122 Portfolio, which is a metabolic inhibitor with improved blood brain barrier transmission. It has also shown a great deal of activity in animal models against pancreatic cancer. We do this with veteran, experienced leadership with big and small pharma, biotech and life science microcap backgrounds. We are not in the business of drug selling; we are in the business of drug development.

CEOCFO: How did you come across three really promising technologies?  
Mr. Foster: It really comes from the relationship our Co-Founder, President, CEO and Chairman, Walter V. Klemp, and Donald Picker, PhD, our Chief Science Officer, have with MD Anderson. Our head of our Science Advisory Board - Dr. Waldemar Priebe, the Professor of Medicinal Chemistry at MD Anderson discovered the molecules that form the basis for our lead drug candidates. Dr. Priebe is the inventor of all of these technologies at MD Anderson. Waldemar also has had previous experience with Reata Pharmaceuticals, Inc. Through these relationships we have entered into licenses with MD Anderson that give us exclusivity over these three technologies.

CEOCFO: Where are you today with each of the technologies?  
Mr. Foster: With Annamycin we are in Phase 1/2 clinical trials here in the US and in Poland. We are in the process of getting the Poland trial started and we expect to begin patient treatment sometime in Q1 of 2019, but possibly earlier. Our WP1066 drug is in clinical trials as well. It is in a Phase 1 trial at MD Anderson and it is a physician sponsored trial. From a standpoint of the other technologies - you might have heard me use the word - “Portfolio”, when it comes to WP1066 and WP1122. Those technologies actually have additional molecules. WP1066 at MD Anderson is there for the treatment of Glioblastoma, and we are also looking at it for AML (Acute Myeloid Leukemia). WP1066 is given orally, but we have a version of it, WP1732 that is in pre-clinical work which is water soluble and should be available for IV transmission. We are targeting to have an IND filed sometime in 2019, as the pre-IND work has already begun this year. Another offshoot of WP1066 is WP1220, which is in clinical preparation, as well. We have already filed a CTA (Clinical Trial Agreement) in Poland, for the treatment of Cutaneous T-Cell Lymphoma (CTCL), and we believe that should be in clinical trials in 2019.
as well. On the WP1122 Portfolio, the glycolytic inhibitor is in pre-clinical work. The pre-clinical work on a version of that, WP1234, has shown great activity in animal models on pancreatic cancer.

CEOCFO: What have you learned so far?
Mr. Foster: In the early going we continue to learn a number of positive things regarding our portfolio. We have not run into any “brick walls.” For example, on WP1066, with Glioblastoma, we recently announced that in the first patients at MD Anderson in the treatment there, that it does have bioavailability in plasma. That is something that we were glad to see with the oral dosing of the drug as opposed to an IV administration. With oral administration, you are dependent upon what is going on in the digestive track, whether you are going to get bioavailability there, so we are very excited that WP1066 has gotten us bioavailability. We are also pleased to see that WP1066 has also shown in vitro and in vivo activity with pancreatic cancer, as well as WP1234. With WP1066 being in plasma and also as a STAT3 inhibitor, it makes it a natural potential target for AML. If you look at our development pipeline, one of our goals is to eventually get Annamycin and WP1066 into clinical trials as a combination therapy.

“In our view, we are not a typical microcap biotech. We are not a company with one single shot on goal. We have 6 potential shots on goal with our drug candidates. For that very reason we are looking at additional funding to fund each of those drug candidates to move them into an IND. That is very rare for a microcap biotech company and we realize that we are in a very unique situation with our relationship with MD Anderson and now we are hoping to extend that relationship with Emory University.”- Jonathan “Jon” P. Foster, CPA, CGMA

CEOCFO: Are there challenges in working with a number of different drugs and therapies at the same time?
Mr. Foster: We have an extraordinary team with Don Picker as our Chief Science Officer, Dr. Robert Shepard, MD, FACP as our Chief Medical Officer – Hematology, for AML, Dr. Sandra Silberman, MD, PhD, as our Chief Medical Officer – New Products, and then we have an incredible team working with them at the vice president level in drug development, clinical operations and in finance, as well. All have a combination of large and small pharma experience. This includes Srilantha Vuthoori, who is our VP of Drug Development, and Cindy Abbott, our VP of Clinical Operations. We operate very well as a team. We have team meetings specifically on new products and once they grow out of that into the clinical preparation for an IND, they get into their own regular meetings for that. The team is only 12 employees strong. However, we are very structured in our approach on a day-to-day basis to move the ball forward each and every day, and we leverage ourselves with outside contractors. It is a team effort, but an orchestrated team effort.

CEOCFO: Are you seeking funding, investment and/or partnerships as you move forward?
Mr. Foster: Yes, yes and yes. In our view, we are not a typical microcap biotech. We are not a company with one single shot on goal. We have 6 potential shots on goal with our drug candidates. For that very reason we are looking at additional funding to fund each of those drug candidates to move them into an IND. That is very rare for a microcap biotech company and we realize that we are in a very unique situation with our relationship with MD Anderson and now we are hoping to extend that relationship with Emory University. We are not embarrassed from the standpoint of looking for additional capital to move not just WP1066 and Annamycin, which are our 2 drugs in clinical stage right now, but to also move these other 4 drugs forward as well - and also combinations of these drugs into clinical trials. Therefore, we are very excited about these efforts and the potential progress that additional investment would bring.

CEOCFO: Does the fact that you have so many possibilities sometimes confuse potential investors? If so, what do you do to overcome that?
Mr. Foster: Yes, that is typical of a microcap biotech, so it requires constant outreach. We also use IR and PR contractors to help us get the message out. Recently we have two analysts following us. The most recently published report included as his focus - not Annamycin – but WP1066 and our multiple shots on goal. That shows that we are getting the message out, and that we are not just an Annamycin/AML company, but an oncology drug development company.

CEOCFO: Do you do many conferences?
Mr. Foster: We typically attend four conferences a year, and sometimes they can be in spurts, but it really depends on our schedule. For example, we will miss the LD Microcap Conference out in LA in early December, which we generally attend. We have also attended the Roth conference in March, so we look forward to attending that one again.

CEOCFO: How do you stand out at conferences, when there are so many new ideas, especially in oncology?
Mr. Foster: Beginning with our Press Releases, we try to set out very targeted and date sensitive milestones. We are trying to prove to the investor public that we are hitting those milestones. Therefore, although there are some milestones
that we have had to postpone, we are still hitting them, and we are hoping that message gets through. Also, I believe it helps to describe the company as an organization with world leading collaborations and looking for hard to treat diseases, and that we believe these drugs will have blockbuster potential. We start there and then work on educating the investor on the 6 drug candidates.

**CEOCFO: What did you see in pancreatic cancer with your drug?**

**Mr. Foster:** With WP1732 we did radiolabeled studies with mice and it has a propensity to go to the pancreas. We know - via our on in vivo and in vitro testing - that 1732 can attack human pancreatic cancer cells embedded in mice. Now that we know that WP1732 with radiolabeling is going disproportionately towards the pancreas, we believe that we have a potential for a blockbuster.

**CEOCFO: How do you spend your time day-to-day as CFO?**

**Mr. Foster:** I am EVP and CFO, so the clinical officers report to me from a business point of view, and they also report to the CSO from a scientific and medical point of view. Therefore, all contracts and all clinical agreements come through me, as well as my controller and my accounting team, in analyzing the financial information and preparing the SEC reports. This means my day is split between attending clinical meetings and handling the typical CFO duties.

**CEOCFO: Did Moleculin run such a tight ship from day one or did you recognize as more and more technologies and ideas came into the fold that you needed to be really on top of things in order to run smoothly?**

**Mr. Foster:** We have definitely grown from two and a half years ago, post IPO. The company IPO’d in June of 2016 and I joined the company in August. At that point in time I was the only full-time employee. In addition, at that time we did have these drug candidates, but that is all they were – drug candidates. Annamycin was in pre-clinical work, and within two and a half years’ time, we have not only taken Annamycin out of the pre-clinical side into a Phase 1/Phase 2 clinical trial, we have begun moving the other drugs, whether it is WP1066 into the clinician sponsored trial and the other drugs into preparation for clinical trials. To some degree we are a very virtual company, with employees spread across the US. We believe that being virtual allows us to hire the very best employees possible. We are also tight with our money. For the first two years the corporate office was a lab with two desks. Today we have moved into a very small corporate office in Houston, and it is a hoteling concept – no assigned offices – team focused environment. The management team meets at the very least on a quarterly basis face-to-face, with multiple weekly phone meetings, where we discuss the projects, and that is in addition to our weekly team meetings on each drug.

**CEOCFO: Put it together for our readers in healthcare and the investment community. Why does Moleculin Biotech stand out?**

**Mr. Foster:** We are a small, smart microtech biotech, and - given that it is unusual - we have 6 potential shots on goal in hard to treat cancers. In addition, we have collaborations with world leading cancer centers.