

Q4

Year-end Report July 2019 – June 2020

The "Company" or "Hamlet Pharma" refers to Hamlet Pharma AB, corp. reg. no. 556568-8958

Opening remarks

The fiscal year 2019/2020 of Hamlet Pharma AB has been very successful. Positive results of our first double blind, placebo controlled clinical study were announced and we conclude that Alpha1H treatment shows efficacy in patients with bladder cancer. The patients did not develop drug-related side effects confirming the safety of Alpha1H. The results define Alpha1H as a drug candidate with significant potential in bladder cancer and other cancer indications.

Significant research advances form the basis for continued clinical trials. Based on significant therapeutic effects in an animal model of bladder cancer, higher doses of Alpha1H will be tested in the clinic. Furthermore, approval has been obtained to continue the clinical trial program by using Alpha1H in combination with established cancer drugs, in order to increase their efficacy and reduce toxicity. Strong experimental data supporting the feasibility of this approach has been generated.

The financial situation for Hamlet Pharma is stable. About 26 million SEK was raised in 2019/2020 by issuing subscription warranties and in March 2020, Hamlet Pharma received a major grant from the European Union Horizon 2020 program, in strong international competition. This "quality stamp" shows that Hamlet Pharma combines leading international research with a great market potential.

The bladder cancer trial team is ready to continue clinical trials when national authorities and local hospitals will permit these activities to resume. The EU grant is also adding resources for business development and the company has formed an advisory committee that includes leading international experts with financial, legal and marketing backgrounds, as well as science and specific technologies.

We would like to thank all shareholders for continued confidence and support. Improving the health and quality of life for cancer patients remains our focus and we will do our utmost to deliver new treatment options to prevent and reduce suffering in patients from these devastating diseases.

Catharina Svanborg and Mats Persson
Chairperson and CEO of Hamlet Pharma AB

Significant events during the fiscal year

On July 18, 2019, Hamlet Pharma announced the successful outcome of the Phase I/II trial, demonstrating safety and efficacy of Alpha1H in patients with bladder cancer. The efficacy data showed significant differences between the Alpha1H treated patients and the placebo group.

On October 7, 2019, the Company received KSEK 12,950 by redemption of subscription warrants, in line with the resolution adapted by the AGM 2018 and board meeting decision from February 2019. For more information, please see "New share issues and subscription warrants" below.

On October 11, 2019, the Company released further data from the clinical study.

Safety Analyses: There were no side effects related to the Alpha1H treatment showing that instillations of 1.7 mM of Alpha1H into the bladder can be regarded as safe.

Efficacy Analyses: There was a reduction in tumor size and treated patients secreted tumor cells and whole tumour fragments into the urine, indicating efficacy of Alpha1H compared to placebo. Alpha1H was shown to be taken up by tumor cells, providing evidence that the drug candidate alpha1H targets the tumor. Alpha1H also induced cell death in the tumour through apoptosis, whereby dead cells are removed without damaging healthy tissue. These findings and extensive molecular data from the clinical study support the mechanisms of action for Alpha1H demonstrated in the laboratory experiments and in animal studies.

On December 18, 2019, Hamlet Pharma initiated a GLP study to evaluate the effects of intracerebral infusion of Alpha1H.

This step is taken to define the maximum dose of Alpha1H in animals before clinical testing. It is anticipated that Alpha1H will be infused intracerebrally for at least one week in humans in order to evaluate its effects on the disease. Severe brain tumors such as glioblastomas are often therapy resistant and the recurrence rates after therapy are extremely high.

On February 3, 2020, Hamlet Pharma raised 12,937 million SEK by issuing a second round of subscription warranties in line with the resolution adapted by the Annual General Meeting (AGM) in 2018 and a board meeting decision from February 2019. The issuance costs were modest (KSEK 13).

On February 5, 2020, the company announced a new, pre-clinical discovery. Alpha1H was shown to improve the therapeutic efficacy of chemotherapeutic bladder cancer drugs such as Mitomycin C and Epirubicin. In combination with Alpha1H, the doses of these toxic agents could be significantly reduced. These findings do not affect the development of Alpha1H as a stand-alone therapy but suggest an additional window of opportunity for future clinical use.

On March 9, 2020, Hamlet Pharma was awarded a grant of € 2.2M from the EU's Horizon 2020 EIC Accelerator Fund. "This grant indicates a very high level of confidence in the project entitled Alpha 1H – A Unique Bladder Cancer Therapeutic, Acting with Great Precision". The funds will be paid incrementally during the project's 24-month duration, starting in June 2020. The award increases international visibility and helps building our network with international companies. The EU program also brings Hamlet Pharma closer to potential partners and enhances the focus on business development.



On May 12, 2020, Hamlet Pharma signed a patent licensing agreement with Linnane Pharma for the development of BAMLET for non-pharmaceutical purposes. The bovine alpha-lactalbumin complex, BAMLET, kills tumor cells in animal models and may be of interest for future drug development in Hamlet Pharma's cancer drug portfolio. The licensing agreement stipulates that Hamlet Pharma retains the rights to develop BAMLET as a pharmaceutical but licenses to Linnane Pharma the rights to develop BAMLET for non-pharmaceutical use and requires Linnane Pharma to pay to Hamlet Pharma a 10 % royalty of any future gross income emanating from the licensed patent rights to Linnane Pharma. Linnane Pharma is well positioned to effectively realize BAMLET's non-pharmaceutical potential, through its unique knowledge of the science behind BAMLET, its applications, production technology and product profiling. The agreement is classified as a "related transaction" as Linnane Pharma is the parent company of Hamlet Pharma and owns 50,19 % of the shares of Hamlet Pharma.

On June 12, 2020, the Company announced a new corporate structure, strengthening the expertise and leadership in finance, business development and specific business areas. An advisory committee, with Anders Wihlbom as financial advisor, Jan Zetterberg as legal advisor, the CEO Mats Persson and the Chairman of the board, Catharina Svanborg has been formed. The committee will report to the board. Moreover, several other positions were filled to enable the company to grow and realize the vision for new, less toxic cancer treatments.

Significant events after the fiscal year

No significant events after June 30, 2020 have taken place.

Impact of the COVID 19 pandemic

The COVID-19 pandemic has significantly affected the infrastructure for clinical trials, world-wide. The European Medicines Agency (EMA) has acknowledged the impact of COVID-19 on the health system and advised keeping activities on clinical trials to a level not impacting the priorities work. HAMLET Pharma has continued the preparations for continued clinical trials and the Czech authority has approved the dose-escalation study and an extension of the ongoing study with combination therapy and the clinical study team is ready for such studies to start.

Figures

FOURTH QUARTER (APR 1, 2020-JUN 30, 2020)

- Net sales for the fourth quarter totaled KSEK 0 (0)
- Other operating income for the fourth quarter totaled KSEK 448 (0)
- Loss before tax amounted to KSEK -6,471 (-6,665)
- Loss after tax amounted to KSEK -6,471 (-6,665)
- Loss per share* was SEK -0.1925 (-0.2107)

FULL-YEAR (JUL 1, 2019-JUN 30, 2020)

- Net sales for the fully-year totaled KSEK 0 (0)
- Other operating income the fully-year totaled KSEK 448 (0)
- Loss before tax amounted to KSEK -23,432 (-17,103)
- Loss after tax amounted to KSEK -23,432 (-17,103)
- Loss per share* was SEK -0.6969 (-0.5408)
- At June 30, 2020, the equity/assets ratio** was 72.0 (71.2)%

Amounts in parentheses above and below indicate the corresponding value in the preceding year.

* Profit/loss after tax for the period divided by 33,624,899 (31,624,899), respectively, where 33,624,899 is the number of shares outstanding at June 30, 2020. The comparative figure in parentheses was the number of shares at June 30, 2019.

** Equity divided by total capital.

Hamlet Pharma AB

Hamlet Pharma, whose shares are traded on Spotlight Stock Market, is part of a Group and is a subsidiary company of Linnane Pharma AB, which owns 50.19% of Hamlet Pharma AB. Linnane Pharma is wholly owned by Catharina Svanborg, Chairman of Hamlet Pharma. Hamlet Pharma is engaged in drug development based on the tumouricidal protein-lipid complex, HAMLET, formed by two generally regarded as safe (GRAS) molecules present in human milk. The novel therapeutic entity HAMLET is formed when alpha-lactalbumin (the primary protein component of human milk) undergoes a conformational change and binds to oleic acid. The aim is to develop drugs that can primarily be used for the treatment and prevention of cancers. HAMLET selects and removes tumour cells efficiently and has not shown toxicity in two proof-of-concept studies in humans. The agent has shown a therapeutic effect on skin papillomas in a placebo-controlled clinical trial and induces shedding of dead cancer cells after injection into the bladder of patients with bladder cancer.

Alpha1H is a synthetic variant of HAMLET, which has enabled development of the agent for clinical trials. Alpha1H kills different types of tumour cells and has demonstrated therapeutic effects on bladder cancer in animal models. Hamlet Pharma has one ongoing Phase I/II clinical trial with Alpha1H in patients with bladder cancer, a severe and costly form of cancer. The company intends to expand its activities into other types of cancer. The ongoing clinical study shows no side effects of Alpha1H, indicating that the treatment is safe and well tolerated. Alpha1H demonstrated clinical efficacy compared with patients who received placebo.

The company's operations are based on R&D. The Company has therefore concluded an agreement with Lund University to ensure that Hamlet Pharma gains access to the research findings underlying the continued development of its research portfolio. The protein-lipid complex HAMLET is formed when alpha-lactalbumin (a human milk protein) binds to oleic acid (a fatty acid), which is also present in milk. The Company has also identified the active components of the HAMLET molecule that are responsible for the tumoricidal activity and developed large-scale production of these components. The peptide complex named Alpha1H has demonstrated efficacy on bladder cancer. Alpha1H has been granted numerous patents in both Europe, Asia and the US.

Revenue and earnings

During the fourth quarter, Hamlet Pharma's net sales amounted to KSEK 0 (0). Other operating income amounted to KSEK 448 (0). Read more in the section "Horizon 2020 EIC Accelerator Fund" below. Costs were related to the continued R&D activities of the research team at Lund University, clinical trial activities and a substantial amount for manufacturing new clinical trial materials for upcoming clinical activities. This includes manufacturing of the peptide Alpha1H as well as formulation of the drug candidate for clinical trials. The team at Lund University is also responsible for the development of

manufacturing methods, stability testing and chemical and functional characterization of existing and new drug substances, and plays a key role in the coordination of laboratory testing in the clinical trial. Costs were also related to production of the Alpha1H drug candidate, for use in ongoing and forthcoming clinical trials.

Loss before tax for the fully-year was KSEK -23,432 (-17,103). Loss before tax for the fourth quarter was KSEK -6,471 (-6,665).

Financial position

In March 2020 Hamlet Pharma was awarded a grant of 2.2 MEUR from the EU's prestigious Horizon 2020 EIC Accelerator Fund. Read more in the section "Horizon 2020 EIC Accelerator Fund" below.

During the fiscal year, the Company have issued the two series of subscription warrants. This brought the Company a total of KSEK 25,874 net. Read more in the section "New share issue and subscription warrants" below.

At the end of the fourth quarter, the equity/assets ratio was 72.0 (71.2) %, and the Company's cash and cash equivalents were KSEK 13,240 (10,618).

The company is sufficiently equipped in terms of liquidity for the next fiscal year.

Horizon 2020 EIC Accelerator Fund

In March 2020 Hamlet Pharma was awarded a grant of 2.2 MEUR from the EU's prestigious Horizon 2020 EIC Accelerator Fund. The funds will be paid incrementally during the project's 24-month duration. The first payment of KSEK 12.580 was done on July 1st, 2020. Grant income will be reported when performance of the agreed targets has been delivered according to the framework of the project.

Cash flow and investments

No intangible assets were capitalized during the period, since the Company is in an R&D stage. R&D costs are therefore recognized as operating expenses in the income statement. No new investments in tangible assets were capitalized during the fourth quarter.

The share

At June 30, 2020, the number of shares totaled 33,624,899. The Company's shares have been traded on Spotlight Stock Market (formerly AktieTorget) since October 23, 2015. Spotlight Stock Market is the secondary name of ATS Finans AB, a securities company under the Swedish Financial Supervisory Authority's supervision.

New share issue and subscription warrants

On February 1, 2019, the Board of Hamlet Pharma AB decided to implement a private placement of shares with subscription warrants that would generate proceeds of approximately MSEK 36 for the Company if fully exercised.

The Company's share capital was increased by SEK 30,000 by issuing 1,000,000 shares. The Board's decision also meant that a maximum of 2,000,000 subscription warrants would be issued, entitling the holders to subscribe for a maximum of 2,000,000 shares. If the subscription warrants were exercised, the Company's share capital would increase by a further maximum of SEK 60,000. The new shares would not carry the right to a dividend until the first record date after the shares have been registered with Euroclear Sweden AB. In February 2019, the Company implemented the adopted new issue totaling KSEK 10,350, with issuance costs of a modest KSEK 12, generating KSEK 10,338 net. In October 2019, the Company received KSEK 12,950 from redemption of the first series of subscription warrants. The issuance costs of a modest KSEK 13, generating KSEK 12,937 net. In February 2020, the Company received another KSEK 12,950 from redemption of the second series of subscription warrants. The issuance costs of also a modest KSEK 13, generating another KSEK 12,937 net.

Basis of preparation for the interim report

The Company prepares its accounts in accordance with the Swedish Annual Accounts Act and the K3 framework (BFNAR 2012:1) of the Swedish Accounting Standards Board.

Review

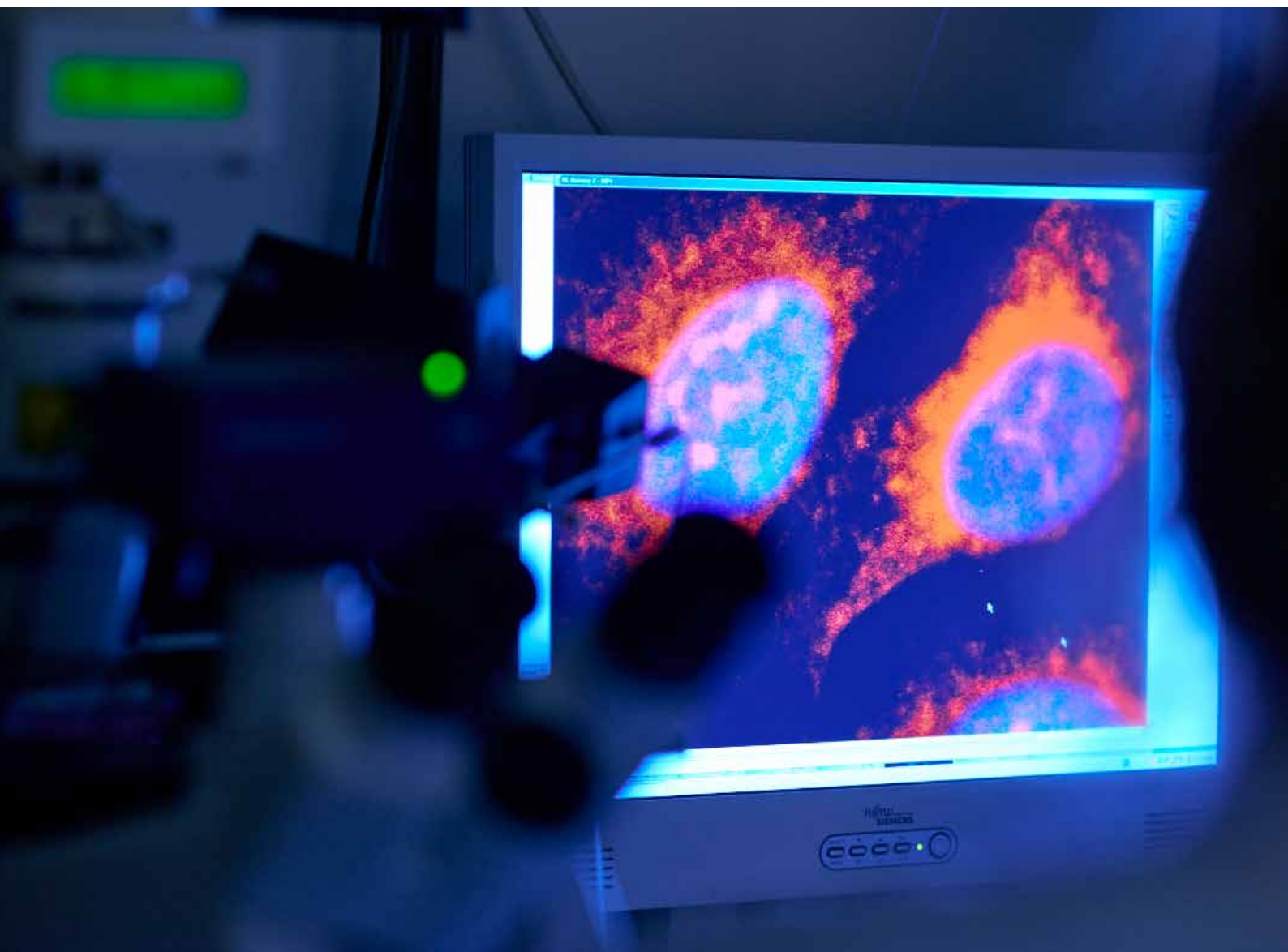
This interim report has not been audited.

The AGM and the annual report

- The Annual General Meeting for 2019/2020 is planned to be held at Malmö Börshus, in Malmö on November 26, 2020. Due to COVID-19, further information will be given in a press release closer to the AGM.
- Annual Report for 2019/2020 will be available on November 5 2020 on the Company's office at Klinikgatan 32, Lund. The documents are also published on the company's website (www.hamletpharma.com) and are then sent to the shareholders who request it and state their postal address.
- The Board proposes that no dividends be paid for the 2018/2019 fiscal year.

Financial calendar

Annual Report for 2019/2020	November 5, 2020
Interim report for Q1, 2020/2021	November 12, 2020
Annual General Meeting for 2019/2020	November 26, 2020



Income statement

SEK	2020-04-01 2020-06-30	2019-04-01 2019-06-30	2019-07-01 2020-06-30	2018-07-01 2019-06-30
Net sales	0	0	0	0
Other operating income	447,676	0	447,676	0
Operating income	447,676	0	447,676	0
Other external costs	-5,968,787	-5,735,205	-21,568,419	-14,514,793
Employee benefit expenses	-916,509	-780,528	-2,265,116	-2,213,402
Depreciation of tangible assets	-9,000	-78,756	-36,000	-315,024
Other operating income	-24,714	-69,838	0	-59,524
Other operating expenses	-6,471,334	-6,664,327	-23,421,859	-17,102,743
Operating loss	-5,908,677	-6,664,327	-22,859,202	-17,102,743
Financial items	0	-500	-10,361	-242
Loss before tax	-6,471,334	-6,664,827	-23,432,221	-17,102,985
Tax on loss for the period	0	0	0	0
Loss after tax	-6,471,334	-6,664,827	-23,432,221	-17,102,985

Balance sheet

ASSETS, SEK	2020-06-30	2019-06-30
Fixed assets		
Tangible assets	45,000	81,000
Total fixed assets	45,000	81,000
Current assets		
Other receivables	754,306	485,463
Prepaid expenses	514,129	101,205
Cash and bank balances/financial investments	13,240,400	10,617,570
Total current assets	14,508,835	11,204,238
TOTAL ASSETS	14,553,835	11,285,238
EQUITY & LIABILITIES, SEK	2020-06-30	2019-06-30
Restricted equity		
Share capital	1,008,747	948,747
Statutory reserve	20,000	20,000
Total restricted equity	1,028,747	968,747
Non-restricted equity		
Share premium reserve	84,848,309	59,033,909
Retained earnings	-51,968,760	-34,865,775
Loss for the period	-23,432,221	-17,102,985
Total non-restricted equity	9,447,328	7,065,148
Total equity	10,476,075	8,033,895
Current liabilities		
Accounts payable	2,850,244	2,251,704
Tax liabilities	1,525	0
Other liabilities	320,522	246,041
Accrued expenses	905,469	753,598
Total current liabilities	4,077,760	3,251,343
TOTAL EQUITY & LIABILITIES	14,553,835	11,285,238

Cash flow statement

SEK	2019-07-01 2020-06-30	2018-07-01 2019-06-30
Operating activities		
Loss after financial items	-23,432,221	-17,102,985
Adjusted for non-cash items, etc.	36,000	315,024
	-23,396,221	-16,787,961
Paid income tax	1,525	0
Cash flow from operating activities before changes in working capital	-23,394,696	-16,787,961
Cash flow from changes in working capital		
Change in current receivables	-681,767	119,465
Change in current liabilities	824,892	1,486,135
Cash flow from operating activities	-23,251,570	-15,182,361
Investing activities		
Acquisition of tangible assets	0	0
Cash flow from investing activities	0	0
Financing activities		
New share and subscription warrant issues	25,900,000	10,350,000
Issuance costs	-25,600	-11,505
Cash flow from financing activities	25,874,400	10,338,495
Cash flow for the period	2,622,830	-4,843,866
Cash and cash equivalents at the beginning of the period	10,617,570	15,461,436
Cash and cash equivalents at the end of the period	13,240,400	10,617,570

Equity

Equity (SEK)	Share capital	Statutory reserve	Non-restricted reserves	Loss for the period	Total
Opening balance July 1, 2019	948,747	20,000	24,168,133	-17,102,985	8,033,895
Transfer of prior year's loss			-17,102,985	17,102,985	0
Loss for the period, Q1				-2,743,498	-2,743,498
Subscription warrants	30,000		12,907,200		12,937,200
Loss for the period, Q2				-7,986,049	-7,986,049
Subscription warrants	30,000		12,907,200		12,937,200
Loss for the period, Q3				-6,231,339	-6,231,339
Loss for the period, Q4				-6,471,334	-6,471,334
Equity June 30, 2020	1,008,747	20,000	32,879,548	-23,432,221	10,476,075

Malmö, August 28, 2020

Catharina Svanborg
Chairperson of the Board

Bengt Westermark
Board member

Christer Köhler
Board member

Helena Lomberg
Board member

Rolf Carlsson
Board member

Mats Persson
CEO



HAMLET PHARMA

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