

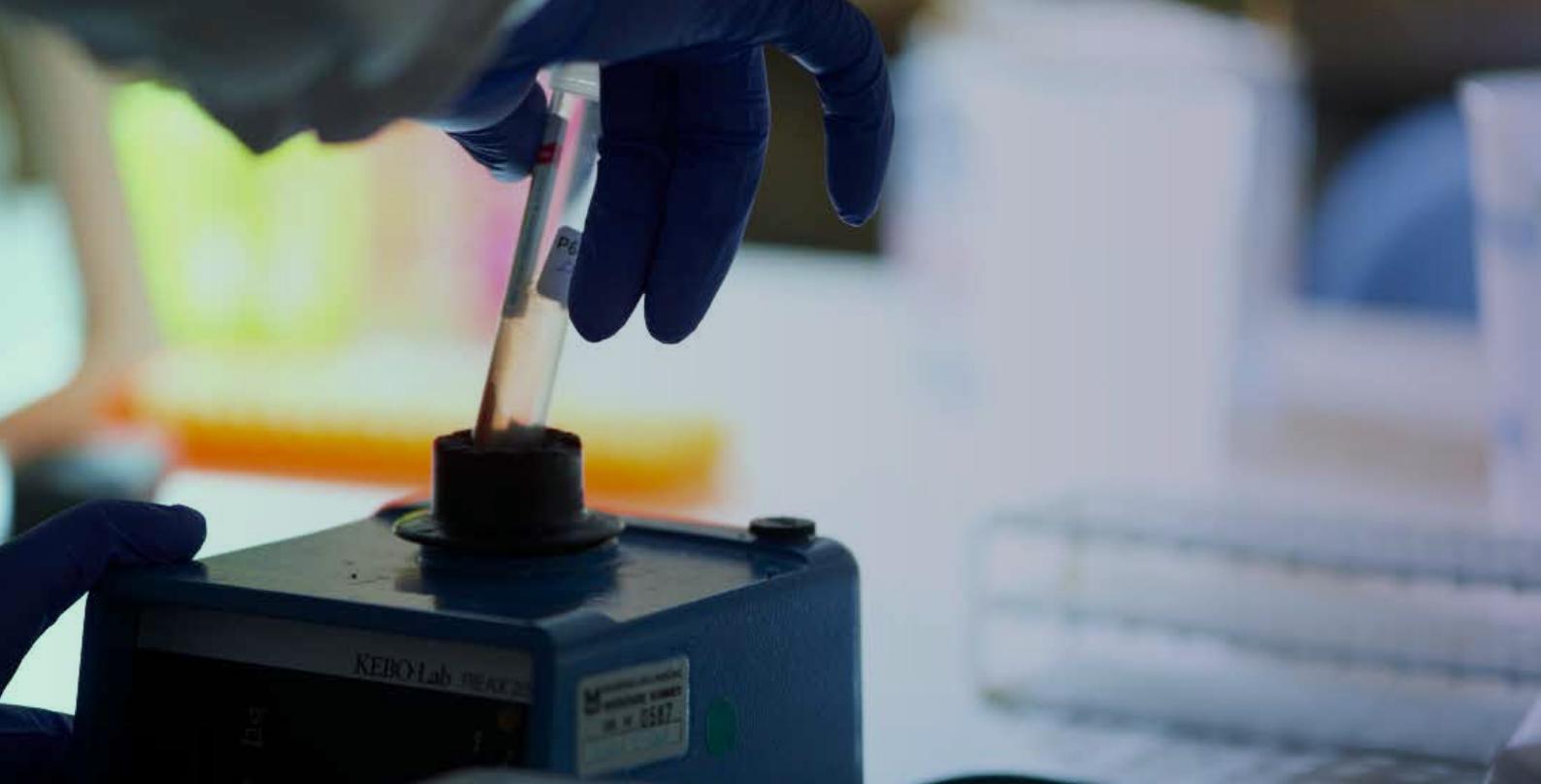


HAMLET PHARMA

Q4

Year-end report July 2018-June 2019

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



Opening remarks

Hamlet Pharma has had a highly productive year, with a number of concrete, positive results. The clinical trial shows that Hamlet Pharma's Alpha1H drug candidate is effective in the treatment of bladder cancer and does not cause severe side effects. Alongside of the clinical trial, the Company has laid the foundation for continued clinical development. In the animal model of bladder cancer, research has shown that a higher dose of Alpha1H increases the therapeutic effect. We have received regulatory approval for a dose escalation study in patients with bladder cancer, with the aim of identifying an optimal dose. We have secured access to the substance, with additional production of the GMP-assured Alpha1H drug substance, and gained support for continued trials in the clinical team, which worked together with us to conduct the first Alpha1H trial. Our research outcomes have also led to new patent applications, which are defining key development strategies.

We are extremely grateful for the commitment shown by our employees and external partners over the past year. Their professionalism is a prerequisite for achieving clinical and scientific goals with such a small organization and limited budget. We would like to thank our investors and shareholders for their confidence in us, and we are looking forward to another successful year.

Catharina Svanborg and Mats Persson

Chairperson of the Board and CMO, and CEO, respectively, of Hamlet Pharma AB

Significant events during the fiscal year

Our most significant events in 2018/2019 are presented below in chronological order:

- The bladder cancer trial commenced in May 2018, and on October 12, 2018 it was announced that patient enrollment had proceeded as planned. It was also announced that the trial had been registered in the EU Clinical Trials Register www.clinicaltrialsregister.eu as well the US registry of clinical trials clinicaltrials.gov.
- On October 16, 2018, it was announced that a US company had performed an evaluation of Hamlet Pharma's documentation in preparation for a future FDA contact. The results were highly positive. The statement emphasized the quality of our preclinical research, production of Alpha1H and preparation of clinical trial materials. The evaluation was also highly positive in regard to the trial design for assessing toxicity, which forms the basis of the clinical trial in patients with bladder cancer.
- The Annual General Meeting of Hamlet Pharma AB was held on November 22, 2018. The Meeting resolved to adopt the income statement and balance sheet in the annual financial statements that were presented. The AGM also authorized the Board to seek new funding.
- On December 5, 2018, it was announced that the therapeutic effect of Alpha1H increases at higher doses in the animal model of bladder cancer.
- On December 17, 2018, it was announced that half of the patients had been included in the bladder cancer trial.
- On February 1, 2019, the Board decided to implement a private placement of shares and subscription warrants. If fully exercised, a group of investors with long-term ownership ambitions would provide an injection of approximately MSEK 36 to the company.
- On February 7, 2019, the company received clearance from the Czech regulator to conduct a two-year follow-up of the patients in the ongoing bladder cancer trial. The trial patients will be monitored in accordance with clinical practice guidelines.
- On March 8, 2019, manufacture of the Alpha1H peptide commenced for future dose-response meta-analyses in the field of bladder cancer. PolyPeptide Laboratories Holding (PPL) AB supplies the peptide.
- On April 8, 2019, it was announced that patient recruitment had continued as planned and a detailed schedule was presented for the period up to the assessment of the clinical trial.
- On April 16, 2019, Hamlet Pharma was featured in the British daily newspaper The Times, with a comprehensive article about the Company's research and future prospects. In its magazine and on its website, BBC Science has also published a podcast featuring an interview with the Company's founder, which has proved popular.

- On May 16, 2019, the Company's formalized its collaboration with public relations agency Issa PR, with a focus on international communication from offices in London and New York.
- On June 14, 2019, the Czech regulator SUKL approved Hamlet Pharma's application to conduct a dose-finding study for the Alpha1H drug candidate.

Clinical trials

During the fiscal year, the company was focused on the enrollment of all 40 patients to the safety and efficacy trial of Alpha1H in patients with bladder cancer.

Patients who give their consent will be monitored for another two years after completion of the trial. Such monitoring is highly significant for understanding the long-term impact of the Alpha1H drug candidate. On February 7, the Czech regulator announced its approval of an application to extend the ongoing trial. The Company will thereby be able to monitor for long-term effects and study the therapeutic effect in patients treated with Alpha1H versus placebo.

In the fourth quarter, our application to study higher doses of Alpha1H was approved by the regulator in the Czech Republic. It will now be possible to include more patients and follow the same protocol, but at higher doses than in the first phase of the trial. The main goal is to determine whether higher doses have an acceptable safety profile and whether they increase the therapeutic effects. In the process of developing Alpha1H into a registered drug, maximizing efficacy by determining the highest tolerated dose is important. The regulator's decision to approve the dose-finding study is based on our animal models, which demonstrate increased therapeutic effect at higher doses, as well as toxicity studies confirming that the Alpha1H substance is not toxic at these higher doses, which is now being further investigated.

Financing and Accounting

During the fiscal year, Hamlet Pharma raised capital by implementing a private placement of shares. An initial amount of approximately MSEK 10 was injected on February 1, 2019. The agreement also enables the Company to generate an additional amount of approximately MSEK 26 by issuing subscription warrants until Q1 2020. The decision is in line with a resolution adopted by the Annual General Meeting (AGM) on November 22, 2018, which authorized the Board to seek new funding.

Manufacturing of Alpha1H for clinical trials

In collaboration with our partner, PolyPeptide Laboratories Holding (PPL) AB, we are producing more batches of the Alpha1H peptide on a larger scale. In collaboration with Recipharm AB, Alpha1H formulations and clinical trial material packaging are being developed. With higher volumes of the substance, the Company will be able to conduct new clinical trials in patients with bladder cancer on a large scale as well as commencing trials in other cancer indications.

Media and Communication

Hamlet Pharma initiated collaboration with an international public relations agency, Issa PR, with offices in both London and New York. Through its extensive network, Issa PR will be working with the Company's communication strategy and strengthening the Company's international presence. Issa PR will also provide support for the Company's English website. Due to the major amount of international interest in the Company, we will be increasing our communication in English in the future. On April 16, The Times published an article on breast milk, Alpha1H and cancer. An interview with BBC Science was published as a BBC Science Pod. The interview is available on the BBC Science Focus website.

Patents

During the fiscal year, the Company's patent portfolio was expanded to ensure that our intellectual property is protected, and that our patent applications maintain a commercially relevant focus. Our research made progress in terms of the patent application for nutraceuticals – or dietary supplements. As previously communicated, this patent has been granted in Europe and we are hoping to achieve the same success in the US. We have also filed a patent application for the prevention of gastrointestinal (GI) cancer. Furthermore, we have made progress in new treatment strategies.

Patents for the recombinant HAMLET have been granted in 11 countries and we are continuing our efforts to achieve national patent protection.

Significant events after the end of the fiscal year

Therapeutic effect of Alpha1H with no side effects

On July 18, 2019, the Company announced that the outcome of the bladder cancer trial generated positive results. The endpoint of this phase I/II trial is to study the safety and efficacy of the treatment. Alpha1H satisfied the criteria for good safety, since no side effects due to Alpha1H were registered, which is consistent with the results from animal toxicity studies.

Alpha1H (active substance) also demonstrated a very clear and significant effect compared with patients who received a placebo (inactive substance).

Furthermore, some patients secreted whole tumor fragments, which further highlights the efficacy of Alpha1H compared with a placebo. Alpha1H also induced cell death in the tumor through apoptosis, which is an orderly process by which tissues shed cells. These findings support the mechanisms of action for Alpha1H demonstrated in the laboratory and in animal testing.

The results attracted a great deal of media attention both in Sweden and internationally. The article in The Daily Telegraph was the second-most visited article in the Science category.

<https://www.telegraph.co.uk/science/2019/07/18/breast-milk-chemical-dissolves-tumours-cancer-patients-can-pass/>

<https://finance.yahoo.com/news/hamlet-pharma-announces-results-first-131100581.html>
<https://www.biospace.com/article/releases/hamlet-pharma-announces-results-of-first-major-clinical-trial-for-a-new-cancer-killing-molecule>

<https://www.latestly.com/lifestyle/health-wellness/breast-milk-promises-cancer-cure-after-scientist-finds-tumour-dissolving-chemical-in-it-1027982.html>

The Company has also been featured in Swedish press – in Dagens Industri on July 18, 2019, Sydsvenska Dagbladet on July 22 and Lokaltidningen Lund on August 6, 2019 as well as the radio station P4.

<http://lund.lokaltidningen.se/2019-08-06/-Bröstmjölk-kan-bli-svar-på-cancergåta-5455382.html>

<https://www.sydsvenskan.se/2019-07-22/lundaaktie-rusade-over-60-procent-efter-succestudie>

Figures

FOURTH QUARTER (APR 1, 2019-JUN 30, 2019)

- Revenue for the fourth quarter totaled KSEK 0 (0)
- Loss before tax amounted to KSEK -6,665 (-3,426)
- Loss after tax amounted to KSEK -6,665 (-3,426)
- Loss per share* was SEK -0.2107 (-0.1119), and SEK -0.1982 after dilution

FULL-YEAR (JUL 1, 2018-JUN 30, 2019)

- Revenue for the full-year totaled KSEK 0 (0)
- Loss before tax amounted to KSEK -17,103 (-16,299)
- Loss after tax amounted to KSEK -17,103 (-16,299)
- Loss per share* was SEK -0.5408 (-0.5322), and SEK -0.5086 after dilution
- At June 30, 2019, the equity/assets ratio** was 71.2 (89.3)%

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

* Profit/loss after tax for the period divided by 31,624,899 (30,624,899) and 33,624,899 shares, respectively, where 31,624,899 is the number of shares outstanding at June 30, 2019, and 33,624,899 will be the number of shares if the subscription warrants issued by the Company are exercised. The comparative figure in parentheses was the number of shares at June 30, 2018.

** 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 AB, which owns about 53% of Hamlet Pharma AB. The Company is engaged in drug development based on a 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 tumor 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 the synthetic variant of HAMLET, which has enabled development of the agent for clinical trials. Alpha1H kills different types of tumor 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 costly form of cancer that is difficult to treat, and intends to expand its activities into other types of cancer.

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 tumouricidal activity, and developed large-scale production of these components. The peptide complex that we have named Alpha1H has demonstrated efficacy on bladder cancer in relevant animal models and is currently being tested in a clinical trial. Alpha1H has been granted patents in both Europe and the US.

Revenue and earnings

During the fiscal year, Hamlet Pharma's sales amounted to KSEK 0 (0). Costs were related to the continued R&D activities of the research team at Lund University, and to implementation of the clinical trial in bladder cancer patients.

The research led to new patent applications during the financial year. 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 year was KSEK -17,103 (-16,299). In the fourth quarter of the fiscal year, sales amounted to KSEK 0 (0) and loss before tax was KSEK -6,665 (-3,426).

Financial position

In the third quarter of the fiscal year, the Company issued new shares. In addition, the Board has decided to issue subscription warrants. Read more about the issue of new shares and subscription warrants below.

At the end of the fiscal year, the equity/assets ratio was 71.2% (89.3). At year-end, the Company's cash and cash equivalents were KSEK 10,618 (15,461). The Company expects that the issuances in October 2019 and January/February 2020 will generate approximately MSEK 26, which will secure continuing operations during the next fiscal year. Read more under New share issue and subscription warrants.

Cash flow and investments

The new share issue described above generated net proceeds of KSEK 10,338 for the Company. 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 fiscal year.

The share

At June 30, 2019, the number of shares totaled 31,624,899. 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.

In the third quarter of the fiscal year, the Company implemented the adopted the new issue totaling KSEK 10,350, with issuance costs of a modest KSEK 12, which generated KSEK 10,338 net. The new issue was registered on February 15 at the Swedish Companies Registration Office.

The subscription warrant decision comprises 1,000,000 subscription warrants series 2019 and 1,000,000 subscription warrants series 2020 (units) with the following terms.

Each unit comprises one share, one subscription warrant that may be exercised between September 30-October 4, 2019 and one subscription warrant that may be exercised between January 27-31, 2020. The right to subscribe for units will be offered to the following people, who also subscribed for all units in accordance with the decision.

Eligible for subscription	Number of units
Östen Carlsson	200,000
Erik Lindbärg	350,000
Tobias Persson Rosenqvist	350,000
Kristian Kierkegaard	100,000

The subscription price is SEK 10.35 per unit. The subscription price corresponds to the volume-weighted average price of the Company's share during the ten trading days prior to the decision. The subscription warrants will be issued without consideration but may only be subscribed for as part of a unit. One subscription warrant series 2019 entitles the holder to subscribe for one new share at a subscription price of SEK 12.95 from September 30-October 4, 2019. One subscription warrant series 2020 entitles the holder to subscribe for one new share at a subscription price of SEK 12.95 between January 27 and January 31, 2020.

The Board's decision meant that the Company's share capital was increased by SEK 30,000 by issuing 1,000,000 shares. The Board's decision also means that a maximum of 2,000,000 subscription warrants will be issued, entitling the holders to subscribe for a maximum of 2,000,000 shares. If the subscription warrants are exercised, the Company's share capital will increase by a further maximum of SEK 60,000.

The new shares will not carry the right to a dividend until the first record date after the shares have been registered with Euroclear Sweden AB.

Proposed disposition of profit

The Board proposes that no dividends be paid for the 2018/2019 fiscal year.

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.

Financial calendar

Interim report for Q1, 2019/20	November 8, 2019
Annual General Meeting for the 2018/19 fiscal year	November 21, 2019

Income statement

SEK	Apr 1, 2019- Jun 30, 2019	Apr 1, 2018- Jun 30, 2018	Jul 1, 2018- Jun 30, 2019	Jul 1, 2017- Jun 30, 2018
Net sales	0	0	0	0
Other operating income	0	0	0	0
Operating income	0	0	0	0
Other external costs	-5,735,205	-2,619,348	-14,514,793	-14,574,525
Employee benefit expenses	-780,528	-511,833	-2,213,402	-1,291,233
Depreciation of tangible assets	-78,756	-288,023	-315,024	-315,023
Other operating expenses	-69,838	-6,655	-59,524	-116,487
Operating loss	-6,664,327	-3,425,859	-17,102,743	-16,297,267
Financial items	-500	0	-242	-1,753
Loss before tax	-6,664,827	-3,425,859	-17,102,985	-16,299,020
Tax on loss for the period	0	0	0	0
Loss after tax	-6,664,827	-3,425,859	-17,102,985	-16,299,020

Balance sheet

ASSETS, SEK	Jun 30, 2019	Jun 30, 2018
Fixed assets		
Tangible assets	81,000	396,024
Total fixed assets	81,000	396,024
 Current assets		
Other receivables	485,463	421,738
Prepaid expenses	101,205	284,395
Cash and bank balances/financial investments	10,617,570	15,461,436
Total current assets	11,204,238	16,167,569
 TOTAL ASSETS	11,285,238	16,563,593
 EQUITY & LIABILITIES, SEK		
Restricted equity		
Share capital	948,747	918,747
Statutory reserve	20,000	20,000
Total restricted equity	968,747	938,747
 Non-restricted equity		
Share premium reserve	59,033,909	48,725,414
Retained earnings	-34,865,775	-18,566,755
Loss for the period	-17,102,985	-16,299,020
Total non-restricted equity	7,065,148	13,859,638
 Total equity	8,033,895	14,798,385
 Current liabilities		
Accounts payable	2,251,704	830,213
Other liabilities	246,041	55,417
Accrued expenses	753,598	879,577
Total current liabilities	3,251,343	1,765,207
 TOTAL EQUITY & LIABILITIES	11,285,238	16,563,593

Cash flow statement

SEK	Apr 1, 2019-Jun 30, 2019	Apr 1, 2018-Jun 30, 2018	Jul 1, 2018-Jun 30, 2019	Jul 1, 2017-Jun 30, 2018
Operating activities				
Loss after financial items	-6,664,827	-3,425,859	-17,102,985	-16,299,020
Adjusted for non-cash items, etc.	78,756	288,023	315,024	315,023
Cash flow from operating activities before changes in working capital	-6,586,071	-3,137,836	-16,787,961	-15,983,997
Cash flow from changes in working capital				
Change in current receivables	-97,535	410,482	119,465	-290,213
Change in current liabilities	961,187	-1,618,130	1,486,135	-66,091
Cash flow from operating activities	-5,722,419	-4,345,484	-15,182,361	-16,340,301
Investing activities				
Acquisition of tangible assets	0	-558,047	0	-558,047
Cash flow from investing activities	0	-558,047	0	-558,047
Financing activities				
New share and subscription warrant issues	0	0	10,350,000	0
Issuance costs	0	0	-11,505	0
Cash flow from financing activities	0	0	10,338,495	0
Cash flow for the period	-5,722,419	-4,903,531	-4,843,866	-16,898,348
Cash and cash equivalents at the beginning of the period	16,339,989	20,364,967	15,461,436	32,359,784
Cash and cash equivalents at the end of the period	10,617,570	15,461,436	10,617,570	15,461,436

Equity

Equity (SEK)	Share capital	Statutory re-serve	Non-restricted re-serves	Loss for the period	Total
Opening balance July 1, 2018	918,747	20,000	30,158,659	-16,299,020	14,798,385
Transfer of prior year's loss			-16,299,020	16,299,020	0
Loss for the period, Q1				-2,979,961	-2,979,961
Loss for the period, Q2				-3,342,271	-3,342,271
New share issue	30,000		10,308,495		10,338,495
Loss for the period, Q3				-4,115,926	-4,115,926
Loss for the period, Q4				-6,664,827	-6,664,827
Equity June 30, 2019	948,747	20,000	24,168,133	-17,102,984	8,033,896

Malmö, August 30, 2019

Catharina Svanborg
Chairperson of the Board

Bengt Westermark
Board member

Christer Köhler
Board member

Helena Lomberg
Board member

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