

Q3

Interim report January – March 2022

Opening remarks

Hamlet Pharma has reached important milestones during the third quarter of the fiscal year 2021-2022. We have successfully completed the dose-escalation part of the ongoing clinical study in bladder cancer and detected significantly stronger effects on the tumor in patients receiving increasing doses of Alpha1H. The tumors were strongly affected in patients treated with five times higher amounts of Alpha1H without an increase in side effects. These results are very encouraging for our continued development of the clinical program. We have intensified the collaboration with experienced consultant organisations to initiate discussions with EMA and FDA. Members of our Think Tank are actively involved to help ensure an optimal way forward to reach our targets.

The external manufacturing partnerships include the synthesis of the Alpha1 peptide as well as the formulation of drug substance for clinical studies. The transfer of drug manufacturing to a multinational commercial facility has been successful. During the third quarter, a new batch of Alpha1H was produced and shown to be fully active against cancer cells. We have secured material for additional clinical studies in patients with bladder cancer, which we regard as our highest priority. Production is a crucial technical issue also for the development of BAMLET for clinical trials. Experimental studies of BAMLET in cancer models are very encouraging.

During the past year we have received financial support from the EIC Accelerator Horizon 2020 fund. During March, we successfully delivered our 18-month report to the European Union examination board. The evaluators concluded that we had “fully achieved our objectives and milestones for the period” and that we “remain in line with our objectives”.

The financial position of Hamlet Pharma is very stable. During the last two weeks of May 2022, TO3 warrants entitle the holder to subscribe for new B shares, to further improve the financial position of the company. Information about the TO3 warrants will be made available to all shareholders.

Last but not least, we are delighted to welcome our new CEO, Martin Erixon to Hamlet Pharma, starting on June first.

Catharina Svanborg and Mats Persson

Chairman of the Board/CMO and CEO of Hamlet Pharma AB

Significant events during the third quarter

On January 14, 2022, Strategic recruits to the Hamlet Pharma Think Tank were announced. The company has formed the Think Tank as a forum for strategic discussions important to the company's future. In addition to the competence that exists in the company, leading experts have been recruited in the areas of drug development, business development, finance, and clinical strategy. The Think Tank will provide a forum for creative discussions and networking, a place where experience and expertise within the company's major strategic areas will be shared to reach innovative solutions.

On January 17, 2022, the successful completion of the dose-escalation extension of the Phase I/II study was announced. More potent effects of Alpha1H for key study parameters were seen for higher doses. The tumors were more strongly affected by Alpha1H at higher doses than in patients treated with the lower dose, as shown by more extensive shedding of tumor cells and tumor fragments into patient urine. As shown earlier, significant cell shedding or apoptosis did not occur in the placebo group, confirming the treatment effect. The results are very encouraging for our continued work towards Phase III trials.

On January 31, 2022, a newsletter was published to describe data from the dose-escalation study in greater detail. The correlation between dose and effect strongly indicates that Alpha1H has great potential as a drug against bladder cancer.

On February 25, 2022, Hamlet Pharma published the Interim report Q2 for the period October-December 2021.

On March 2, 2022, Hamlet Pharma presented the company on Stockholm Corporate Finance 14th Life Science Capital Market days.

On March 4, 2022, A Successful review of HAMLET Pharma's EU Horizon 2020 program was announced. Hamlet Pharma has delivered its 18-month report to the European Union's Horizon 2020 program. The EU reviewer stated that the project has "fully achieved its objectives and milestones for the period" and "remains in line with the objectives". It was mentioned that Hamlet Pharma was one of very few companies that achieved all milestones on time, during the pandemic.

Significant events after the end of the third quarter

On April 5, 2022, Hamlet Pharma announced that Martin Erixon joins Hamlet Pharma as new CEO. Martin has extensive experience from the Medical/ Pharmaceutical industry as well as from the Food Processing industry. He is a highly motivated team player and negotiator, who strives to find the best solutions in business relationships. In his previous role as advisor to Hamlet Pharma, Martin Erixon has facilitated the discussions with external partners in recent years.

On May 17, 2022, the subscription price for the exercise of warrants of series TO 3 B was set at 3.28 SEK per share. Upon full exercise of all warrants, the Company will receive an additional maximum of 12.9 MSEK.

On May 18, 2022, a newsletter highlighting the recent presentations of the company was published.

On 8th of March Hamlet Pharma presented at Stockholm Corporate Finance's 14th Life Science Capital Market days
<https://tv.streamfabriken.com/stockholm-corporate-finance-life-science-seminarium-2022-8-mar-hamlet-pharma?seek=113>

On the 25th of April, Hamlet Pharma presented at Aktie-spararna in Helsingborg.

On the 10th of May 2022, Hamlet Pharma presented at Naventus Corporate Finance & Partners Healthcare Summit
<https://www.youtube.com/watch?v=j-MuN893LDs>

and on the 13th of May 2022 Hamlet Pharma presented at the 3rd International Donor Milk Research Congress in Milan.

The period in summary

THIRD QUARTER (JAN 1, 2022-MAR 31, 2022)

- Net sales for the quarter totaled KSEK 0 (0)
- Other operating income totaled KSEK 1,166 (1,393)
- Loss before tax amounted to KSEK -4,348 (-2,346)
- Loss after tax amounted to KSEK -4,348 (-2,346)
- Loss per share* was SEK -0.0400 (-0.0233), and SEK -0.0373 after dilution

NINE MONTHS (JUL 1, 2021-MAR 31, 2022)

- Net sales totaled KSEK 0 (0)
- Other operating income totaled KSEK 9,738 (6,029)
- Loss before tax amounted to KSEK -9,346 (-7,017)
- Loss after tax amounted to KSEK -9,346 (-7,017)
- Loss per share* was SEK -0.0859 (-0.0696), and SEK -0.0801 after dilution
- On March 31, 2022, the equity/assets ratio** was 94.6 (30.2) %

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

* Profit/loss after tax for the period divided by 108.761.179 ($3 \times 33,624,899 = 100,874,697$) and 116 647 661, respectively, where 108.761.179 is the number of shares outstanding on March 31, 2022, and 116 647 661 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 on March 31, 2021 - considering the split that was registered at the Swedish Companies Registration Office (Bolagsverket) by April 14, 2021. The shares were splitted in the relation 3:1. Thus, the number of shares totals 100,874,697. Read more in the section "The share" below.

** Equity divided by total capital.



Hamlet Pharma AB

Hamlet Pharma's shares are traded on Spotlight Stock Market. Hamlet Pharma is a subsidiary company of Linnane Pharma AB, which owns 50.13% of the capital and 83,45% of the votes of Hamlet Pharma AB and part of a group also comprising SelectImmune Pharma. Linnane Pharma is wholly owned by Catharina Svanborg, Chairman of Hamlet Pharma. Hamlet Pharma is engaged in the development of a new family of drugs, based on the tumoricidal protein-lipid complex, HAMLET, formed by two Generally Recognized As Safe (GRAS) molecules present in human milk. The therapeutic entity HAMLET is formed when alpha-lactalbumin (the primary protein component of human milk) undergoes a conformational change and binds to oleic acid. HAMLET selects and removes tumor cells efficiently and has shown therapeutic efficacy on skin papillomas in a placebo-controlled clinical trial and induction of cancer cells shedding after injection into the bladder of patients with bladder cancer.

The company goal is to develop drugs for use in the treatment and prevention of cancers; initially bladder cancer, a severe and costly disease. Drug development for bladder cancer has focused on Alpha1H, which is a synthetic variant of HAMLET, comprising the N-terminal peptide alpha1 bound to oleic acid. Alpha1H kills different types of tumor cells and has demonstrated therapeutic efficacy in bladder cancer models. Hamlet Pharma has completed the Phase I/II part of a clinical trial with Alpha1H, which showed no drug-related side effects, indicating that the treatment is safe and well tolerated. Alpha1H demonstrated significant clinical efficacy compared with patients who received placebo. The company has expanded the study program to include a dose-escalation and a combination study arm.

An extensive patent portfolio protects Alpha1H with granted patents in both Europe, Asia, and the US. The company's drug development program is based on access to R&D expertise regulated by a collaboration agreement with Lund University. To extend the access to necessary competence, IP rights, know-how and technology, Hamlet Pharma has entered into an agreement with Linnane Pharma and the technology platform developed by the scientists.

The scientists have also identified and patented the active HAMLET analogue BAMLET, which is a molecular complex formed by bovine alpha-lactalbumin and oleic acid. Patent rights reside with HAMLET Pharma and steps are now taken to develop BAMLET as a prophylactic or therapeutic agent, primarily against cancers in the gastrointestinal tract.

Revenue and earnings

Hamlet Pharma's net sales amounted to KSEK 0 (0) during the first nine months, and to KSEK 0 (0) during the third quarter. Other operating income amounted to KSEK 9,738 (6,029) during the nine months, and to KSEK 1,166 (1,393) during the third quarter. 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. 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 manufacturing of the Alpha1H drug candidate, for use in ongoing and forthcoming clinical trials.

Loss before tax for the first nine months was KSEK -9,346 (-7,017). Loss before tax for the third quarter was KSEK -4,348 (-2,346).

Financial position

The financial situation for Hamlet Pharma is very strong. During July 2021, the company carried out a successful rights issue. The issue provided the Company with 46.9 MSEK, after deductions for issue costs of 4.3 MSEK. Read more in the section "New share issue and subscription warrants" below. Furthermore, a second payment of 6.7 MSEK was received from the EU in July 2021. (Please see "Horizon 2020 EIC Accelerator Fund" section below).

At the end of the third quarter, the equity/assets ratio was 94.6 (30.2) %, and the Company's cash and cash equivalents were KSEK 40,527 (6,328).

Horizon 2020 EIC Accelerator Fund

In March 2020 Hamlet Pharma was awarded a grant of 2.2 MEUR (approx. 22.4 MSEK) of which 252 KEUR belongs to Linnane Pharma 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 12.6 MSEK was received in July 2020, and the second payment of 6.7 MSEK in July 2021. Grants received from Horizon 2020 will be reported as other income as performance within the framework of the agreement is performed. During the third quarter KSEK 1,153 was used from the fund, and KSEK 19,483 has been used accumulated from the fund.

Access to Technology Platform

In addition to the collaboration with Lund University, Hamlet Pharma has access to current and innovative cutting-edge expertise via Linnane Pharma. Linnane Pharma offers a technology platform that provides access to a unique combination of cutting-edge expertise, large-scale analysis methods such as proteomics, RNA and DNA sequencing, methods for analysis of clinical materials and animal models for design of clinical studies for drug development, etc. The agreement is valid for two years and the technology platform is available on a subscription basis. This is an effective way to gain access to cutting-edge expertise and new technology at low cost. The agreement does not contain any further financial commitments to Linnane Pharma. We see this as an efficient and financially attractive model that many biotech companies could benefit from.

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 quarter.

Depreciation

During the quarter, depreciation of equipment amounted to KSEK 0 (9).

Employees

The company had the corresponding 5 (5) full-time employees during the quarter.

The share

The Company's shares have been traded on Spotlight Stock Market 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.

At the extraordinary general meeting in Hamlet Pharma AB on March 2, 2021, it was decided that the company's common shares would undergo a split with relation 3:1 and would be reclassified as A- and B-shares. The B-shares will be traded on Spotlight Stock Market. The A-shares will not be listed. Each A-share entitles to ten votes and B-shares entitles to one vote. Furthermore, it is possible for shareholders to convert A-shares to B-shares, which can be traded on Spotlight Stock Market. This conversion program is ongoing with no current deadline. This means that the ratio between A- and B-shares will change over time. The split was registered at the Swedish Companies Registration Office (Bolagsverket) by April 14, 2021.

As of March 31, 2022, the number of shares registered at the Swedish Companies Registration Office (Bolagsverket) totaled 108,761,179. As of May 11, 2022, the registered current ratio of shares was 38,726,348 A-shares and 70,034,831 B-shares.

New share issue and subscription warrants

In July 2021 a total of 3,870,495 units were issued. A unit consists of two shares (A or B shares depending on previous ownership), a warrant in series TO 3 B and a warrant in series TO 4 B. The warrants were issued free of charge. A warrant of series TO 3 B entitles the holder to subscribe for a new B share in the Company during the period 17 – 31 May 2022, and a warrant of series TO 4 B entitles the holder to subscribe for a new B share in the Company during the period 17 – 31 May 2023. The subscription prices amount to 75% of the volume-weighted average prices for the Company's share in the ten trading days immediately preceding the start of the respective exercise period. However, a maximum of SEK 10 per share for TO 3 B and a maximum of SEK 13 per share for TO 4 B.

As the issue guarantors are entitled to receive guarantee compensation in the form of newly issued units in the Company, the Board, with the support of authorization from the Extraordinary General Meeting held on 17 June 2021, decided on a set-off issue ("Offset Issue"), comprising a total of 72,746 B-units, consisting of 145,492 new B shares and 72,746 new warrants of series TO3 and 72,746 new warrants of series TO 4 B on the same terms as in the Rights Issue.

Upon full exercise of all warrants, the Company will receive an additional maximum of 12.9 MSEK for TO 3 B based on the volume-weighted average price for the Company's share ten trading days before 17 May 2022.

The share capital after the Rights Issue and the Offsetting Issue amounts to SEK 1,087,611.79, divided into a total of 108,761,179 shares. The warrants TO 3 B and TO 4 B were admitted to trading on the Spotlight Stock Market as of September 10, 2021.

Transactions with related parties

During the quarter, KSEK 480 (146) was paid to Linnane Pharma AB for consulting fees and technology platform and KSEK 27 (0) to Ventac Partners AB (Lars Hedbys). Transactions with related parties is on market terms.

The consulting fee to Ventac Partners AB refers to work with the future strategy for the lead candidate drug Alpha1H. The consulting fee to Linnane Pharma, KSEK 105 (146) refers to compensation for central administrative services including HR and ongoing personnel administration. The remainder refers to costs for project administration. During the quarter KSEK 375 (0) was paid to Linnane Pharma AB regarding technology platform (Please see Access to technology platform section above).

Significant risks and uncertainties

The Board's assessment of significant risks and uncertainties is unchanged compared with the most recent financial year and is described in the most recently published annual report (2021-06-30).

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.

The company's accounting principles are unchanged compared with most recent financial year and are described in the most recent published annual report (2021-06-30).

Review

This interim report has not been audited.

Financial calendar

Year-end report for 2021/2022	August 26, 2022
Annual Report for 2021/2022	November 3, 2022
Interim report for Q1, 2022/2023	November 11, 2022
Annual General Meeting for 2021/2022	November 24, 2022

Income statement

SEK	2022-01-01 2022-03-31	2021-01-01 2021-03-31	2021-07-01 2022-03-31	2020-07-01 2021-03-31	2020-07-01 2021-06-30
Net sales	0	0	0	0	0
Other operating income	1 165 754	1 392 800	9 738 167	6 029 383	9 339 727
Operating income	1 165 754	1 392 800	9 738 167	6 029 383	9 339 727
Other external costs	-4 268 882	-2 669 076	-15 565 864	-10 062 171	-12 657 319
Employee benefit expenses	-1 241 137	-1 040 016	-3 416 916	-2 913 628	-4 084 146
Depreciation of tangible assets	0	-9 000	-9 000	-27 000	-36 000
Other operating expenses	-3 714	-20 883	-16 741	-49 420	-64 624
Operating loss	-4 347 980	-2 346 174	-9 270 354	-7 022 836	-7 502 362
Financial items	-111	0	-75 464	5 858	-219 142
Loss before tax	-4 348 091	-2 346 174	-9 345 817	-7 016 978	-7 721 504
Tax on loss for the period	0	0	0	0	0
Loss after tax	-4 348 091	-2 346 174	-9 345 817	-7 016 978	-7 721 504

Balance sheet

ASSETS, SEK	2022-03-31	2021-03-31	2021-06-30
Fixed assets			
Tangible assets	0	18 000	9 000
Total fixed assets	0	18 000	9 000
Current assets			
Other receivables	506 865	522 555	495 523
Prepaid expenses	1 622 111	4 586 622	4 767 257
Cash and bank balances/financial investments	40 526 583	6 328 127	7 473 038
Total current assets	42 655 559	11 437 303	12 735 818
TOTAL ASSETS	42 655 559	11 455 303	12 744 818
EQUITY & LIABILITIES, SEK	2022-03-31	2021-03-31	2021-06-30
Restricted equity			
Share capital	1 087 612	1 008 747	1 008 747
Statutory reserve	20 000	20 000	20 000
Total restricted equity	1 107 612	1 028 747	1 028 747
Non-restricted equity			
Share premium reserve	131 701 361	84 848 309	84 848 309
Retained earnings	-83 122 485	-75 400 981	-75 400 981
Loss for the period	-9 345 817	-7 016 978	-7 721 504
Total non-restricted equity	39 233 059	2 430 350	1 725 824
Total equity	40 340 670	3 459 096	2 754 571
Current liabilities			
Accounts payable	754 285	952 252	1 181 577
Tax liabilities	16 461	1 525	17 986
Other liabilities	169 034	148 411	6 131 606
Accrued expenses	1 375 109	6 894 019	2 659 078
Total current liabilities	2 314 889	7 996 207	9 990 247
TOTAL EQUITY & LIABILITIES	42 655 559	11 455 303	12 744 818

Cash flow statement

SEK	2021-07-01 2022-03-31	2020-07-01 2021-03-31	2020-07-01 2021-06-30
Operating activities			
Loss after financial items	-9 345 817	-7 016 978	-7 721 504
Adjusted for non-cash items, etc.	9 000	27 000	261 000
Cash flow from operating activities before changes in working capital	-9 336 817	-6 989 978	-7 460 504
Cash flow from changes in working capital			
Change in current receivables	3 133 804	-3 840 742	-3 994 345
Change in current liabilities	-7 675 358	3 918 447	5 687 487
Cash flow from operating activities	-13 878 371	-6 912 273	-5 767 362
Financing activities			
Rights Issue	50 316 435	0	0
Issuance costs	-3 384 518	0	0
Cash flow from financing activities	46 931 917	0	0
Cash flow for the period	33 053 546	-6 912 273	-5 767 362
Cash and cash equivalents at the beginning of the period	7 473 038	13 240 400	13 240 400
Cash and cash equivalents at the end of the period	40 526 583	6 328 127	7 473 038

Equity

Equity (SEK)	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Loss for the period	Total
Opening balance July 1, 2021	1 008 747	20 000	84 848 309	-75 400 981	-7 721 504	2 754 571
Transfer of prior year's loss - Preliminary				-7 721 504	7 721 504	0
Rights Issue	77 410		45 908 807			45 986 217
Offset Issue	1 455		944 245			945 700
Loss for the period, Q1					-2 047 764	-2 047 764
Loss for the period, Q2					-2 949 962	-2 949 962
Loss for the period, Q3					-4 348 091	-4 348 091
Equity March 31, 2022	1 087 612	20 000	131 701 361	-83 122 485	-9 345 817	40 340 670

The Board of Directors and the Chief Executive Officer assure that the interim report provides a true and fair view of the Company's operations, position, and results.

Malmö, May 20, 2022

Catharina Svanborg
Chairperson of the Board

Bengt Westermark
Board member

Lars Hedbys
Board member

Helena Lomberg
Board member

Ulla Trägårdh
Board member

Bill Hansson
Board member

Mats Persson
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