

DICOT

SUMMARY OF INTERIM REPORT JANUARY – JUNE 2020

Dicot AB (publ)

559006-3490



Summary of Interim Report

January – June 2020

Dicot AB (publ) 559006–3490

Second Quarter 2020

- Net sales amounts to KSEK 0 (0)
- Earnings for the period amounts to KSEK -3 152 (-2 783).
- Earnings per share -0.18 (-0.36) SEK

January – June 2020

- Net sales amounts to KSEK 0 (0)
 - Earnings for the period amounts to KSEK -9 724 (-6 682).
 - Earnings per share -0.57 (-0.86)
-

Significant events during the period

- March 2020. Dicot announces that the first controlled preclinical study with the drug candidate Libiguin® has been initiated. This was through a research collaboration with Pelvipharm, a world-leading contract research organization (CRO) based in France.
- April 2020. Dicot announces that the company is initiating a retrospective study concerning the folk medicine use of traditional natural remedies for sexual dysfunction in Madagascar. The study is conducted through interviews.
- April 2020. The Board of Directors proposes to the Annual General Meeting on May 26, 2020, to decide on an issue of shares and warrants with preferential rights for the Company's existing shareholders. In the event of a full subscription, the rights issue will provide the company with SEK 21.8 million before issue costs and is secured at 70%.
- May 2020. Dicot shares the report obtained from a retrospective study concerning the folk medicine use of traditional natural remedies in the treatment of sexual dysfunctions in Madagascar.
- June 2020. At the Annual General Meeting, the Board of Directors approves the election of Claes Post as a Board member.
- June 2020. Strengthening of Dicot's website. Dicot opens up a channel to the market and specifically to clinical issues through the opportunity to ask questions directly on the website about sexual health and sexual function. As a step in reaching the international market for sexual dysfunction, an English version of the website has also been launched.
- June 2020. Dicot's rights issue was heavily oversubscribed (subscribed to 326 percent). Through the rights issue, the company received SEK 21.8 million before issue costs (SEK 4.6 million).

Significant events after the end of the period

- July 2020. Dicot made the resolution to proceed with a directed issue of shares (compensation issue to guarantors in conjunction with the oversubscribed rights issue).
- July 2020. Dicot has in accordance with the terms of the warrants 2019/2020, carried out a recalculation in accordance with the warrant terms as a result of the latest completed rights issue of units published on April 23, 2020.

About Dicot AB



Dicot is a pharmaceutical company focused on drug discovery and the development of novel lifestyle drugs to enrich patients' lives. The Company develops and manufactures medicines for the treatment of erectile dysfunction and premature ejaculation. The company's lead product, Libiquin[®], for the treatment of sexual dysfunctions, is in a stage of pre-clinical development. Dicot is listed on the Spotlight Stock Market and has approximately 1,600 shareholders.

Project therapy area:

- Erectile dysfunction (MED)
- Premature ejaculation (PE)
-

Global sales of drugs for sexual dysfunction mainly include erectile dysfunction and premature ejaculation and as of 2018 were estimated at approximately USD 6.0 billion, with a growth of 1 percent per year between 2018 and 2022.¹

There is a clear need for new drugs in the treatment of erectile dysfunction and premature ejaculation, among other things the requirement of current treatments to plan sexual activity, disruptive side effects, lack of effectiveness in certain patient groups and high costs for the drug. This is especially true for the treatment of erectile dysfunction but also premature ejaculation. Dicot's drug candidate Libiquin[®] is intended to be marketed for the treatment of both erectile dysfunction and premature ejaculation, individually as well as in combination. As far as the Company is aware, treatment of both conditions at the same time, as a preparation would be unique.

Erectile dysfunction and premature ejaculation are often experienced as significant problems for the man and his partner, not only because of direct impaired sexual ability but also due to difficulties that arise in couples relationship. In the Swedish population, 58 percent of men between the ages of 16–84 are satisfied with their sexual life, while sexual satisfaction is much lower in men with a sexual dysfunction. Only 25 percent of Swedish men with erection problems state that they have a satisfactory sexual life and for men with premature ejaculation, the proportion is 35 percent.²

¹ Arizton Erectile Dysfunction Market – Global Outlook and Forecast '18-'23 [2018]

² Fugl-Meyer, K: Manlig sexuell dysfunktion: inte bara en fråga om potens. Läkartidningen. 2009 Sep 23-29;106(39):2453-9.

Statement from the CEO

The second quarter of the year has been marked by a shift in the way we work. Dicot is a company that is used to working remotely with our partners around the world. But under the current circumstances, we have had to switch to a more digital way of working from home, which has worked very well.

Our production partner in India, Anthem Bioscience, has been affected by the pandemic and was therefore closed during April and part of May. Consequently, the project was delayed by several months. However, Anthem has resumed operations since mid-May and the extract that was produced by Ardena in Södertälje at the beginning of the year was sent to Anthem during the summer and is now the starting material for the drug substance to be produced this autumn.

The first study at Pelvipharm, where the effect on erection in an animal model was studied, is completed. The final report will be published in early September and further studies are planned to provide information on the mechanism of action. The collaboration with our partner Pelvipharm has been outstanding and the level of professionalism continues to be very high.

In April, a retrospective study was initiated on the use of folk medicine as a traditional natural remedy for sexual dysfunction in Madagascar. Our drug candidate Libiguin® was discovered through studies of active components in the roots of a tree growing in Madagascar. During April and May, more than 200 men using a drink prepared by the root and bark were interviewed and an overwhelming majority of the men were very satisfied with the drink and its results. This strengthens our hopes that the effect of Libiguin® is more long-lasting than existing treatments. No severe side effects have been reported by the men who in many cases have used the drink regularly for many years.

In April Dicot's board of directors decided to carry out a rights issue earlier than planned to ensure successful implementation of the preclinical program. The decision was also affected by the ongoing pandemic. The rights issue was decided in the Annual General Meeting in May and carried out in June in a very successful manner. In total, the issue was oversubscribed to 326 percent and provides the company with capital for continued preclinical work.

During the spring, we have also focused on strengthening our communication. Our website now has a patient tab where we inform about sexual dysfunctions and there is the opportunity to ask questions anonymously to our clinical expert Dr Elin Gahm. As a step towards reaching the international market for sexual dysfunction, an English version of the website has also been launched.

I feel grateful for the positive implementation of the issue and the solid trust that our shareholders have shown - it strengthens us for the future. The work continues to progress for us to proceed to clinical studies. In conclusion I would also like to thank our partners and employees.

Uppsala in August 2020, Göran Beijer, CEO



Income Statement

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Net sales	0	0	0	0	631
Net sales	0	0	0	0	631
Operating expenses					
Other operating expenses	-2 549	-2 296	-8 488	-5 623	-11 604
Personnel	-602	-487	-1 227	-1 059	-2 347
Operating expenses	-3 151	-2 783	-9 715	-6 682	-13 951
Operating profit/loss	-3 151	-2 783	-9 715	-6 682	-13 320
Net financial items	-1	0	-9	0	-76
Earnings for the period	-3 152	-2 783	-9 724	-6 682	-13 396

Balance sheet

KSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Non-current assets			
Financial assets	64	129	64
Total non-current assets	64	129	64
Current assets			
Other current receivables	19 794	946	1 784
Cash and cash equivalents	2 538	2 109	12 223
Total current assets	22 332	3 055	14 007
TOTAL ASSETS	22 396	3 184	14 071
EQUITY AND LIABILITIES			
Share capital	20 278	1 616	12 801
Current liabilities	2 118	1 568	1 270
TOTAL EQUITY AND LIABILITIES	22 396	3 184	14 071

Cash Flow statement in summary

KSEK	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Cash flow from operating activities	-26 886	-6 963	-14 759
Cash flow from investing activities	0	0	0
Cash flow from financing activities	17 201	0	17 910
Total cash flow for the period	-9 685	-6 963	3 151
Cash and cash equivalents at the beginning of the period	12 223	9 072	9 072
Cash and cash equivalents at the end of the period	2 538	2 109	12 223

Change in Equity

KSEK	Share Capital	Share premium reserve	Accumulated profit/loss	Total Equity
Opening balance January 1 2019	974	15 380	-8 067	8 287
Warrants program		11		11
Earnings for the period			-6 682	-6 682
Closing balance June 30 2019	974	15 391	-14 749	1 616
Opening balance January 1 2020	2 045	32 219	-21 463	12 801
Warrants program		4		4
Rights issue	2 727	19 087		21 814
Issue costs		-4 617		-4 617
Earnings for the period			-9 724	-9 724
Closing balance June 30 2020	4 772	46 693	-31 187	20 278

Earnings per share

KSEK	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Earnings for the period	-9 724	-6 682	-13 396
Number of shares	38 175 032	7 790 823	16 360 728
Average number of shares	16 966 681	7 790 823	9 933 299
Earnings per share, SEK	-0.57	-0.86	-1.35