# NEWSLETTER December 2017

Follicum would like to reach as many of our owners and stakeholders as possible. Please register your email address on our homepage www.follicum.com to follow our progress. You can also follow us on LinkedIn.

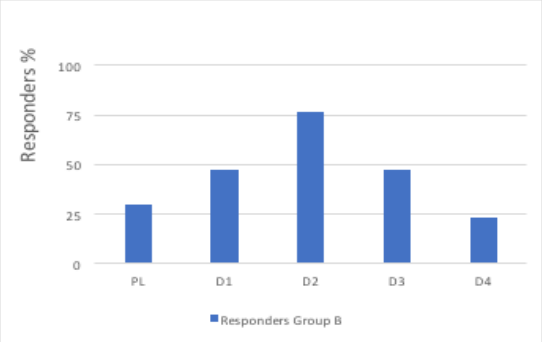
## Season's Greetings from Follicum

The year 2017 has been very exciting with positive progress for our research projects. Our first breakthrough was the results of our phase I/IIa trial with FOL-005 for hair growth. The results showed increased hair growth after treatment in three out of four of the healthy individuals included in the trial. This has led us to recently filing a new application for a phase IIa clinical trial on the human scalp with the German authorities. Furthermore, we received a patent approval in China, which is especially important, considering the huge market potential in Asia.

In our diabetes research, our patented substance FOL-014, has showed a substantial release of insulin in pre-clinical studies. This has resulted in Follicum being invited to participate in a comprehensive research project in diabetes at the University of Lund, financed by the Swedish Foundation for Strategic Research. We are also happy to announce a grant of 400 KDKK from the Novo Nordisk Foundation to the Clinical Research Centre at the University of Lund and Professor Jan Nilsson's'research group. The grant will be used to further investigate Follicums' peptides.

### Three out of four participants experienced increased hair growth

The first clinical trial with FOL-005, carried out at the Charité Hospital in Berlin, showed the substance to be safe which was the primary goal of the trial. Furthermore, the trial showed an increase of hair growth of 8 % compared to before treatment. This is in line with the effect of existing drugs on the market after three-month treatment. In this first clinical trial, FOL-005 was injected on the thighs of healthy individuals. We are now preparing for a phase II trial on human scalp to confirm these positive results. Our application for the new trial has been filed with the German authorities, aiming to get approval early 2018.



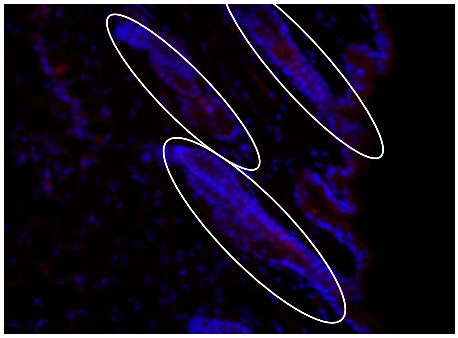

***1. More that 75% obtained increased hair growth with FOL-005 treatment**. Hair growth after three-month treatment with placebo (PL) and four different doses of FOL-005 (D1-D4). The bars show the share of participants receiving an increase of hair growth after treatment. The most efficient dose (D2) showed the optimal effect and three out of four participants received increased hair growth after the treatment.*

### Trials on human scalp – a new milestone for FOL-005 in hair growth

In our planned phase IIa trial, 60 healthy individuals with hair loss (alopecia) will be treated with either FOL-005 or placebo on two small zones on the head. The trial will be carried out at the Charité Hospital of Berlin as well as at the Bioskin Institute in Hamburg. Several parameters will be evaluated using different doses of FOL-005 and we plan to report results during Autumn 2018.

**Development of an attractive topical formulation for FOL-005**

Our work to develop a suitable and easy to use formulation is progressing according to our plan. We investigate, in parallel, three different options and prototypes of these are now being researched on stability and the distribution on human skin. Based on our results we will choose the most suitable formulation during Spring 2018. This formulation will then be further investigated in phase II and phase III trials before the final registration and launch of our product.



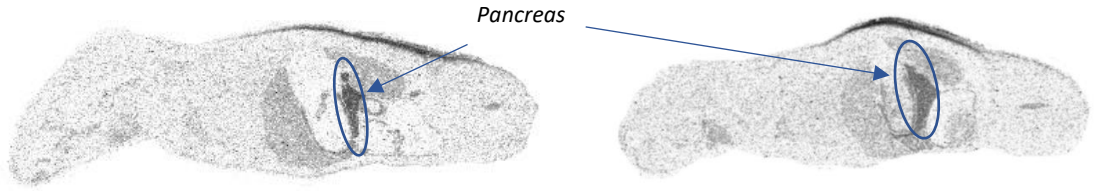
***2. FOL-005 binds to hair growth regulating cells****. FOL-005 (light red) located to hairfollicles after injection in mice. Blue colour is nucleus. FOL-005 locates the hairfollicles and binds to cells that affect hairgrowth, despite that FOL-005 has been injected directly into the blood. FOL-005 affinity to specific cells in the hair follicles but not to other cells in the surrounding tissue clearly shows FOL-005 specificity for these cells*

**Growing interest for FOL-005 from potential partners**

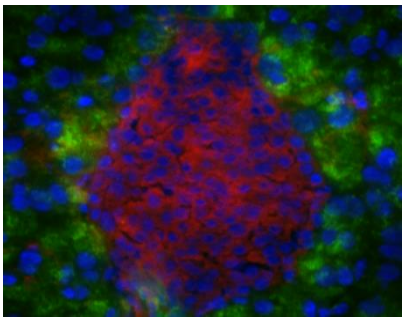
The alopecia (hair loss) market is immense. The sale of registered drugs is around 3 BUSD globally per year. In addition, other non-pharmaceutical products also represent a large market opportunity. Follicum continuously communicates results to potential partners and we have noted an increased interest in the development of our projects from pharmaceutical companies.

**FOL-014 shows effect on release of insulin in pre-clinical trials**

As part of our pre-clinical research programme we have developed a new peptide, FOL-014, from another human protein. This peptide has shown to increase the release of insulin from the pancreas in mice. Further in-vitro trials are on-going to analyse the effect of FOL-014.




***3.The Follicum peptide specifically binds to insulin regulating cells.****The figure of two mice clearly shows the accumulation of our peptide in the pancreas after an injection. The dark areas represent higher concentrations in the tissue. The site of injections is clearly shown on the back of the mice. The fact that our peptide accumulates in the pancreas is vital, as the cells releasing insulin reside in the beta-cells of the Islets of Langerhans in the pancreas.*



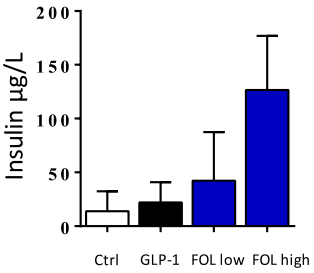
***4. Follicum's peptide binds to insulin producing cells - detailed view**. Compared to the mice figure above, we get a more detailed view of the cells in an Islet of Langerhans to which the peptide (red) binds. The blue colour indicates the cell nucleus and the green colour is used to enhance the view of the tissues.*

Diabetes type 2 is a worldwide problem mostly caused by un-healthy food, alcohol, smoking and lack of physical activity. Our vision is to add value to the modern treatment of diabetes, based on our recent results from pre-clinical trials with FOL-014.

Today, diabetes type 2 is normally treated with a selection of different drugs. Many of these medications, like GLP-1 analogues, aims to postpone, decrease or avoid insulin treatment. The GLP-1 analogues are among the most successful medications on the market. The dominant product, Victoza from Novo Nordisk, has a market share of 60 % and represented sales of 3,2 BUSD 2016. Novo Nordisk recently announced the FDA approval of their new GLP-1 drug, Ozempic. This clearly indicates a strong interest in finding new peptides for treatment of diabetes. Considering that the original patents for many GLP-1 drugs will terminate shortly, demonstrates the potential of new, successful peptide-based treatments. Many companies with focus on treatment of diabetes will need to fuel their pipeline with new drug candidates. We are convinced that early positive results in our diabetes project will attract interest from future partners.

**Follicum partner in comprehensive diabetes research project**

The Swedish Foundation for Strategic Research (SFF) contributes with grants to research in natural sciences, technology and medicine. Follicum is, since early 2017, a partner in a research project granted 100 MSEK by SFF over several years. The main reason for Follicum being invited has been the promising results from our pre-clinical research with FOL-014. We are participating with several leading companies within diabetes like Novo Nordisk, Johnson & Johnson Innovation, Pfizer and Region Skåne/University Hospital of Skåne in Malmö.




***5. FOL-014 results in improved effect compared to current diabetes treatment.** The bars in the diagram show the release of insulin from isolated Islets of Langerhans after treatment with GLP-1 (black staple) and Follicums' peptide(FOL-014,( two concentrations, blue staples). The control group (white staple) without treatment. The result is fascinating considering the good effect of FOL-014.*

**Research grant from Novo Nordisk Foundation**

In our diabetes project, we collaborate with the research team of Professor Jan Nilsson at the Clinical Research Centre (CRC) at the University of Lund. Professor Nilsson's group was granted 400 KDKK from the Novo Nordisk Foundation for further pre-clinical research with our peptide, FOL-014. The objectives of our research are to investigate the effects and the mechanisms of our patented peptides as well as to optimise our development path. Furthermore, we need to clearly document our peptide's effects and mechanism of action for the benefit of potential partners and authorities.

**The recent share emission was over-subscribed**
During Autumn, Follicum issued a share offering to finance our continued R & D efforts. The objective was to secure resources to continue our research in stimulation of hair growth. Our focus is on the up-coming phase IIa trial with FOL-005 on the scalp of healthy individuals. A minor part of the new capital will be used for further development of our diabetes project. Currently a major part of the financing of the project is funded by the grants from SSF, as well as from the Novo Nordisk Foundation. The share offering reached a subscription of 25.9 MSEK (representing a subscription of approximately 110 %). Follicum obtained new financing of 23.5 MSEK before costs through the offering.

**Swedish Growth Fund – new major owner of Follicum**
Swedish Growth Fund is a Swedish capital fund focusing on investments in innovation companies with a strong growth potential. During Autumn 2017 the fund acquired all the shares from Sunstone Life Science Ventures. Swedish Growth Fund also invested another 3.5 MSEK through the offering. Swedish Growth Fund represents a wide network with expertise in several fields which will help Follicum develop into an internationally attractive biotech company, expanding the product portfolio.

After an intense and fascinating year we look forward to 2018 with many activities to demonstrate the value of our research and development. I wish you a restful holiday period and a great start in 2018. Please remember to register through our homepage in order to get regular updates.

Lund on December 19, 2017

Jan Alenfall, CEO