INVITATION TO SUBSCRIBE FOR SHARES IN PILA PHARMA AB (PUBL)

SUBSCRIPTION PERIOD
20 NOVEMBER – 4 DECEMBER 2023

Nasdaq First North Growth Market

Nasdaq First North Growth Market is a registered growth market for small and medium-sized companies in accordance with MiFID II on markets for financial instruments, as implemented in the national legislation of Denmark, Finland and Sweden, and is operated by an exchange within the Nasdaq Group. Issuers on the Nasdaq First North Growth Market are not subject to the same rules as issuers on the regulated market, as defined in EU legislation and implemented in national legislation. They are instead subject to less extensive rules adapted to smaller growth companies. The risks attributable to an investment in an issuer on the Nasdaq First North Growth Market may therefore be higher than an investment in an issuer on the regulated market. All issuers whose shares are admitted to trading on the Nasdaq First North Growth Market have a Certified Adviser who monitors compliance with the rules. The company's Certified Adviser is Aqurat Fondkommission AB.

IMPORTANT INFORMATION

Some definitions

"Pila Pharma" or the "Company" means, depending on the context, PILA PHAMA AB (publ), org. No. 556966-4831. "Memorandum" means this information memorandum. The "Rights Issue" or "Offer" refers to the offer to the Company's shareholders to subscribe for shares with preferential rights according to the terms of this Memorandum. "Nasdaq First North Growth Market" means, in accordance with the European Parliament and Council Directive (EU) 2014/65 ("MiFID II"), the multilateral trading platform and growth market for small and medium-sized companies operated by Nasdaq Stockholm AB. "Euroclear" refers to Euroclear Sweden AB, org. No. 556112-8074. Reference to "SEK" refers to Swedish kronor, reference to "EUR" refers to euros. "T" means thousand and "M" means million.

Establishment of the memorandum

The memorandum does not constitute a prospectus. The Rights Issue is exempt from the prospectus obligation as the total consideration of the Company's offers of securities to the public in the EES is less than MEUR 2.5 calculated over a period of 12 months. Prospectus refers to what is defined according to the provisions of Commission Delegated Regulation (EU) 2019/980 and Regulation (EU) 2017/1129 of the European Parliament and of the Council ("Prospectus Regulation"). Consequently, the memorandum has not been reviewed or approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) in accordance with the Prospectus Regulation.

Important information for investors

The Offer is not directed, directly or indirectly, to persons whose participation requires that a prospectus be prepared or registered or that any other action be taken beyond what is required under Swedish law. The Memorandum will not be distributed and may not be posted or otherwise distributed or transmitted to or in any country where doing so would require any such further action to be taken or where doing so would be contrary to the laws or regulations of that country. Neither the subscription rights, paid-up subscription shares ("BTA") nor the newly issued shares covered by the Offer pursuant to this Memorandum have been registered or will be registered under the United States Securities Act of 1933 as currently amended, or any equivalent law of any state in the United States. The Offer does not extend to persons who reside in or have a registered address in the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or in any other country where the Offer or distribution of the Memorandum is contrary to applicable laws or regulations or presupposes that a prospectus is drawn up, registered or that some other action is taken in addition to what is required under Swedish law. Consequently, subscription rights, BTA or newly issued shares may not be directly or indirectly, offered, resold, or delivered in or to countries where action as above is required or to shareholders with domicile as above.

An investment in securities is associated with certain risks and investors are advised to read the "Risk Factors" section. When making an investment decision, investors must rely on their own assessment of the Company and the Offer, including the facts and risks involved. Before making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information contained in this Memorandum and any supplements to this Memorandum. No person is authorized to provide any information or make any statements other than those contained in this Memorandum. If that still would happen, such information or such statements shall not be considered to have been approved by Pila Pharma and the Company is not responsible for such information or such statements.

Advisors and issuers

MAQS Advokatbyrå KB, org. no. 916539-0692 ("MAQS Advokatbyrå") is legal advisor to the Company in connection with the Rights Issue and has assisted the Company in preparing the Memorandum. Nordic Issuing AB, org. no. 559338-2509 ("Nordic Issuing") is the issuing agent in connection with the Rights Issue.

As all the information in this Memorandum originates from the Company, MAQS Advokatbyrå and Nordic Issuing denies all liability in relation to the shareholders of the Company and for any other direct or indirect consequences resulting from the investment decision or any other decision based in whole or in part on the information contained in this Memorandum.

Disputes and applicable law

Disputes arising from the Offer, the contents of the Memorandum and related legal matters shall be settled by a Swedish court. Swedish substantive law is exclusively applicable to the Memorandum and the Offer.

Market and some forward-looking information

The memorandum contains information from third parties. The Company confirms that, as far as the Company knows and can ascertain from information published by third parties, information from third parties has been described correctly and no facts have been omitted that would make the reproduced information incorrect or misleading.

Information in the Memorandum relating to future conditions, such as statements and assumptions regarding the Company's future development and market conditions, is based on current conditions at the time of publication of the Memorandum. Forward-looking information is always associated with uncertainty because it relates to and is dependent on circumstances beyond the Company's control. Any assurance that assessments made in the Memorandum regarding future conditions will be realized is therefore not given, either explicitly or implicitly. The Company also does not undertake to publish updates or revisions of statements regarding future conditions as a result of new information or similar that emerges after the time of publication of the Memorandum, in addition to what follows from applicable legislation.

Presentation of financial information

Certain financial and other information presented in the Memorandum has been rounded off to make the information readily available to the reader. Consequently, the figures in some columns do not correspond exactly to the stated total. This is the case when amounts are stated in thousands, millions or billions and appear especially in the section "Selected historical financial information". Except when expressly stated, no information in the Memorandum has been reviewed or revised by the Company's auditor.

The subscription rights can have a financial value

In order for the value of the subscription rights not to be lost, the holder must either use the received subscription rights and subscribe for shares no later than 4 December 2023, or no later than 29 November 2023, sell the received subscription rights that are not intended to be used for subscription of shares. Please note that it is also possible to register for subscription of shares without the support of subscription rights, and that shareholders with nominee-registered holdings with a deposit at a bank or other nominee must contact their bank or nominee for instructions on how subscription and payment should take place.

CONTENT

PILA PHARMA IN BRIEF

Pila Pharma is a Swedish pharmaceutical research company which since inception has focused on delivering an effective, easily accessible, and price competitive drug for treating type-2 diabetes/obesity.

The development candidate, XEN-D0501, is also a candidate for treating pain in the rare condition erythromelalgia.

Pila Pharma was listed on the Nasdaq First North Growth Market in Stockholm on July 15, 2021. The Company operates from its headquarters in Malmö, Sweden and through the wholly owned subsidiary Pila Pharma Danmark ApS in Copenhagen, through which most of the Company's research and development takes place.

The Company's development candidate, XEN-D0501, is an inhibitor of the receptor TRPV1 (the so-called "chili receptor") and a potentially new type of treatment for diabetes and pain through the regulation of neurogenic inflammation.

XEN-D0501 has been shown to be safe in 300 subjects for up to one month of dosing. Further, it has been shown to induce a small but significant effect on insulin release and glucose tolerance in persons with diabetes.

Recently, 13-week preclinical safety studies in two species have been completed with positive results (i.e. without any adverse events). Tablets manufactured in 2021 (4 mg strength and placebo to match) are also available for clinical use in planned phase 2a studies so, all together, Pila Pharma can proceed to achieve next clinical goals.

Pila Pharma believes that XEN-D0501 could be suitable as treatment of various diseases with an underlying inflammatory component.

Currently, the Company focuses on type-2 diabetes/ obesity as well as the painful orphan disease, erythromelalgia.

The Company owns use-patents covering the use of TRPV1-antagonists as treatment of obesity and diabetes (invented by CEO Dorte X. Gram when earlier employed by Novo Nordisk). In July 2022, the Company was awarded orphan drug designation ("Orphan drug designation") for XEN-D0501 as a treatment for erythromelalgia.

The bigger milestone within diabetes is to demonstrate a significant anti-diabetic and -obesity effect in a larger phase 2b trial in up to 300 persons with diabetes. To assure that the three needed dose-levels are adequate with regard to safety and efficacy, an exploratory phase 2a dosing study will be undertaken first.

In the erythromelalgia project, the biggest milestone is to demonstrate efficacy in subjects with the condition, and we thus plan to conduct a smaller phase 2a proof of concept study.

We plan to soon submit the two clinical trial applications and the current issue should fund the conduct of both studies with expected results within a year. Positive results will significantly increase the probability of development success and thus a partnership deal.

THE OFFER IN SUMMARY

The board of directors of Pila Pharma (the "Borad") has on 25 October 2023, pursuant to the authorization granted from the annual general meeting held on 30 May 2023, resolved to carry out a new share issue with pre-emption right for the Company's existing shareholders to subscribe for newly issued shares in Pila Pharma. In total, not more than 17,487,000 new shares will be issued within the framework of the Offer.

Anyone who is registered as a shareholder in Pila Pharma on the record date 16 November 2023 is entitled to subscribe for new shares in the Rights Issue and will receive one (1) subscription right for each share held. Twenty (20) subscription rights give the right to subscribe for nineteen (19) new shares in Pila Pharma. In addition, shareholders as well as others may register an interest in subscribing for new shares without subscription rights.

ISSUE AMOUNT

If the Rights Issue is fully subscribed, the Company will be provided with approximately SEK 26.2 million before transaction costs.

Subscription price: SEK 1,50 per share
Subscription period: 20 November – 4 December 2023

TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights is planned to take place on the Nasdaq First North Growth Market during the period 20-29 November 2023.

ISIN CODES

Share SE0015988274
Subscription right (TR) SE0021021888
Paid subscribed share (BTA) SE0021021896

FINANCIAL CALENDAR

Pila Pharma prepares and publishes a financial report for every quarter. Upcoming events and reports are scheduled as follows:

Interim report, 1 October - 31 December 2023 Year-end report 2023	**28 February 2024**
Annual report 2023	**24 April 2024**
Interim report, 1 January – 31 March 2024	**24 April 2024**

Annual reports, interim reports and Pila Pharma's press releasees are available at https://pilapharma.com or, alternatively, can be ordered from:

Pila Pharma AB
Norra Vallgatan 72
211 22 Malmö

or through: info@pilapharma.com

INVITATION TO SUBSCRIBE SHARES AND RATIONALE FOR THE OFFER

Invitation to subscribe for shares

Pursuant to the authorization granted from the annual general meeting of Pila Pharma held on 30 May 2023, the Board has on 25 October 2023 resolved to carry out a new shares issue with pre-emption right for the Company's existing shareholders to finance the Company's next 2 clinical studies.

Within the Rights Issue, not more than 17,487,000 new shares are issued to a subscription price of SEK 1.50 per share, which means that the Company will be provided with approximately SEK 26.2 million upon full subscription. The issue costs are estimated to amount to approximately SEK 1 million.

In August 2023, the Company raised convertible loans of in total SEK 1.5 million from five existing shareholders. The convertible loans bear an interest rate of 10 per cent per annum, which is capitalized annually on 31 December each year and added to the outstanding principal amount of each convertible loan. The interest shall only be payable upon final repayment or conversion of the convertible loans. The outstanding principal amount of the convertible loans together with accrued interest may, at the request of the Company, be repaid through conversion into shares in the Company in connection with a financing round at a conversion price per share corresponding to the subscription price applied in the financing round.

In the light hereof, the Board has resolved to request that the convertible loans, together with accrued interest, are converted to shares in the Company within the Rights Issue to a conversion price of SEK 1.50 per share in the Company. As per the last date for subscription/payment of shares in the Rights Issue (i.e. 4 December 2023), the nominal amount under the convertible loans together with accrued interest is SEK 1,539,698.63 million. Consequently, the shareholders having provided the convertible loans are obliged to subscribe for in total 1,026,465 new shares in the Rights Issue by way of set-off of the convertible loans.

The Company has thus secured sufficient financing for the next twelve months and for its existing commitments as well as for submission of 2 phase 2a trials in diabetes/obesity and in pain/erythromelalgia. In order to be able to implement the next steps in the clinical development plan, however, it is assumed that the Company will be provided with additional capital of SEK 16 million.

Priority	Expense	Purpose	Budget (MSEK)
1	Transaction cost	Expenses related to carrying out the rights issue	1.00
1	Listing and investor relations	Expenses related to being listed including financial reporting	2.00
1	Dose findingphase 2a trial in obese people with type 2 diabetes	to explore safety of higher doses of XEN-D0501 and 3 months treatment and trend for effecacy on lowering blood glucose and bodyweight	8.50
2	Proof of concept phase 2a trial in people with the rare disease erythromelalgia	to explore safety and effecacy on perceived pain during episodes of "flare-ups"	4.00
3	Preparation of next clinical steps	Consult with regulatory agencies (FDA/EMA) on clinical development plans and prepare for new sites engagement in larger studies as well as financing og the studies	5.00
4	Buffer		5.70
		Total	**26.20**

The right to receive subscription rights shall vest in the shareholders who, on the record date 16 November 2023, are registered as shareholders in the Company. Subscription with the support of subscription rights shall be made may way of cash payment or set-off of the loans described in the Board's report in accordance with Chapter 13, Section 7 of the Companies Act during the period from and including 20 November - 4 December 2023. Through the Rights Issue, the share capital will increase by not more than approximately SEK 747,676.576484 and the number of shares by not more than 17,487,000. For existing shareholders who do not participate in the Rights Issue, this means, upon full subscription, a dilution effect of approximately 48.72 percent of capital and votes in the Company.

The shareholders of Pila Pharma and the general public are hereby invited to subscribe for shares in the Company, with or without subscription rights.

Rationale for the offer

The issue funds from the Rights Issue of maximum approximately SEK 26.2 million should provide working capital to Pila Pharma for conducting the next two pivotal trials with XEN-D0501.

Pila Pharma develops XEN-D0501 as novel treatment of diabetes that may also have effect on obesity, cardiovascular disease and pain.
The bigger milestone within diabetes is to demonstrate a significant anti-diabetic and -obesity effect in a larger phase 2b trial in up to 300 persons with diabetes. To assure that the three needed dose-levels are adequate with regard to safety and efficacy, an exploratory phase 2a dosing study in fewer individuals will be undertaken first.
In the rare disease erythromelalgia project, the biggest milestone is to demonstrate efficacy in a handful of subjects with the condition.

We plan to submit clinical trial applications for both phase 2a studies in diabetes/obesity and erythromelalgia soon and the current offer seeks to finance the execution of the studies. The results from both studies are expected within a year from the first patient in, after which we see good potential to partner with a specialized pharma companies for each indication.

"We are now ready to continue with the clinical development of XEN-D0501 and the Pila team and our clinical investigators and development partners are gearing up to start these studies. To "keep moving" the Board has decided on a new shares issue to enable us to initiate the clinical trials as soon as they have been approved. It's truly exciting times and I really look forward to resuming our clinical development of XEN-D0501 now with an increased focus on obesity in addition to diabetes, and on pain in erythromelalgia – results that can pave the way for a pharma partnership!" comments, CEO Dorte X. Gram.

TERMS AND CONDITIONS

The offer

Those who, on the record date 16 November 2023, are registered as shareholders in Pila Pharma's share register held by Euroclear have a right to subscribe for shares in the Rights Issue in relation to the number of shares held. The Company´s share capital will increase with not more than SEK 747,676.576484 through the issuance of not more than 17,487,000 new shares, each with a quota value of approximately SEK 0.042756 per share. The general public is also invited to participate in the Rights Issue. Upon full subscription in the Rights Issue, the Company will be provided an additional amount of approximately SEK 26.2 million before transaction costs.

Pre-emption right to subscription

Those who, on the record date 16 November 2023, are registered as shareholders in the Company's share register held by Euroclear, have pre-emption right to subscribe for shares in the Rights Issue in relation to their shareholdings, whereby one (1) existing share entitles to one (1) subscription right. Twenty (20) subscription rights entitle to subscription of nineteen (19) new shares.

Issue volume

The Offer comprises not more than 17,487,000 new shares. The total issue volume amounts to not more than approximately SEK 26.2 million before transaction costs.

Subscription price

The subscription price is SEK 1.50 per share. No brokerage fee will be charged.

Record date

Record date with Euroclear for the right to participate in the Offer is 16 November 2023. The last day for trading within the Company's shares including the right to participate in the Offer is 14 November 2023. The first day of trading in the Company's share without right to participate in the Offer is 15 November 2023.

Subscription period

Subscription of new shares with the support of subscription rights, shall take place during the period from and including 20 November 2023 until and including 4 December 2023. The Board of the Company reserves the right to extend the subscription period. A possible extension will be announced by the Company through a press release no later than 4 December 2023.

Subscription rights

Shareholders in the Company receive one (1) subscription right for each share held on the record date. Twenty (20) subscription rights give the right to subscribe for nineteen (19) new shares.

Trading with subscription rights

Subscription rights will be traded at Nasdaq First North Growth Market during the period from and including 20 November 2023, until 29 November 2023. Shareholders shall contact their bank or other nominee with the necessary permission to purchase and sell subscription rights. Subscription rights acquired during the above mentioned trading period provide the same right to subscribe for new shares as subscription rights that shareholders receive based on their shareholdings in the Company on the record date. Subscription rights must be exercised no later than on 4 December 2023 or sold no later than 29 November 2023 in order to not become void or lose their value.

Unutilized subscription rights

Subscription rights that have not been sold at the latest on 29 November 2023, or exercised to subscribe for new shares in the Offer at the latest on 4 December 2023, will be deregistered from the respective shareholder's VP account. No notification will be sent regarding the deregistration of subscription rights.

Pre-printed payment forms and subscriptions forms

Shareholders directly registered in the share register held by Euroclear

Shareholders or representatives of shareholders, who on the record date 16 November 2023, are directly registered in the share register held by Euroclear, receive a preprinted issue statement with an attached payment form. The memorandum can be downloaded at Nordic Issuing's web page (www.nordic-issuing.se) and at the Company's web page (https://pilapharma.com). Shareholders whose shares are nominee registered will not receive an issue statement but will be notified separately. No notification regarding registration of subscription rights on the VP account will be sent.

Subscription with subscription rights

Subscription of shares with the support of subscription rights shall be made by way of cash payment or set-off of the loans described in the Board's report in accordance with Chapter 13, Section 7 of the Companies Act no later than 4 December 2023. Subscription by cash payment must be made either with the pre-printed subscription form attached to the issue statement or in accordance with the payment instructions on the subscription form with support of subscription rights in accordance with the following two options:

1) **Preprinted payment form (issue statement)**
   If all subscription rights allotted on the record date are exercised, only the preprinted payment form shall be used as documentation for subscription by way of cash payment.

2) **Subscription form with support of subscription rights**
   If a different number of subscription rights than what is stated on the pre-printed payment form shall be exercised, for example, if subscription rights are acquired or sold, subscription with subscription rights should be made on Nordic Issuing's platform on the following website; https://minasidor.nordic-issuing.se and be used as basis for subscription through cash payment. The shareholder must log in on the platform and state the total number of subscription rights to be exercised, the number of shares to be subscribed for, and the amount that is being paid. The subscription is binding. Nordic Issuing reserves the right to disregard subscription forms sent by regular mail, as it cannot be guaranteed that the subscription form will be Nordic Issuing at hand before the subscription period has ended.

Subscription of shares with the support of subscription rights by way of or set-off will be made on separate subscription form which will be provided by the Company/Nordic Issuing to lenders concerned.

Nominee registered shareholdings

Shareholders whose holdings of shares in the Company are nominee registered with a bank or other nominee do not receive a preprinted payment form or subscription form. Subscription and payment should instead be made in accordance with instructions from the respective bank or nominee. Please note that if the use of subscription rights takes place via a bank or a

nominee, this should be done early in the subscription period, as the respective bank/nominee may set different deadlines for the last subscription date.

Subscription without subscription rights

Subscription of shares without subscription rights shall be made during the same period as subscription of shares with subscription rights, from and including 20 November 2023 up to and including 4 December 2023.

An application for subscription of shares without subscription rights shall be made through Nordic Issuing's platform on the following website, https://minasidor.nordic-issuing.se.

Nominee-registered shareholders, who wish to subscribe for shares without subscription rights, must coordinate such a subscription with the account-holding bank or nominee in accordance with instructions from the respective account-holding bank or nominee, or if shares are registered at several different nominee-registered accounts, from each of these account-holding banks or nominees. In order to be able to proclaim subsidiary subscription rights, it is required that the subscription is carried out via the nominee, otherwise there is no possibility of identifying a particular subscriber who has subscribed for shares both with and without the support of subscription rights.

Note that shareholders or other investors who have an account with specific rules for securities transactions, such as an investment savings account (Sw. Investeringssparkonto) or endowment account (Sw.: Kapitalförsäkring), must check with the account holding bank or nominee, whether, and if so, the subscription of securities in the Rights Issue is possible. The subscription shall in that case be made in accordance with instructions received from the account-holding bank or nominee.

Incomplete or incorrectly filled out subscription forms may be disregarded. It is only permissible to submit one (1) subscription form without subscription rights. If more than one such subscription form is submitted, only the one last received will be considered, and other such subscription forms will be disregarded. The subscription form must be Nordic Issuing at hand no later 4 December 2023. The subscription is binding. Nordic Issuing reserves the right to disregard subscription forms sent by regular mail, as it cannot be guaranteed that the subscription form will be Nordic Issuing at hand before the subscription period is has ended.

Subscription above eur 15,000

If the subscription amounts to, or exceeds, EUR 15,000.00 a money laundering form shall be completed and sent to Nordic Issuing in accordance with the Swedish Act (2017:630) on measures against money laundering and terrorist financing. The form is found on Nordic Issuing's platform on the following website, https://minasidor.nordic-issuing.se. Please observe that Nordic Issuing cannot distribute any securities, even if payment have been received, before the money laundering form has been received by Nordic Issuing.

Allotment in case of subscription without subscription right

If not all shares in the Rights Issue are subscribed for with subscription rights, the Board shall decide on allotment of shares within the limits of the maximum amount of the Rights Issue to shareholders or other investors that have subscribed for shares without subscription rights.

Firstly, allotment of shares subscribed for without subscription rights shall be made to shareholders or other investors who have also subscribed for shares with subscription rights, regardless of if the subscriber was a registered shareholder on the record date or not. In case that the Rights Issue is oversubscribed, allotment shall be made in relation (pro rata) to the quantity of subscription rights exercised for subscription of shares in the Rights Issue, and to the extent this is not possible, by drawing of lots.

Secondly, allotment of shares which are subscribed for without preferential right shall be made to other investors than the above mentioned, who have subscribed for shares without subscription rights. In case of oversubscription, allotment shall be made in relation (pro rata) to the number of subscribed shares without subscription rights in the Rights Issue, and to the extent this is not possible, by drawing of lots.

Notification of allotment of shares subscribed for without preferential rights

Notification of allotment of shares without preferential rights will be made via a settlement note via email. Settlement notes are expected to be sent out as soon as possible after the subscription period, and payment must be made in accordance with the payment instructions on the settlement note. Payment is due within four (4) Swedish business days from the date the settlement note was distributed. Note that payment for any allotted shares will not be drawn from the specified book-entry account. If payment is not received in due time, the subscribed shares may be assigned to another party. Should the price by such an assignment be lower than the subscription price in the Rights Issue, the subscriber who initially was allotted these shares may have to pay for all or a part of the difference. Shareholders or other investors that are not allotted any shares will not receive any notification.

Shareholders residing outside sweden

Shareholders who reside outside of Sweden (with the exception of shareholders residing in the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or other countries in which participation in the Rights Issue may require supplementary prospectus, further registration or other measures than those which are required by Swedish legislation) who have pre-emption right in the Rights Issue can contact Nordic Issuing for further information about subscription and payment.

Due to restrictions in the legislation regarding securities in the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea and other countries in which participation may require supplementary prospectus, further registration or other measurements than those which are required by Swedish legislation, subscription rights through Euroclear will not be issued to shareholders with registered addresses in any of these countries. Accordingly, no offer is made to subscribe for shares in the Company to shareholders residing in these countries.

Notwithstanding any other provision of this document, the pre-printed issue statements or the subscription forms, the Company reserves the right to permit any person to subscribe in the Rights Issue if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Paid and subscribed for share (bta)

Subscription with support of subscription rights is registered with Euroclear as soon as feasible, which normally means a few banking days after payment is made. Thereafter, the subscriber will receive a securities depository account notification confirming that the registration of paid subscribed shares has occurred in the subscriber's securities depository account. Subscribed for and paid shares ("Betald Tecknad Aktie" or "BTA") are entered as BTAs in the securities account until the new shares in the Rights Issue has been registered with the Swedish Companies Registration Office.

Shareholders who have their holdings in a custodian account at a bank or nominee will receive information from their respective bank/nominee.

Trading in BTA

Trading in BTA will take place on Nasdaq First North Growth Market from 20 November 2023 until the Rights Issue is registered at the Swedish Companies Registration Office (Sw. Bolagsverket). Paid and subscribed for shares are entered as BTA in the securities depository account until the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place in week 51.

Delivery of shares

As soon as the Rights Issue has been registered with the Swedish Companies Registration Office, BTAs are converted into shares without special notification from Euroclear.

Please note that the issue may be partially registered at the Swedish Companies Registration Office.

Dilution

Through the Rights Issue, the Company's share capital can increase with not more than SEK 747,676.576484 through the issuing of not more than 17,487,000 shares. This corresponds to approximately 48.72 percent of the votes and shares in the Company. The dilution is based on the total number shares issued provided that the Rights Issue will be fully subscribed.

Publication of the outcome of the Rights Issue

Publication of the outcome in the Rights Issue is planned for 5-6 December 2023, or as soon as possible after the subscription period ends. The Company will publish the result of the Rights Issue through a press release.

Trading in the share

The shares of the Company are listed on Nasdaq First North Growth Market. The shares are traded under the short name "PILA" and have the ISIN code SE0015988274. The new shares are admitted to trading in connection with the conversion of BTA into shares.

Applicable legislation

The shares are issued under the Swedish Companies Act (2005:551) (Sw. aktiebolagslagen) and are governed by Swedish legislation.

Right to dividend

The new shares give right to dividend for the first time on the first record date for dividend, appearing after the new shares have been registered in the shareholder register maintained by Euroclear. The new shares give the same right to dividend as the existing shares.

Information about LEI- and NCI-number

According to the securities trading regulations that came into effect on January 3, 2018, all investors need to have a global identification code in order to carry out securities transactions. These requirements mean that legal entities need to apply for registration of a so-called Legal Entity Identifier (LEI) and natural persons find out their National Client Identifier (NCI) in order to be able to subscribe for shares in the Offer. Please note that it is the legal status of the signatory that determines whether an LEI code or NCI number is required, and that Nordic Issuing may be prevented from executing the transaction for the person concerned if the LEI code or NCI number (as applicable) is not provided. Legal entities that need to obtain an LEI code can turn to one of the providers on the market. Instructions for the global LEI system can be found at gleif.org. For physical persons who only have Swedish citizenship, the NCI number consists of the designation "SE" followed by the person's social security number. If the person in question has several citizenships or something other than Swedish citizenship, the NCI number can be some other type of number. Those who intend to subscribe for shares in the Offer are encouraged to apply for the registration of an LEI code (legal entities) or find out their NCI number (physical persons) in good time in order to have the right to participate in the Offer and/or be able to be allocated new shares that are subscribed for.

Conversion of convertible loans

In August 2023, the Company raised convertible loans of in total SEK 1.5 million from five existing shareholders. The convertible loans bear an interest rate of 10 per cent per annum, which is capitalized annually on 31 December each year and added to the outstanding principal amount of each convertible loan. The interest shall only be payable upon final repayment or conversion of the convertible loans. The outstanding principal amount of the convertible loans together with accrued interest may, at the request of the Company, be repaid through conversion into shares in the Company in connection with a financing round at a conversion price per share corresponding to the subscription price applied in the financing round.

In the light hereof, the Board has resolved to request that the convertible loans, together with accrued interest, are converted to shares in the Company within the Rights Issue to a conversion price of SEK 1.50 per share in the Company. As per the last date for subscription/payment of shares subscribed for with the support of subscription rights (i.e. 4 December 2023), the nominal amount under the convertible loans together with accrued interest is SEK 1,539,698.63 million.

Consequently, the shareholders having provided the convertible loans are obliged to subscribe for in total 1,026,465 new shares in the Rights Issue by way of set-off of the convertible loans. The lenders will receive instructions in respect of the conversion of the loans from the Company/Nordic Issuing separately.

Other

The Board of the Company does not have the right to cancel, revoke or temporarily withdraw the offer to subscribe for new shares in the Company in accordance with the terms of the Memorandum.

In the event that an excessive amount has been paid in by a subscriber for subscribed shares, Nordic Issuing will see to it that the excess amount is refunded. In such a case, Nordic Issuing will contact the subscriber for information about a bank account to which Nordic Issuing can repay the amount. No interest will be paid on excess amounts. Amounts below SEK 100 are only refunded on request.

Issuing agent

Nordic Issuing is acting as an issuing agent in connection to the Offer.

CEO WORD

Dear shareholders!

In the diabetes space, recent announcements by Eli Lilly, Novo Nordisk, and Pfizer have been met with significant media interest and a positive response from the stock market. It clearly shows that the pharma industry has a focus on diabetes and in particular the effects in obesity. Recent acquisitions in the field suggests an increasing appetite from pharma to license new projects with obesity effects.

This development is positive for Pila Pharma since we're hoping to demonstrate an effect of XEN-D0501 on bodyweight and cardiovascular risk in addition to the effect in diabetes. It could potentially open for XEN-D0501 to also be a future obesity drug.

To demonstrate and fully leverage the potential of our lead candidate XEN-D0501 in both diabetes and obesity, we have decided to conduct a phase 2a study with endpoints related to both indications. This study will provide critical information in preparation for a subsequent phase 2b proof-of-concept study. In parallel, we aim at demonstrating the effect of XEN-D0501 on reduction of pain during "flare ups" in the orphan disease erythromelalgia. Positive results would significantly increase the probability of development success and thus a partnership deal.

Since we raised a convertible loan of in total SEK 1.5 M in August 2023, we have been working on last planning of the two studies design to complete study protocols and other documents prior to the regulatory submission of applications for both studies.
Since the same 4 mg tablet (and placebo tablets to match) will be employed in both studies, much of the documentation needed for regulatory submission is identical and we can therefore save on time and funds.

We have reactivated interaction with many of our clinical study team members (PP-CT01 and PP-CT02) as well as new competent clinical resource persons and organizations. Agreements with these collaborators will be prepared for sign-off when new funds have been secured and regulatory approval obtained.

It's truly exciting times and I really look forward to resuming our clinical development of XEN-D0501 now with an increased focus on obesity in addition to diabetes and pain in erythromelalgia – results that can pave the way for a pharma partnership!

I welcome you all to invest so we can progress XEN-D0501 as a safe and cost-effective diabetes drug and hopefully get first results on its effect on pain and obesity.

Best regards
Dorte X. Gram
PhD, Founder and CEO

TECHNOLOGY, RESEARCH, DEVELOPMENT AND PATENTS

The principle of treating obesity and obesity related diseases and disorders with TRPV1 antagonists was discovered and patented by Pila Pharma's founder, Dorte X. Gram, during her PhD studies at Novo Nordisk and she (via Pila Pharma) later in-licensed a TRPV1 antagonist, XEN-D0501, to develop it as a novel, cost-effective treatment of obesity and its related disorders like diabetes.

TRPV1 is localized on many cell types but primarily the sensory afferent nerves, c-fibers. Upon stimulation the receptor/ channel opens, and calcium enters the cells leading to an efferent signal – secretion of proinflammatory neuropeptides such as CGRP and SP (causing inflammation) and – if the signal is big enough – an afferent signal – message upwards to the brain that something is hurting.

Capsaicin is a TRPV1 agonist that is known to stimulate pain in smaller doses, but at higher doses or after repeated exposure, relieves pain by rendering TRPV1 irresponsive to activation. TRPV1 is sometimes referred to as the "capsaicin receptor".

Developments of TRPV1 antagonists as novel effective treatments of pain have been tried since the cloning of TRPV1 and the structure of the receptor became known in the late 1990'ies. Until now, it's largely been unsuccessful due to registration of unwanted side effects of orally available candidates. So far, XEN-D0501 seems to have a good safety profile which may allow market entry at a later stage.

Pila Pharma's founder Dorte X. Gram in 1999 by serendipity observed a profound effect of capsaicin on regulating blood sugar in diabetic rats and later in her PhD thesis proposed that an upregulation of TRPV1 ("the capsaicin receptor") in obese individuals mediated this effect by increased secretion of proinflammatory and vasoactive neuropeptides such as Substance P and CGRP thus indirectly inhibiting insulin secretion and action thereby promoting or even leading to type 2 diabetes. In addition, the inflammation when the afferent nerves were overactive would also have a negative effect on other organs leading to the development of diabetes complications such as cardiovascular disease.

She partly demonstrated that using TRPV1 knock-out mice that was kept on a high fat diet to induce glucose intolerance and found that mice lacking TRPV1 did not become glucose intolerant, had a better insulin response to glucose and a lower bodyweight gain than normal mice on high fat diet.

The results were repeated with a TRPV1 antagonist in spontaneously obese prediabetic rats and here, reductions of inflammatory markers in the abdominal fat tissue were also demonstrated. All in all, it pointed at a new and previously undiscovered role of TRPV1 in metabolism in both glucose metabolism as well as body weight regulation.

A use-patent was filed by Novo Nordisk to patent the use of TRPV1 antagonists (then called inhibitors of the capsaicin receptor) as treatment of obesity and obesity related diseases and disorders. In 2008, Novo Nordisk sold or closed all projects regarding small molecule treatments because they wanted to focus on injection products for strategic reasons.

Dorte X. Gram bought out the use-patent and later got 3 patents issued – first in the US (2011) to treat obesity with TRPV1 antagonists and then in the US and Europe (2013) to treat type 1 and 2 diabetes with TRPV1 antagonists. This founded the basis for a commercialization of the idea of TRPV1 antagonists as new superior anti-diabetic treatment with effects expected on all comorbidities in diabetes as well as on obesity.

Pila Pharma was founded in 2014 after establishing a scientific advisory board with key opinion leaders in diabetes and the use-patents were transferred to the new company. The scientific advisory board advised to seek to in license a clinical ready candidate. With our first investor Almi Invest, we tested a few clinical candidates and in 2016 we were able to sign an Asset Transfer Agreement regarding British Ario Pharma's TRPV1 asset including its development candidate XEN-D0501.

XEN-D0501, is a specific and potent inhibitor of TRPV1. It was originally developed by Bayer Healthcare AG, Germany, which described its structure along with a number of other structures in the original patent. Then, XEN-D0501 (then under the name BAY) was tested in the first clinical study in healthy volunteers after 4 weeks of preclinical studies with good safety results. For strategic reasons, the Bayer TRPV1 asset was then sold to the English company, Xention, that performed several clinical studies in healthy volunteers and in patients with incontinence ("over active bladder disease"). Xention's subsidiary Ario Pharma then took over the portfolio and conducted 2 clinical studies in chronic cough. The studies showed good safety but no significant effect.

Pila has tested XEN-D0501 in two phase 2a studies – acute and of 1 month duration in type 2 diabetes - with good safety and a small but significant effect on glucose tolerance and on insulin response to glucose. Long-term blood glucose (HbA1c) showed a trend for reduction, but requires 3 months treatment before a significant effect can eventually be detected.

All in all, XEN-D0501 has been tested in 300 people single or multiple doses up to 1 month duration - so far with a good safety profile and no serious side effects. In diabetes some effects have been demonstrated, but higher doses and longer treatment are required to demonstrate a clinical meaningful anti-diabetic effect.

Pila Pharma has recently completed 13 weeks of preclinical safety studies without registration of any adverse events, and thus, XEN-D0501 can now be tested in humans for up to 3 months trial duration. Tablets manufactured in 2021 (4 mg strength and placebo to match) are available and all together it permits the Pila Pharma to again proceed to clinical studies.

Pila Pharma believe that XEN-D0501, as a TRPV1 antagonist with a good safety profile, could be suitable as treatment of other diseases with an underlying inflammatory component.

In July 2022, Pila Pharma was awarded orphan drug designation ("Orphan drug designation") for XEN-D0501 as a treatment for erythromelalgia and Pila Pharma has since then had a second project under preparation. Erythromelalgia is a condition where intense periods of painful "flare-ups" occurs without a known cause and currently without an adequate treatment option.

The next bigger milestone within diabetes is to demonstrate a significant anti-diabetic effect in a larger phase 2b trial in up to 300 persons with diabetes. To assure that the 3 dose-levels for the phase 2b study are adequate with regard to safety and efficacy, an exploratory phase 2a dosing study will be undertaken first.

The Company plan to submit a clinical trial application for the dose-finding study as soon as possible and hope to get results within the next year, after which we plan to expand the trial to the full phase 2b with the selected

3 dose levels. A pharma partnership should be realistic after positive phase 2b results or maybe even after the phase 2a dose finding study given the new and intense focus on new treatments of obesity.

The biggest milestone in the erythromelalgia project is to demonstrate efficacy in subjects with the condition (reduction of pain experienced during "flare-ups"), and we thus plan to conduct a smaller phase 2a "Proof of Concept" study. We plan to submit a clinical trial application as soon as possible and hope to get results within the next year, after which we see good potential to partner with a pain-specialized pharma company.

Intellectual property

The Company owns the EU trademark "Pila Pharma". In July 2022, the development candidate XEN-D0501 received orphan drug status in the US for the treatment of the rare disease erythromelalgia and this may lead to seven years of market exclusivity after marketing authorization is obtained.

Treatment of diabetes and obesity with TRPV1 antagonists (including XEN-D0501) is protected by issued use-patents in the US and Europe. The application was submitted in 2005.

XEN-D0501 is protected by product patents originally filed by Bayer with an application date of April 28, 2003. The patents within this family were taken over by Pila Pharma in 2016.

All data that have been produced on XEN-D0501 and other substances are fully owned by Pila Pharma and the structure of XEN-D0501 or "back-up compounds" has not yet been made publicly available.

The patent strategy is to use-patent protect XEN-D0501 in various diseases as late as possible in order to have protection as far into the future as possible. In order also to patent protect XEN-D0501 as treatment of pain (in erythromelalgia) the use patent application submitted in 2021 with XEN-D0501 as a treatment for diabetes has been withdrawn. An updated application will be submitted in due time and will be followed up by other a use-patents in other relevant indications and or patents related to manufacture or formulations.

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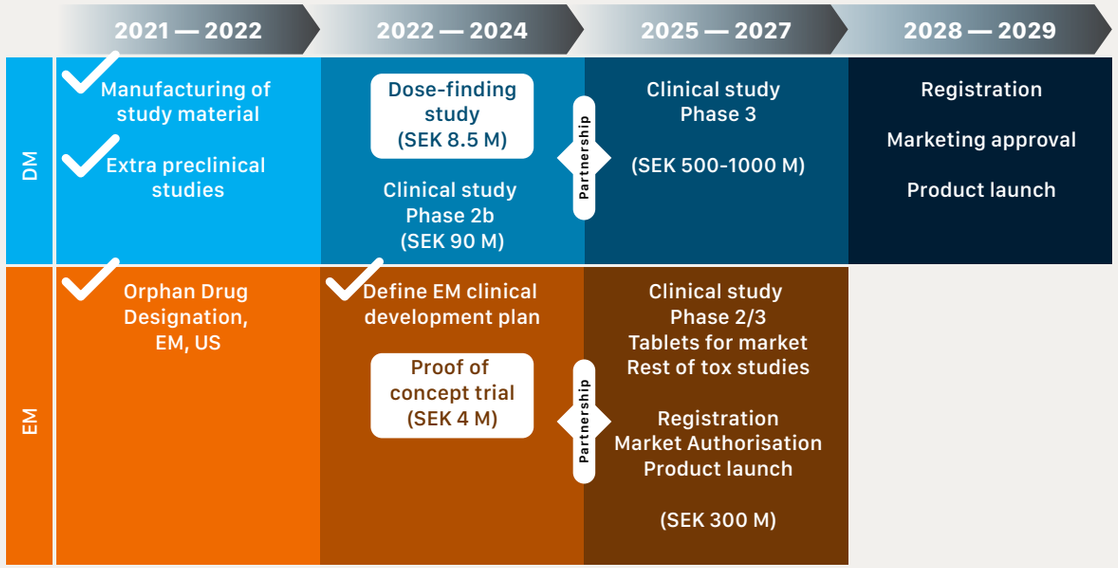

Figure 1:
Overall development plan for the company's diabetes project (DM) AND OBESITY as presented at the company's IPO in July 2021 marked in blue and for the additional rare disease project within the PAINFUL erythromelalgia (EM) marked in orange.

RISK FACTORS

ESTIMATES AND ASSESSMENTS

To be able to prepare the financial reports, the Board and the management team make assessments and assumptions that affect the Company's results and position as well as the information provided in general.

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations about future events that are expected to be reasonable under prevailing conditions. Actual results may differ from assessments made.

The areas where estimates and assumptions could entail a significant risk of adjustments in reported values for earnings and financial position in future reporting periods are primarily assessments of market conditions and thus the value of the Company's fixed assets. Ultimately, this risk can also affect the Company's future ability to survive.

RISKS

This section describes the risk factors and important circumstances that are considered essential for Pila Pharma's operations and future development. The assessment of the materiality of each risk factor is based on the probability of its occurrence and its expected adverse effects. The description of the risk factors below is based on information available at the date of this Memorandum and is described in no particular order and without claims to be comprehensive. All risk factors cannot naturally be assessed without a combined evaluation of other information together with a general assessment of the environment.

Future funding

The financing of the Company's continued operations, i.e. the development of XEN-D0501 through clinical studies, is dependent on the possibility of carrying out new issues of shares or attract non-dilutive funding. The Company's future plans predict increased costs for the Company, meaning that the Company needs to mobilize additional capital in addition to the capital acquired so far to realize its development plans.

Pila Pharma is a research and development company with the aim of developing XEN-D0501 to a stage of clinical development where it can be attracting a pharma partner which will then handle late-stage clinical development and commercialization. The Company mainly invests in clinical development and has so far financed its operations through issues of new shares. The financing of the Company's continued operations, regarding the development of the XEN-D0501 further through phase 2b and phase 3 clinical development, is thus dependent on the possibility of mobilizing more funds. If the Company fails to raise the necessary capital, the plan for the development of the product candidate will change accordingly.

In the event that the Rights Issue is not fully subscribed and that the Company thus receives less capital than planned, there is a risk to the Company's financial position, which may ultimately force the Company to revise its business plan.

The Company will need additional financing beyond the capital raised through the Rights Issue to be able to conduct the clinical study and will prepare for additional capital raising. The Company cannot rule out that additional capital may be needed to meet changed conditions, to finance the operation of the business after the coming twelve-month period has expired, or to finance plans other than those that exist today. Further new issues may therefore need to be carried out and there is a risk that such new issues cannot be carried out when the need arises, that it cannot be carried out on terms acceptable to the Company, or that such issues would bring in the desired issue proceeds. This would mean that the Company needs to revise its timetable for the development of the drug candidate XEN-D0501 seek alternative financing or be forced to end its operations.

Dependent on suppliers

Pila Pharma is a research and development company with a limited organization. This means that the Company is largely dependent on collaborations with various suppliers. The Company engages external manufacturers and suppliers as contract research companies for all its necessary raw materials, active pharmaceutical substances, finished products for clinical studies, the execution of clinical studies, and other processes in the development work. The Company does not currently have agreements that extend over a longer period of time. There is a risk that current suppliers or manufacturers, or future suppliers or manufacturers, will not deliver according to the agreements entered into. If the risk materialized, the Company's planned timeline for the development of the drug candidate XEN-D0501 could be negatively affected. It could also mean increased costs for the Company to establish agreements with new suppliers or manufacturers.

Results from clinical studies

Results from previously completed preclinical and clinical studies do not mean that future, more extensive studies will generate the same or similar results. Unsatisfactory results from future clinical studies can be followed by demands that further studies be carried out, or that the drug candidate XEN-D0501 is judged to have such an insufficient effect that the development of it cannot continue. There is a risk that XEN-D0501 cannot demonstrate the effect shown in previous studies, which would mean that the development of XEN-D0501 could be forced to be postponed or interrupted. If the risk of unsatisfactory results materializes, further clinical tests will entail increased costs for the development of XEN-D0501, as well as the time horizon for the development of XEN-D0501 being extended. If XEN-D0501 is judged to have such an insufficient effect that development of it is interrupted, the market will revise the value of the Company, as well as increased costs for developing new product candidates.

Patents and intellectual property rights issues

Pila Pharma's intellectual property rights are protected primarily through patents and patent applications. The Company intends to renew existing patents and additionally submit new patent applications for further developed products and methods based on TRPV1 antagonists and to protect the product candidate XEN-D0501 in various ways. There is a risk that the Company would not be granted new patents and/or attacked by third parties, which could result in patents being declared invalid by the patent office or by court. There is also a risk of third parties intentionally or unintentionally infringing the Company's patents, trademarks, or other intellectual property rights. This could entail legal costs for the Company if the Company takes this third party to court. There is also no guarantee that the verdict will result in a favorable outcome for the Company. In addition, there is a risk that the Company makes such infringements on third parties, which could entail legal costs and/or liability for damages. This would affect the Company's financial position negatively. If the Company is not granted a patent or if the patent is declared invalid, the conditions for selling the Company's products may be significantly reduced, which would have a negative impact on the Company's sales ability and results.

Organizational risks

Pila Pharma has a relatively small organization, with several key persons who have high competence and extensive experience within the Company's area of operation. This entails a dependence on individual key persons and the ability to identify and retain qualified and experienced employees and contractors in the future. The Company's ability to find and retain these key persons is dependent on a number of factors, some of which are beyond the Company's control, including competition on the labor market. The loss of members of

the management team or other key persons due to, for example, the employee/contractor resigning or retiring may mean that important skills are lost, that set goals cannot be reached or that the implementation of the Company's business strategy is negatively affected. If key persons leave the Company or if the Company is unable to attract qualified persons, this may have a negative impact on the Company's operations, financial position and results.

Pila Pharma has a wholly owned subsidiary in Denmark (Pila Pharma Danmark ApS) and thus there is a group relationship. According to current legislation, there is no requirement for the Company to prepare a consolidated annual report as of 31 December 2023. The financial reporting, both the annual report for 2022 and interim reporting as of 30 September 2023, consists of the Company's financial reports with separate information on the subsidiary's results and position. All research and development take place in the subsidiary , which only receives funding from the Company. The Company has provided shareholder contributions to the subsidiary corresponding to the subsidiary's losses during 2020, 2021, 2022 and the first nine months of the year 2023. Work for the subsidiary performed by the parent company is invoiced quarterly (appears as income in the parent company's accounts). In the light hereof, there may be a risk that the financial information about the group's financial results and position is not provided with sufficient clarity and that there may be difficulties understanding the group's operations and financial results.

Risk of commercialization not happening due to lack of interest from partners and/or licensees

The Company's future growth is dependent on that XEN-D0501 positively passes all clinical stages, and that it will be out-licensed to a suitable pharma partner. The Company's future income can mostly be expected to come from such partners and may consist of, among other things, an up-front payment and compensations for achieving certain milestones. These payments are dependent on XEN-D0501's development results, time to market as well future sales. For the Company's future results and financial position, it is of essential importance that the Company's product candidate XEN-D0501 can be successfully commercialized. The size of the possible sale of the Company's products is uncertain and can vary greatly from estimates reported by the Company. There is a risk that the market develops differently from estimates that were used to indicate the potential value for the Company, or, that a partner agreement cannot be entered into or that pharma partners do not manage to fulfill their commitments on late-stage clinical development, registration and marketing of XEN-D0501. If such cooperation agreements cannot be entered into, or if pharma partners fail in bringing XEN-D0501 to the market, there is a significant risk that expected revenues will decrease or not occur at all, which could have a material negative impact on the Company's operations, results and financial position.

Increased inflation and currency changes

Pila Pharma has been affected by an increased inflation and weak Swedish Krona and these circumstances have increased the costs of the ongoing projects during the last period and will potentially result in an increased risk of need for additional capital injections if the Swedish Krona continue to lose value as compared to lead foreign currency, e.g. Euro or Dollar and consequently the going concern of the Company. See the risk "Future funding" above.

Competition

Pila Pharma is a research and development company with limited organization and limited resources. The Company competes against companies with significantly greater financial resources, including research and development organizations. These can therefore, among other things, dedicate greater resources to carrying out clinical studies and obtaining marketing authorization. There is a risk that competitors develop drugs similar to the Company's, or drugs that show a better effect than the Company's. Competitors with greater financial resources can, even if their drugs show an equivalent or even worse effect than the Company's, gain greater acceptance in the market. Competing products may limit the Company's ability to generate revenue, which could have a materially negative impact on the Company's earning capacity and results.

Product liability and insurance

Pila Pharma may be held liable for side effects, illnesses, deaths or other injuries to patients and healthy study participants in connection with clinical studies of XEN-D0501, even if clinical studies are conducted by an external party. If Pila Pharma were to be held liable for incidents in clinical studies and even after the drug has been approved and launched, there is a risk that the Company's insurance coverage will not be sufficient to cover any future legal claims, which would affect the results and the Company's financial position and would, if the claims significantly exceeds the insured amount, could result in the Company being forced to terminate its operations.

Risk of dilution in future issues

Pila Pharma may in the future need additional capital to finance its operations, see the risk "Future funding" above. If the Company chooses to raise additional capital, for example through a new issue of shares, there is also a risk that the Company's shareholders' holdings may be diluted, which may also affect the price of the shares. If these risks were to materialize, it could have a significant negative effect on investors' invested capital and/or the price of the shares.

Risk of non-payment of dividends

The Company has not adopted a dividend policy and historically has not paid any dividends. Nor are any profit distributions planned for the coming years since any profits are planned to be reinvested in the Company. According to the annual report for 2022, the Company's loss amounted to TSEK - 26,777. It is not certain that the Company, even if the Company achieves stable profitability, would propose a profit distribution to the shareholders. The ability of Pila Pharma to pay dividends in the future depends on a number of different factors, such as future earnings, financial condition, cash flows, working capital needs, costs of investments and other factors. Pila Pharma may lack sufficient distributable funds and the Company's shareholders may decide not to pay out dividends. An investor in the Company's shares must therefore be aware that profit distributions may not be paid out at all.

Risks related to unsecured subscription obligations

In August, the Company entered into convertible loan agreements of SEK 1.5 M. Under the convertible loan agreements, the lenders have undertaken to subscribe for shares through set-off of the convertible loans within the Rights Issue. The Company has thus secured sufficient financing for the next twelve months and for its existing commitments. However, the subscription undertakings and commitments are not secured by means of a bank guarantee, blocking funds, pledging or similar arrangements, why there is a risk that the undertakings and commitments, in whole or in part, will not be met. If all or parts of these undertakings and commitments are not fulfilled, there is an additional risk that the Company will thus receive less capital than planned, which would have a negative impact on the Company's financial position and ultimately force the Company to revise its business plan

CONDENSED HISTORICAL FINANCIAL INFORMATION

The condensed historical financial information for Pila Pharma as regards the third quarter 1 July – 30 September 2023 and the nine-month period of the financial year 1 January – 30 September 2023 and the year-end accounts of the financial year ending 31 December 2022 is presented below.

The information as regards the year-end accounts of 2022 are extracted from the Company´s audited Annual report for the financial year 2022 and the information for the third quarter 1 July – 30 September 2023 and the nine-month period 1 January – 30 September 2023 are extracted from the Company´s unaudited interim report as of 30 September 2023.

The interim report has been prepared in accordance with the Annual Accounts Act and the Accounting Act's general advice BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

The Company's accounting principles are according to the Accounting Board's general advice BFNAR 2016:10 (K2). There have been no changes in the Company's accounting principles since the last annual report, where a complete description of applied accounting and valuation principles was reproduced. The parent company has no requirement to submit a consolidated report, which is why the report only refers to the parent company Pila Pharma AB.

INTANGIBLE ASSETS

Intangible assets acquired separately are reported at acquisition value less accumulated amortizations and any accumulated write-downs. Amortization takes place linearly over the asset's estimated useful life, which is estimated to be 3 years. Estimated useful lives and amortization methods are reviewed if there is an indication that these have changed compared to the estimate at the previous balance sheet date. The effect of any changes in estimates and assessments is reported prospectively. Amortization begins when the asset can be used.

The Company has assessed that amortization of acquired intangible assets, primarily patents and associated documentation, should take place and has begun from 1 January 2023 for an estimated useful life of 3 years, when the patents will gradually expire in the coming year.

Beyond the Company´s audited annual report for the financial year 2022 no information in the Memorandum has been reviewed or audited by the Company´s auditor.

ESTIMATES AND ASSESSMENTS

To be able to prepare the financial reports, the Board and management team make assessments and assumptions that affect the Company's results and position as well as the information provided in general.

Estimates and assessments are continuously evaluated and are based upon historical experiences and other factors, including expectations on future events that are presumed as reasonable due to current conditions. Actual outcome can be different from done assessments.

The areas where estimates and assessments could be of an essential risk for adjustments in booked values in result and balance during the coming reporting periods, are primarily assessments regarding market conditions and accordingly the value of the Company´s fixed assets. In worst case, this risk could also affect the Company´s ability to continue its operations.

OTHER INFORMATION

GROUP RELATIONS AND SHAREHOLDINGS

Pila Pharma AB is the Parent Company in a Group that includes the wholly owned Danish subsidiary Pila Pharma Danmark ApS (the "Subsidiary"). Beyond the above, Pila Pharma has no further shareholdings in other companies.

RELATED-PARTY TRANSACTIONS

Shareholder contributions of TSEK 0 (3,631) have been issued to the Subsidiary during the third quarter of 2023 and TSEK 3,497 (15,823) during the nine-month period of 2023.

The Company has carried out services to the Subsidiary and the revenues refer to re-invoicing of services carried out during the third quarter of TSEK 0 (281) and TSEK 1,097 (1,468) during the nine-month period. Transactions are in accordance with market conditions.

CONVERTIBLE LOAN

In August 2023, Pila Pharma entered into short-term convertible loan agreements. Under the loan agreements, the Company raised convertible loans of in total SEK 1.5 M from the long-term shareholders Vimpu Intressenter AB, AnMi Förvaltning AB, AB Hans Ols Bröd, Magnus Hackman and CO2 Balance AS. The convertible loans bear an interest rate of 10 per cent per annum, which shall be capitalized annually on 31 December each year and added to the outstanding principal amount of each convertible loan. The interest shall only be payable upon final repayment or conversion of the convertible loans. The outstanding principal amount of the convertible loans together with accrued interest may, at the request of the Company, be repaid through conversion into shares in the Company in connection with a financing round. If the Company, on or before 15 February 2024, raises the financing, conversion will be at a conversion price per share corresponding to the subscription price applied in the financing round. On 25 October 2023, the Board resolved on the Rights Issue and to request that the convertible loans of SEK 1.5 million including accrued interest of SEK 39,698.63, i.e. in total SEK 1,539,698.63, are converted to shares in connection with the Rights Issue by way of set-off to the conversion price in the Rights Issue, i.e. SEK 1.50 per share in the Company.

CONDENSED INCOME STATEMENT

(All amounts in SEK thousand)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
	3 months	3 months	9 months	9 months	12 months
Operating income					
Net sales	0	281	1 097	1 468	1 881
Operating expenses					
Other external costs	-595	-1 070	-2 293	-3 491	-4 071
Personnel costs	-654	-1 490	-3 115	-4 897	-6 683
Depreciation and amortization of tangible and intangible financial assets	-269	-5	-808	-15	-16
Other operating expenses	0	-2	0	-2	-1
Operating result	**-1 518**	**-2 286**	**-5 119**	**-6 937**	**-8 890**
Profit/loss from financial items					
Write-down of financial fixed assets and short-term investments	0	-3 631	-3 497	-15 823	-17 886
Interest expenses and similar profit/loss items	-12	0	-13	0	-1
Income after financial items	**-1 530**	**-5 917**	**-8 629**	**-22 760**	**-26 777**
Tax expenses	0	0	0	0	0
Profit/loss for the period	**-1 530**	**-5 917**	**-8 629**	**-22 760**	**-26 777**

CONDENSED BALANCE SHEET

(All amounts in SEK thousand)	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Intangible assets	2 424	3 232	3 232
Total intangible assets	**2 424**	**3 232**	**3 232**
Tangible assets	0	1	0
Total tangible assets	**0**	**1**	**0**
Financial assets			
Shares in group companies	65	65	65
Receivables from group companies	287	0	0
Total financial assets	**352**	**65**	**65**
Total fixed assets	**2 776**	**3 298**	**3 297**
Current assets			
Current receivables			
Other receivables	64	157	203
Prepayments and accrued income	50	120	144
Total current receivables	**114**	**277**	**347**
Cash and cash equivalents	**1 147**	**5 122**	**7 243**
Total current assets	**1 261**	**5 399**	**7 590**
TOTAL ASSETS	**4 037**	**8 697**	**10 887**

(All amounts in SEK thousand)	2023-09-30	2022-09-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	787	688	787
Total restricted equity	**787**	**688**	**787**
Unrestricted equity			
Share premium fund	81 056	75 144	81 056
Retained earnings	-72 314	-45 537	-45 537
Net result for the period	-8 629	-22 760	-26 777
Total unrestricted equity	**113**	**6 847**	**8 742**
Total equity	**900**	**7 535**	**9 529**
Current liabilities			
Convertible loan	1 500	0	0
Accounts payables	154	395	350
Other liabilities	141	180	105
Accruals and deferred income	1 342	587	903
Total current liabilities	**3 137**	**1 162**	**1 358**
TOTAL EQUITY AND LIABILITIES	**4 037**	**8 697**	**10 887**

CONDENSED CASH FLOW STATEMENT

(All amounts in SEK thousand)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
	3 months	3 months	9 months	9 months	12 months
Operating activities					
Income after financial items	-1 530	-5 917	-8 629	-22 760	-26 777
Adjustments for items not included in cash flow	270	3 637	4 305	15 838	17 902
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	**-1 260**	**-2 280**	**-4 324**	**-6 922**	**-8 875**
Cash flow from changes in working capital					
Decrease (+)/increase (-) of other current receivables	-141	180	-54	12	-58
Decrease (-)/increase (+) of accounts payables	114	-43	-196	42	-3
Decrease (-)/ increase (+) of other current liabilities	492	77	475	-396	-155
Cash flow from operating activities	**-795**	**-2 066**	**-4 099**	**-7 264**	**-9 091**
Investing activities					
Purchase of equipment	0	0	0	0	0
Purchase of patents	0	0	0	0	0
Cash flow from investing activities	**0**	**0**	**0**	**0**	**0**
Financing activities					
New share issue	0	0	0	0	6 011
Raised/regulated loans	1 500	0	1 500	0	0
Shareholder contribution made to group companies	0	-3 631	-3 497	-15 823	-17 886
Cash flow from financing activities	**1 500**	**-3 631**	**-1 997**	**-15 823**	**-11 875**
Cash flow for the period	**705**	**-5 697**	**-6 096**	**-23 087**	**-20 966**
Cash at the beginning of the period	442	10 819	7 243	28 209	28 209
Cash at the end of the period	**1 147**	**5 122**	**1 147**	**5 122**	**7 243**

CONDENSED REPORT ON CHANGE IN EQUITY

(All amounts in SEK thousand)	Share capital	Free premium fund	Retained earnings	Result for the period	Total equity
Opening balance as of 1 January 2023	**787**	**81 056**	**-45 537**	**-26 777**	**9 529**
Disposition of the preivous year´s result			-26 777	26 777	0
Result for the period				-8 629	-8 629
Transactions with owners:					
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Closing balance as of 30 September 2023	**787**	**81 056**	**-72 314**	**-8 629**	**900**
Opening balance as of 1 January 2022	**688**	**75 144**	**-28 330**	**-17 207**	**30 295**
Disposition of the preivous year´s result			-17 207	17 207	0
Result for the period				-22 760	-22 760
Transactions with owners:					
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Closing balance as of 30 September 2022	**688**	**75 144**	**-45 537**	**-22 760**	**7 535**
Opening balance as of 1 January 2022	**688**	**75 144**	**-28 330**	**-17 207**	**30 295**
Disposition of the preivous year´s result			-17 207	17 207	0
Result for the period				-26 777	-26 777
Transactions with owners:					
Registered new share issue	99	6 822			6 921
New share issue costs		-910			-910
Total transactions with owners	**99**	**5 912**	**0**	**0**	**6 011**
Closing balance as of 31 December 2022	**787**	**81 056**	**-45 537**	**-26 777**	**9 529**

FINANCIAL OVERVIEW

Financial overview for the parent company is presented as reported in the interim report for the third quarter (parent company only). The wholly owned subsidiary Pila Pharma Danmark ApS is presented under the section “The Danish subsidiary”.

Operating income and result for the quarter 1 July - 30 September 2023

The operating income for the parent company amounted to TSEK 0 (281). The revenues refer to re-invoicing of services carried out for the subsidiary. The result for the third quarter amounted to TSEK - 1,530 (- 5,917). A major part of the costs is related to a write-down of shares in group company in conjunction to the issued shareholder contribution to the subsidiary amounted to TSEK 0 (3,631) for covering of the subsidiary´s costs during the third quarter. The subsidiary conducts the major part of the business. The other costs are mainly related to costs for administration and personnel and activities to support the business of the Danish subsidiary.

Operating income and result for the nine-month period 1 January - 30 September 2023

The operating income for the parent company amounted to TSEK 1,097 (1,468). The revenues refer to the re-invoicing of services carried out for the subsidiary. The result for period January - September amounted to TSEK - 8,629 (- 22,760). A major part of the costs is related to write-downs of shares in group company in conjunction to issued shareholder contributions to the subsidiary amounted to TSEK 3,497 (15,823) for covering of the subsidiary´s costs during the nine-month period. The subsidiary conducts the major part of the business. The other costs are mainly related to costs for administration and personnel and activities to support the business of the Danish subsidiary.

Financial position and cash flow

Operating cash flow from operating business for the period 1 January - 30 September 2023 amounted to TSEK - 4,099 (- 7,264). The financial activities during the period January - September amounted to TSEK - 1,997 (-15,823). The cash flow for the period January - September amounted to TSEK – 6,096 (- 23,087) and relates to issued shareholder contribution to the subsidiary of TSEK 3,497 (15,823) that has reduced the cash flow for the corresponding period. During the third quarter a short-term convertible loan is raised with TSEK 1,500 (0) that has increased the cash flow for the corresponding period.

The Company´s cash as of 30 September 2023 amounted to TSEK 1,147 (5,122).

The equity as of 30 September 2023 amounted to TSEK 900 (7,535), which corresponds to the solvency ratio 22% (87).

Financing, liquidity and continued operations

To secure the financing for the coming twelve months ahead and expand the business according to the development plans, the Board has decided on a new shares issue to secure a new capital infusion. The short-term convertible loans of SEK 1.5 M secured in August 2023 will be converted to new shares and the total amount raised will secure the Company’s financing for the next twelve months to fund its existing commitments.

The Company has completed all operational activities needed to progress to new clinical trials and will only initiate new operations when funding has been secured. As a result of the tax-benefit regulations in Denmark for R&D companies, a tax return of approximately SEK 4 million is expected to be paid to the subsidiary Pila Pharma Danmark ApS in November upon the approval of our tax refund claim. As the Company does not establish any consolidated statement, this claim does not appear in the balance sheet, which relates only to the parent company, Pila Pharma AB. The subsidiary, Pila Pharma ApS has an equity of SEK 3 million as of 30 September 2023.

The future financing of the planned clinical studies is not settled when signing the interim report. The Company´s liquidity development can become a significant uncertainty factor for enabling continued for the Company´s continued operations. The Board is aware of this and plans to remedy the financing. Based on the Board’s experience of previous capital raising, the possibilities for further financing of the Company are considered reasonable but of course depends on the generally uncertain macro-economic situation as of today.

Employees as of 30 September 2023

Employees as of 30 September 2023

During the period the Company transferred to a fully virtual organization with no permanent employees. As previously has been informed, as from August 2023, the CEO has been engaged by Pila Pharma as consultant. The Company´s average full-time employees during the period 1 July - 30 September therefore decreased to 0 (3) and for the nine-month period were 2(3). The Company since August conducts its operations entirely through consultants or hired staff at Clinical Research Organizations and they amounted to corresponding 5 (5) full-time employees during the period January - September.

The Danish subsidiary

The subsidiary handles all research and development activities and is financed by the parent company. Shareholder contributions from the parent company have been issued, totally amounted to TSEK 3 497 (15 823) as of 30 September 2023, and correspond to the operating R&D costs of the subsidiary during the period 1 January – 30 September 2023.

In November 2023 a tax-return of approximately SEK 4 million (1,9) is expected. Pila Pharma ApS has an equity of SEK 3 million as of 30 September 2023.

KEY FIGURES

	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
	3 months	3 months	9 months	9 months	12 months
Net Sales (TSEK)	0	281	1 097	1 468	1 881
Total operating expenses (TSEK)	-1 518	-2 567	-6 216	-8 405	-10 771
Operating result (TSEK)	-1 518	-2 286	-5 119	-6 937	-8 890
Total financial items (TSEK)	-12	-3 631	-3 510	-15 823	-17 887
Income after financial items (TSEK)	-1 530	-5 917	-8 629	-22 760	-26 777
Cash flow from operating activites (TSEK)	-795	-2 066	-4 099	-7 264	-9 091
Earnings per share (SEK)	-0.08	-0.37	-0.47	-1.41	-1.55
Earnings per share after dilution (SEK)	-0.08	-0.37	-0.47	-1.41	-1.55
Average number of shares	18 407 369	16 100 338	18 407 369	16 100 338	17 253 854
Average number of shares after dilution	18 407 369	16 100 338	18 407 369	16 100 338	17 253 854
Outstanding shares at the end of the period	18 407 369	16 100 338	18 407 369	16 100 338	18 407 369
Outstanding subscription warrants at the end of the period	0	0	0	0	0
Average number of employees	0	3	2	3	3
			2023-09-30	2022-09-30	2022-12-31
Cash and cash equivalents (TSEK)			1 147	5122	7 243
Equity (TSEK)			900	7535	9 529
Balance sheet total (TSEK)			4 037	8697	10 887
Solvency ratio (%)*)			22%	87%	88%
Cash flow ratio (%)*)			40%	465%	559%
Equity per share (SEK)*)			0.05	0.47	0.52

*) Alternative performance measures, see Definitions

DEFINITIONS

- Operating results:
  - Profit before financial items and tax
- Earnings per share before dilution:
  - Profit for the period divided by the average number of outstanding shares in the period
- Earnings per share after dilution:
  - Profit for the period divided by the average number of outstanding shares in the period and outstanding potential ordinary shares

Definitions and relevance of alternative outcome measures

Pila Pharma presents certain financial measures in the interim report that are not defined or specified in the applicable rules for financial reporting, so-called alternative performance measures. These have been noted with "*" in the table under the Key figures section. Pila Pharma believes that these measures provide valuable supplementary information for investors and company management as they enable an assessment of relevant trends in the company's performance. These financial measures should not be considered a substitute for measures disclosed in accordance with applicable financial reporting rules. Because not all companies calculate financial measures in the same way, they are not always comparable to measures used by other companies. Definitions and relevance of key figures that have not been calculated in accordance with applicable rules for financial reporting are set out in the table below.

- Solidity:
  - Equity divided by total capital. The equity ratio shows how much of the balance sheet total is made up of equity and has been included so that investors can form a picture of the Company's financial stability and ability to cope in the long term, as the Company is dependent on additional supply of capital for carrying out its research and development work
- Cash flow:
  - Current assets divided by current liabilities. Cash flow has been included to show the Company's short-term solvency
- Equity per share:
  - Total equity divided by the number of shares at the end of the period. Equity per share has been included to provide investors with information about the book equity represented by a share.

Derivation of alternative performance measures	**2023-09-30**	**2022-09-30**	**2022-12-31**
Total current assets, TSEK	1 261	5399	7 590
Total current liabilities, TSEK	3 137	1162	1 358
Cash flow ratio, %	**40%**	**465%**	**559%**
Total equity, TSEK	900	7535	9 529
Total equity and liabilities, TSEK	4 037	8697	10 887
Solvency ratio, %	**22%**	**87%**	**88%**
Total equity, TSEK	900	7535	9 529
Outstanding shares at the end of the period	18 407 369	16 100 338	18 407 369
Total equity per share, SEK	**0.05**	**0.47**	**0.52**

THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

THE BOARD OF DIRECTORS

The Board of the Company consists of four ordinary directors, including the chairman of the Board, who were elected for the period until the end of the annual general meeting in 2024.

The table below shows the directors of the Board, when they were first elected to the Board and whether they are considered independent in relation to the Company and the management team and/or major shareholders.

Name	Role	Member since	Independent in relation to	
			The company and the company management	Larger shareholders
Fredrik Buch	Chairman of the Board	2016	Yes	Yes
Richard Busellato	Director of the Board	2023	Yes	Yes
Søren Weis Dahl	Director of the Board	2023	Yes	Yes
Dorte X. Gram	Director of the Board	2014	No	No

Fredrik Buch

Born 1954. Director of the Board since 2016 and chairman of the Board since 2021.

Education: MD and PhD, Gothenburg University, Sweden.
Other current positions: Chairman of the board of Huvudsta Vårdcentral AB, Citadelet Bolagsservice AB and Tridentify AB. Director of the board of Intrance Medical System Inc, Nordic network for personalized lifestyle medicine AB, Lobsor Holding AB, Intrance Holding AB and Cytovac A/S. Partner in Buch Konsult AB.
Previous positions (last five years): Director of the board of Bonvisi AB and Lobsor Pharmaceuticals AB. Chairman of the board of Follicum AB (publ).
Ownership over 10% in the last five years: Fredrik Buch Konsult AB.
Share ownership in the Company: 21,330 (indirect).

Fredrik Buch has over 20 years of experience from leading positions in global pharmaceutical companies. Buch has, among other things, been head of clinical research and biostatistics in urology, gynecology, and autoimmune diseases at Pharmacia-Upjohn and served as medical director at Svenska Hoechst AB and Squibb Scandinavia. Buch was previously a partner in HealthCap, HealthCap Fund III and has also been investment manager for SEB Läkemedelsfonder. Fredrik has served on more than 20 boards before joining Pila Pharma.

Richard Busellato

Born 1967. Director of the Board since 2023

Education: Macro economics and philosophy studies at Stockholm University 1986-90.
Other current positions: Co-founder (2020) of the sustainability advocacy Rethinking Choices
Previous positions (last five years): Co-founder of the sustainability advocacy Rethinking Choices
Share ownership in the Company: 10,600

Richard Busellato provides significant experience to Pila Pharma within has more than 30 years experience in managing large financial portfolios across all asset classes at world leading financial institutions and hedge funds. Having started his career in Stockholm, he moved to Brussels in 1992 to join the treasury department of the world's oldest limited company, Stora. In 1996 he relocated to London and has been living and working there since. During this period Richard Busellato managed portfolios at Moore Capital, Millennium Capital Partners, and LindenGrove Capital, as well as Tokai Bank, and was during the Great Financial Crisis (2007-8) director of the strategic rate group at Bank of America. In 2017 he joined Horizon Asset as a senior advisor where he also helped shaping their sustainability policy.
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Søren Weis Dahl

Born 1966. Director of the Board since 2023

Education: M.Sc. and Ph.D. from the Technical University of Denmark, and, MBA from Copenhagen Business School, Denmark.
Other current positions: CEO of DeckTherapeutics, Inc., US developing its lead asset in a rare pediatric disease and director on the Board of Prophylix Pharma Holding AS, Norway.
Previous positions (last five years): CBO/ CEO of the orphan company Prophylix AS, Norway, asquired by the US Orphan specialist RallyBio LLC in 2019.
Share ownership in the Company: 0

Søren Weis Dahl has over 25 years of life-science experience and has held leadership positions in biotechnology, pharmaceutical, clinical diagnostic companies and served as a senior biotech consultant and holds significant experience from the orphan drug space.

Dorte X. Gram

Born 1969. Founder and director of the Board since 2014, Chairman of the Board 2014-2015 and 2020-2021. CEO since 2014.

Education: Doctor of Veterinary Medicine (DVM) and PhD, University of Copenhagen, Denmark.
Other current positions: Owner, CEO and Chairman of the Board of Xenia Pharma ApS, Denmark, Chairman of the Board of Gram Equity Invest AB, Sweden
and owner of Bara Gamla Skola Veterinär och Islandshästar, Sweden.
Previous positions (last five years): Chairman and director of the Board in Pila Pharma.
Share ownership in the Company: 5,195,086 (direct and indirect).

Dorte X. Gram is the founder of Pila Pharma and the researcher who, during his doctoral studies at Novo Nordisk A/S Denmark, discovered the principle of treating diabetes and obesity with TRPV1 antagonists. Dorte X. Gram has solid experience from the life science industry, of which more than 10 years in diabetes and obesity R&D at Novo Nordisk A/S Denmark where she worked with various project groups in the research areas of diabetes and obesity with small molecules and peptides, including insulin- and GLP-1 analogues of which 2 have since been marketed (Tresiba® and Ozempic®/ Wegovy®). She is the author of several scientific publications focusing on TRPV1 in diabetes and obesity, control of food intake and obesity or anti-diabetic agents as well as patents related to TRPV1 in obesity and obesity related diseases and disorders (incl diabetes) or to basal insulin analogues.

Elna Lembrér Åström

Born 1961. CFO since 2021.

Education: Master of Business Administration in 1983 at Lund University and authorized accountant in 1989.
Other current positions: Since 2019, mainly active as a business advisor in Elna Lembrér Åström AB and director of the board in Godsinlösen Nordic AB, Obducat AB, Sten K Johnsons Stiftelse and Insamlingsstiftelsen Framtidens Natur och Kulturarv.
Previous positions (last five years): From 1983 to August 2019, Elna Lembrér Åström worked as an auditor (Peters & Co, Arthur Andersen (partner), Deloitte (partner)) and has been an auditor in the listed life science companies Saniona, RhoVac and Lundbeck (Sweden). Furthermore, also auditor in Atos Medical, Biomet Scientific, Ferring, Ferrosan and Mediplast. Other listed companies where Elna has been an auditor are, among others, Obducat, Atea (Sweden), Saxlund and StarVault. In addition, during the period 2015–2019, Elna Lembrér Åström has, through Deloitte, been a general meeting-elected authorized auditor in Pila Pharma.
Share ownership in the Company: 22,666 (indirect).

OTHER INFORMATION REGARDING THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

No directors of the Board or members of the management team have any family ties to any other directors or members of management.

In the past five years, none of the directors of the Board or the members of the management team of the Company (i) has been convicted in fraud-related cases, (ii) has been bound by a regulatory or supervisory authority (including recognized professional associations) to, or been subject to a penalty due to, a crime, or (iii) prohibited by court from being a member of an issuer's administrative, management or supervisory body or from exercising management or overall functions of an issuer.

All directors of the Board and members of the management team can be reached via info@pilapharma.com or via the Company's address, Norra Vallgatan 72, 211 22 Malmö, Sweden.

Conflictes of interest regarding the directors of the board and members of the management team

None of the directors of the Board or members of the management team have been elected or appointed as a result of a special agreement with major shareholders, customers, suppliers or other parties.

There are no conflicts of interest or potential conflicts of interest between the Board directors' and the management team members' commitments to the Company and their private interests and/or other commitments. As can be seen from the section "The board of directors and the management team", however, some directors of the Board and members of the management team have financial interests in Pila Pharma through the holding of shares.

Remuneration to the board and the CEO

The fees and other remuneration for the directors if the Board, including the chairman, are determined at the annual general meeting following a proposal from the nomination committee. At the annual general meeting held on 30 May 2023, it was resolved that the chairman of the Board shall receive SEK 315,000 for the period until the end of the next annual general meeting and that other directors of the Board, not employed by the Company, shall receive SEK 157,500 for the period until the end of the next annual general meeting.

The directors of the Board are not entitled to any benefits after they have resigned as directors.

For the financial year 2022, the CEO's total compensation was SEK 1, 992,429 consisting of a salary of SEK 1,754,529, other benefits to a value of SEK 0 and pension payments of SEK 237,900. For the period 1 January – 30 September 2023, the CEO's total compensation was SEK 1,087,658 consisting of a salary of SEK 957,783, other benefits to a value of SEK 0 and pension payments of SEK 129,875.

Further, it has been agreed between the Company and the CEO Dorte X. Gram that she, as from August 2023, will be engaged as consultant. Under the agreement, Dorte X. Gram provides CEO services. The consultancy agreement has a duration of three years but can be terminated by either party at any time for any reason with one months' notice. During the period 1 August – 30 September 2023 the consideration for the services provided was in total SEK 0.

SHARES, SHARE CAPITAL AND OWNERSHIP

GENERAL INFORMATION ABOUT THE SHARES IN PILA PHARMA AB

The shares in the Company are of the same share class and are issued in accordance with Swedish law and are denominated in Swedish kronor (SEK).

According to the Company's articles of association, the share capital must be at least SEK 780,000 and not exceed SEK 3,120,000, and the number of shares must be at least 18,000,000 shares and not exceed 72,000,000 shares. As of the date of the Memorandum, the Company's share capital amounts to SEK 787,028.0000 distributed over 18,407,369 shares. All issued shares are fully paid and freely transferable. Each share has a quota value of SEK 0.042756. There is only one class of shares in the Company and the shares have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The Company's shares are traded on Nasdaq First North Growth Market, Stockholm, Sweden, under the ticker #PILA (ISIN code: SE0015988274). The Company does not own any own shares.

Certain rights attached to the shares

The shares offered in the Rights Issue are of the same class. The rights associated with shares issued by the Company, including those arising from the articles of association, can only be changed according to the procedures specified in the Companies Act (2005:551). The shares in the Offer are freely transferable.

Each share entitles to one vote at general meetings and each shareholder is entitled to the number of votes corresponding to the holder's number of shares in the Company.

All shares in the Company give equal rights to profit distribution as well as to the Company's assets and any surplus in the event of liquidation.

Authorization

At the Annual General Meeting held on 30 May 2023, the Board was authorized to, on one or more occasions during the period until the next Annual General Meeting, within the limits of the Articles of Association, to resolve on new issues of shares, warrants and/or convertibles. Such new issue(s) may be made with or without deviation from the shareholders' preferential rights and/or with provision for contribution, set-off or otherwise with conditions. New issues in accordance with this authorization shall be made on market terms.

The rights issue

Based on authorization from the general meeting's, the Board decided on 25 October 2023 to issue not more than 17,487,000 shares with preferential rights for existing shareholders. The shares in the Rights Issue are issued in accordance with Swedish law and the currency of the rights issue is Swedish kronor (SEK).

Shareholder list

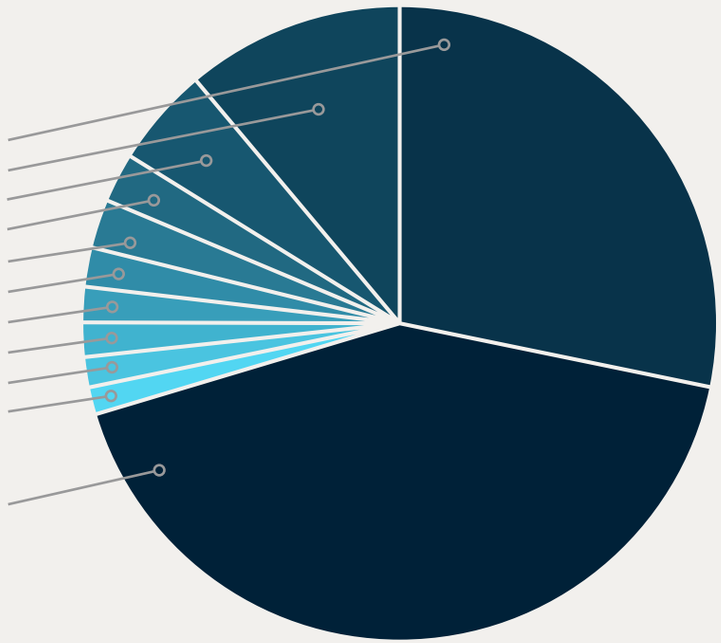
Shareholder	Number of shares	Votes
Dorte X. Gram	5.195.086	28,22%
Vimpu Intressenter Ab	2.043.576	11,10%
ALMI	930.500	5,06%
JP Morgan Chase Bank NA	461.928	2,51%
Sebastian Clausin	457.056	2,48%
Co2 Balance AS	368.025	2,00%
Goldman Sachs & Co.	331.827	1,80%
Kjelsmark Holding Aps	321.505	1,75%
Nordnet Pensionsförsäkring	283.204	1,54%
BNY Mellon Sa/Nv For Jyske	255.532	1,39%
10 largest shaeholders	**10.648.239**	**57,85%**
Others	7.759.130	42,15%
Total	**18 407 369**	**100,00%**

For a complete shareholders list of Pila Pharma is referred to Euroclear and holdings.se

If the Rights Issue is fully subscribed, the Company's share capital will increase from SEK 787,028 to SEK 1,534,704.576484 and the number of shares to increase from 18,407,369 shares to 35,894,369 shares through a new issue of a maximum of 17,487,000 shares. For existing shareholders who do not participate in the Rights Issue, this means a dilution of a maximum of approximately 48.72 percent if the Rights Issue is fully subscribed. Registration of the Rights Issue at the Swedish Companies Registration Office is expected to take place around week 51, 2023. The stated time for registration is preliminary and may change.

Ownership structure

As of 30 September 2023, Pila Pharma had 1,080 shareholders. The 10 largest shareholders are listed below.



SHAREHOLDER AGREEMENT, ETC.

As far as the Board is aware, there are no shareholder agreements between the Company's owners. The Board is also not aware of any other agreements or equivalents that could lead to a change in control of the Company. Pila Pharma has not taken any special measures to ensure that the control held by the major shareholders is not abused. However, the rules for the protection of minority shareholders contained in the Companies Act constitute a protection against a majority shareholder's possible abuse of control over a company. There are no provisions in the Company's articles of association that can delay, postpone or prevent a change in control of the Company.

Warrants, convertibles, etc.

The Company has no outstanding warrants, convertibles or similar financial instruments that may entitle the holder to subscribe for shares or otherwise affect the share capital in the Company.

Nevertheless, the Company has in August 2023 raised convertible loans of in total SEK 1.5 which are described under the section "Legal Considerations and Supplementary Information – Material Agreements".

Incentive program

The Company currently has no share based incentive programs.

Central securities depository

The Pila Pharma shares are registered in a central securities depositories register in accordance with Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479). This register is managed by Euroclear Sweden, Klarabergsviadukten 63, 111 64 Stockholm. The shares are registered in person. No share certificates have been issued for the Company's shares.

ARTICLES OF ASSOCIATION

N.B. THE ENGLISH TEXT IS AN UNOFFICIAL TRANSLATION. IN CASE OF ANY DISCREPANCIES BETWEEN THE SWEDISH TEXT AND THE ENGLISH TRANSLATION, THE SWEDISH TEXT SHALL PREVAIL

ARTICLES OF ASSOCIATION OF PILA PHARMA AB

Reg. no. 556966-4831

Adopted at the general meeting held on 30 May 2023.

1. The name of the company is PILA PHARMA AB. The company is a public company (publ).
2. The registered office of the board of directors is Malmö.
3. The company shall directly or indirectly through wholly or partly owned company conduct business within development, production and sale of pharmaceutical products and activities compatible therewith.
4. The share capital shall be not less than SEK 780,000 and not more than SEK 3,120,000 and the number of shares shall be not less than 18,000,000 and not more than 72,000,000.
5. The board of directors shall consist of 3-5 members and not more than 2 alternate members.
6. The company shall have 1–2 auditors and not more than 2 alternate auditors or a registered accounting firm.
7. Notice to attend a general meeting shall always be issued in the form of announcements in the Swedish Gazette (*Sw. Post- och Inrikes Tidningar*) and on the company's website. If required according to Chapter 7, section 23 in the Swedish Companies Act, the notice shall also be sent by post to all shareholders with postal address known to the company. The fact that notice has been issued shall be announced in Dagens Industri.
8. Notice to attend an ordinary general meeting as well as notice to extraordinary general meeting at which amendments to the articles of association is to be considered shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice to attend other extraordinary general meeting shall be issued not earlier than six weeks and not later than three weeks prior to the meeting.
9. Shareholders wishing to attend a general meeting shall (i) be recorded in the share register on the record date according to the Swedish Companies Act, and (ii) give notice to the company not later than the day stated in the notice of the meeting.

   A shareholder may be accompanied by one or two assistants when attending a general meeting, but only if the shareholder's notification pursuant to the previous paragraph includes information to that effect.
10. The chair of the board of directors or a person appointed by the board of directors for this purpose opens the general meeting and presides over the proceedings until a chairperson of the meeting is elected.
11. The annual general meeting is held each year within six months of the end of the financial year.

    The following matters shall be addressed at the annual general meeting.

    1) Election of a chairperson of the meeting;
    2) Preparation and approval of the voting register;
    3) Approval of the agenda;
    4) Election of one or two persons to attest the minutes, where applicable;
    5) Determination of whether the meeting was duly convened;
    6) Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group;
    7) Resolutions regarding
        a. adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
        b. allocation of the company's profit or loss according to the adopted balance sheet;
        c. discharge from liability for board members and the managing director;
    8) Determination of fees for the board of directors and the auditors;
    9) Election of the board of directors and accounting firm or auditors;
    10) Any other business incumbent on the meeting according to the Companies Act or the articles of association.
12. The company's financial year shall comprise the period commencing 1 January up to and including 31 December.
13. The company's shares shall be registered in a Central Securities Depository Register pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

GENERAL COMPANY INFORMATION

Pila Pharma AB (publ), corporate no. 556966–4831, is a Swedish public limited liability company with registered office in Skåne county, Malmö municipality. The Company was formed on 20 January 2014 and registered at the Swedish Companies Registration Office Sweden on 26 March 2014. The Company's form of association is governed by and operated in accordance with the Companies Act (2005:551) The Company's head office and visiting address is Norra Vallgatan 72, 211 22 Malmö. The Company can be reached on phone number +46 (0)73 903 6969. The Company's identification code (LEI) is 6488Z7WG18Q0ZN0V0262. The Company's website is www.pilapharma.com.

Pila Pharma AB is the parent company of a group with a wholly owned Danish subsidiary, Pila Pharma Danmark ApS, based in Copenhagen, Denmark, CVR no: 35529454. Most of the group's research and development activities are conducted through the subsidiary.

Material agreements

During the last twelve months, counted from the date of the Memorandum, Pila Pharma AB has not entered into any business-essential agreements that are outside the scope of the Company's normal operations except for the convertible loan agreements described below.

Convertible loan agreements

In August 2023, the Company raised convertible loans of in total MSEK 1.5 from five current long-term shareholders Vimpu Intressenter Ab, AnMi Förvaltning AB, AB Hans Ols Bröd, Magnus Hackman and CO2 Balance A/S.

The convertible loans bear an interest rate of 10 per cent per annum, which shall be capitalized annually on 31 December each year and added to the outstanding principal amount of each convertible loan. The interest shall only be payable upon final repayment or conversion of the convertible loans. The outstanding principal amount of the convertible loans together with accrued interest may, at the request of the Company, be repaid through conversion into shares in the Company in connection with a financing round. If the Company, on or before 15 February 2024, carries out a financing round, conversion shall be made in conjunction with the financing round at a conversion price per share corresponding to the subscription price applied in the financing round. On 25 October 2023, the Board resolved on the Rights Issue and to request that the convertible loans of SEK 1.5 million including accrued interest of SEK 39,698.63, i.e. in total SEK 1,539,698.63, are converted to shares in connection thereto by way of set-off to the conversion price in the Rights Issue, i.e. SEK 1.50 per share in the Company.

Legal proceedings and arbitration

The Company is not, and has not been, a party to any governmental proceedings, legal proceedings, or arbitration proceedings (including proceedings which have not yet been settled or which, to the Company's knowledge, are at risk of being commenced) during the past twelve months, which may have, or during the last twelve-month period had significant effects on the Company's financial position or profitability.

Related party transactions and conflict of interest

Related parties refer to senior executives in the Company, i.e. the Board and the management team, as well as their family members. Agreements and transactions with related parties refer to these parties' transactions and agreements with the Company.

In May 2021, the Company entered into a consultancy agreement with Fredrik Buch Konsult AB, a company wholly owned by the chairman of the Board, Fredrik Buch. Under the agreement, Fredrik Buch Konsult AB provides consultancy services within financing and clinical development (tasks outside ordinary board work). The agreement has a duration of three years but can be terminated at any time for any reason by either party with one months' notice and includes no obligation for the Company to purchase any services. During 2021 the consideration for the services provided was in total SEK 133,300 during 2022 the consideration for the services provided was in total SEK 0 and during the period 1 January – 30 September 2023 the consideration for the services provided was in total SEK 0.

As per 1 June 2023, Gustav Hanghøj Gram (the son of the Board director and CEO Dorte X. Gram) who from 1 June 2021 up until 30 May 2023 was employed by the Company, latest as Head of Investor Relations, was engaged as a consultant. Under the consultancy agreement, Gustav Hanghøj Gram shall provide consultancy services within business development, investor relations, bookkeeping and other business administrative work. The consultancy agreement has a duration of three years but can be terminated by either party at any time for any reason with one months' notice and includes no obligation for the Company to purchase any services. During the period 1 July – 30 September 2023 the consideration for the services provided was in total DKK 51,125 excluding VAT.

Further, it has been agreed between the Company and the CEO Dorte X. Gram that she, as from August 2023, will be engaged as consultant. Under the agreement, Dorte X. Gram provides CEO services. The consultancy agreement has a duration of three years but can be terminated by either party at any time for any reason with one months' notice. During the period 1 August – 30 September 2023 the consideration for the services provided was in total SEK 0.

In addition to the consulting agreements described above, no other agreements or transactions with related parties have taken place during the past twelve months, counted from the date of the Memorandum.

Advisors interest

Aqurat Fondkommission AB is the Company's Certified Adviser, MAQS Advokatbyrå is legal advisor and Nordic Issuing is the issuing agent in connection with the Offer. Aqurat Fondkommission AB, MAQS Advokatbyrå and Nordic Issuing has assisted the Company in the preparation of the Memorandum through information provided by the Company. As all the information in this document originates from the Company, Aqurat Fondkommission AB, MAQS Advokatbyrå and Nordic Issuing denies all liability in relation to the shareholders of the Company and for any other direct or indirect consequences resulting from the investment decision or any other decision based in whole or in part on the information contained in this Memorandum.

Nordic Issuing receives a pre-agreed compensation for services rendered in connection with the Offer and MAQS Advokatbyrå receives compensation for services rendered according to current account. Aqurat Fondkommission AB, MAQS Advokatbyrå or Nordic Issuing do not own any shares in the Company and have no material interests, either directly or indirectly, in the Company or the Rights Issue.

Nordic Issuing receives a pre-agreed compensation for services rendered in connection with the Offer and MAQS Advokatbyrå receives compensation for services rendered according to current account. Nordic Issuing and MAQS Advokatbyrå have no financial or other interests in the Rights Issue.

Tax considerations

The tax consequences for each individual shareholder depend on, amongst others, the shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the shareholder's particular circumstances that could arise from the shareholdings, including the applicability and effect of foreign tax legislation and provisions in tax treaties.

ADDRESSES

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ISSUING INSTITUTION

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