PILA PHARMA AB

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Malmö, 25 July 2024

PILA PHARMA'S BOARD OF DIRECTORS ANNOUNCES COMPLETION OF A FULLY SUBSCRIBED DIRECTED ISSUE OF APPROXIMATELY SEK 10 MILLION

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The Board of Directors of Pila Pharma AB (FN STO: PILA) on 16 July, with authorization from the general meeting held on 18 April 2024, resolved to carry out a new issue of up to 3.333.334 shares with excemption from the preferential rights for existing shareholders at a subscription price of SEK 3,00 per share (the "Directed Issue").

Today, subsequent to full subscription via payment, the Board of Directors has resolved to allocate new shares to the subscribers relative to their payment. The Company will be provided with approximately SEK 10 million before transaction costs. The transaction costs are estimated to amount to approximately SEK 100.000 (1% of transaction amount).

Through the Directed Issue, the share capital will increase by SEK 142.520,48683 and the number of shares by 3.333.334 with a dilution effect of 12,29 percent of the capital and votes in the Company.

For transparency, the offer to subscribe was directed to a limited number of current shareholders and new investors identified according to the below criteria:

a) On 'Top 10 largest shareholder list' as per 30 June 2024 and/or
b) Multiple previous investments and/or
c) Expressed interest to invest and
d) Judged to have capacity for investing SEK 500.000 and
e) Immidiate acceptance of being insider logged

A total of nineteen (19) contact persons were identified (including fifteen (15) current shareholders and four (4) potential new shareholders). None of these were "persons in leading positions" in the Company.

According to the terms of the directed issue as communicated 16 July 2024, thirteen (13) investors committed to individual presubscriptions, whereof two (2) presubscribed through two different entities, thus amounting to a total of fifteen (15) individual presubscriptions.

A list of these named presubscribers with their presubscriptions in cash amounts (SEK) and corresponding number of shares was approved by the Board of Directors on 16 July 2024 as an appendix to the the decision to issue new shares.

Following full subscription via payment, the Board of Directors today allocated new shares accordingly to the following new investors: YBH Holding ApS and Willem de Geer and to the following current/previous shareholders: Magnus Hackman, AnMi Förvaltning AB, Göran Ofsén, Biotech & Life Science Fund A/S, IPO Nordic Fund A/S, Co2 Balance A/S, Adrian Fallenkvist, Peter Odsgard, Bjørn Christie Holding A/S, Flemming Kozok, X-78 ApS, The Mohsen Zaki Fahmi and Maria Gabriella Fahmi Living Trust Dated August 17, 2016 and Vimpu Intressenter Ab.

CEO COMMENT
"Lately, products for lowering body weight have become major topics of interest globally. Whilst we don't have any confirmatory data yet from our past trials, our understanding of the scientific literature suggest that a TRPV1 antagonist, such as our clinical lead candidate, XEN-D0501, could reduce body-weight. In order to assess an effect on regulation of body weight in the coming phase 2a clinical study, additional study participants are needed and we need to go up in dose.
But this of course comes with an extra cost. Therefore I'm pleased we have mobilised this extra and necessary funding so quickly. In conjunction with our announcement yesterday of entering into agreement with Lindus Health, UK, for the submission of the clinical trial application, we can now fully commit to progressing and executing this larger study. This will allow us to determine not only the safety of higher doses during 3 months treatment with our potent selective TRPV1-antagonist, XEN-D0501, but also the effect on body weight in obese people with diabetes", comments, CEO Gustav H. Gram.

Advisors

MAQS Advokatbyrå KB, reg. no. 916539-0692 ("MAQS Advokatbyrå") is the legal advisor to the Company in connection with the Directed Issue.

Nordic Issuing AB, reg. no. 559338-2509 ("Nordic Issuing") will be the issuing agent in connection with the Directed Issue.

Authorised auditors elected by the Annual General Meeting are Deloitte AB.

For more information:
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This information is such information that PILA PHARMA AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication on 25 July 2024 at 20:00 CEST.

Pila Pharma's share ticker PILA is subject to trade on Nasdaq First North Growth Market, Sweden with Aqurat Fondkommission AB as Certified Adviser.
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About PILA PHARMA AB (Publ)
Pila Pharma is a Swedish biotech company based in Malmö, Sweden. The aim of the company is to develop TRPV1 antagonists as a novel treatment of type 2 diabetes and potentially of other diseases with an inflammatory background.
The Company owns a TRPV1 asset with data and chemical entities including the development candidate XEN-D0501. Further, the Company owns use-patents covering the use of TRPV1-antagonists as treatment of obesity and diabetes and intends to submit further patents regarding the synthesis, formulation, or use of XEN-D0501 or back-up compounds. In July 2022, the Company was awarded orphan drug designation ("Orphan drug designation") for XEN-D0501 as a treatment for erythromelalgia.
Pila Pharma currently focuses on 3 projects within Type-2 Diabetes, Erythromelalgia, and Abdominal Aorta Aneurism.

About XEN-D0501 and TRPV1 antagonists
XEN-D0501 is a selective, synthetic potent small molecule TRPV1 antagonist that was in-licensed in 2016. TRPV1 antagonists that down-regulate neurogenic inflammation, has demonstrated applications across pain and inflammatory diseases and potentially plays a role in diabetes and potentially other metabolic disorders like obesity. Prior to in-licensing, XEN-D0501 had been found to have a good safety profile in other (non-diabetic) patient groups. Pila Pharma has to date completed two phase 2a clinical trials (PP-CT01 and PP-CT02), that both demonstrated that XEN-D0501 is well tolerated by type 2 diabetic patients. Further, PP-CT02, demonstrated that XEN-D0501 (administered as 4 mg bi-daily for 28 days) - with statistical significance versus placebo - enhanced the endogenous insulin response to oral glucose.
Furthermore, ANP, a heart failure biomarker, was highly statistically significantly reduced. During 2023 we could report a very good tolerability of XEN-D0501 following 13 weeks administration of very high doses in 2 animal species, and XEN-D0501 can thus progress into longer clinical trials.
Currently, the next clinical phase 2a trial, PP-CT03, is being prepared. The objective is identifying the maximal tolerable dose of XEN-D0501 in overweight or obese people with type 2 diabetes and evaluate the safety profile following 3 months chronic treatment in a smaller subject population before progressing to the pivotal phase 2b trial. In addition to safety assessment, PP-CT03 may identify (trends for) a reduction of HbA_{1c}, body weight and ANP, a relevant marker of cardiovascular disease.

About Diabetes and Obesity
Diabetes is a globally spanning pandemic with a staggering estimated prevalence of more than 537 million people living with diabetes corresponding to approximately 8-10% of the global adult population. Among these, its estimated that more than approximately 90 % of all diabetics suffer from type-2 diabetes, whilst approximately less than 10% suffers from type-1 diabetes.
Despite recent therapeutic advances, large and growing unmet needs exist both from efficacy, safety, and accessibility standpoints.
Obesity is most often preceding the development of type 2 diabetes and a serious risk-factor for not only developing type 2 diabetes but also co-morbidities resulting in "whole body dysfunction" and subsequent development of several diseases. The accumulated effect is a year-long reduction in quality of life for obese people with or without diabetes. Obesity leads to an increased risk of developing cardiovascular disease that eventually results in premature death and shortening of life duration.

Recent advances by "Big Pharma" in the development of effective anti-obesity drugs, has proven that pharmacological weight management is possible and leads to obvious quality-of-life and longevity benefits for people living with obesity. Even long-term, public health costs are expected to be reduced if the clinically negative effects of the obesity pandemic are limited. This has sparked a general interest in future potential oral treatments that can meet the accessibility criteria needed to stimulate growing demand and several acquisitions have been done in the obesity segment recently.

About Erythromelalgia
Erythromelalgia is a rare disease where neurogenic inflammation plays a role in the development of symptoms. The disease can cause near-constant or episodic pain (ranging from mild tingling to severe burning sensations), and redness to extremities. It most commonly affects the feet but may also occur in the hands, face, or other parts of the body with both nerves and blood vessels involved. Symptoms are frequently managed through avoidance of pain triggers. The disorder can be extremely debilitating, with a significant negative impact on quality of life and with potential to impact mortality rates among young people and the suicide rates among adults. Pila Pharma aims to conduct a small proof of concept study in persons with erythromelalgia to demonstrate an effect of XEN-D0501 on reducing perceived pain during "flare ups".

About Abdominal Aorta Aneurism
Abdominal Aorta Aneurism is a cardiovascular disease with 'balooning' of the lower part of the main artery of the body, aorta. The cause is unknown, but risk factors are atherosclerosis, high blood pressure, cardiovascular inflammation and infection as well as trauma. It affects millions of people globally and accounts for the death of 1% of men over the age of 65. It develops gradually over several years up to a dilatation of more than 3mm in diameter when surgery to insert a stent to prevent rupture is then the only treatment option, which is both expensive and with possibility for complications. Currently no preventive treatment is available. In November 2023 a research collaboration was entered on investigating the effect of XEN-D0501 on Abdominal Aorta Aneurism growth in mice.

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