PILA PHARMA AB

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PILA PHARMA PUBLISHES INTERIM REPORT (1 July – 30 September 2023)

PILA PHARMA AB (publ) (FN STO: PILA) today publishes the Company´s interim report for the period July – September 2023. The report can be found on the Company´s website: https://pilapharma.com/investors/finansiell-information/.

SUMMARY OF INTERIM REPORT

THIRD QUARTER (1 JULY – 30 SEPTEMBER 2023)

- Operating income amounted to TSEK 0 (281)
- The operating result (EBIT) totaled to TSEK - 1 518 (- 2 286)
- The result for the period totaled to TSEK - 1 530 (- 5 917)
- Earnings per share, basic and diluted, were SEK - 0.08 (- 0.37)
- Cash flow for the period totaled to TSEK 705 (- 5 697), whereof
- the cash flow for the operating activities totaled to TSEK - 795 (- 2 066)

NINE MONTH PERIOD (1 JANUARY - 30 SEPTEMBER 2023)

- Operating income amounted to TSEK 1 097 (1 468)
- The operating result (EBIT) totaled to TSEK - 5 119 (- 6 937)
- The result for the period totaled to TSEK - 8 629 (- 22 760)
- Earnings per share, basic and diluted, were SEK - 0.47 (- 1.41)
- Cash flow for the period January - September totaled to TSEK - 6 096 (- 23 087), whereof the cash flow for the operating activities totaled to TSEK - 4 099 (- 7 264)
- The Company cash amounted to TSEK 1 147 (5 122) in the end of 30 September 2023
- Equity amounted to TSEK 900 (7 535)
- The Company´s solvency ratio amounted to 22% (87%)

SIGNIFICANT EVENTS DURING THE QUARTER (1 JULY– 30 SEPTEMBER 2023)

- The raising of short-term convertible loans of in total SEK 1.5 M

  In order to finance the Company's business activities, Pila Pharma entered into convertible loan agreements as per 23 August 2023. 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 of Directors resolved on a rights issue of shares (see ”Significant events after the quarter”) 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.

SIGNIFICANT EVENTS AFTER THE QUARTER

- New issue of shares with pre-emption rights for the shareholders

  On 25 October 2023, the Board of Directors of Pila Pharma has, with authorization from the annual general meeting held on 30 May 2023, resolved to carry out a new issue of up to 17,487,000 shares with pre-emption rights for existing shareholders at a subscription price of SEK 1.50 per share. In the event the rights issue is fully subscribed, the Company will be provided with approximately SEK 26.2 million before transaction costs. 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, will be converted to shares in the rights issue.

CEO COMMENTS

“*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. In order to ‘keep moving’ the Board of Directors 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

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 October 2023 at 08:15 CET.

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 novel treatments of e.g. type 2 diabetes or of the painful rare disease erythromelalgia. The company owns both use patents for treating diabetes and obesity with TRPV1 antagonists, and the intellectual property rights for the mid stage clinical development candidate XEN-D0501 as well as back-up candidates. The FDA in USA in July 2022 granted Orphan Drug Designation for XEN-D0501 as treatment of erythromelalgia. The company was listed at Nasdaq First North GM in Stockholm, Sweden in July 2021.

About XEN-D0501 and TRPV1 antagonists
XEN-D0501 is a selective, synthetic potent small molecule TRPV1 antagonist that was inlicensed in 2016 and, previously, developed by Bayer Healthcare, Germany and Xention/Ario Pharma, UK. The TRPV1 target (also called the “chili-receptor”) and TRPV1 antagonists that down-regulate neurogenic inflammation, has demonstrated applications across pain and inflammatory diseases and potentially plays a role in diabetes as well. 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 PPCT02), 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 BID for 28 days) – with statistical significance versus placebo – enhance the endogenous insulin response to oral glucose. Final results from recently completed preclinical 13-week safety studies show that XEN-D0501 is well tolerated in both “*rodents*” and “*non-rodents*” and the molecule can thus advance to clinical studies of up to 3 months duration.

About Diabetes
Diabetes is a world-wide pandemic with a staggering prevalence of 537 million people with diabetes corresponding to approximately 8-10% of the population. Approximately 90 % of all diabetics suffer from type 2 diabetes, whilst approximately 10% suffers from type 1 diabetes. The disease can lead to cardiovascular disease resulting in reduction of quality of life for the patient, increased risk of death and high health care expenses. Despite recent therapeutic advances, large and growing unmet needs exist both from an efficacy, safety, accessibility, and affordability perspective.

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.