YEAR-END REPORT 2024
PILA PHARMA AB (PUBL)

1 JANUARY – 31 DECEMBER 2024

SUMMARY OF INTERIM REPORT

SECOND HALF YEAR (1 JULY– 31 DECEMBER 2024)

- Operating income amounted to TSEK 107 (366)
- The operating result (EBIT) totalled to TSEK – 4 030 (-2 792)
- The result for the period totalled to TSEK -7 155 (-2 831)
- Earnings per share, basic and diluted, were SEK -0.28 (-0.13)
- Cash flow for the second half year totalled to TSEK 2 350 (5 512), whereof the cash flow for the operating activities totalled to TSEK -4 411 (-1 550)

TWELVE MONTH PERIOD (1 JANUARY– 31 DECEMBER 2024)

- Operating income amounted to TSEK 790 (1 463)
- The operating result (EBIT) totalled to TSEK -8 109 (-6 393)
- The result for the period totalled to TSEK -11 241 (-9 930)
- Earnings per share, basic and diluted, were SEK -0,44 (-0,47)
- Cash flow for the year totalled to TSEK -1 062 (-289), whereof the cash flow for the operating activities totalled to TSEK -7 823 (-4 854)
- The Company's cash amounted to TSEK 4 893 (5 954) by 31 December 2024
- The Danish subsidiary's cash amounted to TSEK 1 498 (1 303) by 31 December 2024
- Equity amounted to TSEK 5 261 (6 661)
- The Company's solvency ratio amounted to 85 % (79 %)

SIGNIFICANT EVENTS DURING THE HALF YEAR (1 JULY– 31 DECEMBER 2024)

- On July 16, 2024, PILA PHARMA's Board of Directors resolved to carry out a directed issue of shares of approximately SEK 10 million
- On July 24, 2024, PILA PHARMA signed agreement with Lindus Health about next clinical trial with safety and obesity readouts
- On July 25, 2024, PILA PHARMA's Board of Directors announced completion of a fully subscribed directed issue of approximately SEK 10 million
- On August 28, 2024, PILA PHARMA published the interim report (1 January – 30 June 2024)
- On September 02, 2024, CEO Gustav H. Gram increased holding in PILA PHARMA
- On October 17, 2024, PILA PHARMA informed of optimisation changes to trial plan
- On November 13, 2024, PILA PHARMA announced progression and co-sponsorship of preclinical research collaboration in cardiovascular disease
- On November 14, 2024, PILA PHARMA announced selection of clinical trial site and decision to seek scientific advice for optimised PP-CT03 study design
- On November 19, 2024, PILA PHARMA Chairman & CEO increased their holdings
- On December 13, 2024, PILA PHARMA announced hire of a new Chief Financial Officer (CFO)
- On December 18, 2024, it was announced that PILA PHARMA's lead candidate, the TRPV1 antagonist, XEN-D0501, had significantly reduced abdominal aorta aneurysm growth in mice, establishing pre-clinical proof-of-concept

SIGNIFICANT EVENTS AFTER THE PERIOD

- None

PILA PHARMA IN BRIEF

PILA PHARMA AB ("PILA PHARMA" or "The Company") is a clinical stage biotech company pioneering development of a TRPV1 antagonist, XEN-D0501, as a new first-in-class, oral treatment for obesity and related disorders such as type 2 diabetes.

Novel mechanism for treatment of obesity and diabetes

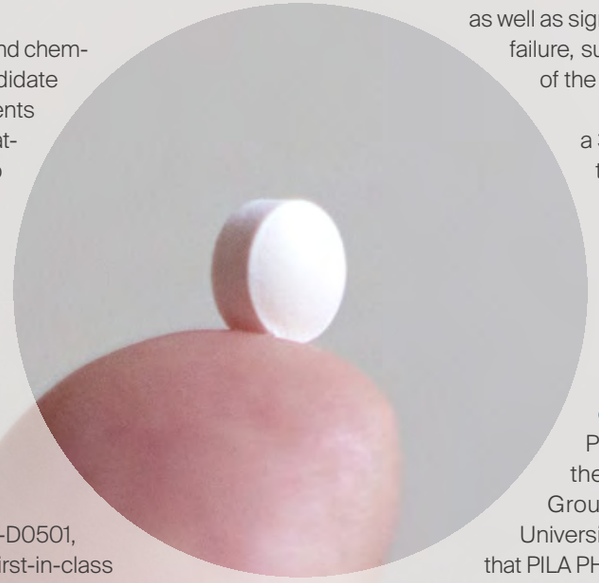
The Company's invention is based on pre-clinical research conducted at Novo Nordisk where Dr. Dorte X. Gram found that mice lacking TRPV1 did not become glucose intolerant, had a better insulin response to glucose and a lower body weight gain than normal mice on high fat diet. Later, it was shown that a TRPV1 antagonist similarly could prevent glucose intolerance and body weight gain in spontaneously obese pre-diabetic rats. These results pointed to a new and previously undiscovered role of TRPV1 in regulating both blood glucose and body weight.

Whilst developing a novel treatment for diabetes has been the primary focus for PILA PHARMA thus far, the Company believes, based on both non-clinical data and the latest clinical data, that TRPV1 antagonists such as its lead candidate XEN-D0501, can be valuable novel treatments of obesity and diabetes. In previous studies PILA PHARMA has demonstrated a potential beneficial effect on diabetes and cardiovascular disease but it is expected that other and more co-morbidities of obesity will also be positively affected, given the integration of all organs in the body. Common co-morbidities of obesity are defined by FDA's 2025 guidance as type 2 diabetes, cardiovascular disease, hypertension, dyslipidaemia, non-alcoholic steatohepatitis (MASH), gallbladder disease, osteoarthritis of the knees, sleep apnoea and some cancers.

The Company was founded in 2014 by Dr. Dorte X. Gram and later 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 Danish subsidiary Pila Pharma Danmark ApS that carries out most of the Company's research and development activities.

The TRPV1 asset

The Company owns a TRPV1 asset with data and chemical entities, including the development candidate XEN-D0501. Further, the Company owns patents covering the use of TRPV1-antagonists as treatment of obesity and diabetes and intends to submit further patents regarding the synthesis, formulation, and use of XEN-D0501 and potentially of back-up compounds. Inhibition of TRPV1 as treatment of obesity and diabetes represents a novel mechanism of action and the hypothesis is that effects will be mediated via a reduction of inflammation.



Strategy to advance proprietary first-in-class TRPV1 antagonist in obesity

PILA PHARMA's development candidate, XEN-D0501, holds potential to become a next generation first-in-class treatment of obesity and diabetes. It is further expected that the candidate also holds potential to treat inflammatory-driven conditions such as pain. The molecule appears to have a particularly attractive safety profile compared to other agents in this drug class based on clinical safety results so far.

The drug candidate, XEN-D0501, is a well-studied development candidate that has been in multiple clinical trials. It has been shown to be safe and well tolerated in 8 clinical trials where a total of 300 study participants have been treated with XEN-D0501 for up to one month. In recent longer pre-clinical studies of up to 3 months duration, testing with very high doses were also well tolerated. This allows the Company to progress to clinical studies of three months duration.

Progressing TRPV1 to late-stage clinical development

PILA PHARMA has on its own conducted 2 clinical studies in people living with obesity as well as type 2 diabetes and found that XEN-D0501 was well tolerated and that 4 weeks of low-dose treatment with XEN-D0501, resulted in a better regulation of blood glucose (via better insulin secretion) as well as significant reduction of ANP, a biomarker for heart failure, suggesting a potential cardio-protective effect of the drug.

Next step for PILA PHARMA is to conduct a 3-month trial in people living with obesity and type 2 diabetes to demonstrate the safety and tolerability of higher doses and 3 months treatment with XEN-D0501. In addition, the study aims at assessing the effect of XEN-D0501 on weight reduction (provided that higher doses can be safely administered).

Opportunities in cardiovascular disease

PILA PHARMA AB on 18 December announced the completion of the study of the Research Group of Professor Dick Wågsäter, Uppsala University, Sweden. The preliminary results showed that PILA PHARMA's lead candidate, the TRPV1 antagonist, XEN-D0501, significantly reduced Abdominal Aorta Aneurysm growth in mice, establishing pre-clinical proof-of-concept. These results in addition to the clinical results for ANP support the notion that XEN-0501 has a beneficial cardiovascular profile.

Opportunities in pain management

In July 2022, the Company was also awarded orphan drug designation (ODD) by the US Food and Drug Administration (FDA) for XEN-D0501 as a treatment for erythromelalgia, a painful rare disease. TRPV1 is a traditional pain target, so the company's lead candidate would carry big potential in this therapeutic area as potential non-opioid treatment.

CEO WORD

Dear shareholders!

A year with many changes, alterations, new shareholders and progress has come and gone. It's surely been an eventful year for us at PILA PHARMA!

Because how do you establish a new drug class in obesity and related disorders?

For us in PILA PHARMA, being a drug development, clinical stage company with a novel, and still not fully proven, pathway in the emerging space of obesity, it's both engaging, purposeful and challenging.

There's that constant excitement of "what if this really works?" The role of TRPV1 in regulation of inflammation is not disputed and inflammation plays a role in all major diseases. So, we remain extremely committed to continue to explore and pioneer research on TRPV1's role in major diseases and develop it as a new treatment option for people living with obesity.

Management 're-calibration' was what we called it in April 2024, when our founder, Dorte X. Gram transitioned to Chairman of the Board and Chief Scientific Officer, whilst I was appointed new CEO. This has been the most substantial change in the Company's 10-year lifetime, but both Dorte, myself, the team and the Board of Directors have worked hard to ensure a seamless transition. Whilst Dorte has remained involved in the business administration, it has also allowed for her to focus more on research & development. In December, we also welcomed Hampus Darrell as new CFO to PILA PHARMA.

Emphasis on increasing awareness of PILA PHARMA, expanding our exposure and getting us into international news flow to strengthen the stock performance has been a key priority of mine.

We've fortunately noticed growing investor interest, and ended up being among the best performing biotech/life science stocks across all lists in Scandinavia in 2024! This confirms both our efforts generating data on XEN-D0501's safety and efficacy, getting across to investors with our mission, but equally so showcases the increased interest in our TRPV1 approach developing a potential first-in-class oral anti-obesity drug with no gastrointestinal side-effects. We thus remain empowered and confident in the significant potential lying ahead for us and PILA PHARMA.

Securing additional funds in a time and cost-efficient manner has been a priority, very much symbolised when we simultaneously to pushing our awareness campaigns conducted a directed issue for SEK 10 million in the summer. One more step ahead.

This funding allowed us to speed up the preparatory work for our next phase 2a study, PP-CT03. The initial approach was to run the trial with our new UK contracted CRO at their non-hospital site in a cost-and time effective manner. However, following concerns raised by our safety advisors, we announced changes to the study design in October and took the decision to conduct at least the initial part at a hospital site.

In November, we announced that Professor Mark Evans, had been chosen as principal investigator of the study and the Cambridge University Hospital, UK, as the principal trial site of PP-CT03 and that it has been decided to seek scientific advice regarding the study design with the UK regulatory authorities (MRHA) prior to submitting the clinical trial application, in parallel to final clinical sites qualifications.

Gustav H. Gram, CEO

To build understanding of the further potential of our lead candidate in cardiovascular disease, we initiated and completed a small study in abdominal aorta aneurism. We were very encouraged by the first preliminary data from mice that confirms our belief in the cardioprotective properties of XEN-D0501.

Achieving an edge and unique position in the obesity market is something we firmly believe we can do with our TRPV1 candidate because of it being a novel first-in-class candidate that carries no gastrointestinal side effects and comes as a tablet. In our view, we have a unique position and potential advantage due to our choice of working with a different mechanism of action, having an oral solution and being in clinical stage. To the best of our knowledge, we are the only company globally developing an oral TRPV1-antagonist for the treatment of obesity and its associated disorders.

Our results so far provide us with exciting prospects, and the strategy remains to progress our lead candidate to proof-of-concept data in obesity & diabetes, and form partnerships from there. We look forward to further progress in 2025.

Yours sincerely,

Gustav H. Gram
CEO

TECHNOLOGY, RESEARCH, DEVELOPMENT AND PATENTS

The principle of treating obesity and obesity related diseases and disorders with TRPV1 antagonists was discovered and a use-patent application filed by PILA PHARMA's founder, Dr. Dorte X. Gram during her earlier employment as Research Scientist at Novo Nordisk. The vision was to develop a simple but effective treatment of obesity to prevent the development of its comorbidities as type 2 diabetes and cardiovascular disease.

With use patents issued to treat obesity and diabetes with TRPV1 antagonists, she founded PILA PHARMA in 2014 that in 2016 in-licensed a clinical ready TRPV1 antagonist asset including the clinical development candidate XEN-D0501. Given that obesity was then not an indication, the vision of newly founded PILA PHARMA was to develop a first-in-class TRPV1 antagonist as oral anti-diabetic agent with additional beneficial effects on body weight and improved cardiovascular function.

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 outgoing signal to the surroundings with secretion of pro-inflammatory neuropeptides such as CGRP and SP which causes inflammation, and if the signal is big enough, a upwards going signal, messaging upwards to the brain, to be perceived as pain.

Capsaicin, the hot ingredient in chili-pepper, is a TRPV1 agonist that is known to stimulate pain in smaller doses, but at higher doses or after repeated exposure, it relieves pain by rendering TRPV1 irresponsive to activation. TRPV1 is sometimes referred to as the "capsaicin receptor" or "chili 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's. Until now, it's largely been unsuccessful due to unwanted side effects in orally available drug candidates. So far though, PILA PHARMAs TRPV1 antagonist, XEN-D0501, seems to have a good clinical safety profile which may allow further development and subsequent market entry at a later stage.

PILA PHARMA's founder Dr. Dorte X. Gram by serendipity in 1999 observed a profound effect of capsaicin on normalizing blood sugar in diabetic rats. Later, in her PhD thesis, she proposed that an upregulation of TRPV1 in obese individuals mediated this effect. This is because of increased secretion of pro-inflammatory and vasoactive neuropeptides such as Substance P and CGRP, leads to indirectly inhibiting insulin secretion and therefore promote or even lead to type 2 diabetes. In addition, the inflammation when the afferent nerves were overactive, would also have a negative effect on other organs, in turn leading to the development of complications such as cardiovascular disease.

In early studies conducted during her PhD studies and later employment as Research Scientist at Novo Nordisk, Dr. Gram partly demonstrated that using TRPV1 knock-out mice kept on a high fat diet to induce glucose intolerance, did not become glucose intolerant, and had a better insulin response to glucose and a lower body weight gain than normal mice on high fat diet.

Later, it was shown that a TRPV1 antagonist similarly could prevent glucose intolerance and reduce body weight gain in spontaneously obese pre-diabetic rats. These results pointed to a new and previously undiscovered role of TRPV1 in regulating both blood glucose and body weight.

A use-patent was authored by Dorte X. Gram and filed by Novo Nordisk to protect the use of TRPV1 antagonists as treatment of obesity and obesity related diseases and disorders including diabetes. In 2008, however, Novo Nordisk sold or closed all projects regarding small molecule treatments in a strategic change to focus solely on injectable products.

This made it possible for Dr. Gram to acquire the use-patent application and she later got three 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 using TRPV1 antagonists as new superior anti-diabetic treatments with expected effects on all comorbidities in diabetes as well as on obesity.

Dorte X. Gram founded PILA PHARMA in 2014 after first establishing a scientific advisory board with key opinion leaders and experts 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 the first investor, the company tested a few clinical candidates and in 2016 it was able to sign an Asset Transfer Agreement regarding UK-based Ario Pharma's TRPV1 asset including its clinical 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 several other structures in the original patent. XEN-D0501 (then under the name BAY) was tested in the first clinical study in healthy volunteers after four weeks of pre-clinical studies with good safety results. For strategic reasons, the Bayer TRPV1 asset was then sold to the UK company, Xention, that performed several clinical studies in healthy volunteers and in patients with incontinence (overactive bladder disease). Xention's subsidiary Ario Pharma then took over the portfolio and conducted two clinical studies in chronic cough. The studies showed good safety but no significant effect.

PILA PHARMA first in-licensed, then later acquired this asset and has subsequently tested XEN-D0501 in two phase 2a studies – acute dose-escalation (PP-CT01) and of one month duration fixed dose in people living with overweight and type 2 diabetes (PP-CT02). These studies demonstrated a good safety of XEN-D0501 and a significant effect on glucose tolerance and on insulin response to glucose as well as highly significant reduction of the biomarker for heart failure, ANP, suggesting a cardioprotective effect of XEN-D0501 already after 4 weeks treatment on the low bi-daily doses of 4 mg.

Recently, XEN-D0501 was also shown to significantly reduce abdominal aorta aneurysm growth in mice, thus establishing pre-clinical proof-of-concept and further supporting the evidence for cardioprotective effect of XEN-D0501.

All in all, XEN-D0501 has been tested in studies including more than 300 people with single or multiple doses up to 1-month duration allowing multiple control arms. So far with a good safety profile and no serious side effects. The maximal tolerable dose in people not living with type 2 diabetes was defined to bi-daily doses of 4 mg. PILA PHARMAs own studies in people living with obesity and diabetes demonstrated a surprisingly good tolerance of XEN-D0501 and the maximal tolerable dose thus seem to potentially be higher in this population.

Thus, as next step it has been decided to conduct a smaller phase 2a study (PP-CT03), to assess the safety of higher doses than 4 mg BID and treatment for 3 months. This should ensure that we can chose the right tolerable and effective 3 dose levels for the next phase 2b study. As an extra thing and most relevant these days, the coming phase 2a study may also be able to detect an effect on body weight reduction.

Currently, we're awaiting to receive feedback on advice from the UK regulatory authorities on the study design so we can move ahead and conduct the study out of Cambridge University Hospital with Professor Mark Evans as Principal Investigator.

Besides the focus on treating diabetes and obesity, XEN-D0501 could potentially be an effective and first in class pain treatment. To reach the market in this indication, PILA PHARMA previously decided to pursue this under an orphan indication status, to be able to reduce potential development costs as well as secure yearlong data protection. In July 2022, PILA PHARMA was awarded FDA "orphan drug designation" for XEN-D0501, as a potential treatment for the painful orphan disease Erythromelalgia, a condition where intense periods of painful "flare-ups" occurs without a known cause. Currently there are no adequate treatments. PILA PHARMA is currently assessing the best path forward and next steps for this indication, although it remains a secondary priority.

PILA PHARMA's primary ambition is to provide sufficient clinical results on the safety and efficacy of XEN-D0501 as treatment of obesity and related disorders, to facilitate a pharma partnership for the late-stage clinical development and market entry of this potential first-in-class oral agent.

BUSINESS MODEL & STRATEGY

PILA PHARMA aspires to develop its lead candidate, XEN-D0501 as a first-in-class oral TRPV1 antagonist drug for treatment of obesity and related disorders.

The Company's next short-term goal is to assess the safety of XEN-D0501 in people living with obesity and related disorders.

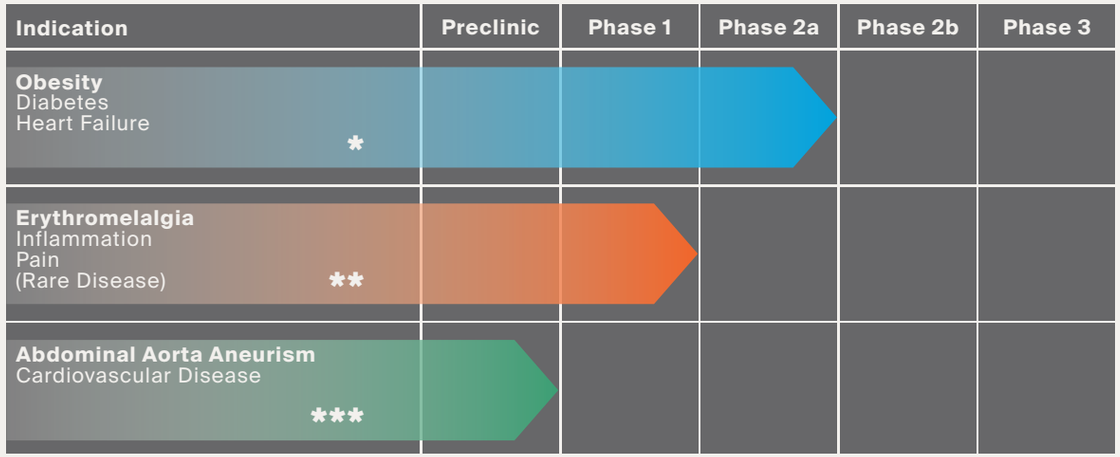
The Company aspires to clinically develop XEN-D0501 until proof-of-concept in obesity, whereafter it's a priority to secure partnership or acquisition by a larger pharmaceutical company.

The Company is currently focused on consolidating the uniquely good safety profile of this TRPV1 antagonist, and in parallel consistently adding more evidence for a clinically meaningful effect in obesity and its associated disorders. An example of that is the preliminary very positive cardiovascular effect (reduction of ANP in man and prevention of abdominal aorta aneurysm in mice).

XEN-D0501 is currently formulated as a simple and small 4 mg tablet with a very long shelf life of up to 5 years at 25°C. The possibility of developing new formulations is something the company is evaluating. The fact it is a small molecule allows for high optionality. This can be useful for new indications and/or in order to diversify and differentiate the portfolio with upcoming drug formulations for different diseases. Combinations with other assets is also an option.

Organisationally, the strategy has been to retain a slim organisation for maximum financial flexibility. The company works with experienced consulting specialists to secure the best clinical development process and outcome.

PIPELINE



Pila Pharma currently has a pipeline with 3 projects, each evaluating the effect of XEN-D0501 in various indications.

* *Obesity / diabetes / heart failure is our primary project. A phase 2a trial is our next step to identify maximum tolerable dose and assess efficacy in body-weight and ANP is a phase 2a study.*

** *Erythromelalgia / pain (rare disease) is our secondary project where the intention is to conduct a phase 2a testing XEN-D0501 for its effect on pain in persons with erythromelalgia.*

*** *Abdominal aorta aneurism / cardiovascular disease is a project in early preclinical phase cenfilly studying XEN-D0501 was shown to reduce on abdominal aorta aneurism growth in mice.*

STOCK AND SHARE CAPITAL

The PILA PHARMA AB share was listed on Nasdaq First North Growth Market in Stockholm on 15 July 2021, under the ticker "PILA".

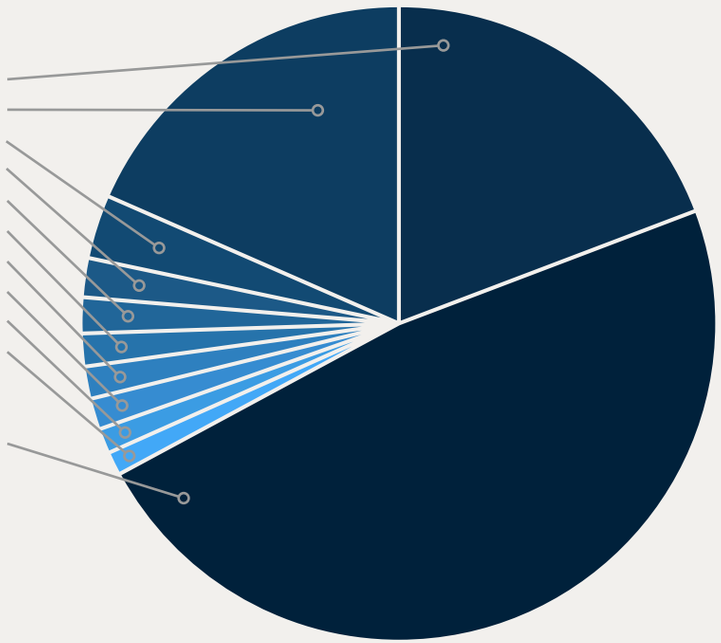
Nasdaq First North Growth Market is an MTF platform registered as a growth market for small and medium-sized companies in accordance with the Markets in Financial Instruments Directive (EU 2014/65), as implemented in national legislation in Denmark, Finland and Sweden, operated by a stock exchange within the Nasdaq Group.

As of 31 December 2024, the number of shares in PILA PHARMA AB amounted to 27 126 623. All shares have one (1) vote per share. All shares have a quota value of SEK 0.043.

Shareholder list

Shareholder	No Shares	Votes
Dorte X. Gram	5 215 086	19.22%
Virala Oy Ab	5 000 000	18.43%
*Goldman Sachs & Co.	882 653	3.25%
*UBS Switzerland AG	540 260	1.99%
Peter Odsgard	495 000	1.82%
*Saxo Bank A/S Client Assets	453 292	1.67%
*JP Morgan Chase Bank NA	446 421	1.65%
*BNY Mellon Sa/Nv For Jyske	429 935	1.58%
*Nordnet Pensionsförsäkring	345 146	1.27%
*Sydbank A/S	322 929	1.19%
10 Largest shareholders	**14 130 722**	**52.09%**
Others	12 995 901	47.91%
Total	**27 126 623**	**100.00%**

For a complete shareholders list of PILA PHARMA, please refer to Euroclear or Holdings.se.



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. Beyond the above, PILA PHARMA AB has no further shareholdings in other companies.

Related-party transactions

Shareholder contributions of TSEK 3 080 (3 497) have been issued to the subsidiary during the year. The Company has carried out services to the subsidiary and the revenues refer to re-invoicing of services carried out during the year of TSEK 775 (1 463). Transactions are in accordance with market conditions.

Audit

This report was not reviewed by the company's auditors.

Upcoming financial information

PILA PHARMA AB prepares and publish a financial report for every half-year. Upcoming financial information is planned as follows:

Annual report 2024	27 March, 2025
Interim report, First half year 1 January – 30 June, 2025	27 August, 2025

The interim reports, annual reports and PILA PHARMA ABs press releases are available at https://pilapharma.com, or can alternatively be ordered from PILA PHARMA AB, Norra Vallgatan 72, 211 22 Malmö, Sweden or via: info@pilapharma.com.

Issuance of interim report

The Board of Directors and CEO hereby confirm that this interim report provides a true and fair view of the Company's business, financial position and results of operations, and describes material risks and uncertainties faced by the Company.

Malmö, 27 February 2025 / PILA PHARMA AB (publ)

Dorte X. Gram
Chairman of the Board

Richard Busellato
Director of the Board

Julie Waras Brogren
Director of the Board

Lasse Richter Petersen
Director of the Board

Gustav H. Gram
CEO

FINANCIAL OVERVIEW

PILA PHARMA AB (publ) is referring to PILA PHARMA AB (publ) with the registration number 556966-4831, also stated as "The Company". PILA PHARMA AB has a wholly owned subsidiary Pila Pharma Danmark ApS. The interim report is issued for the parent company only.

Operating income and result for the second half year 1 july– 31 December 2024

The operating income for the parent company amounted to TSEK 107 (366). The revenues refer mainly to re-invoicing of services carried out for the subsidiary. The result for the second half year amounted to TSEK -7 155 (-2 831). The costs are mainly related to Group business administration and write-down from shares in subsidiary. In November 2024, the Danish subsidiary received a tax return of TSEK 887 (4 000) as a result of the tax-benefit regulations in Denmark for R&D companies, based upon the approval of our tax refund claim. Therefore, the subsidiary had certain financing for the research and development business and the write-down of shares in group company in conjunction to issued shareholder contribution to the subsidiary during the second half year 2024 amounted to TSEK 3 080 (0). The subsidiary conducts a major part of the R&D business.

Operating income and result for the twelve month period 1 January – 31 December 2024

The operating income for the parent company amounted to TSEK 790 (1 463). The revenues refer to the re-invoicing of services carried out for the subsidiary. The result for period January - December amounted to TSEK -11 241 (-9 930) and the costs are mainly related to Group business administration. A part of the costs is also related to write-downs of shares in group company in conjunction to issued shareholder contributions to the subsidiary and amounted to TSEK 3 080 (3 497) for covering of the subsidiary's costs during the twelve month period. The subsidiary conducts the major part of the business. In November 2024, the Danish subsidiary received a tax return of TSEK 887 (4 000) as a result of the tax-benefit regulations in Denmark for R&D companies, based upon the approval of our tax refund claim. Therefore, the subsidiary had certain financing for the research and development business and the shareholders contributions could be reduced during the twelve-month period 2024.

Financial position and cash flow

Cash flow from the operating business for the period 1 January - 31 December 2024 amounted to TSEK -7 823 (-4 854). The financial activities during the period January - December amounted to TSEK 6 761 (3 565) whereof new share issue was effectuated with net financing received after issue costs, totally TSEK 9 841 (7 062) and issued shareholder contribution to the subsidiary of TSEK 3 080 (3 497). The cash flow for the period January - December amounted to TSEK -1 062 (-1 289).

The Company's cash as of 31 December 2024 amounted to TSEK 4 893 (5 954).

The equity as of 31 December 2024 amounted to TSEK 5 261 (6 661), which corresponds to the solvency ratio 85% (79).

Financing, liquidity and continued operations

To secure the financing for the coming twelve months and expand the business according to the development plans, the Board of Directors of Pila Pharma AB, on 16 July, with authorisation from the general meeting held on 18 April 2024, resolved to carry out a new issue of 3,333,334 shares with exemption from the preferential rights for existing shareholders at a subscription price of SEK 3.00 per share, a Directed Shares Issue. The Company was provided with approximately SEK 10 million before transaction costs. The transaction costs were estimated to amount to approximately TSEK 100 (1% of the transaction amount).

The Company's Board of Directors is continuously focused on the Company's liquidity development and plans to remedy the financing in due time before additional need for new capital. Based on the Board of Directors' experience in fundraising, the possibilities for further financing of the Company are considered reasonable. It is also recognized that future fundraising depends on, among other things, the progress of development projects as well as the generally uncertain macro-economic situation as of today.

The Company has sufficient financing for the next twelve months to fund its existing commitments.

The Danish subsidiary

The wholly owned Danish subsidiary, Pila Pharma Danmark ApS, handles all research and development activities and is financed by the parent company. Shareholder contributions from the parent company have been issued during the year 2024, with TSEK 3 080 (3 497).

Pila Pharma Danmark ApS had an equity of TSEK 512 as of 31 December 2024.

Employees as of 31 December 2024

The Company operates a virtual organisation with specialist consultants. The current CEO, Gustav H. Gram, has since June 2023 been engaged via a consultancy agreement. The former CEO and current Chairman of the Board and CSO, Dorte X. Gram, as well as the Company's CFO, Hampus Darrell, are engaged via consultancy agreements.

The Company's average full-time employees during the period 1 January - 31 December therefore decreased to 0 (3). The Company conducts its operations entirely through consultants or hired staff at Clinical Research Organisations.

Personnel costs disclosed in the H2 report primarily consist of board compensation as approved by the annual general meeting.

KEY FIGURES

	2024-07-01 - 2024-12-31	2023-07-01 - 2023-12-31	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
	6 months	6 months	12 months	12 months
Net Sales (TSEK)	107	366	775	1 463
Other operating income (TSEK)	0	0	15	0
Total operating expenses (TSEK)	-4 137	-3 158	-8 899	-7 856
Operating result (TSEK)	-4 030	-2 792	-8 109	-6 393
Total financial items (TSEK)	-3 125	-39	-3 132	-3 537
Income after financial items (TSEK)	-7 155	-2 831	-11 241	-9 930
Cash flow from operating activites (TSEK)	-4 411	-1 550	-7 823	-4 854
Earnings per share (SEK)	-0.28	-0.13	-0.44	-0.47
Earnings per share after dilution (SEK)	-0.28	-0.13	-0.44	-0.47
Average number of shares	25 459 956	21 100 329	25 459 956	21 100 329
Average number of shares after dilution	25 459 956	21 100 329	25 459 956	21 100 329
Outstanding shares at the end of the period	27 126 623	23 793 289	27 126 623	23 793 289
Outstanding subscription warrants at the end of the period	0	0	0	0
Average number of employees	0	3	0	1
Cash and cash equivalents (TSEK)			4 893	5 954
Equity (TSEK)			5 261	6 661
Balance sheet total (TSEK)			**6 224**	**8 455**
Solvency ratio (%)*)			85%	79%
Cash flow ratio (%)*)			521%	348%
Equity per share (SEK)*)			**0.19**	**0.28**

*) Alternative performance measures, see Definitions

GENERAL INFORMATION, RISKS AND DEFINITIONS

Principles for the preparation of the interim report

This interim report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Reporting and consolidated reports (K3)

There has been a change in the Company´s accounting principles since the last annual report, from the Accounting Board´s general advice BFNAR 2016:10 (K2) to BFNAR 2012:1 Annual Reporting and consolidated reports (K3).

Further information regarding the change from K2 to K3 will be disclosed in the Annual Report for year 2024. No significant changes or impacts on the financial reporting have been identified in connection with this change. No recalculation of comparative figures has been considered necessary as a result of the change.

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 years.

Estimates and assessments

In order to be able to prepare the financial reports, the Board of Directors and the Company's 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 and uncertainties

The risks and uncertainty factors that PILA PHARMA's operations are exposed to are, in summary, related to, among other things, drug development, competition, technology development, patents, authority requirements, capital requirements, currencies and interest rates. During the current period, the effects of increased inflation and a weak Swedish krona exchange rate have meant increased costs in the ongoing projects, and this entails an increased risk of increased capital needs in the company and thus the company's continued operations. For a more detailed account of risks and uncertainty factors, reference is made to the financial year report for 2023 (in Swedish), where no significant changes in risks or uncertainties have been noted since its publication.

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 AB 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 AB 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 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	**2024-12-31**	**2023-12-31**
Total current assets, TSEK	5 014	6 235
Total current liabilities, TSEK	962	1 794
Cash flow ratio, %	**521%**	**348%**
Total equity, TSEK	5 261	6 661
Total equity and liabilities, TSEK	6 224	8 455
Solvency ratio, %	**85%**	**79%**
Total equity, TSEK	5 261	6 661
Outstanding shares at the end of the period	27 126 623	23 793 289
Total equity per share, SEK	**0.19**	**0.28**

CONDENSED INCOME STATEMENT

(All amounts in SEK thousand)	2024-07-01 - 2024-12-31	2023-07-01 - 2023-12-31	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
	6 months	6 months	12 months	12 months
Operating income				
Net sales	107	366	775	1 463
Other income	0	0	15	0
Operating income	**107**	**366**	**790**	**1 463**
Operating expenses				
Other external costs	-3 084	-1 632	-6 689	-3 332
Personnel costs	-514	-987	-1 133	-3 447
Depreciation and amortisation of tangible and intangible financial assets	-539	-539	-1 077	-1 077
Other operating expenses	0	0	0	0
Operating result	**-4 030**	**-2 792**	**-8 109**	**-6 393**
Profit/loss from financial items				
Write-down of financial fixed assets and short-term investments	-3 080	0	-3 080	-3 497
Interest expenses and similar profit/loss items	-45	-39	-53	-40
Income after financial items	**-7 155**	**-2 831**	**-11 241**	**-9 930**
Tax expenses	0	0	0	
Profit/loss for the period	**-7 155**	**-2 831**	**-11 241**	**-9 930**

CONDENSED BALANCE SHEET

(All amounts in SEK thousand)	2024-12-31	2023-12-31
ASSETS		
Fixed assets		
Intangible assets	1 077	2 155
Total intangible assets	**1 077**	**2 155**
Tangible assets	0	0
Total tangible assets	**0**	**0**
Financial assets		
Shares in group companies	65	65
Receivables from group companies	67	0
Total financial assets	**132**	**65**
Total fixed assets	**1 209**	**2 220**
Current assets		
Current receivables		
Customer receivables	0	49
Other receivables	73	227
Prepayments and accrued income	48	5
Total current receivables	**121**	**281**
Cash and cash equivalents	**4 893**	**5 954**
Total current assets	**5 014**	**6 235**
TOTAL ASSETS	**6 224**	**8 455**

(All amounts in SEK thousand)	2024-12-31	2023-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 160	1 017
Total restricted equity	**1 160**	**1 017**
Unrestricted equity		
Share premium fund	97 586	87 888
Retained earnings	-82 244	-72 314
Net result for the period	-11 241	-9 930
Total unrestricted equity	**4 102**	**5 644**
Total equity	**5 261**	**6 661**
Current liabilities		
Accounts payables	444	398
Payables to group companies	0	773
Other liabilities	42	498
Accruals and deferred income	476	125
Total current liabilities	**962**	**1 794**
TOTAL EQUITY AND LIABILITIES	**6 224**	**8 455**

CONDENSED CASH FLOW STATEMENT

(All amounts in SEK thousand)	2024-07-01 - 2024-12-31	2023-07-01 - 2023-12-31	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
	6 months	6 months	12 months	12 months
Operating activities				
Income after financial items	-7 155	-2 831	-11 241	-9 930
Adjustments for items not included in cash flow	3 618	539	4 157	4 574
Tax paid	0	0	0	0
Cash flow from operating activities before changes in working capital	**-3 537**	**-2 291**	**-7 084**	**-5 356**
Cash flow from changes in working capital				
Decrease (+)/increase (-) of other current receivables	130	-22	160	66
Decrease (-)/increase (+) of accounts payables	-799	1 131	-794	821
Decrease (-)/ increase (+) of other current liabilities	-205	-368	-105	-385
Cash flow from operating activities	**-4 411**	**-1 550**	**-7 823**	**-4 854**
Investing activities				
Purchase of equipment	0	0	0	0
Purchase of patents	0	0	0	0
Cash flow from investing activities	**0**	**0**	**0**	**0**
Financing activities				
New share issue	9 841	7 062	9 841	7 062
Raised convertible loans	0	1 500	0	1 500
Converted loans to equity	0	-1 500	0	-1 500
Shareholder contribution made to group companies	-3 080	0	-3 080	-3 497
Cash flow from financing activities	**6 761**	**7 062**	**6 761**	**3 565**
Cash flow for the period	**2 350**	**5 512**	**-1 062**	**-1 289**
Cash at the beginning of the period	2 543	442	5 954	7 243
Cash at the end of the period	**4 893**	**5 954**	**4 893**	**5 954**

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 2024	**1 017**	**87 888**	**-72 314**	**-9 930**	**6 661**
Disposition of the preivous year´s result			-9 930	9 930	0
Result for the period				-11 241	-11 241
Transactions with owners:					
Registered new share issue	143	9 857			10 000
New share issue costs		-159			-159
Total transactions with owners	**143**	**9 699**	**0**	**0**	**9 841**
Closing balance as of 31 December 2024	**1 160**	**97 586**	**-82 244**	**-11 241**	**5 261**
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				-9 930	-9 930
Transactions with owners:					
Registered new share issue	230	7 849			8 079
New share issue costs		-1 017			-1 017
Total transactions with owners	**230**	**6 832**	**0**	**0**	**7 062**
Closing balance as of 31 December 2023	**1 017**	**87 888**	**-72 314**	**-9 930**	**6 661**

COMPANY INFORMATION

Pila Pharma AB – parent company

Company name	**PILA PHARMA AB**
Ticker name	**“PILA”. The shares are listed on the Nasdaq First North Growth Market in Stockholm**
ISIN-codes	**The share ISIN-kod is SE0015988274**
Residence	**Malmö Town, Skåne county, Sweden**
Registration number	**556966-4831**
Date of company formation	**2014-03-26**
Date of starting the company business	**2014-03-26**
Country for company formation	**Sweden**
Legal description	**Public company**
Legislation	**Swedish law and Swedish Companies Act**
Address	**Norra Vallgatan 72, 211 22 Malmö**
Homepage	**www.pilapharma.com**
Auditor	**Deloitte AB (Hjälmaregatan 3, 201 23 Malmö) head responsible auditor Maria Ekelund**
LEI-code	**6488Z7WG18Q0ZN0V0262**

Pila Pharma Danmark ApS – subsidiary

Country from company formation	**Denmark**
Country from where the subsidiary conduct the business	**Denmark**
Registration number	**CVR-nr: 39023636**
Owner share	**100%**

For further information, please contact

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