PILA PHARMA AB

Norra Vallgatan 72
211 22 Malmö
Sweden

pilapharma.com

Malmö, 25 October, 2023

PILA PHARMA'S BOARD OF DIRECTORS HAS RESOLVED TO CARRY OUT A RIGHTS ISSUE OF SHARES OF APPROXIMATELY SEK 26.2 MILLION

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, WITHIN OR TO THE UNITED STATES, AUSTRALIA, BELARUS, HONG KONG, JAPAN, CANADA, NEW ZEALAND, RUSSIA, SWITZERLAND, SINGAPORE, SOUTH AFRICA, SOUTH KOREA OR ANY OTHER JURISDICTION WHERE RELEASE, DISTRIBUTION OR PUBLICATION OF THIS PRESS RELEASE WOULD BE UNLAWFUL OR WOULD REQUIRE FURTHER REGISTRATION OR ANY OTHER MEASURES.

The Board of Directors of Pila Pharma AB (FN STO: PILA) 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 (the "Rights Issue"). The subscription period will take place from 20 November 2023 until and including 4 December 2023. In the event the Rights Issue is fully subscribed, the Company will be provided with approximately SEK 26.2 million before transaction costs. The transaction costs are estimated to amount to approximately SEK 1 million.

The right to receive subscription rights is granted to those who on the record date 16 November 2023 are registered as shareholders in the Company. Subscription with subscription rights shall be made by cash payment or by set-off of convertible loans during the period from and including 20 November 2023 until and including 4 December 2023. Through the Rights Issue, upon full subscription, the share capital will increase by a maximum of approximately SEK 747,676.576484 and the number of shares by a maximum of 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 the capital and votes in the Company.

The shareholders in Pila Pharma and the general public are hereby invited to subscribe for shares in the Company, with or without pre-emption rights, in the Rights Issue.

Summary

- In the event of full subscription in the Rights Issue, the Company is provided approximately SEK 26.2 million before transaction costs, which are estimated to amount to approximately SEK 1 million.
- Anyone who is registered as a shareholder in Pila Pharma in the shareholders' register on the record date 16 November 2023 will receive one (1) subscription right for each share owned in the Company and 20 subscription rights entitle the holder to subscribe for 19 new shares.
- The subscription price is SEK 1.50 per share.

- The subscription period for subscription of shares will take place from and including 20 November 2023 until and including 4 December 2023. After the end of the subscription period, unexercised subscription rights become invalid and lose their value. Unexercised subscription rights will be deleted from each shareholder's securities account without special notification from Euroclear.
- The Board of Directors 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.
- Received subscription rights must either be used for subscription no later than 4 December 2023 or be sold no later than 29 November 2023 in order not to expire worthless.

Background and motive to the Rights Issue

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 excution of the studies. The results from both studies are expected within a year from 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. 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.

Change in the number of shares and share capital as well as dilution

In the event of full subscription in the Rights Issue, the amount of shares in the Company may increase by 17,487,000, from 18,407,369 to not more than 35,894,369 and the share capital may increase by not more than SEK 747,676.576484, from SEK 787 028 SEK to not more than SEK 1,534,704.576484, corresponding to a

maximum dilution effect of 48.72 percent of the number of shares and votes in the Company.

Memorandum and application forms

The Rights Issue is exempt from the obligation to publish a prospectus as the total contribution for the securities offered by Pila Pharma to investors within the EEA during a twelve-month period corresponds to not more than EUR 2.5 million. A prospectus is defined in accordance with the provisions of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"). Consequently, the memorandum will not have been reviewed, approved, or registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) in accordance with the Prospectus Regulation.

The memorandum with the complete terms and conditions of the Rights Issue will be published on 16 November 2023 on Pila Pharma's website, www.pilapharma.com, and Nordic Issuing AB's website, https://nordic-issuing.se/. The application form for subscription without subscription rights is available on Nordic Issuing's website and must be received by Nordic Issuing AB no later than 3 pm on 4 December 2023.

Undertaking to convert convertible loans

In August 2023, Pila Pharma entered into convertible loan agreements under which the Company raised convertible loans of in total SEK 1.5 million from current shareholders. 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 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 to be converted to shares in the Company 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.

Indicative timetable for the Rights Issue

Last day of trading in the Company's shares including the right to receive subscription rights	14 November 2023
First day of trading in the Company's shares excluding the right to receive subscription rights	15 November 2023
Record date for participation in the Rights Issue	16 November 2023
Estimated date for publication of memorandum	16 November 2023
Subscription period for the Rights Issue	20 November - 4 December 2023
Trading with subscription rights	20 - 29 November 2023
Settlement date for subscription with support of subscription rights	4 December 2023
Settlement date for subscription without the support of subscription rights	Planned to 12 December 2023
Trading with BTA	20 November – about 21 December 2023
Estimated date for publication of Rights Issue results	5-6 December 2023

Advisors

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

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

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

For more information:

Dorte X. Gram, CEO
dxg@pilapharma.com

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 08:00 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.
Contact: M: ca@aqurat.se - T: +46 (0)8 684 05 800

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.

Important information
Publication, release, or distribution of this press release may in certain jurisdictions be subject to legal restrictions and persons in the jurisdictions where this press release has been made public or distributed should inform themselves of and follow such legal restrictions. The recipient of this press release is responsible for using this press release and the information herein in accordance with applicable rules in each jurisdiction.

The information in this press release may not be published, released or distributed, directly or indirectly, in or to the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or any other jurisdiction where such action would be unlawful, subject to legal restrictions or require other actions than those following from Swedish law. Actions in violation of this instruction may constitute violations of applicable securities laws.

No shares or other securities in Pila Pharma have been registered, and no shares or other securities will be registered, under the then-applicable United States Securities Act of 1933 (the "Securities Act") or securities legislation in any state or other jurisdiction in the United States, and may not be offered, sold or otherwise transferred, directly or indirectly, in or to the United States except in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with securities legislation in the relevant state or other jurisdiction in the United States.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” who are (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking statements
This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking

statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or the regulations of the Nasdaq First North Growth Market for issuers.