PILA PHARMA AB

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Malmö, 16 July 2024

PILA PHARMA'S BOARD OF DIRECTORS HAS RESOLVED TO CARRY OUT A DIRECTED ISSUE OF SHARES OF APPROXIMATELY SEK 10.0 MILLION

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The Board of Directors of Pila Pharma AB (FN STO: PILA) has, 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 exemption from the preferential rights for existing shareholders at a subscription price of SEK 3.00 per share (the "Directed Issue"). In the event the Directed Issue is fully subscribed, the Company will be provided with approximately SEK 10.0 million before transaction costs. The transaction costs are estimated to amount to approximately SEK 100.000.

Shortly, the offer to subscribe will be directed to a limited number of current shareholders and new investors contacted for interest in investing during the previous week 8-10 July 2024. Through the Directed Issue, upon full subscription, the share capital will increase by a maximum of approximately SEK 142,520.48683 and the number of shares by a maximum of 3,333,334. Upon full subscription, a dilution effect of approximately 12.29 percent of the capital and votes in the Company.

Summary

- In the event of full subscription in the Directed Issue, the Company is provided approximately SEK 10.0 million before transaction costs, which are estimated to amount to approximately SEK 100.000
- The right to subscribe for the new shares shall vest in, with deviation from the shareholders pre-emption rights, a limited number of current shareholders and new investors contacted for interest to invest during 8-10 July 2024 (the "Sounding")
- The subscription price is SEK 3.00 per share
- Subscription through payment for the newly-issued shares shall take place no later than 23 July 2024
- The board of directors shall be entitled to extend the subscription period and the time for payment
- The new shares entitle the holder to a dividend as from the date on which the shares are entered in the share register

Determination of share price in the Directed Issue

- The subscription shareprice was calculated based on the Volume-Weighted Average Price (VWAP) during 15 trading days preceding the Sounding minus a discount of approximately 30%
- The calculated VWAP during the period 17 June to 5 July was SEK 4,365 per share, see below
- The discount of approximately 30% of the calculated VWAP was calculated and rounded off to be: SEK 1,365 per share
- The maximal dilution will be 12,29% for shareholders not participating in the Directed Issue

Table 1: Calculated VWAP during 17 June to 5 July 2024
(Source: Modular Finance Monitor, data from Big XYT)

2024-06-17 -> 2024-07-05 (yyyy-mm-dd)	**PILA (SEK)**
Average daily turnover	756240
Average daily turnover rel. mcap	0,73%
Average daily shares traded	173248
Number of shares traded	2425471
Average trades per day	161
Number of trades	2256
Average value per trade	4693
High	6,30 SEK.
Low	3,00 SEK.
Volume-Weighted Average Price (VWAP)	**4,365 SEK**

Background and motive to the Directed Issue

The reason for deviation from the shareholders' preferential rights are as follows:

There is a need to inject additional capital into the company to finance the company's continued expansion. During the company's latest preferential share issue, which took place from November 20, 2023, to December 4, 2023, the share price was 1,50 SEK, and only about 31% of the offering was subscribed, resulting in the raising of fewer funds than desired and several shareholders not exercising their preferential rights.

Most of the company's management team was occupied with the share issue for approximately two months, resulting in about SEK 8.1 million with approximately SEK 1 million (about 12.3%) in issue costs.

The company's board has therefore determined that the company's future financing depends on bringing in long-term new owners in addition to the existing shareholders. It is estimated that this share issue can be completed within two

weeks' working time in the management team and that the cost for the new SEK 10 million will be about SEK 100.000 (1%) in issue costs.

The board therefore believes that a directed share issue is currently the best way to cost-effectively secure financing for the company's future operations and development in the short and long term. This will benefit all the company's shareholders.

Specifically, there is an immediate financing need in connection with the submission of a clinical trial application. There is a need to be able to demonstrate to an ethics committee in the trial country that the company has sufficient funds to conduct the clinical trial. The board has recently approved changes to the design of the upcoming clinical trial, resulting in a greater capital requirement. The change includes an increased number of participants to ensure that any effect on weight reduction in overweight individuals with type 2 diabetes can be demonstrated, rather than just studying the safety of the company's development substance. A positive outcome from the clinical trial could potentially be extremely value-creating for the company's shareholders. All shareholders will benefit from the company quickly mobilizing the additional necessary funds now required to avoid delaying the study and the company's progress unnecessarily.

“Lately, products for regulating body-weight have become major topics of interest globally. Despite not having any confirmatory data yet, our understanding of the scientific literature suggest that a TRPV1 antagonist such as our clinical lead candidate, XEN-D0501, could reduce bodyweight. In order to asses the effect on bodyweight in the coming phase 2a clinical study additional subjects are . We therefore judge that it will be in the interest of all shareholdes, that we can mobilise the needed funding to include more subjects in the trial to be able to approach this significant milestone.
During the first half of the year, the clinical team in Pila Pharma and it’s many consultants have done a great job in preparing all clinical trial documents to reflect the change of adding additional patients and exploratory endpoints like assessment of bodyweight regulation to the protocol.
Before regulatory submission, and in order to obtain approval from the Ethics Committee, we have however needed to secure the funds for the larger trial including bodyweight change as an extra exploratory efficacy endpoint.
I’m pleased, that the Board of Directors has chosen to follow the recommendation of the management team, of aiming at securing the needed SEK 10 million via a quickly carried out directed issue, so that we progress to results as soon as possible .”
comments, CEO Gustav H. Gram.

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

In the event of full subscription in the Directed Issue, the amount of shares in the Company may increase by 3,333,334, from 23,793,289 to not more than 27,126,623 and the share capital may increase by not more than SEK 142 520,48683, from SEK 1 017 309,14 SEK to not more than SEK 1 159 829,62292, corresponding to a maximum dilution effect of 12.29 percent of the number of shares and votes in the Company.

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 16 July 2024 at 17:00 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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