# INTERIM REPORT PILA PHARMA AB (PUBL)

1 APRIL – 30 JUNE 2023

# SUMMARY OF INTERIM REPORT

## Second quarter (1 April – 30 June 2023)

- Operating income amounted to TSEK 301 (651)
- The operating result (EBIT) totaled to TSEK - 1 757 (- 2 250)
- The result for the period totaled to TSEK - 3 059 (- 6 501)
- Earnings per share, basic and diluted, were SEK - 0.17 (- 0.40)
- Cash flow for the period totaled to TSEK - 2 940 (- 6 949), whereof the cash flow for the operating activities totaled to TSEK - 1 639 (- 2 698)

## First half year (1 January – 30 June 2023)

- Operating income amounted to TSEK 1 097 (1 186)
- The operating result (EBIT) totaled to TSEK - 3 601 (- 4 653)
- The result for the period totaled to TSEK - 7 099 (- 16 844)
- Earnings per share, basic and diluted, were SEK - 0.39 (- 1.05)
- Cash flow for the first half year totaled to TSEK - 6 801 (- 17 390), whereof the cash flow for the operating activities totaled to TSEK - 3 304 (- 5 199)
- The Company cash amounted to TSEK 442 (10 819) in the end of the half year period
- Equity amounted to TSEK 2 430 (13 451)
- The Company´s solvency ratio amounted to 70% (92%)

## Significant events during the quarter (1 April – 30 June 2023)

- The subsidiary, Pila Pharma Danmark ApS Annual report for the financial year 2022 was approved, and a tax refund of DKK 2.6 M (approximately SEK 4 M) is expected in November
- Pila Pharma's capital efficiency plan is proceeding as planned
- Pila Pharma AB (publ) on 30 May 2023 held its annual general meeting with the following main outcome:
  - the company's Annual report for the financial year 2022 was approved
  - board members Dorte X. Gram and Fredrik Buch were re-elected, and Søren Weis Dahl and Richard Busellato were newly elected
  - it was decided to establish a new election committee consisting of former board member Lene Andersen Hansen and Dorte X. Gram

## Significant events after the quarter

- The company engaged in XEN-D0501 partnering discussions in both diabetes and erythromelalgia
- The company firmed up strategy and plans for the phase 2a studies in diabetes and erythromelalgia
- Tablets manufactured in 2021 have been cleared by the manufacturer for use in phase 2a studies
- The company implemented further plans for maximizing capital efficiency

# PILA PHARMA IN BRIEF

Pila Pharma is a Swedish pharmaceutical research company, which develops new treatment for diabetes type-2/ obesity and pain in erythromelalgia.

Pila Pharma was 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 subsidiary Pila Pharma Danmark ApS in Copenhagen, through which most of the company's research and development takes place.

The company's development candidate, XEN-D0501, is an inhibitor of the receptor TRPV1 (the so-called "chili receptor") and a potentially new type of treatment for diabetes and pain through the regulation of neurogenic inflammation. XEN-D0501 has been shown to be safe in 300 subjects for up to one month of dosing. Further, it has been shown to induce a small but significant effect on insulin release and glucose tolerance in persons with diabetes. Recently, 13 week preclinical safety studies in two species have been completed with positive results (i.e. without any adverse events). Tablets manufactured in 2021 (4 mg strength and placebo to match) are also available for clinical use in planned phase 2a studies so, all together, Pila Pharma can proceed to achieve next clinical goals.

Pila Pharma believe that XEN-D0501 could be suitable as treatment of various diseases with an underlying inflammatory component.

Currently, the company focuses on type-2 diabetes/ obesity as well as the painful orphan disease, erythromelalgia.

The company owns use-patents covering the use of TRPV1-antagonists as treatment of obesity and diabetes (invented by CEO Dorte X. Gram when earlier employed by Novo Nordisk). In July 2022, the company was awarded orphan drug designation ("Orphan drug designation") for XEN-D0501 as a treatment for erythromelalgia.

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. In order to assure that the 3 needed dose-levels are adequate with regard to safety and efficacy, an exploratory phase 2a dosing study will be undertaken first.

We plan to submit a clinical trial application as soon as possible after funding for the study is secured and hope to get results within the next year after that after what we can progress to the full phase 2b trial. A pharma partnership is our goal after positive phase 2b results.

In the erythromelalgia project, the biggest milestone is to demonstrate efficacy in subjects with the condition, and we thus plan to conduct a smaller phase 2a proof of concept study. We plan to submit a clinical trial application as soon as possible - likewise after funding has been secured - and hope to get results within the next year, after which we see good potential to partner with a pain-specialized pharma company.

# CEO WORD

## Dear shareholders!

In the diabetes space, recent announcements by Eli Lilly, Novo Nordisk, and Pfizer have been met with significant media interest and a postive response from the stock market. It clearly shows that the pharma industry has a focus on diabetes and in particular the effects in obesity. Recent acquisitions in the field suggests an increasing appetite from pharma to license new projects with obesity effects. This development is positive for Pila Pharma since we expect an effect of XEN-D0501 on bodyweight and cardiovascular risk in addition to the effect in diabetes. It could potentially open for XEN-D0501 to also be a future obesity drug.

To demonstrate and fully leverage the potential of our lead candidate in both diabetes and obesity, we have decided to conduct a phase 2a study with endpoints related to both indications. This study will provide critical information in preparation for a subsequent phase 2b proof-of-concept study and increase the probability of a partnership deal. In parallel, we aim at demonstrating the effect of XEN-D0501 on reduction of pain during “flare ups” in the orphan disease erythromelalgia.

I’m excited to share that all project results needed for us to progress are now “in the box”.

During the coming period, we will therefore have the focus on preparing clinical trial applications in both diabetes/obesity and pain/ erythromelalgia given adequate funding.

In response to the current high cost of capital, the previous Board in February approved a plan to increase capital efficiency, which is proceeding to plan. Furthermore, in November a tax-return of approximately SEK 4 M is expected in our Danish subsidiary. Pila Pharma AB is not obliged to release consolidated accounts and has historically opted not to do so for cost reasons but given the importance of this tax payment we are disclosing it here.

We are now actively planning the studies in diabetes and erythromelalgia, and the financing of them, and plan to submit both trial applications within the next six months.

I very much look forward to us entering this new chapter of Pila Pharma.

The diabetes and erythromelalgia projects complement each other very well. The diabetes project is a global block buster opportunity in a very active field, whereas the rare disease erythromelalgia is a niche with a clear unmet need and which we believe offers a fast and cost-effective path to the market.

Best regards
Dorte X. Gram
PhD, Founder and CEO

# TECHNOLOGY, RESEARCH, DEVELOPMENT AND PATENTS

**The discovery of the TRPV1 receptor and its impact on pain perception was awarded the 2021 Nobel Prize in Physiology or Medicine.**

TRPV1 is localised 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 efferent signal – secretion of proinflammatory neuropeptides such as CGRP and SP (causing inflammation) and – if the signal is big enough – an afferent signal – message upwards to the brain that something is hurting.

Capsaicin is a TRPV1 agonist that is known to stimulate pain in smaller doses, but at higher doses or after repeated exposure, relieves pain by rendering TRPV1 irresponsive to activation. TRPV1 is sometimes referred to as the "capsaicin 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'ies. Until now, it's largely been unsuccessful due to registration of unwanted side effects of orally available candidates. XEN-D0501 seem to have a good safety profile which may allow market entry at a later stage.

Pila Pharma's founder Dorte X. Gram in 1999 by serendipity observed a profound effect of capsaicin on regulating blood sugar in diabetic rats. and later in her PhD thesis proposed that TRPV1 the "Gram hypothesis" that increasing levels of CGRP (secreted from overactive sensory afferent nerves where TRPV1 is located) could induce disturbances of insulin secretion and action thereby promoting or even leading to type 2 diabetes. In addition, the inflammation when the afferent nerves were overactive would also have a negative effect on other organs leading to the development of diabetes complications such as cardiovascular disease.

Later she demonstrated in TRPV1 knock-out mice that was kept on a high fat diet to induce glucose intolerance, that mice lacking TRPV1 did not become glucose intolerant, had a better insulin response to glucose and a lower bodyweight gain than normal mice on high fat diet.

The results were repeated with a TRPV1 antagonist in spontaneously obese prediabetic rats and here, reductions of inflammatory markers in the abdominal fat tissue were also demonstrated. All in all, it pointed at a new and previously undiscovered role of TRPV1 in metabolism in both glucose metabolism as well as body weight regulation.

A use-patent was filed by Novo Nordisk to patent the use of TRPV1 antagonists (then called inhibitors of the capsaicin receptor) as treatment of obesity and obesity related diseases and disorders. In 2008, Novo Nordisk sold or closed all projects regarding small molecule treatments because they wanted to focus on injection products for strategic reasons.

Dorte X. Gram bought out the use-patent and later got 3 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 TRPV1 antagonists as new superior anti-diabetic treatment with effects expected on all comorbidities in diabetes as well as on obesity.

Pila Pharma was founded in 2014 after establishing a scientific advisory board with key opinion leaders 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 our first investor Almi Invest, we tested a few clinical candidates and in 2016 we were able to sign an Asset Transfer Agreement regarding British Ario Pharma's TRPV1 asset including its 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 a number of other structures in the original patent. Then, XEN-D0501 (then under the name BAY) was tested in the first clinical study in healthy volunteers after 4 weeks of preclinical studies with good safety results. For strategic reasons, the Bayer TRPV1 asset was then sold to the English company, Xention, that performed several clinical studies in healthy volunteers and in patients with incontinence ("over active bladder disease"). Xention's subsidiary Ario Pharma then took over the portfolio and conducted 2 clinical studies in chronic cough. The studies showed good safety but no significant effect.

Pila has tested XEN-D0501 two phase 2a studies – acute and of 1 month duration in type 2 diabetes - with good safety and a small but significant effect on glucose tolerance and on insulin response to glucose. Long-term blood glucose (HbA1c) showed a trend for reduction, but requires 3 months treatment before a significant effect can eventually be detected.

All in all, XEN-D0501 has been tested in 300 people single or multiple doses up to 1 month duration - so far with a good safety profile and no serious side effects. In diabetes some effects have been demonstrated, but higher doses and longer treatment are required to demonstrate a clinical meaningful anti-diabetic effect.

Pila Pharma has recently completed 13 weeks of preclinical safety studies without registration of any adverse events, and thus, XEN-D0501 can now be tested in humans for up to 3 months trial duration. Tablets manufactured in 2021 (4 mg strength and placebo to match) are available and all together it permits the Pila Pharma to again proceed to clinical studies. Pila Pharma believe that XEN-D0501, as a TRPV1 antagonist with a good safety profile, could be suitable as treatment of other diseases with an underlying inflammatory component.

In July 2022, Pila Pharma was awarded orphan drug designation ("Orphan drug designation") for XEN-D0501 as a treatment for erythromelalgia and Pila Pharma has since then had a second project under preparation.

Erythromelalgia is a condition where intense periods of painful "flare-ups" occurs without a known cause and currently without an adequate treatment option.

The next bigger milestone within diabetes is to demonstrate a significant anti-diabetic effect in a larger phase 2b trial in up to 300 persons with diabetes. To assure that the 3 dose-levels for the phase 2b study are adequate with regard to safety and efficacy, an exploratory phase 2a dosing study will be undertaken first (FIG 1). We plan to submit a clinical trial application for the dose-finding study as soon as possible and hope to get results within the next year, after which we plan to expand the trial to the full phase 2b with the selected 3 dose levels. A pharma partnership should be realistic after positive phase 2b results.

The biggest milestone in the erythromelalgia project is to demonstrate efficacy in subjects with the condition (reduction of pain experienced during "flare-ups"), and we thus plan to conduct a smaller phase 2a "Proof of Concept" study. We plan to submit a clinical trial application as soon as possible and hope to get results within the next year, after which we see good potential to partner with a pain-specialized pharma company.

## Patents and such

The company owns the EU trademark “Pila Pharma”. In July 2022, the development candidate XEN-D0501 received orphan drug status in the US for the treatment of the rare disease erythromelalgia and this may lead to seven years of market exclusivity after marketing authorization is obtained.

Treatment of diabetes and obesity with TRPV1 antagonists (including XEN-D0501) is protected by issued use-patents in the US and Europe. The application was submitted in 2005.

XEN-D0501 is protected by product patents originally filed by Bayer with an application date of April 28, 2003. The patents within this family were taken over by Pila Pharma in 2016.

All data that have been produced on XEN-D0501 and other substances are fully owned by Pila Pharma and the structure of XEN-D0501 or “back-up compounds” has not yet been made publically available.

The patent strategy is to use-patent protect XEN-D0501 in various diseases as late as possible in order to have protection as far into the future as possible. In order also to patent protect XEN-D0501 as treatment of pain (in erythromelalgia) the use patent application submitted in 2021 with XEN-D0501 as a treatment for diabetes has been withdrawn. It will be resubmitted in due time as well as a use-patent application regarding treatment of pain and eventually other indications.

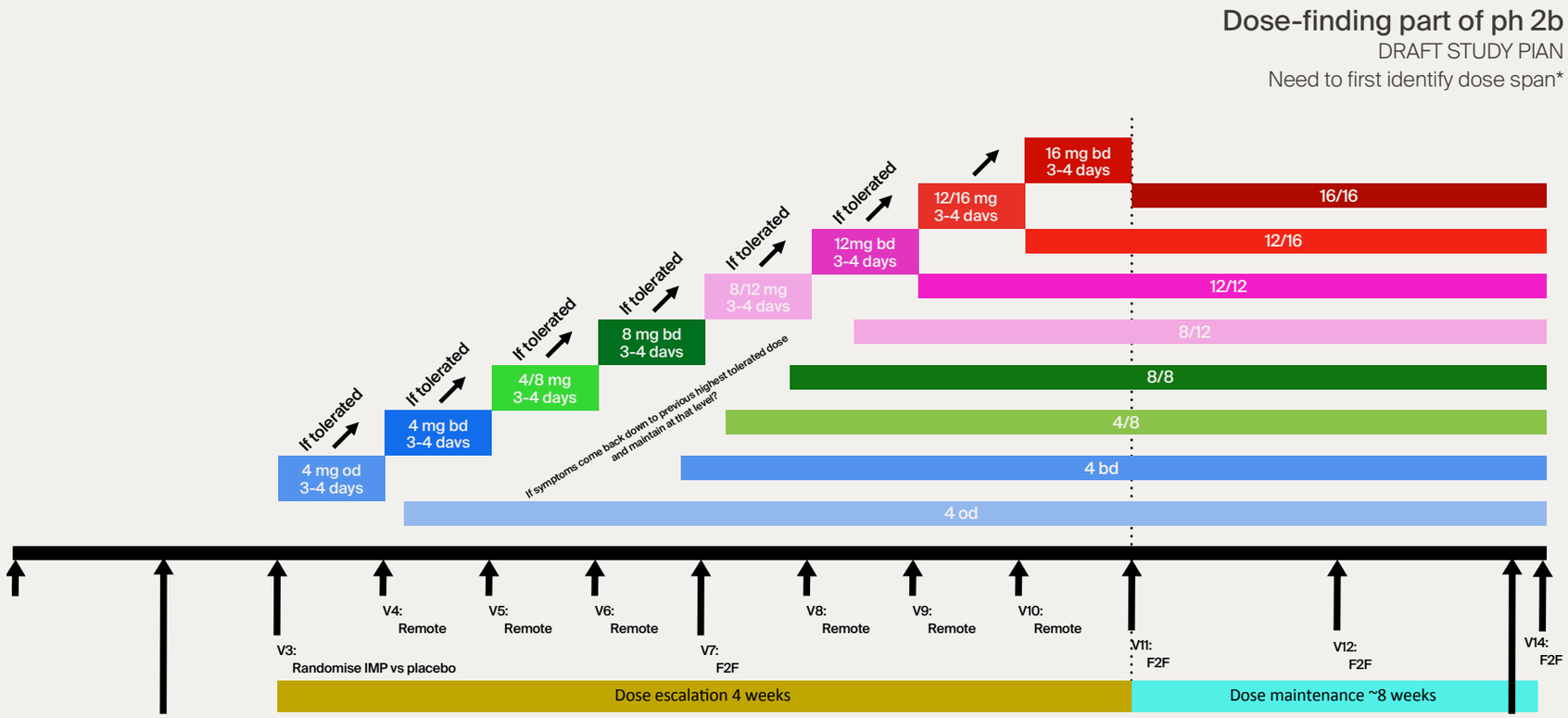



*FIG 1: DOSE-FINDING STUDY IN DIABETES*
*Overweight persons with type 2 diabetes will be invited to participate in a phase 2a trial to explore maximal tolerable dose-levels in diabetes/ obesity. The figure is a schematic representation of the draft study design with subjects being included starting on lower doses to be up-titrated over a period after which they should continue on the fixed dose-level for a total treatment period of 12 weeks. The primary endpoint will be safety and tolerability and secondary endpoints will be efficacy (to detect trends for effects on HbA1c , body weight and markers of cardiovascular function).*

# BUSINESS MODEL & STRATEGY

**The company's long-term goal is to register XEN-D0501 as the first TRPV1 antagonist drug. The company's short-term goal is to demonstrate the effect of XEN-D0501 on the reduction of blood sugar in type-2 diabetes as well as on the reduction of pain in people affected by erythromelalgia.**

"Pila" means "to run fast" and the idea behind the choice of this name was that we should work quickly and cost-effective with a focus on the most essential goals - to focus on "need to do" and avoid "nice to do" as an organizational philosophy.

The company's intention is to develop the drug candidate XEN-D0501 until a pharma partnership is possible. We focus on consolidating the uniquely good safety profile of the candidate in parallel to gradually add evidence for a clinically meaningful effect in both diabetes (reduction of high blood glucose levels ($HbA_{1c}$), body weight and risk of cardio-vascular disease) and erythromelalgia (reduction of pain during "flare ups").

XEN-D0501 is currently formulated as a simple, small tablet with very good shelf life (up to 5 years at 25 C). There is, however, the possibility of developing new formulations for new indications in order to differentiate between the different upcoming drugs for different diseases.

Organizationally, the strategy is to hire experienced specialists to secure the best development methods for different indications. During the period Richard Busellato and Søren Weis Dahl became new Directors of the Board. Richard was invited to join due to his extensive background in the financial industry and deep understanding of capital markets and Søren was invited to join due to his significant expertise in the orphan drug field. In addition, they both add international experience Richard working out of London, UK and Søren out of New York, US. They will both contribute significantly to the further development of the Pila Pharma's TRPV1 asset.

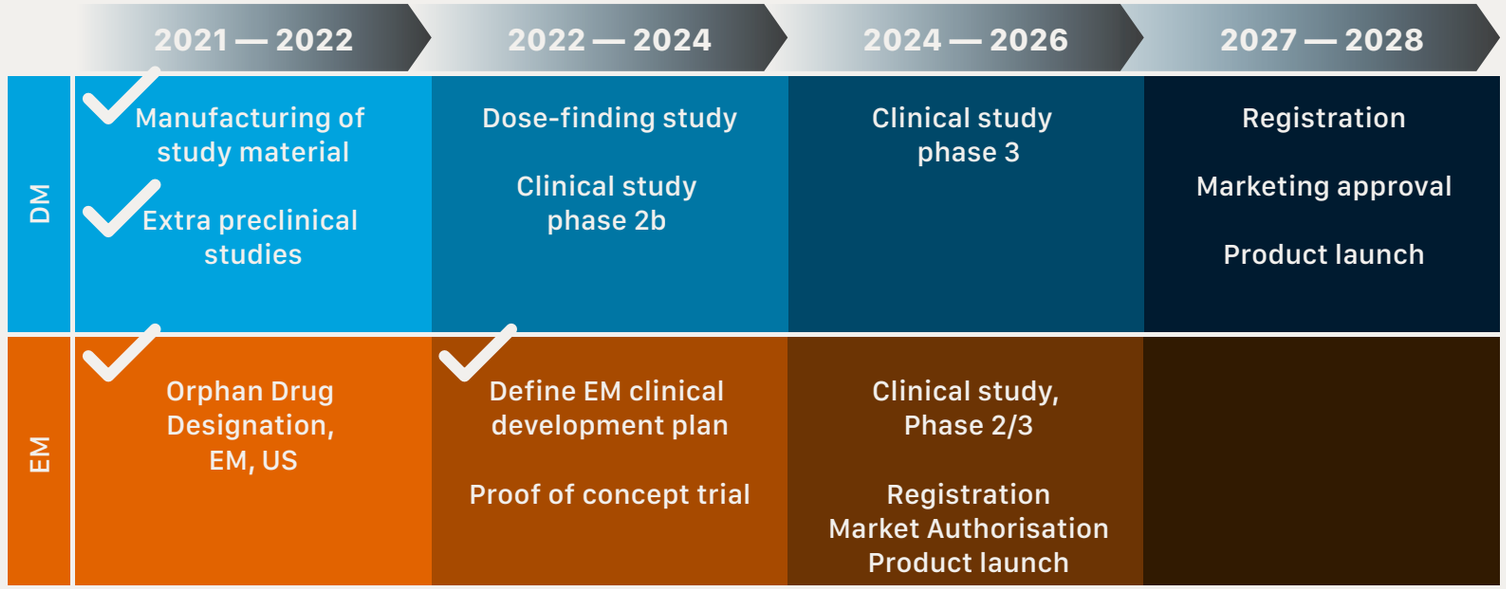



*FIG. 2: The rough development plan for Pila Pharma diabetes project (DM) in blue that was presented at the IPO prospectus 2021 and for it's orphan project within erythromelalgia (EM), in orange.*

In addition, Pila Pharma works with a solid core of permanent consultants as well as a number of more peripheral specialist consultants and contract research organizations. This virtual company structure has been further developed during the period and is both strong and flexible and quickly adaptable to changing priorities without losing quality. Quality is essential in drug development, but flexibility is, as we see it, a necessity in order to manage cost-effectively through this long development process

# 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 30 June 2023, the number of shares in Pila Pharma amounted to 18 407 369. All shares have one (1) vote per share. All shares have a quota value of SEK 0.43.

### Shareholder list

| Aktieägare | Antal aktier | Röster |
|---|---|---|
| Dorte X. Gram | 5.195.086 | 28,22% |
| Vimpu Intressenter Ab | 2.043.576 | 11,10% |
| ALMI | 973.773 | 5,29% |
| JP Morgan Chase Bank NA | 465.128 | 2,53% |
| Sebastian Clausin | 457.056 | 2,48% |
| Co2 Balance AS | 334.908 | 1,82% |
| Goldman Sachs & Co. | 331.827 | 1,80% |
| Kjelsmark Holding Aps | 321.505 | 1,75% |
| Nordnet Pensionsförsäkring | 255.016 | 1,39% |
| BNY Mellon Sa/Nv For Jyske | 253.352 | 1,38% |
| **10 largest shaeholders** | **10.631.227** | **57,76%** |
| Others | 7.776.142 | 42,24% |
| **Total** | **18 407 369** | **100,00%** |

*For a complete shareholders list of Pila Pharma is referred to Euroclear and holdings.se*

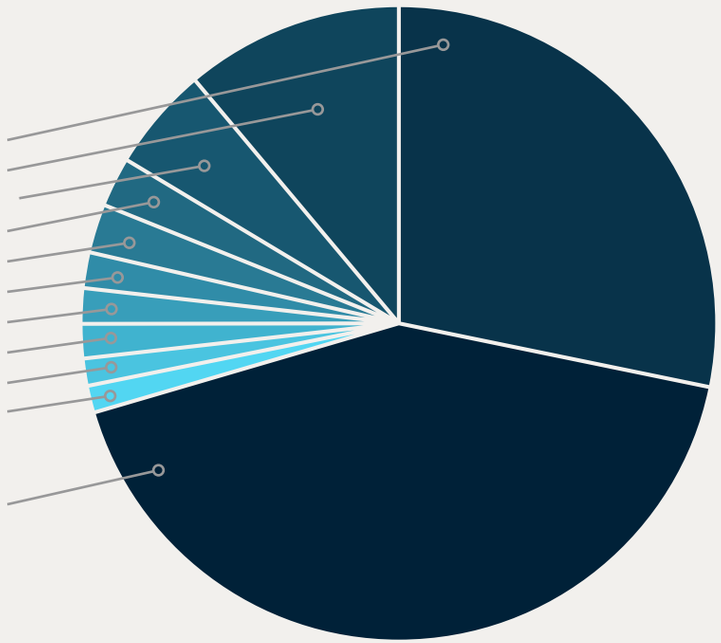
## OTHER INFORMATION

### 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 has no further shareholdings in other companies.

### Related-party transactions

Shareholder contributions of TSEK 1 301 (4 251) have been issued to the subsidiary during the second quarter and TSEK 3 497 (12 191) during the first half year. The Company has carried out services to the subsidiary and the revenues refer to re-invoicing of services carried out during the second quarter of TSEK 301 (651) and TSEK 1097 (1 186) during the first half year. Transactions are in accordance with market conditions.



### Audit

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

### Upcoming financial information

Pila Pharma prepare and publish a financial report for every quarter. Upcoming financial information is planned as follows.

- Interim report, 1 July – 30 September, 2023 — 25 October, 2023
- Interim report, 1 October - 31 December, 2023
  Year-end report 2023 — 28 February, 2024

The interim reports, annual reports and Pila Pharma ABs press releases are available on https://pilapharma.com, alternatively be ordered from Pila Pharma AB, Norra Vallgatan 72, 211 22 Malmö 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, 23 August, 2023
PILA PHARMA AB (publ)

**Fredrik Buch**
Chairman of the Board

**Richard Busellato**
Board member

**Søren Weis Dahl**
Board member

**Dorte X. Gram**
Board member and 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 quarter 1 April – 30 June 2023

The operating income for the parent company amounted to TSEK 301 (651). The revenues refer to re-invoicing of services carried out for the subsidiary. The result for the second quarter amounted to TSEK - 3 059 (- 6 501). The major part of the costs are related to a write-down of shares in group company in conjunction to the issued shareholder contribution to the subsidiary amounted to TSEK 1 301 (4 251) for covering of the subsidiary´s costs during the second quarter. The subsidiary conducts the major part of the business. The other costs are mainly related to costs for administration and personnel and activities to support the business of the Danish subsidiary.

### Operating income and result for the first half year 1 January – 30 June 2023

The operating income for the parent company amounted to TSEK 1 097 (1 186). The revenues refer to the re-invoicing of services carried out for the subsidiary. The result for the second quarter amounted to TSEK – 7 099 (- 16 844). The major part of the costs are related to write-downs of shares in group company in conjunction to issued shareholder contributions to the subsidiary amounted to TSEK 3 497 (12 191) for covering of the subsidiary´s costs during the first half year. The subsidiary conducts the major part of the business. The other costs are mainly related to costs for administration and personnel and activities to support the business of the Danish subsidiary.

### Financial position and cash flow

Operating cash flow from operating business for the period 1 January – 30 June 2023 amounted to TSEK – 3 304 (- 5 199). The financial activities during the first half year amounted to TSEK – 3 497 (12 191). The cash flow for the first half year amounted to TSEK – 6 801 (17 390) and relates to issued shareholder contribution to the subsidiary of TSEK 3 497 (12 191) that has reduced the cash flow for the corresponding period.

The Company´s cash as of 30 June 2023 amounted to TSEK 442 (10 819). The equity as of 30 June 2023 amounted to TSEK 2 430 (13 451), which corresponds to the solvency ratio 70% (92).

### Financing, liquidity and continued operations

To secure the financing for the coming twelve months ahead and expand the business according to the development plans, the Company is planning for a new capital infusion.

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

The company has completed all operational activities needed to progress to new clinical trials and will only initiate new operations when funding has been secured. As a result of the tax-benefit regulations in Denmark for R&D companies, a tax return of approximately SEK 4 million is expected to be paid to the subsidiary Pila Pharma Danmark ApS in November upon the approval of our tax refund claim. As the company does not establish any consolidated statement, this claim does not appear in the balance sheet, which relates only to the parent company, Pila Pharma AB.

The future financing of the planned clinical studies is not settled when signing the interim report. The Company´s liquidity development can become a significant uncertainty factor for enabling continued for the Company´s continued operations. The Board of Directors is aware of this and plans to remedy the financing. Based on the Board of Directors´ experience of previous capital raising, the possibilities for further financing of the Company are considered reasonable but of course depends on the generally uncertain macro-economic situation as of today.

### Employees as of 30 June 2023

The Company´s average full-time employees during the period 1 April – 30 June and for the first half year were 2(3). The Company conducts a large part of the research through hired staff at Clinical Research Organisations and they amounted to corresponding 5 (5) full-time employees during the first half year beyond the employed in the group.

### The subsidiary

The 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, totally amounted to TSEK 3 497 (12 191) as of 30 June 2023, and correspond to the operating R&D costs of the subsidiary during the period 1 January – 30 June 2023.

# KEY FIGURES

| | 2023-04-01 - 2023-06-30 | 2022-04-01 - 2022-06-30 | 2023-01-01 - 2023-06-30 | 2022-01-01 - 2022-06-30 | 2022-01-01 - 2022-12-31 |
|---|---|---|---|---|---|
| | 3 months | 3 months | 6 months | 6 months | 12 months |
| Net Sales (TSEK) | 301 | 651 | 1 097 | 1 186 | 1 881 |
| Total operating expenses (TSEK) | -2 058 | -2 901 | -4 698 | -5 839 | -10 771 |
| Operating result (TSEK) | -1 757 | -2 250 | -3 601 | -4 653 | -8 890 |
| Total financial items (TSEK) | -1 302 | -4 251 | -3 498 | -12 191 | -17 887 |
| Income after financial items (TSEK) | -3 059 | -6 501 | -7 099 | -16 844 | -26 777 |
| Cash flow from operating activites (TSEK) | -1 639 | -2 698 | -3 304 | -5 199 | -9 091 |
| Earnings per share (SEK) | -0.17 | -0.40 | -0.39 | -1.05 | -1.55 |
| Earnings per share after dilution (SEK) | -0.17 | -0.40 | -0.39 | -1.05 | -1.55 |
| Average number of shares | 18 407 369 | 16 100 338 | 18 407 369 | 16 100 338 | 17 253 854 |
| Average number of shares after dilution | 18 407 369 | 16 100 338 | 18 407 369 | 16 100 338 | 17 253 854 |
| Outstanding shares at the end of the period | 18 407 369 | 16 100 338 | 18 407 369 | 16 100 338 | 18 407 369 |
| Outstanding subscription warrants at the end of the period | 0 | 0 | 0 | 0 | 0 |
| Average number of employees | 2 | 3 | 3 | 3 | 3 |
| | 2023-06-30 | 2022-06-30 | | | 2022-12-31 |
| Cash and cash equivalents (TSEK) | 442 | 10 819 | | | 7 243 |
| Equity (TSEK) | 2 430 | 13 451 | | | 9 529 |
| Balance sheet total (TSEK) | 3 461 | 14 579 | | | 10 887 |
| Solvency ratio (%)*) | 70% | 92% | | | 88% |
| Cash flow ratio (%)*) | 68% | 1 000% | | | 559% |
| Equity per share (SEK)*) | 0.13 | 0.84 | | | 0.52 |

*) 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 the Accounting Act's general advice BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

There have been no changes in the Company's accounting principles since the last annual report, where a complete description of applied accounting and valuation principles is reproduced. The company's accounting principles are according to the Accounting Board's general advice BFNAR 2016:10 (K2).

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 amortization 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 year.

### Estimates and assessments

In order to be able to prepare the financial reports, the board and company management 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 Company's annual report for 2022, which can be found on the Company's website.

## 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 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 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** | **2023-06-30** | **2022-06-30** | **2022-12-31** |
|---|---|---|---|
| Total current assets, TSEK | 702 | 11 276 | 7 590 |
| Total current liabilities, TSEK | 1 031 | 1 128 | 1 358 |
| **Cash flow ratio, %** | **68%** | **1000%** | **559%** |
| | | | |
| Total equity, TSEK | 2 430 | 13 451 | 9 529 |
| Total equity and liabilities, TSEK | 3 461 | 14 579 | 10 887 |
| **Solvency ratio, %** | **70%** | **92%** | **88%** |
| | | | |
| Total equity, TSEK | 2 430 | 13 451 | 9 529 |
| Outstanding shares at the end of the period | 18 407 369 | 16 100 338 | 18 407 369 |
| **Total equity per share, SEK** | **0.13** | **0.84** | **0.52** |

# CONDENSED INCOME STATEMENT

| (All amounts in SEK thousand) | 2023-04-01 - 2023-06-30 | 2022-04-01 - 2022-06-30 | 2023-01-01 - 2023-06-30 | 2022-01-01 - 2022-06-30 | 2022-01-01 - 2022-12-31 |
|---|---|---|---|---|---|
| | 3 months | 3 months | 6 months | 6 months | 12 months |
| **Operating income** | | | | | |
| Net sales | 301 | 651 | 1 097 | 1 186 | 1 881 |
| | | | | | |
| **Operating expenses** | | | | | |
| Other external costs | -873 | -1 318 | -1 699 | -2 425 | -4 071 |
| Personnel costs | -916 | -1 577 | -2 460 | -3 402 | -6 683 |
| Depreciation and amortization of tangible and intangible financial assets | -269 | -5 | -539 | -10 | -16 |
| Other operating expenses | 0 | -1 | 0 | -2 | -1 |
| **Operating result** | **-1 757** | **-2 250** | **-3 601** | **-4 653** | **-8 890** |
| | | | | | |
| **Profit/loss from financial items** | | | | | |
| Write-down of financial fixed assets and short-term investments | -1 301 | -4 251 | -3 497 | -12 191 | -17 886 |
| Interest expenses and similar profit/loss items | -1 | 0 | -1 | 0 | -1 |
| **Income after financial items** | **-3 059** | **-6 501** | **-7 099** | **-16 844** | **-26 777** |
| | | | | | |
| Tax expenses | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **Profit/loss for the period** | **-3 059** | **-6 501** | **-7 099** | **-16 844** | **-26 777** |

# CONDENSED BALANCE SHEET

| (All amounts in SEK thousand) | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible assets | 2 694 | 3 232 | 3 232 |
| **Total intangible assets** | **2 694** | **3 232** | **3 232** |
| | | | |
| Tangible assets | 0 | 6 | 0 |
| **Total tangible assets** | **0** | **6** | **0** |
| | | | |
| Financial assets | | | |
| Shares in group companies | 65 | 65 | 65 |
| Receivables from group companies | 0 | 0 | 0 |
| **Total financial assets** | **65** | **65** | **65** |
| | | | |
| **Total fixed assets** | **2 759** | **3 303** | **3 297** |
| | | | |
| **Current assets** | | | |
| Current receivables | | | |
| Other receivables | 122 | 177 | 203 |
| Prepayments and accrued income | 138 | 280 | 144 |
| **Total current receivables** | **260** | **457** | **347** |
| | | | |
| **Cash and cash equivalents** | **442** | **10 819** | **7 243** |
| | | | |
| **Total current assets** | **702** | **11 276** | **7 590** |
| **TOTAL ASSETS** | **3 461** | **14 579** | **10 887** |

| (All amounts in SEK thousand) | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Restricted equity | | | |
| Share capital | 787 | 688 | 787 |
| **Total restricted equity** | **787** | **688** | **787** |
| | | | |
| Unrestricted equity | | | |
| Share premium fund | 81 056 | 75 144 | 81 056 |
| Retained earnings | -72 314 | -45 537 | -45 537 |
| Net result for the period | -7 099 | -16 844 | -26 777 |
| **Total unrestricted equity** | **1 643** | **12 763** | **8 742** |
| **Total equity** | **2 430** | **13 451** | **9 529** |
| | | | |
| **Current liabilities** | | | |
| Accounts payables | 40 | 438 | 350 |
| Other liabilities | 127 | 106 | 105 |
| Accruals and deferred income | 864 | 584 | 903 |
| **Total current liabilities** | **1 031** | **1 128** | **1 358** |
| **TOTAL EQUITY AND LIABILITIES** | **3 461** | **14 579** | **10 887** |

# CONDENSED CASH FLOW STATEMENT

| (All amounts in SEK thousand) | 2023-04-01 - 2023-06-30 | 2022-04-01 - 2022-06-30 | 2023-01-01 - 2023-06-30 | 2022-01-01 - 2022-06-30 | 2022-01-01 - 2022-12-31 |
|---|---|---|---|---|---|
| | 3 months | 3 months | 6 months | 6 months | 12 months |
| **Operating activities** | | | | | |
| Income after financial items | -3 059 | -6 501 | -7 099 | -16 844 | -26 777 |
| Adjustments for items not included in cash flow | 1 570 | 4 256 | 4 036 | 12 201 | 17 902 |
| Tax paid | 0 | 0 | 0 | 0 | 0 |
| **Cash flow from operating activities before changes in working capital** | **-1 489** | **-2 245** | **-3 063** | **-4 643** | **-8 875** |
| **Cash flow from changes in working capital** | | | | | |
| Decrease (+)/increase (-) of other current receivables | 160 | -85 | 86 | -168 | -58 |
| Decrease (-)/increase (+) of accounts payables | -237 | -197 | -310 | 85 | -3 |
| Decrease (-)/ increase (+) of other current liabilities | -73 | -171 | -17 | -473 | -155 |
| **Cash flow from operating activities** | **-1 639** | **-2 698** | **-3 304** | **-5 199** | **-9 091** |
| **Investing activities** | | | | | |
| Purchase of equipment | 0 | 0 | 0 | 0 | 0 |
| Purchase of patents | 0 | 0 | 0 | 0 | 0 |
| **Cash flow from investing activities** | **0** | **0** | **0** | **0** | **0** |
| **Financing activities** | | | | | |
| New share issue | 0 | 0 | 0 | 0 | 6 011 |
| Raised/regulated loans | 0 | 0 | 0 | 0 | 0 |
| Shareholder contribution made to group companies | -1 301 | -4 251 | -3 497 | -12 191 | -17 886 |
| **Cash flow from financing activities** | **-1 301** | **-4 251** | **-3 497** | **-12 191** | **-11 875** |
| | | | | | |
| **Cash flow for the period** | **-2 940** | **-6 949** | **-6 801** | **-17 390** | **-20 966** |
| Cash at the beginning of the period | 3 382 | 17 768 | 7 243 | 28 209 | 28 209 |
| **Cash at the end of the period** | **442** | **10 819** | **442** | **10 819** | **7 243** |

# 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 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 | | | | -7 099 | -7 099 |
| Transactions with owners: | | | | | |
| **Total transactions with owners** | **0** | **0** | **0** | **0** | **0** |
| **Closing balance as of 30 June 2023** | **787** | **81 056** | **-72 314** | **-7 099** | **2 430** |
| | | | | | |
| **Opening balance as of 1 January 2022** | **688** | **75 144** | **-28 330** | **-17 207** | **30 295** |
| Disposition of the preivous year´s result | | | -17 207 | 17 207 | 0 |
| Result for the period | | | | -16 844 | -16 844 |
| Transactions with owners: | | | | | |
| **Total transactions with owners** | **0** | **0** | **0** | **0** | **0** |
| **Closing balance as of 30 June 2022** | **688** | **75 144** | **-45 537** | **-16 844** | **13 451** |
| | | | | | |
| **Opening balance as of 1 January 2022** | **688** | **75 144** | **-28 330** | **-17 207** | **30 295** |
| Disposition of the preivous year´s result | | | -17 207 | 17 207 | 0 |
| Result for the period | | | | -26 777 | -26 777 |
| Transactions with owners: | | | | | |
| Registered new issue | 99 | 6 822 | | | 6 921 |
| Issue costs | | -910 | | | -910 |
| **Total transactions with owners** | **99** | **5 912** | **0** | **0** | **6 011** |
| **Closing balance as of 31 December 2022** | **787** | **81 056** | **-45 537** | **-26 777** | **9 529** |

# 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 Comanies Act** |
| **Address** | **Norra Vallgatan 72, 211 22 Malmö** |
| **Telephone** | **+46 73 903 69 69** |
| **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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