PILA PHARMA AB

Norra Vallgatan 72
211 22 Malmö
Sweden

pilapharma.com

Malmö, 5 December 2023

Pila Pharma AB announces outcome in the rights issue

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

Pila Pharma AB (publ) ("Pila Pharma" or the "Company") announces today, 5 December 2023, the outcome in the Company's rights issue of shares announced on 25 October 2023 (the "Rights Issue"). The Rights Issue was subscribed for by approximately 30.80 percent and provides the Company with approximately SEK 8,1 million before issue costs.

On 25 October 2023, Pila Pharma announced that the board of directors of the Company, with authorization from the annual general meeting held on 30 May 2023, had resolved upon the Rights Issue of approximately SEK 26.2 million. The subscription price was SEK 1.50 per share and the total number of shares offered in the Rights Issue amounted to 17,487,000.

Outcome in the Rights Issue
The subscription period for the Rights Issue ended on 4 December 2023. The final outcome shows that 4,546,434 shares have been subscribed for with the support of subscription rights, corresponding to approximately 84.4 percent of the Rights Issue. Additionally, the Company has received applications for subscription of 839,486 shares without support of subscroiption rights, corresponding to approximately 15.6 percent of the Rights Issue. Consequently, in total 5,385,920 shares were subscribed for the the Rights Issue.

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 bore an interest rate of 10 percent per. The outstanding principal amount of the convertible loans of SEK 1,5 million together with accrued interest of SEK 39,698.63, i.e. in total SEK 1,539,698.63, were, at the request of the Company, converted to shares within the Rights Issue by way of set-off.

Through the Rights Issue, the Company will receive approximately SEK 8.1 million before deduction of issue costs, which are estimated to amount to a maximum of SEK 1 million.

Comment from Dorte X.Gram, CEO

"*Although the result of the rights issue is obviously below what we planned to raise, I'm pleased to note that many current shareholders have reinvested (getting to about 31% subscription even though we did not include guarantors in the issue) including Vimpu Intressenter who signed pro rata, suggesting strong support to our new aim of developing an "obesity pill". The raised amount is enough for us to go ahead with the diabetes/obesity project without compromising the quality of the main outcome. The orphan project within erythromelalgia, however, is put on hold until further notice. I now look forward to get the study in obese persons with diabetes done so we can demonstrate, that higher doses of XEN-D0501 when dosed for 3 months is well tolerated with an expected trend for body weight loss. Positive results should lead to new patents and progressing XEN-D0501 as a future obesity treatment*.", says Dorte X. Gram, CEO of Pila Pharma.

Allocation of shares subscribed for without the support of subscription rights

Allocation of shares subscribed for without the support of subscription rights has taken place in accordance with the principles set out in the memorandum that the Company published on 16 November 2023, due to the Rights Issue (the "Memorandum"). Notification of such allocation is announced separately through settlement notes. Nomineeregistered shareholders receive notification of allotment in accordance with instructions from the respective nominee.

Shares, share calital and dillution

Through the Rights Issue, the total number of shares in the Company increase by 5,385,920 shares, from 18,407,369 shares to 23,793,289 shares, and the share capital increase by SEK 230,281.136091, from SEK 787,028 to SEK 1,017,309.136091, corresponding to a dilution effect of 22.64 percent of the total number of shares in the Company.

Trading in paid subscribed shares ("BTA")

Trading in BTA takes place until the conversion of BTA into shares after the Rights Issue has been registered with the Swedish Companies Registration Office. Registration with the Swedish Companies Registration Office is expected to take place during week 51, 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.

For more information:

Dorte X. Gram, CEO

dxg@pilapharma.com

This information is such information that PILA PHARMA AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication on 5 December 2023 at 19:30 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 thecompany 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 midstage 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 and Obesity

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.

Despite recent therapeutic advances, large and growing unmet needs exist both from an efficacy, safety, affordability, and accessibility exists for treatment of people with type 2 diabetes. 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 all the co-morbidities resulting in “whole body dysfunction” and subsequent development of several diseased. The accumulated effect is a year-long reduction in of quality of life for obese persons 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 with obesity. Even long-term public health costs are expected to be reduced if the clinical negative effects of the obesity pandemic can be limited. This has sparked a general interest in future potential oral treatments that can meet the accessibility/ affordability criteria and several deals have recently been done in the obesity segment.

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.

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, both expensive and with complications. Currently no preventive treatment is available.

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.