

Lipidor secures bridge financing of at least SEK 5 million through loans and subsidiary share sales, and takes cost-saving measures including staff layoffs

STOCKHOLM, Sweden, 14th December 2022 – Lipidor AB (publ) (Nasdaq First North Growth Market: LIPI), (“Lipidor” or the “Company”) today announces that the Company has secured a bridge financing of at least SEK 5 million. The bridge financing provides extended endurance and the financial space to complete, together with the Company's licensing partner RELIFE S.r.l., the evaluation of the recently completed clinical Phase III study of AKPO2, to define a new development plan, and solve a long-term refinancing. At the same time, a cost-saving program has been initiated, which means among other things, that all staff, except the CEO, are dismissed as a precautionary measure.

On October 28, 2022, Lipidor announced that the Phase III study with the psoriasis candidate AKPO2 did not reach the primary goal of the study. Lipidor has subsequently communicated that the Company continues to believe that AKPO2 has significant potential and that the Company aims to realize that value and the other values in its pipeline going forward. Work is still ongoing to evaluate the Phase-III study and to develop a revised development plan, in close dialogue with Lipidor's licensing partner RELIFE S.r.l. (a company in the Menarini Group).

Bridge financing

Lipidor's Board of Directors today announces that the Company has secured bridge financing that provides extended endurance and financial scope to complete, together with the Company's licensing partner RELIFE S.r.l., evaluation of the recently completed clinical Phase III study of AKPO2, define a new development plan and resolve a long-term refinancing. The work in the coming months will ensure that the conditions deemed necessary for a decision on long-term financing are in place. Once such conditions have been met, a long-term refinancing solution will be initiated in 2023.

The bridge financing solves a direct capital need that protects the company's IP and provides the opportunity for continued value creation. The bridge financing will take place through a combination of loans and the divestment of parts of Lipidor's shareholding in the subsidiary Emollivet AB ("Emollivet") to, among others, Lipidor's major owners, as well as owners in Emollivet, Cerbios-Pharma SA and Aurena Laboratories Holding AB.

Lipidor's ownership in Emollivet currently amounts to 1,243 shares, corresponding to 51.79 percent of the shares and votes in Emollivet. In total, at least 618 shares of Emollivet will be sold. All commitments relate to acquisitions at a price per share of SEK 7,290, which has been determined through an external valuation of Emollivet conducted by independent advisors. The final share transfer is conditional on the approval of the transaction by the general meeting of Lipidor. Further details of the transaction will be made public in connection with the notice convening this general meeting.

As part of the bridge financing, Lipidor has also entered into a loan agreement of SEK 500,000 with the shareholder Råsunda Förvaltning AB. The loan is subject to interest at one (1) percent per 30-day period and a set-up fee of five (5) percent. Commitments to acquire Emollivet shares in combination with the loan mean that Lipidor has secured an addition of at least approximately SEK 5 million.

"A successful transaction with the Emollivet shares, in combination with the loan, gives Lipidor the time needed to work out a new plan and verify the market conditions together with RELIFE. The hope is to be able to present a strong business case and a solid plan", says the Company's CEO Ola Holmlund.

Cost reduction program

Furthermore, a cost-saving program has been initiated, which means, among other things, that all staff at Lipidor are laid off. The redundancies affect seven people who will continue to work in the business during their respective notice periods. The bridge financing does not provide the long-term funding needed to run operations at the current size over time. The CEO remains in his position and leads the work to complete the evaluation of the Phase III study of AKPO2, define a new development plan and resolve a long-term refinancing.

"The decision to end staff employment has not been taken lightly. However, it is necessary in order to responsibly manage the Company's situation. In a complex market situation with major challenges in the financial market, the Board is grateful to have agreed, together with the company's main owners, on a constructive way forward," says Fredrik Sjövall, Chairman of the Board.

This information is information that Lipidor is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-12-14 13:34 CET.

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About Lipidor AB

Lipidor AB (www.lipidor.se) is a Swedish, Stockholm-based research and development company with a pipeline of pharmaceutical development projects in preclinical and clinical phases. The Company develops topical medical products for the treatment of diseases such as psoriasis, acne vulgaris, bacterial skin infections and atopic dermatitis by reformulation of proven pharmaceutical substances.

Attachments

Lipidor secures bridge financing of at least SEK 5 million through loans and subsidiary share sales, and takes cost-saving measures including staff layoffs