

Active Biotech announces a rights issue of SEK 35 million

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The board of directors of Active Biotech AB (publ) (“Active Biotech” or the “Company”) has resolved on a rights issue of SEK 35 million, before transaction costs. The proceeds from the rights issue are intended to provide Active Biotech with funds required to pursue the planned activities related to the Company’s prioritized tasquinimod program for the coming twelve months. During this period, Active Biotech will pursue an out-licensing of laquinimod.

The terms of the proposed rights issue have been resolved on by the board of directors to best balance the need for the Company to attract further financing and at the same time provide an appropriate incentive for the existing shareholders to continue supporting the Company from a financing perspective. The rights issue comprises 844,230,664 new shares at a subscription price of SEK 0.0415 per share, and the right to subscribe for new shares shall vest with the Company’s shareholders with pre-emptive rights, whereby three existing shares entitle to subscription for seven new shares.

The board of directors of Active Biotech may decide on exercise of an over-allotment option which, upon full subscription, may provide the Company with up to a further SEK seven million through issue of further 168,846,132 shares. The board of directors’ resolution on the rights issue is subject to approval by an extraordinary general meeting, which is intended to be held on 23 October 2024. A notice to the extraordinary general meeting will be published through a separate press release. Due to the rights issue, the Company has resolved to bring forward the announcement of the interim report for the third quarter 2024 to 21 October 2024.

Background and reasons

Active Biotech is a biotechnology company that focuses on value creation by advancing its two unpartnered projects, tasquinimod and laquinimod, within rare diseases in areas of high unmet medical need and significant commercial potential. This is achieved in a very cost-effective partnering model with leading academic institutions in US and Europe, which ensures that four ongoing and planned phase I-II programs can be completed for a projected full operating cost through 2027 of approximately SEK 120 million for the Company ahead of any partnering income. The rights issue is being made to secure the advancement of current programs, and no other projects, for the coming twelve months.

The Company's portfolio focus and future value driver is development of tasquinimod for treatment of rare blood cancers. Two clinical proof-of-concept studies have been initiated in myelofibrosis, at MD Anderson, US and in collaboration with Erasmus MC/Oncode, NL at clinical sites within the HOVON network in EU. A similar type of trial at the Abramson Cancer Center, University of Pennsylvania, US, testing the effect of tasquinimod in patients with multiple myeloma is in the final stages of recruitment, and data from this study will be reported within the next six months.

In the laquinimod project, focused on treatment of inflammatory eye disease, Active Biotech has documented that its newly developed eye drop formulation is safe and does not cause any serious adverse effects in healthy subjects treated for 14 days. The Company also reported initial data from a phase I biodistribution study in patients undergoing eye-surgery in US, which documents that use of laquinimod eye-drops leads to intra-ocular concentrations of laquinimod that can trigger biological responses. The study is recruiting towards completion in 2024, and out-licensing activities will now be ramped up.

Active Biotech has out-licensed naptumomab, which is a tumor-targeted immunotherapy in development for advanced solid cancer indications, to the immuno-oncology company NeoTX. Under the terms of the agreement, NeoTX is fully responsible for all development and commercialization, with no financial or operating contributions from Active Biotech.

The rights issue aims at providing Active Biotech with the financial stability required to pursue the planned activities related to the Company's prioritized tasquinimod programs for the coming twelve months. During this period, Active Biotech will pursue an out-licensing of laquinimod.

The proceeds from the rights issue, at full subscription, amount to approximately SEK 35 million before issue expenses. The proceeds will advance the planned project activities without substantial changes to the size of the organization.

The rights issue

The board of directors of the Company has, subject to approval from the general meeting, resolved on a rights issue of SEK 35 million, before transaction costs. The Company's share capital is thereby increased with up to approximately SEK 4,359,600.29 through the issue of 844,230,664 new shares if fully subscribed. The subscription price amounts to SEK 0.0415 per share. The right to subscribe for new shares shall vest with the Company's shareholders with pre-emptive rights, whereby three existing shares entitle to subscription for seven new shares. Subscription can also be made without pre-emptive rights, as set forth in the complete issue resolution.

The terms of the rights issue have been resolved on by the board of directors to best balance the need for the Company to attract further financing and at the same time provide an appropriate incentive for the existing shareholders to continue supporting the Company from a financing perspective. As the planned share issue is limited to cover cost of twelve months operations, the Company may, through exercise of an over-allotment option, on the same terms as those of the rights issue, increase the subscription with up to a further 20% in case of oversubscription. Upon full exercise of the over-allotment option, the Company will raise approximately SEK seven million in additional proceeds through the issuance of 168,846,132 shares. Such share issue will be made by the board of directors based on a new issue authorization proposed to the extraordinary general meeting.

The record date for the right to participate in the rights issue shall be 28 October 2024. Subscription for new shares shall be made during the period 30 October – 13 November 2024. The last day for trading in the Active Biotech share including the right to participate in the rights issue is 24 October 2024.

Some of Active Biotech's largest shareholders – MGA Holding AB, Sjuenda Holding and the Fourth AP Fund – have together undertaken to subscribe for shares in the rights issue to a nominal value of approximately SEK 14 million, corresponding to, in total, approximately 40 percent of the rights issue. Additionally, Dr. Michael Shalmi, Chairman of the board of directors, has undertaken to subscribe for shares corresponding to SEK one million, approximately 2.9 percent of the rights issue. All other board members (Peter Thelin, Dr. Axel Glasmacher, Aleksandar Danilovski and Uli Hacksell) and management (CEO Helén Tuveesson, CFO Hans Kolam and CMO Erik Vahtola) have undertaken to subscribe for shares in the rights issue corresponding to their respective pre-emptive parts. The rights issue is thus covered by subscription undertakings of approximately SEK 15.2 million in total, corresponding to approximately 43.4 percent of the rights issue. No compensation is paid for the established subscription commitments. The subscription commitments are not secured by bank guarantee, blocked funds, pledges or similar arrangements.

Preliminary timetable

23 October	Extraordinary general meeting
24 October 2024	Last day for trading in the Active Biotech share including the right to participate in the rights issue.
25 October 2024	First day for trading in the Active Biotech share excluding the right to participate in the rights issue.
28 October 2024	Record date for the right to participate in the rights issue.
30 October – 13 November 2024	Subscription period.
30 October – 8 November 2024	Trading in subscription rights.

Prospectus

A prospectus will be made available before the subscription period commences. The prospectus will be available on Active Biotech's website, www.activebiotech.com.

Advisor

Advokatfirman Vinge is legal advisor to Active Biotech in connection with the rights issue.

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Active Biotech AB (publ) (NASDAQ Stockholm: ACTI) is a biotechnology company that develops first-in-class immunomodulatory treatments for oncology and immunology indications with a high unmet medical need and significant commercial potential. Active Biotech currently holds three projects in its portfolio, of which tasquinimod and laquinimod are wholly owned small molecule immunomodulators with a mode of action that includes modulation of myeloid immune cell function. The projects are in clinical development for hematological malignancies and inflammatory eye disorders, respectively. The company's core focus is on the development of tasquinimod in myelofibrosis, a rare blood cancer, where clinical proof-of-concept studies are being prepared. Also ongoing is a clinical Phase Ib/IIa study in multiple myeloma. Laquinimod is in clinical development for the treatment of non-infectious uveitis. A clinical phase I program with a topical ophthalmic formulation is ongoing to support phase II development together with a partner. The third pipeline project is naptumomab, a targeted anti-cancer immunotherapy, partnered to NeoTX Therapeutics, which is in a phase Ib/II clinical program in patients with advanced solid tumors. Please visit www.activebiotech.com for more information.

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The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

This information is information that Active Biotech 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 2024-09-23 08:45 CEST.

Attachments

Active Biotech announces a rights issue of SEK 35 million