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Newbury Pharmaceuticals carries out a directed share issue of approximately SEK 19 million

Newbury Pharmaceuticals AB (“Newbury” or the “Company”) carries out a directed share issue of approximately 4.7 million shares, corresponding to approximately 24.3 per cent of the number of outstanding shares before the share issue, at a subscription price of SEK 4 per share (the “Share Issue”) to a limited number of current shareholders and new qualified investors. Through the Share Issue, the Company receives gross proceeds of approximately SEK 19 million before transaction costs.

About the Share Issue

The Share Issue consists of a total of 4 737 500 shares. The subscription price in the Share Issue of SEK 4 corresponds to a discount of approximately 9.7 per cent in relation to the trade closing price of the Company’s share on Nasdaq First North Growth Market on March 1, 2024. Through the Share Issue, Newbury receives SEK 18 950 000 before transaction costs.

The Board of Directors of the Company has (i) resolved on the Share Issue of 4 737 500 shares, corresponding to SEK 18 950 000, by virtue of the authorization of the Annual General Meeting on January 10, 2024. The Share Issue is directed to qualified Swedish investors and the current shareholders Johan Orvelin (through AB Slädens Pensionsstiftelse nr 3), Gerhard Dal and Christian Månsson.

Through the Share Issue, the number of outstanding shares in Newbury increases by 4 737 500 shares, from 19 521 154 to 24 258 654 shares, and the share capital increases by SEK 151 116.43 from SEK 622 684.34 to SEK 773 800.77, resulting in a dilution effect of approximately 19.5 per cent based on the total number of shares and votes in Newbury after the Share Issue.

Purpose and use of proceeds

The purpose of raising capital is to strengthen the capital structure in order to continue executing on the growth strategy. Newbury intends to use the proceeds from the share issue for growth purposes enabling the Company to continue its growth journey by launching more products and expanding the portfolio with new products. The net proceeds will be used as described below.

1. Investments in regulatory processes - 20%
Primarily financing of regulatory fees paid to authorities related to product approvals.
2. New license fees and milestones - 60%
Primarily to finance investments in new product licenses and to finance milestone payments for existing products in the portfolio.

3. Working capital - 20%
Primarily to finance general working capital needs.

Lars Minor, Chief Executive Officer of Newbury, says:

“We are pleased to announce a strengthening of our capital base which will secure the continued focus on executing our growth plans by launching additional products and building a stronger company for the future.”

The reasons for deviation from the shareholders’ preferential rights and the grounds for the subscription price

Prior to the resolution of the Share Issue, the Board of Directors has carefully considered alternative financing options, including the possibilities of carrying out a rights issue. However, the Board of Directors, after an overall assessment and careful consideration, considers a share issue carried out with deviation from the shareholders’ preferential rights to be a more beneficial alternative for the Company and the Company’s shareholders than a rights issue and that it is objectively in the Company’s as well as its shareholders’ interests to carry out the Share Issue. The Board of Directors has, among other things, considered the following.

- A rights issue would be significantly more time- and resource-consuming compared to the Share Issue, not least due to work related to securing a rights issue, while there are no guarantees that a rights issue would be fully subscribed. A reduced time consumption allows for flexibility for potential investment opportunities in the short term, contributes to reduced exposure to share price fluctuations on the stock market, as well as allows for the opportunity to benefit from current interest in the Company’s share. Moreover, the costs of the Share Issue are considered to be lower than those of a rights issue since, among other things and based on the market volatility that has been observed during 2023 and 2024, such issue would also require significant underwriting commitments from an underwriting syndicate, which would entail additional costs and/or additional dilution for the shareholders depending on the type of remuneration for such underwriting. The Share Issue has, through intensive efforts by the Board of Directors and the advisors, been conducted in a swift and cost-effective manner.
- In contrast to a rights issue, the Share Issue is expected to provide the Company with new shareholders. The Board of Directors’ assessment is that the new shareholders will strengthen the Company’s ownership structure.
- The shareholder base has, through the Share Issue, been additionally strengthened by the subscription from qualified Swedish investors and the current shareholders Johan Orvelin (through AB Slädens Pensionsstiftelse nr 3), Gerhard Dal and Christian Månsson. The reason for partly directing the Share Issue to current shareholders is that these shareholders has expressed and demonstrated a long-term interest in the Company, which, according to the Board of Directors, creates security and stability for both the Company and its shareholders as well as significant strategic and long-term value. It is the Board of Directors’ assessment that without the support from the existing shareholders, carrying out a capital raise would not have been possible.
- An additional aspect that speaks in favor of the choice of a directed share issue is that a rights issue, most probably, would have had to be conducted at a not inconsiderable discount, which would lead to larger dilution effects for the Company’s existing shareholders, which has now been avoided through the Share Issue where the subscription price has been set at a discount

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of approximately 9.7 per cent in relation to the trade closing price of the Company's share on Nasdaq First North Growth Market on March 1, 2024. From a shareholder perspective, a rights issue at a significant discount also entails a risk of a negative effect on the share price in connection with the execution of the rights issue.

Considering the above, the Board of Directors' overall assessment is that the reasons for the Share Issue outweigh the reasons for a rights issue, and that a directed share issue is considered to be in the interest of both the Company and all shareholders.

The Board of Directors has, prior to the resolution on the Share Issue, put a lot of emphasis on the subscription price being at market terms in relation to the current share price. The subscription price corresponds to a discount of approximately 9.7 per cent in relation to the trade closing price of the Company's share on Nasdaq First North Growth Market on March 1, 2024, and has been determined through extensive negotiations at arm's length basis with the investors and through market sounding conducted by Redeye AB. In light of these negotiations and the market sounding, the Board of Directors' assessment is that the subscription price has been set at market terms.

Conditions for the Share Issue

Johan Orvelin (through AB Slädens Pensionsstiftelse nr 3) has subscribed for new shares corresponding to approximately SEK 15 million, which will result in an ownership in the company that exceeds 10 per cent of the votes in Newbury. The investor is therefore obliged to notify the investment to the Inspectorate of Strategic Products (Sw. *Inspektionen för strategiska produkter*) in accordance with the Foreign Direct Investment Screening Act (Sw. *lagen (2023:560) om granskning av utländska direktinvesteringar*). The investment is thus conditional on the Inspectorate of Strategic Products either not taking any action upon the notification or approving the notification.

Lock-up agreements

In connection with the Share Issue, the Company's members of the Board of Directors who own shares, as well as members of the Management team, have, subject to customary exceptions, agreed not to, among other things, divest any shares in the Company for a period of 90 calendar days after the settlement day of the Share Issue.

Advisors

In connection with the Share Issue, the Company has engaged Redeye AB ("**Redeye**") as Sole Manager and Bookrunner, and Advokatfirman Lindahl as legal advisor.

For more information, contact:

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About Newbury Pharmaceuticals

Newbury Pharmaceuticals is building a pipeline of proprietary and licensed products with focus on specialty and branded products in the Nordics. Newbury aims to make a difference by offering treatment solutions within areas like oncology, rare diseases and neurology. The portfolio is built by leveraging experience and extensive international network. Newbury offers strategic partnerships of innovation for the benefit of the Nordic healthcare market.

Västra Hamnen Corporate Finance is the Company's Certified Adviser on Nasdaq First North and can be reached at ca@vhcorp.se or +46 (0) 40 200 250.

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This press release is not a prospectus within the meaning of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and has not been approved by any regulatory authority in any jurisdiction. The Company has not authorized any offer to the public of securities in any member state of the EEA and no prospectus has been or will be prepared in connection with the Issue. In any EEA Member State, this communication is only addressed to “qualified investors” in that Member State as defined in the Prospectus Regulation.

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company’s shares. Any investment decision to acquire or subscribe for shares in connection with the issue must be made on the basis of all publicly available information relating to the Company and the Company’s shares. Such information has not been independently verified by Redeye. Redeye is acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

This press release does not constitute a recommendation for any investor’s decision regarding the issue. Each investor or potential investor should conduct his, her or its own investigation, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company’s website nor any other website accessible through hyperlinks on the Company’s website are incorporated into or form part of this press release.

Failure to follow these instructions may result in a violation of the Securities Act or applicable laws in other jurisdictions.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company’s intentions, beliefs or current expectations regarding 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 the fact that they contain expressions such as “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “assumes”, “should”, “could” and, in each case, negatives thereof, or similar expressions. The forward-looking statements in this press release are based on various assumptions, many of which are based, in turn, on additional assumptions. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, it can give no assurance 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 outcomes could differ materially from those in the forward-looking statements for

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a variety of reasons. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements in this press release. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are correct nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release. Any reader of the 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 the date of this press release and are subject to change without notice. Neither the Company nor anyone else undertakes to review, update, confirm or publicly release 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 required by law or the Nasdaq First North Growth Market rule book for Issuers.

Information to distributors

In order to comply with the product governance requirements contained in: (a) Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as consolidated, (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593, supplementing MiFID II; and (c) national implementing measures (together, the “**MiFID II Product Governance Requirements**”), and to disclaim any and all liability, whether arising in tort, contract or otherwise, which any “manufacturer” (within the meaning of the MiFID II Product Governance Requirements) may otherwise be subject, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels permitted under MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.

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This information is information that Newbury Pharmaceuticals 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 2024-03-04 08:15 CET.

Attachments

[Newbury Pharmaceuticals carries out a directed share issue of approximately SEK 19 million](#)