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Lipidor resolves on a rights issue of approximately SEK 58.0 million and enters into a co-investment agreement which secures funding for the implementation of the upcoming phase III study

STOCKHOLM, 10 April 2024 – The Board of Directors of Lipidor AB (publ) ("Lipidor" or the "Company") has today resolved on a rights issue of units of approximately SEK 58.0 million with pre-emption rights for existing shareholders (the "Rights Issue"). The Rights Issue is guaranteed to approximately 66 percent through subscription undertakings and underwriting undertakings. Each unit in the Rights Issue consists of four (4) newly issued shares in the Company and one (1) free of charge warrant of series TO 2 (collectively, a "Unit"). The subscription price per Unit amounts to SEK 0.20, corresponding to SEK 0.05 per share. The Company has also entered into a Co-Investment agreement with Cerbios-Pharma SA of approximately SEK 12.4 million (the "Co-Investment"). The Co-Investment and the proceeds from the Rights Issue to the guaranteed amount jointly secures the full funding for the upcoming phase III study of the Company's drug candidate AKP02G2 (the "Phase III study"). The Company has also entered into a credit facility agreement of a total of SEK 3.0 million in order to initiate the Phase III study before the execution of the Rights Issue, and which is intended to be repaid with the issue proceeds. Upon full subscription and full exercise of all warrants of series TO 2 within the framework of issued Units, the Company may receive an additional capital contribution of a maximum of approximately SEK 29.0 million. The Board of Directors' resolution of the Rights Issue is subject to approval by an Extraordinary General Meeting, expected to be held on May 21, 2024. Notice of the Extraordinary General Meeting will be published through a separate press release.

“We are very pleased to be able to present a complete funding solution that will enable us to carry out our Phase III study. Lipidor’s development team has carried out a thorough and careful reformulation work, and we therefore enter the study with confidence. Through bridge financing, we can get started fairly immediately and we aim to present study results in the first quarter of 2025. The commercial launch, in case of a positive result, will then be handled by our license partner Menarini Relife. We are now entering the most decisive and exciting period in Lipidor’s history,” says Ola Holmlund, CEO Lipidor.

Summary of the Rights Issue

- One (1) existing share in the Company entitles to ten (10) unit rights. One (1) unit right entitles the holder to subscribe for one (1) Unit, consisting of four (4) newly issued shares and one (1) newly issued warrant of series TO 2 (the “Warrants”). This means that a maximum of 1,159,074,520 new shares and 289,768,630 new Warrants can be issued. The Warrants are intended to be admitted to trading on Nasdaq First North Growth Market.
- The subscription price has been set at SEK 0.20 per Unit, corresponding to SEK 0.05 per share. The Warrants are issued free of charge.
- Through the Rights Issue, Lipidor can initially receive proceeds of a maximum of approximately SEK 58.0 million before deduction of costs attributable to the Rights Issue, which are estimated to amount to approximately SEK 8.0 million, of which approximately SEK 4.0 million consists of underwriting compensation given that all underwriters chose cash remuneration. Upon full subscription and full exercise of all Warrants within the framework of issued Units, the Company may receive an additional capital contribution of a maximum of approximately SEK 29.0 million.
- The subscription period runs from and including 29 May 2024 up to and including 12 June 2024.
- Unit rights that are not exercised during the subscription period become invalid and thereby lose their value. Trading in unit rights is planned to take place on Nasdaq First North Growth Market from and including 29 May 2024 up to and including 7 June 2024. Trading in BTU (Paid subscribed units) is planned to take place on Nasdaq First North Growth Market from and including 29 May 2024 up to and including 24 June 2024.
- The Rights Issue entails an initial maximum dilution of approximately 97.6 percent. In the event that the Rights Issue is fully subscribed, and all Warrants are exercised for subscription of shares, an additional dilution effect will be added, corresponding to approximately 19.6 percent in relation to the new number of shares after a fully subscribed Rights Issue. Together, the dilution amounts to a maximum of approximately 98.0 percent.
- The exercise period for the exercise of Warrants occurs during a period of two (2) weeks from and including the seventh trading day after the Company announces through a press release the study results in the Phase III study or, in the absence of such press release, during the period from and including 15 August 2025 up to and including

29 August 2025. The subscription price upon exercise of the Warrants has been set at SEK 0.10 per share. If all Warrants are exercised for subscription of shares, the Company will receive an additional maximum of approximately SEK 29.0 million, before issue costs of approximately SEK 1.4 million.

- The Board of Directors' resolution of the Rights Issue is subject to the approval by an Extraordinary General Meeting which is intended to be held on 21 May 2024. The notice of the Extraordinary General Meeting will be published through a separate press release.
- The record date in the Rights Issue is 27 May 2024. The last trading day in the Lipidor share, including the right to receive unit rights, is 23 May 2024. The shares are trading excluding the right to receive unit rights from 24 May 2024.
- Complete information regarding the Rights Issue and information about the Company will be provided in an EU Growth Prospectus which is expected to be published on the Company's website around 24 May 2024.

The Co-Investment

The Company has also entered into a Co-Investment agreement with Cerbios-Pharma SA ("Cerbios") whereby Cerbios partially finances the Phase III study with a total of SEK 12.4 million (the "Investment Amount").

In return for the Co-Investment, Cerbios will receive, during the contract period, part of the Company's milestone payments from Menarini Group/RELIFE S.r.l. regarding the Company's drug candidates AKP02G2 and AKP01 as well as part of royalty payments for the drug candidate AKP02G2. The return received by Cerbios shall amount to a minimum of 1.3 times and a maximum of 2.5 times Cerbios' total Investment Amount. The contract period will initially run for five (5) years after product-commercialisation. In the event that Cerbios receives the total maximum return during the contract period, the agreement will be terminated prematurely. In the event that Cerbios has not received the minimum return during the initial contract period, the agreement shall be extended until Cerbios has received the minimum return.

The Co-Investment and the proceeds from the Rights Issue at the guaranteed level together secure full financing for the upcoming Phase III study.

Motive of the Rights Issue

Lipidor develops supergenerics for the treatment of mild to moderate psoriasis. A Supergeneric refers to a generic version of an existing drug with improved properties. The development of generics enables a shortened development phase as the main purpose of the pivotal phase of clinical development is to demonstrate equivalent therapeutic effect to the original drug. However, a supergeneric gives the developer the opportunity to compete on more than just price point. Lipidor has developed a spray for psoriasis treatment that is quick-drying and thus offers increased user-friendliness and convenience for patients as the patient can, for example, quickly dress after applying the product, which is a sought-after feature.

Based on the lessons learned from the Company's previously completed phase III study, a thorough development work has been carried out that has resulted in the development of a second generation of the drug candidate AKP02 – AKP02G2. The updated formulation of AKP02G2 enables a prolongation of drug uptake in the treated area and has in preclinical tests demonstrated the properties deemed necessary to achieve equivalent medical efficacy with the reference product Enstilar® in a clinical registration study.

In order to conduct the Phase III study and launch AKP02G2 through its commercial partner Menarini Relife, the Company's Board of Directors has resolved on the implementation of the Rights Issue. Together with the Co-Investment entered into with Cerbios of SEK 12.4 million, which in its entirety will be used for the implementation of the Phase III study, the Phase III study will be fully financed at the time of subscription in the Rights Issue at the secured level. In order to be able to initiate the Phase III study before the Rights Issue is completed, the Board of Directors has entered into a credit facility agreement of SEK 3.0 million to pay initial costs for the implementation of the Phase III study. As a result, the results of the Phase III study are expected to be obtained during the first quarter of 2025. In the event of a positive outcome, the Company is entitled to a so-called milestone payment, which is deemed sufficient to finance the Company throughout 2025.

Upon full subscription, the Company will receive net proceeds of approximately SEK 58.0 million, after deduction of issue costs, which amount to approximately SEK 8.0 million, of which SEK 4.0 million relates to compensation for underwriting undertakings, given that all underwriters chose cash remuneration. The net proceeds are intended to be used for the following uses, in order of priority:

- Repayment of existing loan, the credit facility, and interest, approx. SEK 3.7 million
- Implementation of the clinical program for AKP02G2 and GMP-Manufacturing, approx. SEK 13 million
- Patent portfolio, approx. SEK 1 million
- Operational purposes, company resources and listing overheads, approx. SEK 13.3 million

The above areas of use are included in the guaranteed level of the Rights Issue. If the Rights Issue is fully subscribed, the additional net proceeds will be allocated as follows, in order of priority:

- Payments that were otherwise deferred to be paid after the milestone payment has been received, approx. SEK 6 million
- Continued leasing for production equipment, approx. SEK 4 million
- New projects and pre-clinical work based on AKVANO®, approx. SEK 5 million
- Contingency budget, approx. SEK 4 million

Through the Rights Issue, free of charge Warrants are issued, which, if fully exercised, can provide the Company with an additional approximately SEK 29.0 million before issue costs of approximately SEK 1.4 million. The exercise period for the exercise of Warrants occurs during a period of two (2) weeks from and including the seventh trading day after the Company announces through a press release the study results in the Phase III study or, in the absence of such press release, during the period from and including 15 August 2025 up to and including 29 August 2025. The subscription price upon exercise of the Warrants has been set at SEK 0.10 per share. The proceeds from exercised Warrants are intended to be used for the Company's operations until revenues can be realized from AKPO2G2. This includes assisting in the work with the registration file and submission of documents but also commercial work for out-licensing to new markets.

Subscription- and underwriting undertakings

The Rights Issue is covered to approximately 66 percent by subscription undertakings and underwriting undertakings, of which subscription undertakings correspond to approximately 15 percent of the Rights Issue, bottom underwriting undertakings to approximately 34 percent of the Rights issue, intermediate underwriting undertakings approximately 9 percent of the Rights Issue and top underwriting undertakings amount to approximately 8 percent of the Rights Issue. For top underwritings, a compensation of 22 percent of the underwritten amount is to be paid in shares in the Company. For intermediate underwritings, a compensation of 20 percent of the underwritten amount is to be paid in cash or 22 percent of the underwritten amount in shares in the Company. For bottom underwriters, a compensation of 15 percent of the underwritten amount is to be paid in cash or 17 percent of the underwritten amount in shares in the Company. The underwriting compensation in the form of shares is conditional upon the Company's Annual General Meeting 2024 resolving or authorizing the Board of Directors to resolve on the issuance of the shares to the underwriters. No compensation is paid for the subscription undertakings. The subscription undertakings and underwriting undertakings are not secured by bank guarantees, pledges, or similar arrangements.

Credit facility

In order to immediately initiate the Phase III study, before the Rights Issue is completed, the Company has entered into a credit facility agreement of SEK 3.0 million on market terms from Formue Nord Markedsneutral A/S. Loan under the credit facility is intended to be repaid with the issue proceeds from the Rights Issue.

Extraordinary General Meeting

The resolution by the Board of Directors regarding the Rights Issue is subject to approval by an Extraordinary General Meeting, expected to be held on 21 May 2024. Notice of the Extraordinary General Meeting will be published through a separate press release.

Prospectus

Complete information regarding the Rights Issue and information about the Company will be provided in an EU Growth Prospectus that is expected to be published on the Company's website around 24 May 2024.

Change in share capital and number of shares and dilution

Provided that the Rights Issue is subscribed and paid in full, the share capital in the Company will increase by a maximum of SEK 57,953,726.00, from SEK 1,448,843.15 to SEK 59,402,569.15, through the issuance of a maximum of 1,159,074,520 shares. The number of shares thus increases from 28,976,863 shares to a maximum of 1,188,051,383 shares. For existing shareholders who do not participate in the Rights Issue, this means, in the case of full subscription, a dilution effect of 97.6 percent of capital and votes in the Company.

Upon full exercise of all issued Warrants, the share capital in the Company increases by a further maximum of SEK 14,488,431.50 to SEK 73,891,000.65, through the issuance of a maximum of 289,768,630 shares. The number of shares thus increases to a maximum of 1,477,820,013 shares. This corresponds to a dilution effect of approximately 19.6 percent of capital and votes in the Company after considering the full subscription of shares issued in the Rights Issue. Together, the dilution effect amounts to a maximum of approximately 98.0 percent.

Preliminary timetable for the Rights Issue

21 May 2024 Extraordinary General Meeting

23 May 2024 Last day of trading in the share including the right to receive unit rights

24 May 2024 First day of trading in the share excluding the right to receive unit rights

24 May 2024 Expected date for the publication of the EU Growth Prospectus

27 May 2024 Record date for participation in the Rights Issue

29 May – 7 June 2024 Trading in unit rights

29 May – 12 June 2024 Subscription period

29 May – 24 June 2024 Trading in BTU (Paid subscribed unit)

13 June 2024 Expected date for publication of the final outcome of the Rights Issue

Advisors

Lipidor has mandated Penser by Carnegie, Carnegie Investment Bank AB (publ) and Fredersen Advokatbyrå AB as financial and legal advisors respectively in connection with the Rights Issue.

For more information, please contact:

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The company's Certified Adviser is Carnegie Investment Bank AB (publ).

This information is information that Lipidor AB 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 2024-04-10 19:13 CEST.

About Lipidor AB

Lipidor AB (Nasdaq First North Growth Market: LIPI) (www.lipidor.se) is a pharmaceutical development company with a pipeline of pharmaceutical development projects in preclinical and clinical phases. The company can develop 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. Lipidor's priority project is AKP02G2, which focusses on psoriasis.

Important Information

The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in units, shares, warrants or other securities in Lipidor. The invitation to concerned persons to subscribe for units in Lipidor will be made only through the EU Growth Prospectus that Lipidor will publish on or about 24 May 2024. No action has been taken, or will be taken, by Lipidor to permit an offer to the public in jurisdictions other than Sweden.

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As Lipidor has made the assessment that the Company conducts activities worthy of protection under The Foreign Direct Investment Screening Act (2023:560), certain investments in the Rights Issue may require review by the Swedish Inspectorate of Strategic Products. For more information, please visit the Swedish Inspectorate of Strategic Products' website, www.isp.se, or contact the Company.

Forward-looking Statements

This press release contains certain forward-looking statements that reflect the Company's current views and expectations of future events and financial and operational development, including statements regarding the Rights Issue and statements regarding guidance, planning, prospects and strategies. Words such as "intend", "estimate", "expect", "plan", "estimate", "may", and other expressions that imply indications or predictions of future development or trends and which are not based on historical facts, constitute forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company cannot give any assurance that such forward-looking statements will materialize. Because these forward-looking statements involve known and unknown risks and uncertainties, actual results could differ materially from those expressed in forward-looking statements. Forward-looking statements in this press release speak only as of the date of this press release and are subject to change without notice. Potential investors should not place undue reliance on the forward-looking statements contained herein, and potential investors are strongly encouraged to read those parts of the EU Growth Prospectus that include a more detailed description of factors that may have an impact on the Company's business and the market in which the Company operates. The Company makes no commitment to publicly update or revise forward-looking statements, as a result of new information, future events or otherwise, except as required by applicable laws or securities regulations.

Attachments

[Lipidor resolves on a rights issue of approximately SEK 58.0 million and enters into a co-investment agreement which secures funding for the implementation of the upcoming phase III study](#)