

Press Release

Abliva AB (publ), 556595-6538
22 February 2024 17:31:00 CET - Lund,
Sweden



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The Board of Directors of Abliva resolves on a fully guaranteed rights issue of SEK 46 million and a directed issue of convertible bonds of SEK 42 million to prepare for the final stage of the FALCON study

The Board of Directors of Abliva AB (publ) (Nasdaq Stockholm: ABLI) ("Abliva" or the "Company") has today resolved on a capital raise totalling approximately SEK 88 million (the "Transaction"). The Transaction consists of both a fully guaranteed rights issue with preferential rights for existing shareholders of approximately SEK 46 million (the "Rights Issue"), and a directed issue of convertible bonds to a limited number of certain existing shareholders and institutional investors of approximately SEK 42 million (the "Convertible Bonds"). The convertible loan amount shall be paid and immediately converted into shares in the Company after the announcement of the interim data from the KL1333 Phase II study provided the result from the study is positive, i.e. non futile. The purpose of the Transaction is to fund additional clinical activities for the KL1333 program, including initiating new countries for expansion of the study during Wave 2, and for general corporate purposes.

The Transaction is conditional upon approval by an Extraordinary General Meeting intended to be held on March 26, 2024 (the "EGM").

Summary of the Rights Issue

- The subscription price in the Rights Issue has been set at SEK 0.16 per share which, assuming the Rights Issue is fully subscribed, amounts to proceeds of approximately SEK 46 million, before transaction costs.
- For each existing share held on the record date, one (1) subscription right is received. The subscription rights entitle the holder to subscribe for new shares with preferential rights, whereby eleven (11) subscription rights give the right to subscribe for three (3) new shares.

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- The Rights Issue is fully covered by subscription commitments and guarantee undertakings. Certain existing shareholders have entered into subscription commitments and underwriting commitments, including Hadean Ventures, Oslo Pensjonsforsikring AS, IP Group Plc. and MP Pensjon PK.
- The record date for the right to participate in the Rights Issue with preferential rights is March 28, 2024, and the subscription period is expected to run from and including April 3, 2024, up to and including April 17, 2024.

Summary of the Convertible Bonds

- The directed issue of Convertible Bonds comprises 100 convertibles, whereby one (1) convertible can be converted into 2,625,000 shares in the Company.
- Holders of the Convertible Bonds shall convert all of the loan amount within five banking days from the time at which the Company announces the interim data from the KL1333 Phase II study if it results in a positive, i.e. non futile, outcome at a conversion price of SEK 0.000000380952380952381 per share. In connection with the conversion, holders of the convertibles shall pay an additional amount of SEK 0.049999619047619 per share created through conversion to the Company to cover the difference between the conversion rate and the quota share value. In addition, holders of the convertibles shall, in connection with the conversion, pay an additional amount to the Company of SEK 0.11 per share created through conversion. The conversion price, together with the two additional payments in connection with the conversion, shall correspond to the subscription price of SEK 0.16 in the Rights Issue.
- Payment of the convertible loan shall be due on September 30, 2024, provided conversion has not been made before.
- Assuming full conversion, the gross proceeds from the Convertible Bonds amount to SEK 42 million before transaction costs.
- The directed issue of Convertible Bonds is fully subscribed for by certain existing shareholders, amongst others Hadean Ventures, Oslo Pensjonsforsikring AS, IP Group Plc. and MP Pensjon PK and external investors including Formue Nord.
- The reason for the deviation from the shareholders' preferential right is that the Board of Directors believes that it is advantageous for the Company and for the Company's owners to capitalize on the flexibility to raise capital on favourable terms and in a timely and cost-effective manner from institutional and professional investors. The issue of the Convertible Bonds, which is made with deviation from the shareholders' pre-emptive rights, will promote value creation for all shareholders of the Company. The Board of Directors' overall assessment is therefore that there are good reasons to deviate from the shareholders' preferential right and carry out the directed issue.

Background and reasons

Abliva develops drugs for primary mitochondrial disease, a group of severe and rare disorders affecting the mitochondria, organelles within the cell responsible for energy production. The Company's lead project, KL1333, aims to increase energy production in cells with diseased mitochondria, improving symptoms of the disease and counteracting disease progression. Abliva is currently evaluating the safety and efficacy of KL1333 in the FALCON study, a global Phase II study that has been designed to support marketing approval of KL1333 if successful. The Company has previously conducted a Phase Ia/b study in both healthy volunteers and

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patients which demonstrated safety as well as initial signs of improvement in assessments of fatigue and muscle function, measures of efficacy. The development of KL1333 is facilitated by a strong patent estate, orphan drug designation in both the US and Europe, and Fast Track designation in the US.

The FALCON study is a global, randomized, placebo-controlled, potentially registrational, Phase II study testing KL1333 in adult patients with primary mitochondrial disease with mitochondrial DNA mutations who experience chronic fatigue and myopathy. Efficacy will be evaluated with two alternate primary endpoints, a mitochondrial disease-specific fatigue scale, and a functional test of myopathy, the 30 second Sit-to-Stand test, providing two opportunities to demonstrate clinical benefit. All patients will take KL1333 or placebo twice daily for 48 weeks. The study has an adaptive design and will be run in two waves separated by an interim analysis. The study will have 120 – 180 total patients participating.

In June 2023, the first patient was dosed in Wave 1 of the FALCON study and by December all patients in the first wave of the study had been recruited. An interim analysis, comprised of a futility analysis and a final study size determination, will take place in mid-2024 after all Wave 1 patients have been treated for 24 weeks.

Use of proceeds

The proceeds from the Rights Issue amount to approximately SEK 46 million before transaction costs, and are intended to be used for the following purposes stated in order of priority:

- fund additional clinical activities for the KL1333 program, including initiating new countries for expansion of the FALCON-study during Wave 2 (approximately 80 per cent); and
- financing working capital and general corporate purposes (approximately 20 per cent)

Provided that the interim data from the KL1333 Phase II study is positive, i.e. non futile, the Company will raise an additional SEK 42 million from the Convertible Bonds. The announcement of the result is expected in mid-2024 and the net proceeds from the Convertible Bonds are intended to be used for the following purposes stated in order of priority:

- fund additional clinical, non-clinical, and CMC (manufacturing) activities for the KL1333 program (approximately 80 per cent); and
- financing working capital and general corporate purposes (approximately 20 per cent)

"I am happy to announce this financing round which will ensure that momentum continues in the KL1333 program as we review the interim analysis and prepare for the final stage of the KL1333 FALCON study. This financing will also elongate our runway, providing us time after the interim readout to further engage with potential strategic partners and hold robust discussions with investors", said CEO Ellen Donnelly.

"Hadean is delighted to participate in this financing of Abliva as the company approaches the interim analysis of its FALCON study this year. These are exciting times for the company with 2024 having the potential to be a transformational year, now from an even firmer financial base", said Ingrid Teigland Akay Managing Partner at Hadean Ventures.

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Terms and additional information about the Rights Issue

According to the proposed terms, registered shareholders of Abliva receive one (1) subscription right per each share held on the record date March 28, 2024. Eleven (11) subscription rights entitle shareholders to subscribe for three (3) new shares. The new shares are issued at a subscription price of SEK 0.16 per share. In total, a maximum of 288,081,588 shares will be issued through the Rights Issue, corresponding to an amount of approximately SEK 46 million before transaction costs related to the Rights Issue.

The record date for determination of which shareholders are entitled to participation in the Rights Issue is March 28, 2024. The subscription period is expected to commence on April 3, 2024, and end on April 17, 2024, with a right for the Company's Board of Directors to prolong the subscription period. Subscription for new shares without subscription rights will take place during the same time period.

Subscription may also take place without subscription rights. In the event not all shares are subscribed for by use of subscription rights in accordance with the above, the Board of Directors shall, within the limit of the maximum amount of the Rights Issue, decide on allotment of shares subscribed for without subscription rights. Firstly, such allotment shall be made to those who have subscribed for shares with subscription rights, regardless if they were shareholders on the record date or not, pro rata in relation to the number of shares subscribed for through exercise of subscription rights and, insofar this cannot be done, by drawing lots. Secondly, allotment shall be made to those who have subscribed for shares without subscription rights, pro rata in relation to the number of shares subscribed for and, insofar this cannot be done, by drawing lots. Thirdly, allotment shall be made to those who have entered into so-called top guarantee undertakings, in relation to such guarantee undertakings. Fourthly, allotment shall be made to those who have entered into so-called bottom guarantee undertakings, in relation to such guarantee undertakings.

Trading in paid subscribed shares ("BTAs") on Nasdaq Stockholm is expected to take place during the period from and including April 3, 2024, up to and including the day the Swedish Companies Registration Office has registered the Rights Issue and the BTAs are converted into shares, which is expected to take place on or around May 8, 2024.

Preliminary timetable for the Rights Issue

- March 26, 2024: Extraordinary General Meeting
- March 26, 2024: Last day of trading in the share, including the right to receive subscription rights
- March 27, 2024: First day of trading in the share, excluding the right to receive subscription rights
- March 28, 2024: Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register maintained by Euroclear Sweden AB on this date will receive subscription rights for participation in the Rights Issue with preferential right
- April 3 – April 12, 2024: Trading in subscription rights
- April 3 – April 17, 2024: Subscription period
- April 19, 2024: Expected day for publication of the outcome of the Rights Issue

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Subscription undertakings and guarantee commitments

The Rights Issue is fully covered by subscription undertakings and guarantee commitments. Subscription undertakings amount to approximately SEK 22.6 million, representing approximately 49.0 per cent of the Rights Issue.

In addition, the Rights Issue is covered by guarantee commitments of approximately SEK 23.5 million, representing approximately 51.0 per cent of the Rights Issue. Of these guarantee commitments, certain existing shareholders including Hadean Ventures, IP Group Plc. and MP Pensjon PK have entered into so called top guarantees covering the area of the Rights Issue between 80.0 per cent up to 100.0 per cent of the Rights Issue, corresponding to approximately SEK 9.2 million. Furthermore, the external investor Formue Nord has undertaken a so called bottom guarantee covering the area of the Rights Issue between 49.0 percent and 80 percent of the Rights Issue, corresponding to approximately SEK 14.3 million. No compensation is due for the subscription commitments. For the guarantee commitments, a guarantee fee of twelve (12) percent of the guaranteed amount is paid in cash, or alternatively fourteen (14) percent of the guaranteed amount in the form of newly issued shares in the Company. The commitments and guarantees are not secured through bank guarantees, blocking funds, pledges, or similar arrangements.

The Convertible Bonds

The directed issue of Convertible Bonds comprises 100 convertibles, whereby one (1) convertible can be converted into 2,625,000 shares in the Company. Subscription through payment for the Convertible Bonds shall take place within two (2) banking days of the date of the EGM approving the directed issue of the Convertible Bonds. The Board of Directors shall be entitled to extend the subscription and the payment period. The Convertibles Bonds nominal amount shall be SEK 1.0. The subscription price of the Convertibles Bonds shall be equal to the nominal amount of the Convertible Bonds.

Holders of the Convertible Bonds shall convert the entirety of the loan amount within five banking days from the time at which the Company announces the interim data from the KL1333 Phase II study if it results in a positive, i.e. non futile, outcome at a conversion price of SEK 0.000000380952380952381. In connection with the conversion, holders of the Convertible Bonds shall pay an additional amount of SEK 0.049999619047619 per share created through conversion to the Company to cover the difference between the conversion rate and the quota share value. In addition, holders of the convertibles shall, in connection with the conversion, pay an additional amount to the Company of SEK 0.11 per share created through conversion. The conversion price, together with the two additional payments in connection with the conversion, shall correspond to the subscription price of SEK 0.16 in the Rights Issue. The terms of the Convertible Bonds including the conversion price, have been determined through negotiations with a number of investors and on the terms that the Board of Directors deems the issue can be carried out, adapted to the prevailing market situation. The Company's Board of Directors therefore considers that the subscription price is market-based. The Convertible Bonds shall not carry any interest.

Payment of the convertible loan shall be due on September 30, 2024, provided conversion has not been made before. Assuming full conversion, the gross proceeds from the Convertible Bonds amount to SEK 42 million before transaction costs.

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The directed issue of Convertible Bonds is fully covered by subscription undertakings provided by certain existing shareholders, amongst others Hadean Ventures, Oslo Pensjonsforsikring AS and IP Group Plc. and external investors including Formue Nord.

Shares and dilution

Through the Rights Issue, the Company's share capital will increase with up to approximately SEK 14,404,079 and amount up to approximately of SEK 67,219,038. The number of shares in Abliva will increase with up to a maximum of 288,081,588 shares and subsequently amount to a maximum of 1,344,380,753 shares in total. Existing shareholders that do not participate in the Rights Issue will be diluted by a maximum of approximately 21.4 per cent but will have the possibility to gain economic compensation for the dilution effect by selling their subscription rights.

If the underwriters choose to take their guarantee compensation in newly issued shares, there will be an additional increase in the share capital of up to approximately SEK 1,029,077 and an increase in number of shares of up to 20,581,544 new shares corresponding to a total dilution for shareholders who do not participate in the Rights Issue of up to 22.6 per cent. The guarantors shall choose whether to receive the guarantee compensation in cash or shares no later than three business days after the announcement of the outcome of the Rights Issue. Shares that may be issued as compensation to guarantors will be issued in a directed share issue (the "**Compensation Issue**"). The subscription price in the Compensation Issue will be SEK 0.16 per share and correspond to the subscription price of the Rights Issue. If the Convertible Bonds are converted, there will be an additional increase in the share capital of up to SEK 13,125,000 and an increase in number of shares of up to 262,500,000 new shares. If the Convertible Bonds are fully converted, the total dilution for shareholders who do not participate in the Rights Issue will amount to 35.1 per cent.

Extraordinary General Meeting

The EGM to approve the board of directors' resolution on the Transaction stated above will be held on March 26, 2024. Notice to the extraordinary general meeting will be announced in a separate press release later today.

All current shareholders who have entered subscription commitments in the Rights Issue, corresponding to about 49% of all outstanding shares in Abliva, has also undertaken to vote in favour of the rights issue as well as the directed issue of the Convertible Bonds at the EGM.

Prospectus

A prospectus by reason of the Rights Issue and the Compensation Issue will be published no later than April 2, 2024. Full terms and instructions as well as information about underwriting commitments will be available in Abliva's prospectus which will be published on the Company's website, www.abliva.com.

Advisors

Hagberg & Aneborn Fondkommission AB is the sole global coordinator and bookrunner in connection with the Transaction. Cirio Advokatbyrå AB is legal advisor to Abliva in connection with the Transaction.

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This information is information that Abliva 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 below, at 2024-02-22 17:31 CET.

For more information, please contact:

Catharina Johansson, Deputy CEO, CFO & VP Investor Relations
+46 (0)46-275 62 21, ir@abliva.com

Abliva AB (publ)

Medicon Village, SE-223 81 Lund, Sweden
Tel: +46 (0)46 275 62 20 (switchboard)
info@abliva.com, www.abliva.com

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Abliva – Delivering mitochondrial health

Abliva discovers and develops medicines for the treatment of mitochondrial disease. This rare and often very severe disease occurs when the cell's energy provider, the mitochondria, do not function properly. The company has prioritized two projects. KL1333, a powerful regulator of the essential co-enzymes NAD⁺ and NADH, has entered late-stage development. NV354, an energy replacement therapy, has completed preclinical development. Abliva, based in Lund, Sweden, is listed on Nasdaq Stockholm, Sweden (ticker: ABLI).

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This press release is not a prospectus.

Attachments

[The Board of Directors of Abliva resolves on a fully guaranteed rights issue of SEK 46 million and a directed issue of convertible bonds of SEK 42 million to prepare for the final stage of the FALCON study](#)