

The Board of directors decides on a rights issue of about 48.6 MSEK

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The board of LIDDS AB (publ) ("LIDDS" or the "Company") has decided on a rights issue of approximately SEK 48.6 million before deductions for transaction costs (the "Rights Issue"). The Board's decision on the Rights Issue is conditional on the approval of an extraordinary general meeting (the "Extra General Meeting") scheduled to be held on January 9, 2023. The notice of the Extraordinary General Meeting will be published through a separate press release. The rights issue has been secured to approximately 96 percent through subscription commitments and issue guarantors via bottom and top guarantees. The rights issue primarily intends to finance the preparation of two phase Ib clinical studies and the execution of at least one of the studies, an intensified work with the out-licensing of the phase III project Liproca® Depot and other business development, as well as repayment of the bridge financing the Company raised from Erik Penser Bank to start these investments before the implementation of the Rights Issue. To enable further capital contributions, the board may exercise an over-allotment option of up to approximately SEK 15.0 million ("Over-allotment option"). If the Over-allotment option is exercised in its entirety, the maximum capital contribution amounts to approximately SEK 63.6 million.

Background and motives

LIDDS is based on the proprietary drug delivery technology NanoZolid®. With NanoZolid, LIDDS formulates drugs for local administration where the drug is released in a controlled manner for up to six months. The technology improves the drugs efficiency and reduces side effects, which is of great benefit to patients as well as healthcare providers and pharmaceutical companies. The technology is versatile and can be used to formulate different drug classes and solve problems in many indication areas. The technology's advantages are most evident in oncology, where the need for improved treatments is still great as the substances that are used often cause severe side effects. LIDDS has therefore developed its own product portfolio within the large and growing field of oncology.

LIDDS' most advanced project in clinical development, Liproca® Depot, is being prepared for a phase III clinical study on prostate cancer patients. The company is preparing two projects for clinical phase Ib studies, Nanodotax and Nanoimod respectively. The company will also work to secure several collaborative projects with major pharmaceutical companies around the company's NanoZolid technology. Through the Rights Issue, a phase Ib study regarding Nanodotax can be carried out. In the event of an out-licensing of Liproca® Depot or obtaining another type of financing, for example a collaboration agreement, the Company will also initiate the clinical phase Ib study regarding Nanoimod.

In case of full subscription, the Company receives net cash of approximately SEK 39.9 million. The net cash is meant to be used for the following areas of use, in accordance with the above, in order of priority:

- Repayment of bridge loans of SEK 8.0 million
- Business development with the ambition to reach a license deal for Liproca Depot, approximately SEK 5 million
- Final preparations of clinical phase Ib studies with Nanodotax and Nanoimod and implementation of at least one of the studies, approximately SEK 20 million
- Other costs for development and ongoing operations, approximately SEK 6.9 million

Summary

- One (1) existing share in LIDDS held on the record date of January 18, 2023 entitles to one (1) subscription right. One (1) subscription right entitles for subscription of one (1) newly issued share.
- The subscription price amounts to SEK 1.40 per share. Payment must be made in cash.
- Through the Rights issue, a maximum of approximately SEK 48.6 million can be added to LIDDS before issue costs, which are estimated to amount to approximately SEK 8.6 million.
- The subscription period runs during the period 23 January – 6 February 2023.
- Subscription rights that are not exercised during the subscription period become invalid and lose their value. Trading in subscription rights is planned to take place on the Nasdaq First North Growth Market during the period January 23 – February 1, 2023.
- The rights issue means that the Company's share capital increases by a maximum of approximately SEK 1,841,208.92, corresponding to a maximum of 34,739,791 shares, implying a maximum dilution of approximately 50 percent.
- In the first place, allotment of shares subscribed without the support of subscription rights shall take place to subscribers who also subscribed for shares with the support of subscription rights. Alternatively, allocation of shares subscribed without the support of subscription rights must be made to others who subscribed without the support of subscription rights. In the third and final instance, allocation of shares subscribed without the support of subscription rights shall be made to those who have contractually entered into a guarantee undertaking in the capacity of issue guarantors. To the extent that allocation in full cannot take place according to pro rata in any step as above, allocation shall be by lottery.
- Notice of the extraordinary general meeting will be published separately.

The rights issue is covered by guarantees and subscription commitments corresponding to a total of approximately SEK 46.5 million, corresponding to approximately 96 percent of the total amount. Issue guarantees have been agreed in writing. For the issue guarantees, both the bottom and top guarantors, a

commission of twelve (12) percent of the guaranteed amount is paid in cash compensation, alternatively twelve (12) percent of the guaranteed amount in the case of compensation in the form of new shares in the Company. The guarantees are not secured by bank guarantee, blocking funds, pledging or similar arrangements.

Complete conditions and instructions for the Rights Issue as well as other information about the Company will be shown in the EU growth prospectus which is expected to be published around January 17, 2023. The timetable is preliminary and may change.

Preliminary schedule for the Rights Issue

16 January 2023 Last trading day with the right to receive subscription rights in the Rights issue
17 January 2023 First trading day without the right to receive subscription rights in the Rights issue
17 January 2023 Estimated date for publication of prospectus
18 January 2023 Record date for participation in the Rights Issue
23 January – 1 February 2023 Trading in subscription rights
23 January – 6 February 2023 Subscription period
8 February 2023 Estimated date for publication of the outcome of the Rights Issue

Bridge loan

The company has entered into an agreement with Erik Penser Bank AB regarding a bridging loan of a maximum of SEK 8.0 million for which Erik Penser Bank AB receives market-based compensation. The loan amount together with accrued interest must be repaid no later than May 11, 2023, however, LIDDS intends to repay the loan with the portion of net cash that flows to the Company through the Rights Issue.

Shares and share capital

Through the Rights Issue, the share capital in the Company increases by a maximum of SEK 1,841,208.92, from SEK 1,841,208.92 to SEK 3,682,417.85, through the issuance of a maximum of 34,739,791 shares. The number of shares thus increases from 34,739,791 to a maximum of 69,479,582 shares. The dilution effect amounts to 50 percent in the case of a fully subscribed issue.

Underwriting commitments and Guarantees

The Rights issue is secured to approximately 96 percent through subscription commitments and guarantees. Subscription commitments have been entered into by existing shareholders as well as senior executives and board members and amount to approximately 10 percent of the Rights issue. Approximately 72 percent of the issue is secured through so-called bottom guarantees and approximately 14 percent of the issue is secured through so-called top guarantees. The top guarantee refers to commitments from approximately 82 percent up to approximately 96 percent of the Rights Issue. Further information regarding the parties who have entered into guarantees will be found in the prospectus which is intended to be published on January 17, 2023.

Over-allotment option

In order to enable further capital additions in the event that the Rights Issue is oversubscribed, the board may use the Over-allotment option. In the event of full utilization of the Over-allotment Option, approximately SEK 15.0 million will be added to the Company. If the Over-allotment Option is fully exercised, the number of shares in the Company will increase by an additional 10,714,285 shares. The

board requests authorization from the Extraordinary General Meeting on January 9, 2023 to decide to issue 10,714,285 shares covered by the Over-allotment option. If the Over-allotment option is fully exercised, the share capital will increase by an additional SEK 567,857.105, corresponding to a further dilution of approximately 6.7 percent. The total dilution then amounts to approximately 56.7 percent.

Advisors

Erik Penser Bank AB is financial advisor to LIDDS in connection with the share issue and Setterwalls Advokatbyrå AB is legal advisor.

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LIDDS' Certified Adviser is Redeye AB

LIDDS in brief:

LIDDS is a Swedish drug delivery company based on the proprietary technology NanoZolid®. With NanoZolid®, LIDDS can formulate drugs for local/intratatumoral administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and can solve problems within many indication areas, mainly within oncology. LIDDS offers the NanoZolid® technology to partners and has developed its own pipeline focused on oncology, where the technology enables delivery of a local and high drug dose, administered over time with very limited side effects. LIDDS has a broad pipeline with several projects in clinical development, both in early and late-stage clinical phase, and projects about to enter clinical development. The company is listed on Nasdaq First North Growth Market.

This information is information that LIDDS 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 2022-12-16 08:45 CET.

Important information

The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in LIDDS. The invitation to concerned persons to subscribe for shares in LIDDS will be made only through the prospectus that LIDDS will publish on or about January 17, 2023. No action has been taken, or will be taken, by LIDDS to permit an offer to the public in jurisdictions other than Sweden.

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Forward-looking statements

This press release contains certain forward-looking statements that reflect LIDDS' current views and expectations regarding future events and financial and operational developments, including statements regarding the offering and statements regarding guidance, planning, prospects and strategies. Words such as "intended," "estimated," "expected," "planned," "estimated," "may," and other expressions that imply indications or predictions of future developments or trends and are not based on historical facts constitute forward-looking statements information. Although LIDDS believes that these statements are based on reasonable assumptions and expectations, LIDDS cannot guarantee that such forward-looking statements will be realized. Because these forward-looking statements involve both known and unknown risks and uncertainties, actual outcomes may differ materially from those expressed in forward-looking information. Forward-looking statements in the press release speak only as of the date of the press release and are subject to change without notice. The company makes no promises to publish updates or revisions to forward-looking statements as a result of new information, future events or the like beyond what is required by applicable laws or stock market regulation.

Attachments

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