



lipidor

Invitation to subscription of units in Lipidor
ab (publ) ahead of listing on Nasdaq First
North Growth Market

Subscription period August 28 – September 13, 2019

Offer in brief

Price per unit

SEK 12 per unit, which corresponds to SEK 6 per share. Each unit includes two shares and one warrant which is issued at no cost. There are no brokerage fees.

Issue volume

A maximum of 2 100 000 units, thus a maximum of 4 200 000 shares and 2 100 000 warrants.

One warrant provides the right to subscribe for one new issued share in the Company during the period October 16, 2020 until November 3, 2020, at a subscription price per share equivalent to 70 percent of the volume weighted average trading price for the Company's shares on Nasdaq First North Growth Market during the period September 29 – October 13, 2020. The subscription price per share may however not be below SEK 9 per share nor exceed SEK 12 per share.

Issue amount

Lipidor will generate SEK 25.2m (prior to deduction of issue costs) at full subscription in the Offer, and a minimum of SEK 18.9m and a maximum of SEK 25.2m provided utilization of all warrants.

Company value

SEK 116m prior to the Offer.

Subscription commitments

In connection with the Offer, Lipidor entered into subscription commitments with several institutional and private investors, including the Company's three largest shareholders and the Company's Chairman of the Board, Mr. Ola Flink, Board member Mr. Gabriel Haering, and CFO, Mr. Michael Owens. These commitments amount to approximately SEK 18.2m, equivalent to approximately 72.1 percent of the Offer. Subscription commitments do not render any compensation.

Lock-up

The Board, management and largest shareholders of Lipidor have entered into a so-called Lock-up agreement. The Lock-up agreements comprise 90 percent of both the Lock-up providers holdings prior to the Offer as well as the shares which may be allotted to the Lock-up

providers in the Offer. In total, the Lock-up agreements comprise 12 787 140 shares, equivalent to approximately 54 percent of the shares in the Company post consummation of the Offer provided it is fully subscribed.

Subscription period

August 28, 2019 – September 13, 2019

Publication of outcome

On or around September 16, 2019

Payment date

September 19, 2019

Preliminary first day of trading

September 27, 2019 at Nasdaq First North Growth Market

Minimum subscription

500 units, equivalent to SEK 6 000. Each unit is comprised of two shares and one warrant.

Other information

ISIN-code for the share: SE0012558617

ISIN-code for the warrant: SE0012677177

Stock ticker: LIPI

Warrant ticker: LIPI TO1

Marketplace: The Board of directors of Lipidor have applied for listing of the Company's shares and warrants at Nasdaq First North Growth Market. Provided approval by Nasdaq First North Growth Market of the Company's application, the first day of trading is expected on September 27, 2019. One prerequisite for approval is that the free float of the Company's shares is met latest on the initial day of trading.

Financial calendar

Interim report Q3 2019: November 21, 2019

CEO commentary

I have extensive experience driving commercialization in medtech and pharmaceuticals, and I have rarely been met with the same enthusiasm in the pharmaceutical industry as I do when I present Lipidor at trade shows and in partnership discussions. This positive feedback is not only confirmation that we present an interesting product portfolio, but also creates conditions making Lipidor an interesting investment in the years to come.

The cooperation with Cadila which finance our ongoing phase III-study on AKP01 in psoriasis and our industrial investors Cerbios-Pharma SA and Aurena Laboratories AB are clear external acknowledgements of Lipidor's commercial potential. Our development strategy is based on increasing efficiency and improving well-tested substances by formulation in our patented lipid-based spray, AKVANO.

In addition to the three products we are preparing for clinical studies, an additional approximately 70 active pharmaceutical substances have been evaluated with progress in our development platform. In total, this provides lower development risk and shorter time to market in comparison with companies operating with a slimmer pipeline of new pharmaceutical substances.

In the years to come, Lipidor will initiate several clinical studies with the ambition to enter into development agreements post concluded clinical phase II-studies. We have given priority to products in our current pipeline which at an early stage have rendered strong interest by potential partners who may commercialize our products. We have several ongoing discussions regarding development cooperation, and our ambition is that four products shall have reached the market during the next five years.

The listing on Nasdaq First North Growth Market will provide Lipidor with capital to accelerate the development projects, and in addition strengthen us in negotiations with partners for future studies and launches. We believe that this may generate significant value creation going forward and therefore invite new shareholders to invest in the Company.



Stockholm | August 26, 2019

Ola Holmlund, Chief Executive Officer

Lipidor AB (publ)

Background and motives

Lipidor AB was founded in 2009 based on a unique, patented formulation technology, AKVANO. AKVANO has been shown in clinical studies to improve established skin remedies by making them more effective and easier to apply.

Lipidor is in a position with clear potential value-creating activities in the coming years and the Company is in need of capital to accelerate development projects, give the Company a better position in negotiations with partners for future studies and launches and for clinical development of the Company's drug candidates.

At full subscription, the offer is expected to add SEK 25.2 million to the Company before issue costs (SEK 2.5m). The net proceeds are intended to cover planned initiatives and corresponding costs during 2019 and 2020 and be used for the following areas specified in priority order:

- I Complete and report, in partnership with Cadila Pharmaceuticals, the fully funded and ongoing Phase III study with AKP01, the company's drug candidate based on Calcipotriol for the treatment of Psoriasis (totalling approximately SEK 1 million).
- II Conduct complementary preclinical studies, in partnership with an industrial player, to initiate the clinical program with AKP02, the company's drug candidate based on the combination of Calcipotriol and Bethamethasone for the treatment of psoriasis (totalling approximately SEK 2 million).
- III Conduct complementary preclinical studies and initiate the clinical program with AKP07, the company's drug candidate based on Tacrolimus for the treatment of atopic eczema (totalling approximately SEK 12 million).
- IV Further intensify the initiated discussions with potential partners for the respective projects above and for AKP03, the company's drug candidate based on fusidic acid, where dialogue is conducted with a major pharmaceutical company on a partnership involving clinical development and subsequent commercialization (totalling approximately SEK 1 million).
- V The remainder of the capital injection (totalling approximately SEK 6.7 million) is intended to be used to strengthen the Company's working capital throughout 2019 and 2020. This includes ongoing costs in the Company for development (current and new opportunities), market and business development, as well as the operation and maintenance of the Company's patent family. In addition, processing of the business areas "OTC products" and "Veterinary products".

Stockholm | August 26, 2019

Lipidor AB (publ), The Board of Directors

Ola Flink | Chairman of the board

Gabriel Haering **Gunilla Lundmark** **Fredrik Sjövall** **Per Nilsson**

Company description

Introduction

Lipidor is a pharmaceutical development company with a pipeline of drug development projects in preclinical and clinical phases. The company develops drugs for the treatment of skin diseases such as psoriasis, bacterial skin infections and atopic dermatitis. With Lipidor's patented formulation technology AKVANO, well-proven drugs, whose patent time has expired or will expire, can be reformulated and improved in terms of efficacy, side effects and ease of use (so-called supergenerics). This means that Lipidor has good prospects of taking significant market shares from existing products, increasing the market potential for the relevant drug substance and also obtaining market exclusivity during AKVANO's patent period.

In 2016, a joint development agreement was entered into with the Indian pharmaceutical company Cadila with the ambition and objective of documenting Lipidor's first drug candidate (AKP01) in clinical studies. At the end of 2018, a fully-funded Phase III trial by Cadila was initiated, in which AKP01 is evaluated for the treatment of Psoriasis.

Strategy

Lipidor's strategy is based on the following cornerstones:

- Focusing on the development of skin medicines based on the many advantages AKVANO offers within this particular market segment and with a focus on skin medicines where the patent period will expire or has already expired.
- To evaluate AKVANO in-house in combination with best-selling drugs and thereby build a pipeline of drug projects for evaluation in clinical phase.
- To undertake development projects through clinical Phase II in-house and thereby create attractive projects for partnerships for continued development.

- In partnership, refining projects through later clinical phases (Phase III) up to and including registration, thereby reducing the risk in the portfolio and the high costs associated with late clinical phase.
- Together with the development partner, out-license the project to pharmaceutical companies that market and distribute Lipidor's products and to build revenue streams based on milestone payments in successful projects and royalties on future sales.

The current pipeline has been prioritized with regards to projects and products where interest from potential partners has been identified at an early stage.

Strengths and competitive advantages

- A patented technology platform that can be applied in a large number of commercially attractive projects.
- A project in a fully funded Phase III study.
- Lower development risk and lower costs compared to companies that work with new pharmaceutical substances.
- A clear proof of the Company's commercial potential through the cooperation with Cadila.
- Three late preclinical projects (in addition to the project in fully funded phase III study)
- Two strong industrial main owners through Cerbios-Pharma SA and Aurena Laboratories AB.

Market overview

The pharmaceutical market for skin diseases is large and diversified and includes several different product categories and indications. Lipidor primarily develops prescription drugs based on the substance classes of steroids, antibiotics and vitamin D (analogues). Lipidor's projects under development is intended for topical (on the skin) treatment of the common diseases psoriasis, bacterial skin infections and atopic dermatitis. With the lipid-based and patented formulation technology AKVANO, Lipidor can develop drugs that have better effect, fewer side effects and are easier to apply (sprayable) compared to existing products on the market.

Market potential summary

The market potential for Lipidor's products is presented by drug candidate and is based on the respective indication areas that Lipidor's development focuses on. An analysis of the respective market combined with assumptions about reasonable market shares at "peak sales" is presented below and summarized here (the table to the right) as sales potential for Lipidor's products.

Project	Market size	Sales potential
AKP01	190 MUSD	40-60 MUSD
AKP02	580 MUSD	90-120 MUSD
AKP03	380 MUSD	95-115 MUSD
AKP07	600 MUSD	140-220 MUSD
Totalt	1 650 MUSD	365 – 515 MUSD

Lipidor's project portfolio

Lipidor's project portfolio consists of four main projects that are in late preclinical phase or clinical phase.

Product	Indication	R&D	Preclinical	Phase I	Phase II	Phase III
AKP-01 Calcipotriol	Psoriasis	➤	➤	➤	➤	➤
AKP-02 Calcipotriol+Betamethasone	Psoriasis	➤	➤	➤	➤	H1 2020 (partner)
AKP-03 Sodium Fusidate	Bacterial skin infections	➤	➤	➤	➤	H1 2020 (partner)
AKP-07 Tacrolimus	Atopic Dermatitis	➤		➤	➤	H1 2020 (Lipidor)

Summary of Lipidor's project portfolio

Future significant value-driving and risk-reducing events

AKP01: Reporting of Phase III at the end of 2019.

AKP02: AKP02 is planned to be taken directly to a phase III trial, starting in the first half of 2020. The usual Phase I and II trials are not necessary due to the regulatory conditions of the project.

AKP03: As a result of participating in several conferences for partnerships in the pharmaceutical industry, Lipidor has ongoing discussions with a potential partner for the continued development and commercialization of AKP03. The goal of a partnership being included in the first half of 2020.

AKP07: Implementation of pre-clinical in vivo studies in q4 2019.

Patents and other intellectual property rights

Lipidor has a patent portfolio consisting of four patent families based on sprayable active substance solutions in a carrier consisting of lipids and a volatile solvent system. Together the patent and patent applications provide a broad technical and territorial protection for the Company's formulation platform (AKVANO) and the products that are under development.

The priority dates of the patent families range from 2010-2014 and many patents have been approved including two patents in the US and one in Europe.



FINANCIAL ADVISOR AND MANAGER



SELLING AGENT

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