Update regarding financial situation

Earlier this week, Redwood Pharma published an update on the Phase II clinical trial of RP101 where the company has now recruited about 80 patients and is approaching the target of about 100 patients. In connection with this, the company wants to update the owners and the market on the financing situation.

Through the new rights issue executed during the spring 2018 and the convertible debt facility that was entered into at the same time, sufficient capital was raised by the company to complete the RP101 Phase II trial. Only 5 Mkr of the total 15 Mkr debt facility have been used to date. Costs for the trial are in line with our budget, without significant deviation or increases.

The Board of Directors is of the opinion that the facility is well-suited for the company's needs, although the latest discussions regarding similar financial solutions can have other, as well as negative effects, for the company and its shareholders.

Against the above backdrop the Board has decided to evaluate the possibility of actively eliminating or reducing the convertible debt facility during the fall of 2019. As a first step in this direction the company has decided to acquire a 4.5 Mkr bridge loan, instead of using the facility to finance the company during the period up until a new solution is presented. The Board has not yet decided upon the structure or terms of such a transaction, but will prioritize a solution where the company's capital needs are secured in a manner also attractive for our shareholders.

Finally, it must be emphasized that financially unchanged conditions prevail for the time being. The Board of Directors concludes that the conditions for a financial restructuring according to the above are good and will present more detailed information during the fall of this year.

About RP101

RP101 is the company's lead program for the development of a novel treatment of chronic dry eye disease in postmenopausal women. The active substance is an endogenous small molecule already proven safe and effective in two Phase II clinical trials in the US. The active substance for the first time has been formulated in IntelliGel to control its release, reduce dosing and increase compliance. Redwood Pharma is underway with a clinical Phase II trial in Europe.

Dry eye disease is a large market with serious unmet needs – estimated to grow to USD 2.7 billion in 2022. RP101 will be the first therapy targeted towards a unique biological mechanism and the target patient population of postmenopausal women. With prior development data, this program will be faster to market and has lower capital needs and development risks than programs based on New Chemical Entities.

For more information:

Martin Vidaeus, CEO Redwood Pharma AB (publ.) Tel: +46 (0) 70 232 29 29
E-mail: martin.vidaeus@redwoodpharma.com

This information is information that Redwood Pharma 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, June 19, 2019.

About Redwood Pharma

Redwood Pharma develops ophthalmic products for unmet medical needs. The Company's first project is the development of drug candidate RP101 with a known active substance against chronic dry eye in postmenopausal women who have moderate to severe symptoms. With the drug delivery platform IntelliGel the release of active substances is controlled. Through the use of IntelliGel, Redwood Pharma can also improve dosing of other established drugs. Redwood Pharma's strength lies in formulation and early clinical development. Revenues will be generated through licensing agreements with pharmaceutical companies that have capabilities to manufacture and sell commercial products worldwide.

Redwood Pharma AB (publ.) is listed on Spotlight Stock Market, a Swedish Multilateral Trading Facility (Ticker: REDW.ST, ISIN: SE008294789).

For more information visit: www.redwoodpharma.com