

Statement from the Board of Directors of Amniotics regarding the public offer from Magle Chemoswed

This statement is made by the Board of Directors of Amniotics AB (publ) (the “Company” or “Amniotics”) pursuant to Section II.19 of the Stock Market Self-Regulation Committee’s Takeover Rules for Certain Trading Platforms (the “Takeover Rules”). The Board of Directors has decided to recommend the shareholders of Amniotics to accept the Offer (as defined below).

The Offer

On 22 March 2024, Magle Chemoswed Holding AB (“**Magle Chemoswed**”) announced a public offer to acquire all shares in Amniotics for SEK 0.004 in cash per share (the “**Offer**”). The Offer values all shares in Amniotics at approximately SEK 10.9 million (based on 2,733,052,159 shares in Amniotics (1)).

The price in the Offer represents a premium of (2):

- approximately 25.0 per cent compared to the closing share price for Amniotics’ share on Nasdaq First North Growth Market of SEK 0.0032 on 21 March 2024 (the last day of trading prior to the announcement of the Offer); and
- approximately 48.1 per cent compared to the volume-weighted average trading price for Amniotics’ share of approximately SEK 0.0027 during the last 10 days prior to the announcement of the Offer.

The acceptance period for the Offer is expected to commence on or about 8 April 2024 and expire on or about 29 April 2024. Magle Chemoswed has reserved the right to extend the acceptance period for the Offer, as well as to postpone the settlement date. The completion of the Offer is conditional upon, inter alia, all necessary clearances, approvals, decisions and other actions from authorities or similar, including approval from competition authorities and the Inspectorate of Strategic Products, being obtained, in each case on terms which, in Magle Chemoswed’s opinion, are acceptable, and that the Offer is accepted to such extent that Magle Chemoswed becomes the owner of shares representing more than 90 per cent of the total number of outstanding shares in Amniotics. Magle Chemoswed has reserved the right to waive, in whole or in part, one, several or all conditions, including, completing the Offer at a lower level of acceptance.

The process for evaluating the Offer

As the board member and CEO Marcus Larsson, directly and through Deflexum AB, has undertaken to accept the Offer, Marcus Larsson has not participated in the Board of Directors' evaluation of or decisions relating to the Offer.

The Board of Directors has engaged Setterwalls Advokatbyrå AB as legal advisor in connection with the Offer.

The Board of Directors' perception of the Offer is based on an assessment of several factors that the Board of Directors considers to be relevant in relation to the evaluation of the Offer. These factors include, but are not limited to, Amniotics' business, current strategic and financial position, prospects of raising necessary financing for continued operations in the near future, current market conditions, operational prospects and challenges, the Company's expected future development and related opportunities and risks.

In evaluating the Offer, the Board of Directors has analysed the Offer using methods normally used to evaluate public offers for listed companies, including Amniotics' valuation in relation to comparable listed companies and comparable transactions, bid premiums in previous public takeover offers on Nasdaq First North Growth Market, stock market expectations regarding Amniotics' development, the Company's share price and the Board of Directors' view of Amniotics' ability to deliver shareholder value in the long term and other information deemed relevant.

Upon written request from Magle Chemoswed, the Board of Directors has permitted Magle Chemoswed to review limited information for confirmatory purposes in connection with the preparation of the Offer. The inside information shared in connection with such review was made public by the Company through a press release on 21 March 2024.

The considerations and recommendations of the Board of Directors

Amniotics was listed on Nasdaq First North Growth Market in July 2021 and has since then pursued a strategy to conduct innovative research and development in stem cell-based therapies. Amniotics is still in an early development phase and has so far not launched any product or conducted sales.

Since the listing, the Company has, in addition to research grants, financed the business through the public capital market, primarily through rights issues corresponding to a total amount of approximately SEK 115 million (including the exercise of warrants issued in connection with so-called unit issues) before deduction of issue costs. The latest capital raising, carried out as a rights issue of units, consisting of shares and warrants, was completed in October 2023 and provided the Company with initial gross proceeds of approximately SEK 25 million. In total, approximately 54 per cent of the rights issue were subscribed for by exercise of unit rights and approximately 2 per cent of the rights issue were subscribed for without unit rights. Approximately 44 per cent of the rights issue were subscribed for by guarantors. As the net proceeds received by Amniotics did not secure the Company's working capital for the next twelve months, the plan was that the deficit would be financed by the proceeds that Amniotics could receive upon exercise of the warrants series TO3 issued in the rights issue, where the exercise period ran during the period 26 February – 8 March 2024. However, in light of the Company's weak share price, it was uncertain as to what extent Amniotics would receive the capital injection that would be good for the Company, which is why the Board of Directors has worked

intensively to seek to solve the financing needs. On 11 March 2024, the Board of Directors announced the outcome of the exercise period for the warrants issued in the rights issue, which had only been subscribed to approximately 0.89 per cent, whereby Amniotics received approximately SEK 225,000 before deduction of issue costs.

In the year-end report for the fourth quarter 2023, it was underlined that Amniotics' assessment was that the available liquid funds would cover the Company's planned expenses until the end of March 2024, and that the Company's management and Board of Directors worked intensively on various possible solutions to the Company's capital needs. Extensive work has been underway to secure future financing of the business, but without being able to present a ready solution.

The Board of Directors notes that the Company is in need of funding and despite the fact that an extensive evaluation of various financing alternatives has been carried out, the work has not resulted in any long-term solutions as alternatives to the Offer. Risks associated with the development of the Company's products and/or technology and future profitability, as well as the difficulty for the market to estimate the Company's financing opportunities, are factors that were reflected in Amniotics' share price prior to the announcement of the Offer. On 21 March 2024, the Company announced that it had been granted an extension of a short-term loan (amounting to approximately MSEK 3.1) until 31 May 2024, and entered into a service agreement with Magle Chemoswed AB (a subsidiary of Magle Chemoswed) under which Amniotics will provide services regarding GMP activities and development, and which, based on current indications from Magle Chemoswed AB, is expected to provide Amniotics with total revenues of approximately SEK 2 million for the period until 31 May 2024. Through these measures, the Company is expected to be able to maintain continued operations in the short-term and avoid insolvency, at least until the end of May 2024. However, the Board of Directors still sees great difficulties in securing the Company's financing needs in the longer-term.

Amniotics' share price has over time reflected the market's assessment of the Company's future prospects. The Board of Directors views the negative share price development as a consequence of the uncertainty that exists among market participants regarding the Company's future financial development and immediate financing needs.

The Board of Directors notes that the Offer represents a premium of approximately 25.0 per cent compared to the closing share price for Amniotics' share on 21 March 2024 (the last day of trading prior to the announcement of the Offer) and a premium of approximately 48.1 per cent compared to the volume-weighted average trading price for Amniotics' share during the last 10 days prior to the announcement of the Offer.

The Board of Directors has also taken into account that the Company's larger shareholders LSCS Invest AB and Deflexum AB, which together own approximately 20.7 per cent of the outstanding shares and votes in the Company, have entered into irrevocable undertakings to accept the Offer subject to certain conditions.(3)

Consequently, the Board of Directors has therefore unanimously decided to recommend the shareholders of Amniotics to accept the Offer.

Effects on Amniotics and its employees

According to the Takeover Rules, the Board of Directors is required to present its opinion on the impact that the fulfilment of the Offer may have on Amniotics, particularly in terms of employment, and its opinion on Magle Chemoswed's strategic plans for the Company and the effects these can be expected to have on employees and the locations where Amniotics conducts its business. In its press release regarding the Offer, Magle Chemoswed states, among other things, the following:

“Magle Group remains committed to Amniotics’ ongoing project and clinical activities, based on the potential to provide long-term benefits to patients. Magle Group does not currently foresee any material changes to Amniotics’ operations, including operational sites, its management or employees or their terms of employment. However, Magle Group expects the business combination to offer synergies in the long-term perspective.”

The Board of Directors assumes that Magle Chemoswed's description is accurate and has, in relevant aspects, no reason to believe otherwise.

This statement by the Board of Directors is governed by and shall be interpreted in accordance with Swedish law. Any dispute arising out of this statement shall be settled exclusively by the courts of Sweden.

Lund on 22 March 2024

The Board of Directors of Amniotics AB (publ)

(1) Includes 22,504,384 shares subscribed for and allotted through the exercise of warrants series TO3, which has not yet been registered with the Swedish Companies Registration Office (Sw. Bolagsverket).

(2) Source for Amniotics’ share prices: Nasdaq First North Growth Market.

(3) The undertakings are conditional upon no other party, prior to the expiry of the acceptance period, announces a competing offer at a price per share that exceeds the price in the Offer by more than 30 per cent, provided that Magle Chemoswed does not, within six business days from the date of the announcement of the competing offer, announce a new offer at a higher price than the price in the competing offer. The undertakings are further conditional upon that Magle Chemoswed, in all material aspects, complies with the Takeover Rules and, provided that no competing offer is announced, that the Offer is declared unconditional no later than 30 June 2024.

For more information please contact

Marcus Larsson
CEO, Amniotics AB
Phone: +46 (0) 763 08 40 91
Email: ml@amniotics.com

About Amniotics

Amniotics AB (publ) is a clinical stage biotech company, developing innovative therapies, based on amniotic fluid derived stem cells. The company develops therapies to treat diseases where effective treatments are currently lacking.

Amniotics has an established GMP-facility, approved and licensed by the Swedish Medical Products Agency. The company has capabilities as a Contract Development and Manufacturing Organization (CDMO) for other biotech companies.

Amniotics is headquartered in Lund, Sweden.

The company is listed at Nasdaq First North Growth Market in Stockholm. Amniotics Certified Adviser at First North is Redeye AB.

Learn more at www.amniotics.com.

This information is information that Amniotics 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 2024-03-22 07:40 CET.

Attachments

[Statement from the Board of Directors of Amniotics regarding the public offer from Magle Chemoswed](#)