

## Amniotics resolves on a rights issue of units of approximately SEK 25 million secured to approximately 80 percent

The Board of Directors of Amniotics AB (publ) (“Amniotics” or the “Company”) has today, subject to a subsequent approval at an extraordinary general meeting in the Company on 3 October 2023, resolved on a rights issue of units consisting of shares and warrants with preferential rights for existing shareholders, amounting to approximately SEK 25 million (the “Rights Issue”). The Company has received subscription undertakings from a number of Amniotics’ existing shareholders, including the Company’s largest shareholder LSCS Invest AB (“LSCS”), amounting to a total of approximately SEK 3.5 million, corresponding to approximately 14.0 percent of the Rights Issue. The Company has also received intentions to subscribe for units from the Company’s Chief Executive Officer Marcus Larsson, through Deflexum AB (“Deflexum”), the Chairman of the Board Peter Buhl Jensen and the board members Ingrid Atteryd Heiman and Fredrik Tiberg, for a total of approximately SEK 3.0 million, corresponding to approximately 11.9 percent of the Rights Issue. Amniotics has also entered into agreements on underwriting commitments for a total of approximately SEK 13.5 million, corresponding to approximately 54.1 percent of the Rights Issue, which means that the Rights Issue is secured up to approximately 80 percent. The issue proceeds are mainly intended to finance the continued development of the Company’s GMP facility and business development, administrative costs and clinical studies. To secure the Company’s liquidity needs until the completion of the Rights Issue the Company has entered into an agreement on bridge loans on a total of SEK 5 million with LSCS and Deflexum. Notice to the extraordinary general meeting will be published in a separate press release.

### The Rights Issue in brief

- One (1) existing share in Amniotics entitles to twelve (12) unit rights. One (1) unit right entitles to subscribe for one (1) unit. One (1) unit consists of one (1) share and one (1) warrant series TO 3.
- The subscription price has been set to SEK 0.01 per unit, which corresponds to SEK 0.01 per share. The warrants are issued free of charge. Upon full subscription in the Rights Issue, the Company will receive approximately SEK 25 million before deduction of issue costs.
- The record date for the Rights Issue is 9 October 2023 and the subscription period runs from and including 11 October 2023 up and including 25 October 2023.
- The last day for trading with a right to participate in the Rights Issue is 7 October 2023.
- A number of the Company’s current shareholders support the Rights Issue and have entered into agreements regarding subscription undertakings amounting to approximately SEK 3.9 million in total. The Company has also received intentions to subscribe for units from the Company’s Chief Executive Officer Marcus Larsson, through Deflexum, the Chairman of the

Board Peter Buhl Jensen and the board members Ingrid Atteryd Heiman and Fredrik Tiberg, for a total of approximately SEK 3.0 million. The Company has also entered into agreements regarding guarantee commitments amounting to approximately SEK 13.5 million in total, which means that the Rights Issue is secured up to approximately 80 percent.

- For the guarantee commitments, a guarantee fee of fourteen (14) percent of the guaranteed amount is payable in cash. No compensation is paid for the subscription undertakings or intentions to subscribe.
- The Company intends to publish a prospectus regarding the Rights Issue around 9 October 2023 (the “**Prospectus**”).
- In connection with the Rights Issue, Amniotics has renegotiated the outstanding loan originally raised from Modelio Equity AB in May 2022, and whose rights and obligations have been taken over by Buntel AB (“**Buntel**”).
- To secure the Company’s liquidity needs until the completion of the Rights Issue, the Company has entered into an agreement on bridge loans amounting to SEK 5 million from LSCS and Deflexum.

### **Background and reasons for the Rights Issue**

Amniotics is a biopharma company that develops allogeneic cell therapy drugs based on mesenchymal stem cells (MSC) from amniotic fluid, derived from planned caesarean sections. The Company develops two types of cell therapy; one is mesenchymal stem cells (“**MSCs**”), with healing induced and anti-inflammatory properties where the particular characteristic is that the cells are derived from different tissues of the newborn baby through its contact with amniotic fluid; lung/kidney /nervous system/skin. The second type is so-called Natural Killer cells (“**NK cells**”) which are generated via iPSC (induced Pluripotent Stem Cells) where the produced cells are to be used in cancer treatment.

The Company has today developed a multi-patented process, which includes extraction of amniotic fluid with a proprietary medical device, sorting and multiplying of the stem cells, which is carried out in the Company’s own GMP-approved (Good Manufacturing Process) production facility, which includes final packaging of the stem cell material in ampoules. For a number of diseases and conditions where effective treatment today is lacking or insufficient, cell therapy can be a potential alternative.

Amniotics sees an opportunity to address this medical need by developing new effective treatment methods based on tissue-specific MSC and NK cells.

Amniotics is now in clinical phase and the Company’s Phase Ib study in hospitalized patients with moderate to severe lower respiratory tract infections caused by COVID-19 or other serious airborne viruses, such as influenza A is the first clinical study in humans to investigate the safety and tolerability of intravenous dosing at different doses of PulmoStem™, the Company’s lung-specific product. The study was conducted in Sweden where the first patient was treated in October 2022 and the study was completed in February 2023. Positive topline data has been reported where safety was demonstrated and no predefined complications occurred.

Based on promising data from animal experimental studies, the Company has decided to target PulmoStem™ as a cell therapy drug for the treatment of acute complications in lung transplantation. To strengthen Amniotics in the lung transplantation area, the Company plans in 2024 an investigator-initiated Phase I study in collaboration with a university clinic in Sweden. At the same time, the Company is intensifying its business development to find a strategic partner for the continued clinical development in Phase II/III. The Company also plans to focus research and development efforts in the therapy areas brain and skin to find optimal diagnoses/therapy areas for each product candidate in order to drive the valuation of the preclinical projects.

In 2023, the Company has made extensive cost savings, including staff reductions and review of costs for clinical studies. Finding new revenue opportunities is a high priority, and the Company intends in 2023 and 2024 to prioritize business development in the area of contract development and contract manufacturing of cell therapy drugs to generate value from the Company's previous experience in cell production in combination with the Company's GMP facility and its production capacity.

However, the Board of Directors believes that Amniotics existing working capital is not sufficient to meet the Company's needs during the coming twelve-month period. In order to finance the Company's clinical studies, research and development as well as business development, the Company has decided to carry out the Rights Issue.

### **Use of proceeds**

Upon full subscription of the Rights Issue, the Company receives initial net proceeds of approximately SEK 20.2 million after deduction of issue costs of approximately SEK 4.8 million. The net proceeds will then be used to pay off loan to Buntel, LSCS and Deflexum, either through set-off or in cash, for an amount of up to approximately SEK 7.5 million, whereby the remaining proceeds are intended to be used for the following purposes in order of priority:

- Approximately 28 percent will be used for maintenance and development of the Company's GMP facility and its production capacity.
- Approximately 22 percent will be used to develop cell populations ready for evaluation in preclinical models.
- Approximately 9 percent will be used to finance patent costs and legal costs in business development.
- Approximately 25 percent will be used to finance general and administrative costs and business development.
- Approximately 16 percent will be used to finance clinical studies.

If all warrants series TO 3 issued in the Rights Issue are exercised for subscription of shares, the Company will receive additional net proceeds of up to approximately SEK 23.3 million after deduction of issue costs of approximately SEK 1.7 million, which, following repayment of any remaining loans and accrued interest, are intended to be used for the following purposes in order of priority:

- Approximately 25 percent will be used for maintenance and development of the Company's GMP facility and its production capacity.

- Approximately 19 percent will be used to develop cell populations ready for evaluation in preclinical models.
- Approximately 9 percent will be used to finance patent costs and legal costs in business development.
- Approximately 25 percent will be used to finance general and administrative costs and business development.
- Approximately 30 percent will be used to finance clinical studies.

### **Terms and conditions of the Rights Issue**

The Board of Directors of the Company has resolved, subject to a subsequent approval at an extraordinary general meeting in the Company on 3 October 2023, to carry out the Rights Issue. The Rights Issue consists of up to 2,502,044,100 units, consisting of 2,502,044,100 newly issued shares and 2,502,044,100 warrants series TO 3. The Rights Issue may initially provide the Company with up to approximately SEK 25 million before issue costs. Upon full utilization of warrants series TO 3, Amniotics may receive additional proceeds of up to SEK 25 million before issue costs.

Anyone who, on the record date 9 October 2023, is listed in the share register maintained by Euroclear Sweden AB, has preferential rights to subscribe for units in the Rights Issue in relation to previous holdings of shares. One (1) existing share in Amniotics entitles to twelve (12) unit rights. One (1) unit right entitles to subscribe for one (1) unit. One (1) unit consists of one (1) share and one (1) warrant series TO 3.

If not all units are subscribed with the support of unit rights, the allocation of the remaining units within the framework of the Rights Issue's maximum amount shall take place: primarily to those who have subscribed for units with the support of unit rights (regardless of whether they were shareholders on the record date or not) and who have registered an interest in subscription of units without the support of unit rights and in the event that allocation to these cannot take place in full, allocation must be made pro rata in relation to the number of unit rights that each of those who have declared an interest in subscribing to units without the support of unit rights used for subscription of units; secondarily to others who subscribed for units in the Rights Issue without the support of unit rights and in the event that allocation to these cannot take place in full, allocation must be made pro rata in relation to the total number of units for which the subscriber has registered for subscription; and thirdly to those who have submitted guarantee commitments regarding the subscription of units, in proportion to such guarantee commitments. To the extent that allocation in any stage according to above cannot be done pro rata, allocation shall occur by drawing lots.

### **Terms and conditions for warrants series TO 3**

The warrants series TO 3, issued free-of-charge, entitles to subscription of one (1) share in the Company during the period 26 February – 8 March 2024 at a subscription price of SEK 0.01 per share.

The warrants are intended to be admitted to trading on Nasdaq First North Growth Market after final registration of the Rights Issue with the Swedish Companies Registration Office.

### **Change in number of shares and share capital and dilution**

The Board of Directors will propose to the extraordinary general meeting on 3 October 2023 that the share capital shall be reduced in two terms with in the aggregate SEK 10,777,375.418428 from SEK 11,277,784.238428 to SEK 500 408,82. These reductions will entail that the quota value per share is reduced from approximately SEK 0.054089 to SEK 0.0024. Upon full subscription in the Rights Issue, the number of shares may increase by a maximum of 2,502,044,100 shares, from 208,503,675 shares to 2,710,547,775 shares, and the share capital may increase by a maximum of SEK 6,004,905.84, from SEK 500,408.82 to SEK 6,505,314.66 (calculated on the quota value following the contemplated share capital decreases proposed by the Board of Directors to the extraordinary general meeting on 3 October 2023). For existing shareholders not participating in the Rights Issue this will entail, upon full subscription, a dilution effect of approximately 92.3 percent of the shares and votes in the Company.

If all warrants series TO 3 are exercised in full for subscription of new shares in the Company, the number of shares will increase with an additional 2,502,044,100 shares to 5,212,591,875 shares in total and the share capital will increase with an additional SEK 6,004,905.84 to SEK 12,510,220.50 (calculated on the quota value following the contemplated share capital decreases proposed by the Board of Directors to the extraordinary general meeting on 3 October 2023). This corresponds to an additional dilution effect from the warrants of up to approximately 48.0 percent. The total dilution effect in the event the Rights Issue and the warrants are subscribed or exercised, respectively, in full, amounts to 96.0 percent.

### **Subscription undertakings, intentions to subscribe and guarantee commitments**

Amniotics has received subscription undertakings from a number of Amniotics' existing shareholders, including the Company's largest shareholder LSCS, amounting to a total of approximately SEK 3.5 million, corresponding to approximately 14.0 percent of the Rights Issue. The Company has also received intentions to subscribe for units from Deflexum, the Chairman of the Board Peter Buhl Jensen and the board members Ingrid Atteryd Heiman and Fredrik Tiberg, for a total of approximately SEK 3.0 million, corresponding to approximately 11.9 percent of the Rights Issue. Amniotics has also entered into agreements on underwriting commitments for a total of approximately SEK 13.5 million, corresponding to approximately 54.1 percent of the Rights Issue, which means that the Rights Issue is secured up to approximately 80 percent. For the guarantee commitments, a guarantee fee of fourteen (14) percent of the guaranteed amount is payable in cash. No compensation is paid for the subscription undertakings or intentions to subscribe.

### **Preliminary timetable regarding the Rights Issue**

- 5 October 2023: Last day of trading in the Company's share with the right to participate in the Rights Issue.
- 6 October 2023: First day of trading in the Company's share excluding the right to participate in the Rights Issue.

- 9 October 2023: Record date for the right to participate in the Rights Issue.
- 9 October 2023: Estimated date for publication of the Prospectus.
- 11 October 2023 – 20 October 2023: Trading in unit rights takes place on Nasdaq First North Growth Market.
- 11 October 2023 – 25 October 2023: Subscription period.
- 11 October 2023 until the Swedish Companies Registration Office has registered the Rights Issue: Trading in paid subscribed units (BTU).
- 27 October 2023: Estimated date for the announcement of outcome in the Rights Issue.

### **Extraordinary general meeting**

The Board of Directors' resolution on the Rights Issue is subject to subsequent approval at the extraordinary general meeting on 3 October 2023. Notice to the extraordinary general meeting will be published in a separate press release.

### **Prospectus**

Complete terms and conditions regarding the Rights Issue as well as information regarding the Company and information regarding the subscription undertakings, subscription intentions and guarantee commitments will be presented in the Prospectus.

### **Loans**

In connection with the Rights Issue, Amniotics has renegotiated the outstanding loan which, including accrued interest, amounts to a total of approximately SEK 4.8 million originally raised from Modelio Equity AB in May 2022, and whose rights and obligations have been taken over by Buntel. For any part of the Rights Issue that is subscribed for in excess of the secured amount (i.e. 80 percent), at least half of the volume subscribed for in excess of the secured amount (up to the entire debt) shall be repaid, and any remaining part of the loan shall be repaid and be received by Buntel on the earlier of the following occasions: after the shares issued upon exercise of the warrants series TO 3 have been registered with the Swedish Companies Registration Office, and 31 March 2024. As compensation for extending the loan, Buntel receives a renewed setup fee of 6 percent on outstanding loan amounts plus accrued interest. The loan continues to bear an interest rate of 2 percent per month started.

In order to secure the Company's liquidity needs until the Rights Issue has been completed, the Company has also raised bridge loans of SEK 2.5 million from LSCS and Deflexum respectively, which loans will be disbursed in two tranches during September 2023. The loans carry an annual interest rate of 10 percent from the disbursement of each tranche. According to the subscription undertaking provided by LSCS, the subscription undertaking is to be fulfilled by offsetting against outstanding loan and accrued interest. Furthermore, in connection with its subscription intention, Deflexum has also expressed an intention to offset payment for subscribed units against outstanding loan and accrued interest.

## Advisors

Redeye AB acts as financial advisor and Setterwalls Advokatbyrå AB acts as legal advisor to Amniotics in connection with the Rights Issue. Nordic Issuing acts as issuer agent in connection with the Rights Issue.

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*This information is information that Amniotics AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 31 August 2023 [08:00] CEST.*

**About Amniotics** Amniotics is a biopharma company focusing on mesenchymal stem cells (MSC) from amniotic fluid. The company was born out of the discovery of a novel source of stem cells in full-term amniotic fluid. Based on a decade of research at the internationally recognized Lund University Stem Cell Centre and the Skåne University Hospital of Lund, the company is pioneering the harvesting and propagation of tissue specific neonatal quality mesenchymal stem cells (MSC). These stem cells have unique properties for applications in regenerative medicine. Amniotics has also an, by Läkemedelsverket (Swedish MPA), approved Good Manufacturing Practice (GMP) facility to produce Advanced Therapy Medicinal Products (ATMPs). With the GMP facilities operational since 2020, Amniotics is now in clinical phase with the leading drug candidate PulmoStem™. The company is looking to establish strategic partnerships with researchers and companies that are interested in developing stem-cell-based therapies targeting diseases with high unmet needs.

The company is listed at Nasdaq First North Growth Market in Stockholm.

Amniotics Certified Adviser at First North is Redeye AB, e-post: [certifiedadviser@redeye.se](mailto:certifiedadviser@redeye.se).

Learn more at [www.amniotics.com](http://www.amniotics.com).

## IMPORTANT INFORMATION

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, warrants or other securities in Amniotics. No action has been taken and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for units in Amniotics will only be made through the Prospectus that Amniotics estimates to publish on 9 October 2023 on Amniotics's website, [www.amniotics.com](http://www.amniotics.com). The upcoming approval of the Prospectus by the Swedish Financial Supervisory Authority shall not be regarded as an approval of the shares, warrants or any other securities. This release is however not a prospectus in accordance with the definition in the Prospectus Regulation (EU) 2017/1129 ("**Prospectus Regulation**") and this announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in shares, warrants or other securities in Amniotics. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any

investment decision should only be made based on the information in the Prospectus. Thus, investors are encouraged to review the Prospectus in its entirety. In accordance with article 2 k of the Prospectus Regulation this press release constitutes an **advertisement**.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States of America, Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares, warrants or other securities in Amniotics have been registered, and no shares, warrants or other securities will be registered, under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities legislation of any state or other jurisdiction in the United States of America and no shares or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States of America, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States of America.

Within the European Economic Area (“**EEA**”), no public offering of shares, warrants or other securities (“**Securities**”) is made in other countries than Sweden. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); (ii) high net worth entities etc. falling within Article 49 (2)(a) to (d) of the Order; or (iii) such other persons to whom such investment or investment activity may lawfully be made available under the Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.



This press release may contain forward-looking statements which reflect the Company's current view on future events and financial and operational development. Words such as "*intend*", "*expect*", "*anticipate*", "*may*", "*believe*", "*plan*", "*estimate*" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

### **For more information please contact**

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### **About Amniotics**

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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](http://www.amniotics.com).

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### **Attachments**

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