

Statement from the Board of Directors of Amniotics regarding the merger with Magle Group

This statement is made by the Board of Directors of Amniotics AB (publ) (the “Company” or “Amniotics”) pursuant to Section II.19 of the Swedish takeover rules for certain trading platforms (the “Takeover Rules”), due to the proposed merger between Amniotics and Magle Chemoswed Holding AB (“Magle Group”). The Board of Directors of Amniotics (the “Board”) has decided to recommend the shareholders of Amniotics to vote for the merger.

Background

This statement is made by the Board pursuant to Section II.19 of the Takeover Rules.

Amniotics and Magle Group (together the “Companies”) today jointly announced that the Board and the Board of Directors of Magle Group have adopted a merger plan (the “**Merger Plan**”) to carry out a merger of the Companies (the “**Merger**”). Through the Merger, the “**New Magle Group**” is created.

On 22 March 2024, Magle Group announced a recommended public offer to the shareholders of Amniotics to tender all their shares to Magle Group for SEK 0.004 in cash per share (the “**Public Offer**”). At the expiration of the acceptance period on 17 May 2024, the Public Offer had been accepted by shareholders representing 1,724,941,636 shares, corresponding to approximately 63.1 per cent of all outstanding shares and votes in Amniotics. On 20 May 2024, Magle Group announced that it would not waive the minimum acceptance condition of 90 per cent of the total number of outstanding shares and accordingly the Public Offer was not completed.

Following the Public Offer, the Board and the Board of Directors of Magle Group have explored and discussed a statutory merger between the Companies and see compelling strategic benefits from a combination of Magle Group and Amniotics.

The Merger will be implemented by Amniotics being absorbed by Magle Group. The Merger is subject to, inter alia, approval at an extraordinary general meeting in Amniotics on 15 July 2024.

New shares in Magle Group will be issued to Amniotics’ shareholders in relation to their existing shareholdings in Amniotics with the exchange ratio of 6,800:1, i.e. six thousand eight hundred (6,800) shares in Amniotics entitle the holder to receive one (1) new share in Magle Group (the “**Merger Consideration**”).

In connection with the signing of the Merger Plan, the Board and the Board of Directors of Magle Group have agreed to a distribution of the Merger Consideration calculated through an assumed value of the Amniotics share of SEK 0.0045 and an assumed value of the Magle Group share of SEK 30.6.

Based on the volume-weighted average price during the last thirty trading days for the Magle Group share, the Merger values the Amniotics share at approximately SEK 0.0046 per share, which corresponds to a premium of approximately 141 percent compared to the Amniotics share's volume-weighted average price during the last thirty trading days and a premium of approximately 110 percent compared to the closing price on 30 May 2024 (immediately preceding the announcement of the Merger) of SEK 0.0022.

The Board's evaluation of the Merger

The Board's evaluation of the Merger is based on an assessment of several factors that the Board considers to be relevant. 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 light of Board's statement on the Public Offer, announced in a press release on 22 March 2024, the Board notes that the Company is still 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.

Amniotics has on 30 May 2024 agreed on an additional extension of the outstanding loan of approximately SEK 3.3 million from Buntel AB until 31 October 2024, and Magle Group intends to continue to call off services, under the service agreement entered into between Amniotics and Magle Group on 21 March 2024, through October 2024. The extension of the loan agreement and the continued cooperation between Amniotics and Magle Group are expected to secure Amniotics' short-term capital needs until the end of October 2024. However, the Board continues to see great difficulties in securing the Company's financing needs in the long term.

In determining a reasonable Merger Consideration, the Board has taken into account the Companies' current market values, historical market values, the Companies' future prospects, Amniotics' significant difficulties in obtaining additional financing for existing projects and Magle Group's ability to develop Amniotics' existing projects in a cost-effective manner.

The Board believes that the Merger and the Companies' combined resources would allow Amniotics' GMP-licensed ATMP facility to be fully utilized, thereby ensuring that Nordic research-based companies have access to development and manufacturing support in this fast-growing area of biotechnology. In addition, the integration of Amniotics' capabilities and know-how with Magle Group's cutting-edge DSM technology provides opportunities to broaden Magle Group's DSM-based product portfolio. The Merger also gives the Company's shareholders an opportunity to benefit from future share price developments.

The Merger is also expected to create value for the shareholders of the New Magle Group through synergies in the form of, for example, management expertise, expertise in business development and better conditions and focus for the projects that are currently in Amniotics. In addition, opportunities are created for efficient research and development work where both Companies' competencies can benefit from each other. Furthermore, synergies are expected in the form of reduced overhead and listing costs.

In summary, the Board believes that the Merger is to the benefit of Amniotics and its shareholders. The Board further believes that the Merger Consideration is fair from a financial point of view for Amniotics' shareholders.

In connection with the preparations for the Merger, limited due diligence investigations of a confirmatory nature have been conducted on certain business-related, financial and legal information relating to Amniotics and Magle Group, respectively. During the due diligence investigations, no information that has not previously been made public and that could constitute inside information in relation to Magle Group and Amniotics has been disclosed, save for information regarding Amniotics' liquidity situation, which was included in the joint announcement of the Merger.

Against the above background, the Board recommends the shareholders of Amniotics to vote in favor of the Merger.

Effects on Amniotics and its employees

In the joint announcement of the Merger, Magle Group has stated that:

"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 assumes that Magle Group's description is accurate and has, in relevant aspects, no reason to believe otherwise.

This statement by the Board 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 30 May 2024

The Board of Directors of Amniotics AB (publ)

For more information please contact:

Press Release
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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.

For more information please contact

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Attachments

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