

Statement from the Board of Directors of Lipum regarding the mandatory public offer from Flerie Invest AB

The Board of Directors of Lipum AB (publ) (“Lipum” or the “Company”) unanimously recommends the shareholders of Lipum not to accept the mandatory cash offer made by Flerie Invest AB (“Flerie”) on 6 March 2024.

Background

This statement is made by the Board of Directors of Lipum in accordance with item II.19 of the Takeover rules for certain trading platforms adopted by the Stock Market Self-Regulation Committee issued on 1 January 2024 (the “Takeover Rules”).

According to the Swedish Securities Council’s (Sw. *Aktiemarknadsnämnden*) statement AMN 2023:30, Flerie was granted an exemption from the mandatory bid requirement that would arise as a result of Flerie subscribing for its pro rata share in the rights issue carried out by Lipum in 2023. According to the exemption, a mandatory bid requirement would arise if Flerie subsequently acquired additional shares and thereby increased its voting rights in Lipum. On 1 March 2024, Flerie announced that the company had acquired 859 additional shares in Lipum and that its shareholding in Lipum thereafter amounted to a total of 2,981,553 shares, corresponding to approximately 32.01 per cent of the total number of shares and votes. Through the acquisition of additional shares in Lipum, a requirement arose for Flerie, according to the Takeover Rules, to make a public offer for the remaining shares in Lipum within four weeks from the acquisition (a so-called mandatory bid offer).

On 6 March 2024, Flerie announced a mandatory cash offer to the shareholders in Lipum to transfer all their shares in Lipum for SEK 6.60 per share (the “Share Offer”) and to the convertible holder to transfer the outstanding convertible (the “Convertible”) for SEK 2,000,000 corresponding to its nominal amount (the “Convertible Offer”, and together with the Share Offer, the “Offer”). On 6 March 2024, Flerie simultaneously published an offer document regarding the Offer.

The Offer values all 9,314,685 outstanding shares in Lipum at approximately SEK 61.5 million and the Convertible at SEK 2 million. The total value of the Offer, based on 6,333,132 outstanding shares in Lipum not held by Flerie and the Convertible, amounts to approximately SEK 43.8 million.

The consideration per share under the Share Offer represents:

- a negative premium of approximately 16.24 per cent compared to the closing price of the Lipum share on Nasdaq First North Growth Market of SEK 7.88 on 6 March 2024, the last trading day prior to the announcement of the Offer;
- a negative premium of approximately 21.65 per cent compared to the volume weighted average share price paid for the Lipum share of SEK 8.42 during the last 20 trading days up to and including 6 March 2024; and

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- a premium of approximately 1.85 per cent compared to the closing price of SEK 6.48 per share in Lipum on 29 February 2024, the last trading day prior to the announcement of the mandatory offer requirement.

The acceptance period for the Offer commenced on 7 March 2024 and expires on 4 April 2024.

The Offer is conditional upon all permits, approvals, decisions and other measures required for the Offer from authorities or similar, including from the Swedish Inspectorate of Strategic Products (Sw. *Inspektionen för strategiska produkter*) ("**ISP**") under the Swedish Act on review of foreign direct investments (Sw. *lagen (2023:560) om granskning av utländska direktinvesteringar*) (the "**FDI Act**"), having been obtained, in each case, on terms acceptable to Flerie. As of the date of the Offer, Flerie holds approximately 32.01 per cent of the total number of shares and votes in Lipum. In case the Offer is accepted to such an extent that Flerie's shareholding exceeds 50 per cent after the Offer, ISP must either take no action with respect to the notification or approve the investment after review.

Carl-Johan Spak is a senior advisor to Flerie. Carl-Johan Spak is also a board member of Lipum. In accordance with the Takeover Rules, Carl-Johan Spak has not participated, and will not participate, in Lipum's handling of or in decisions on matters related to the Offer. The Board of Directors has therefore, in accordance with item IV.3 of the Takeover Rules, obtained a fairness opinion from Västra Hamnen Corporate Finance AB ("**Västra Hamnen**"). The fairness opinion is attached to this statement. Västra Hamnen receives a fixed fee for the fairness opinion which is not contingent upon the amount of the Offer price, the acceptance level of the Offer or whether it is completed or not.

For further information on the Offer, please refer to: <https://www.flerie.com/en/media/newsroom/mandatory-bid-lipum/>.

Impact on the Company and its co-workers

In accordance with the Takeover Rules, the Board of Directors is required, on the basis of what Flerie has stated in the press release announcing the Offer or in the offer document regarding the Offer, to present its opinion regarding the impact that the implementation of the Offer will have on the Company, particularly in terms of employment, and its opinion regarding Flerie's strategic plans for the Company and the effects these may have on employment and the locations where the Company operates.

Flerie has, among other things, stated the following in its press release and in the offer document (translated from Swedish):

"The Offer is made due to the mandatory offer requirement that arose through Flerie's acquisition on 1 March 2024 of 859 shares in Lipum, following which Flerie controls a total of 2,981,553 shares in Lipum, corresponding to approximately 32.01 per cent of all shares and votes in the Company. The Offer is not motivated by any ambition to acquire Lipum. After the Offer, Flerie does not plan to work towards any significant changes to Lipum's operations or to the locations where Lipum operates, nor are any changes planned with respect to Lipum's management and other employees, including terms of employment."

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The Board of Directors of Lipum assumes that this description is accurate and has for relevant purposes no reason to adopt a different opinion.

The Board of Directors' statement on the Offer

The Board of Directors' opinion of the Offer is based on an overall assessment of a number of factors that the Board of Directors has considered relevant in relation to the evaluation of the Offer. These factors include, but are not limited to, the market share price of the shares in the Company, the Company's strategic options given its operational and financial conditions, including the rights issue of up to approximately SEK 187 million resolved by the Board of Directors on 29 February 2024 subject to subsequent approval by the general meeting (the "**Rights Issue**"), current and expected market conditions, the Company's expected future development and long-term value, and related opportunities and risks.

Further, the Board of Directors of Lipum has analysed the Offer using the methods normally used for evaluating public offers for listed companies, including Lipum's valuation in relation to comparable listed companies and comparable transactions, premiums in previous public offers, the stock market's expectations in respect of Lipum, and the Board of Directors' view on Lipum's long-term value based on the Company's lead candidate SOL-116 and the so far successful phase 1 study regarding SOL-116, as well as expected future cash flows.

The Board of Directors of Lipum notes that Flerie has expressed that the Offer is not motivated by any ambition to acquire all shares in Lipum, but by the fact that the Offer is expected to provide increased opportunities for Flerie to continue to support Lipum in its work against rheumatoid arthritis, and that it constitutes an opportunity for shareholders who do not wish to participate in the Company's continued journey. The Board of Directors also notes that Flerie has undertaken to subscribe for its pro rata share of 32.00 per cent (at the time of the announcement of the Rights Issue) at a subscription price of SEK 6.70 per share, and to vote in favour of the Rights Issue and other resolutions required for the implementation of the Rights Issue at the extraordinary general meeting planned to take place on 2 April 2024.

Moreover, the Board of Directors has considered the independent fairness opinion from Västra Hamnen, according to which the Share Offer, subject to the assumptions stated therein, is not considered fair from a financial perspective to the shareholders of Lipum. However, according to the independent fairness opinion from Västra Hamnen, the Convertible Offer, subject to the assumptions stated therein, is considered fair from a financial perspective to the convertible holder.

Having conducted this evaluation, the Board of Directors of Lipum makes the assessment that the terms of the Share Offer do not reflect the long-term potential of Lipum and its lead candidate SOL-116.

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In view of the above, the Board of Directors of Lipum unanimously recommends Lipum's shareholders not to accept the Share Offer.

However, considering the terms of the Convertible, the Board of Directors of Lipum makes the assessment that the Convertible Offer is fair from a financial perspective to the convertible holder.

The Board of Directors of Lipum, however, considers it positive for the Company that its main shareholder Flerie has shown an interest in increasing its shareholding in the Company and has expressed its willingness to support the Company's continued long-term development through its experience and financial strength. The Board of Directors' assessment is that that the Offer will not have any impact on the implementation of the Rights Issue.

In connection with this, the Board of Directors wishes to inform that the major shareholders the Crafoord Foundation, Adam Dahlberg, and Christian von Koenigsegg have all undertaken to subscribe for shares in the Rights Issue and not to sell any shares in Lipum until the Rights Issue has been registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*). Notwithstanding this statement, the Board of Directors wishes to emphasise that Lipum's shareholders should take into account that the liquidity of the Lipum share may deteriorate if Flerie acquires more shares through the Offer.

Other

Swedish law applies to this statement and the statement shall be construed accordingly. Disputes arising pursuant to this statement are to be settled exclusively by Swedish courts.

Advisors

Zonda Partners is financial adviser and Mannheimer Swartling Advokatbyrå is legal adviser to Lipum.

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About Us

Lipum AB (publ) is a clinical stage biopharmaceutical company specialized in discovery and development of a novel treatment for chronic inflammatory diseases. The lead candidate SOL-116 is a humanized antibody designed to provide efficacious therapy by blocking a previously overlooked target molecule of the immune system (BSSL). SOL-116 is in clinical stage supported by solid data for rheumatoid arthritis. Lipum also explores other inflammatory diseases with a high unmet medical need. The company is based in Umeå, an excellent life science cluster in Sweden. Lipum's unique approach has attracted international attention, including a major European Commission Horizon 2020 grant. The company's share (LIPUM) is traded on the Nasdaq First North Growth Market. Certified Adviser is G&W Fondkommission.

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This information is information that Lipum 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 2024-03-20 16:57 CET.

Attachments

[Statement from the Board of Directors of Lipum regarding the mandatory public offer from Flerie Invest AB](#)