Amniotics

Interim Report 2nd Quarter 2021

Successful IPO

April - June in brief

- Total revenues: SEK 0 (0) thousand.
- Operating profit (EBITDA): SEK -17,238 (-4,859) thousand.
- Result for the period: SEK -17,670 (5,260) thousand.
- Earnings per share: SEK -1.11 (-0.47).
- Cash and cash equivalents at the end of the reporting period: SEK 8,897 (195) thousand. The money from the rights issue in June, SEK 60 million, was paid into the company's account in July.
- Equity/assets ratio as per the end of the reporting period: 88 (134) %.

Events in the quarter

- The Annual General Meeting, held on April 15, re-elected Anders Månsson, Christer Fåhraeus, Lars Stigsson and Marcus Larsson as board members, and Christopher Bravery, Fredrik Tiberg. Ingrid Atteryd Heiman and Peter Buhl Jensen were elected as new board members and that Peter Buhl Jensen was elected to serve as chairman of the Board of Directors.
- The Annual General Meeting resolved to carry out a share split of the company's shares in the ratio 500:1. One existing share of the company will be divided into five hundred shares. After the completion of the split, the number of shares is 12,935,000.
- The Annual General Meeting resolved to establish an employee stock option program 2021/2026 for employees and senior executives in the company.
- Amniotics carried out a fully subscribed rights issue that generated SEK 60 million before transaction costs. The Offering consisted of 1,463,415 units. Each unit consisted of two (2) shares and one (1) warrant of series TO 1. In total 2,926,830 new shares were issued and the and the number of shares at end of the quarter is 15,861,830.

January - June in brief

- Total revenues: SEK 0 (0) thousand.
- Operating profit (EBITDA): SEK -29,311 (-10,345) thousand.
- Result for the period: SEK -30,170 (11,146) thousand.
- Earnings per share: SEK -1.90 (-1.00).
- Cash flow for the period: SEK 8,387 (-5,517) thousand.

Events after the end of the reporting period

- Nasdaq Stockholm approved trading of Amniotics shares and warrants on Nasdaq First North Growth Market and the first day of trading was 6 July 2021.

CEO Statement

The first half of 2021 has shown a tremendous advancement for Amniotics in many aspects. To accelerate value creation, we successfully completed a fully subscribed rights issue, raising SEK 60 million, prior to listing on Nasdaq First North Growth Market on July 6th. It is encouraging to see the considerable interest in Amniotics. I would like to take this opportunity to sincerely thank both the new and existing shareholders that have invested for their trust. The capital raised will be used to finance the upcoming clinical study of PulmoStem™ and to ramp up the development of our pipeline.

During the first six months, Amniotics has made additional progress with the pre-clinical development of our pipeline PulmoStem™ was investigated for lung transplantations to prevent PGD 'Primary Graft Dysfunction' and has shown promising data in a pre-clinical animal study. The study shows significant and medical relevant reduction of Primary Graft Dysfunction and there were no adverse events identified. Amniotics will seek scientific and regulatory advice to determine the development and regulatory path in lung transplantations. Our ongoing feasibility study of Cognistem™, to show the potential within neurological disorders, is following the plan and the first technical batches of Cognistem™ have been manufactured in our GMP facility in Lund. Amniotics received a license to manufacture advanced therapy investigational medicinal products in Q4 2020. During the period, a routine inspection of our manufacturing facilities by the Swedish Medical Products Agency was successfully completed and we are now in the process of manufacturing PulmoStem™ for our upcoming clinical trials.

In order for Amniotics to accelerate the development of our product portfolio we have strengthened our organization with additional production, quality, and R&D scientists. In addition, Amniotics senior management team was strengthened with the recruitment of Jonny Humaloja as CFO with responsible for financial management, reporting and Investor Relations. Humaloja comes to Amniotics with significant financial executive experience in the life science sector. Most recently he served as a CFO for the biotech company Genovis.

"We are focused on advancing our broader purpose as an organization, as we aim to pioneer stem cell science for the betterment of humanity."

Looking ahead - our focus is on the preparing and initiating the PulmoStem™ clinical trial scheduled to recruit the first patient in 2022. In addition, our aim is to advance additional product candidates and pursuing discussions with potential partners with interest in our technology platform and pipeline of innovative regenerative medicines.

We are working diligently to create stakeholder value, and the development in the first six months give us confidence that 2021 will be a busy and interesting year for Amniotics.

Again, thank you for your continued support,

Lund, August 2021

Kåre Engkilde, CEO

Amniotics in brief

Amniotics develops and manufactures stem cell therapies in the company's own GMP certified facility

Amniotics origin

Amniotics 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 Center and Hospital, the company is pioneering the harvesting and propagation of tissue specific neonatal mesenchymal stem cells (MSC). Researchers and founders of the company, pediatrician Marcus Larsson, obstetrician Andreas Herbst and stem cell specialist Niels-Bjarne Woods discovered a new type of stem cells in amniotic fluid that has properties for applications in regenerative medicine.

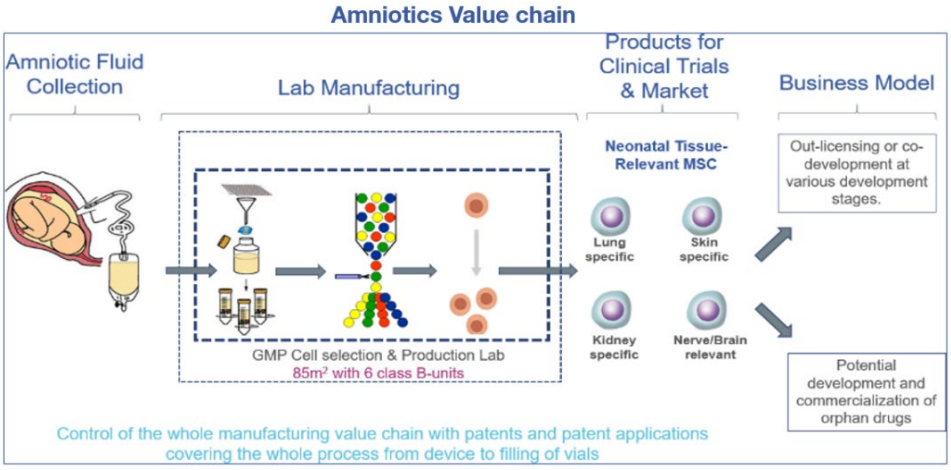
Amniotics is a biopharma company that develops cell therapy drugs based on mesenchymal stem cells (MSC) from amniotic fluid. These MSC are neonatal, which means that they are better than MSC from adult individuals in several important aspects (e.g. virus burden, growth capacity). As of now, it is Amniotics assessment that the company is the only currently active company that can produce neonatal tissue specific MSC from amniotic fluid for a number of indications. The amniotic fluid is collected during planned caesarean sections using Amniotics proprietary CE-marked medical device. Amniotics own marker technology is then used to identify and select stem cells for different tissue types;

- Lung (PulmoStem™)
- Brain (CogniStem™)
- Kidney (NephroStem™)
- Skin (CutiStem™)

Novel treatments for unmet needs

For a number of diseases and conditions where effective treatment is currently lacking or is insufficient, stem cells can be a potential alternative. Amniotics sees an opportunity to address this medical need by developing new effective treatment methods based on these neonatal tissue specific MSC.

Amniotics vision is to contribute to the successful treatment of human diseases by providing the very best stem cells for medical applications. Amniotics is devoted to developing innovative life-changing and regenerative treatments for patients.



Technology

Amniotics technology allows for selecting the type of cell to be used for specific tissue. The company has developed a process - patented in all steps - which includes collection of amniotic fluid, with a medical device developed by Amniotics, followed by sorting and propagation of stem cells and packaging of product in ampoules in its own GMP facility.

Strategy

Amniotics strategy is to develop treatments for diseases with severe inflammatory and fibrotic components, where tissue specific stem cells are expected to have an impact on potential future life-changing treatments. The objective is to

successfully conduct and complete phase I/II clinical trials. For the later stage clinical development and commercialization Amniotics intends to seek licensing partners.

Amniotics is presently producing clinical batches of lung specific MSC (PulmoStem™). With the results from Amniotics™ preclinical studies and the characterization of the quality attributes of the cells (sterility, identity, purity, injectability Amniotics can proceed to clinical testing. All candidates are in the early development phase except PulmoStem™, which is ready to be evaluated in a clinical study with a planned start during 2022.

Several patented technologies and concepts

Large values lie in the scientific knowledge, the developed process and the technology built by Amniotics. The Company has a well-developed IP strategy that works broadly to protect this value and by protecting the Company's position in the market from competitors and competing technologies. The Company has three patent families attributable to the Company's MSC products intended for use in several treatments / indications. In addition, the Company has filed an additional 14 patent applications, of which 12 are in new patent families.

Cell therapy market

There are only a few approved cell therapies on the market today. However, the area is expected to grow in the coming years driven by clinical successes that are accelerating investments. GlobalData estimates that the area of regulated cell therapies will reach $ 3.1 billion by 2026. Cell therapies have the potential to change future treatments due to their therapeutic potential for a variety of diseases. The US Food and Drug Administration estimates that the approval of drugs based on cell and gene therapy will increase substantially between 2021 and 2025. The first MSC-based drug to receive European approval (Alofisel from TiGenix / Takeda) was approved by the European Medicines Agency EMA in March 2018.

Drug development with cell therapy

Amniotics focuses on the treatment of diseases where a smaller but well-defined group of patients (orphan drug designations included) has a great need for better treatment. Amniotics marker technology for identifying different populations of MSC is based on tissue-specific cell surface markers that have been identified during the research and development work by the Company. Amniotics uses the markers and marker-specific antibodies to identify and select homogeneous and high-quality stem cells for the development of disease-specific cell therapies. The use of markers and the patent-pending selection technology is one of several components that distinguish Amniotics from other stem cell companies.

Contract development and contract manufacturing of cell therapy

Amniotics other business opportunity lies within the Company's own production service. With its own GMP production facility, Amniotics has secured production of its own products and is not dependent on outsourcing to a third party. This gives Amniotics an comparative advantage as well as a control over the value chain.

Amniotics is also offering contract development and contract manufacturing of advanced therapy medicinal product (ATMPs) to the pharmaceutical industry, universities and to hospitals.

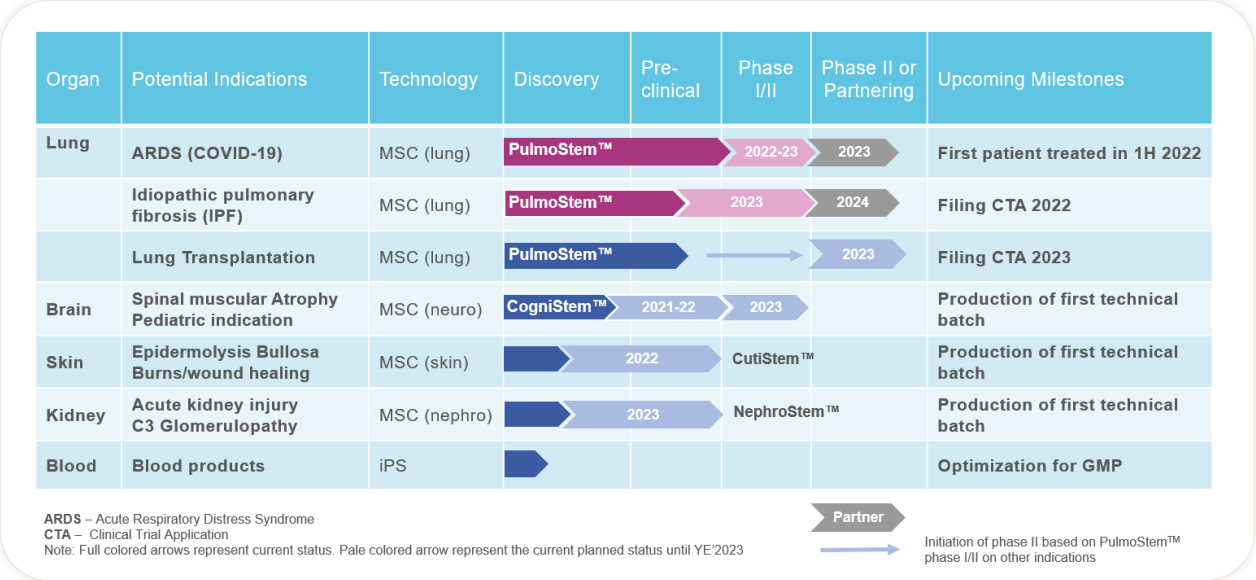
Amniotics has the capacity to work with other companies to add value through e.g.:

- Process development for ATMP at Amniotics GMP manufacturing facility in Lund
- Work with companies to help launch their products
- Assist in solving operational challenges such as capacity constraints

Amniotics Pipeline

Amniotics project portfolio is based on the proprietary technology and methodology. The pipeline is made up of pulmonary indications (PulmoStem™), brain indications (CogniStem™), dermatological indications (CutiStem™) and kidney-specific indications (NephroStem™).

Amniotics lung-specific product PulmoStem™ is ready to be evaluated in a first clinical study in humans with the primary aim of demonstrating that the product is safe and well tolerated. The study can also provide an indication of the effectiveness in patient populations with relevant lung diseases. Amniotics other cell-specific products are still at an earlier stage and will in the coming years continue to be developed towards clinical phase. iPS technology is another opportunity at an early stage with the potential to shape a new platform and a new group of indications for Amniotics. Following Phase I/II clinical trials of PulmoStem™, Amniotics intends to seek a partner for out licensing the products / technology for the development of treatment for relevant lung diseases.



Financial performance in summary

SEK 000	Q2 2021	Q2 2020	H1 2021	H1 2020	Full-Year 2020
Net sales	0	0	0	0	0
Operating result	-17,670	-5,259	-30,166	-11,144	-30,994
Cash flow from operating activities	-72,181	-3,086	-49,705	-7,155	-61,772
Cash position	8,897	510	8,897	510	510
Equity/assets ratio %	88	49	88	49	79
Earnings per share (SEK)	-1.11	-0.47	-1.90	-1.00	-2.78

Financial overview

Comprehensive result
Comprehensive result for the second quarter was SEK -17,670 (-5,260) thousand, which corresponds to a decrease of SEK-12,410 thousand. Earnings per share, based on number of shares at end of the quarter, totaled SEK -1.11 (-0.47).

Comprehensive result for the period was SEK -30.170 (-11,538) thousand, which corresponds to a decrease of SEK -19,024 thousand. Earnings per share, based on number of shares at end of the period, totaled SEK -1.90 (-1.00).

Expenses
Operating expenses for the second quarter totaled SEK 17,262 (4,862) thousand, an increase of SEK 12,400 thousand. Expenses are allocated as follows: other external expenses SEK 12,952 (3,247) thousand, personnel costs increased by SEK 2,649 thousand due to increased number of employees and amounted to SEK 4,261 (1,612) thousand and other operating expenses SEK 49 (3) thousand.

Operating expenses for the period totaled SEK 29,339 (10,351) thousand, an increase of SEK 18,988 thousand. Other external expenses amounted to SEK 21,622 (6,955) thousand, an increase of SEK 14,667 thousand due to growing activities in the company´s lab driving costs for supplies/ materials SEK 246 thousand, clinical consulting costs increased approximately by SEK 6,705 thousand, and costs related to the listing on Nasdaq First North Growth Market and share issuing amounted to SEK 5,754 thousand. Personnel costs increased by SEK 3,387 thousand due to seven additional headcounts compared to previous year and amounted to SEK 7,598 (3,387) thousand. Other operating expenses SEK 119 (9) thousand.

Investments
The company's net capital expenditure during the second quarter amounted to SEK 376 (397) thousand, including SEK 259 (266) attributable to property, plant, and equipment (mainly laboratory equipment), and SEK 388 (130) thousand relating to investments in intangible assets.

Capital expenditure for the period amounted to SEK 647 (2,998) thousand, including SEK 259 (2,868) thousand attributable to property, plant, and equipment (mainly laboratory equipment), and SEK 116 (130) thousand relating to investments in intangible assets.

Cash flow and financial position
Total shareholders' equity at end of the period was SEK 71,137 (6,398) thousand after taking the result for the quarter into account. Equity per share (basic and diluted) based on the number of outstanding shares at the end of period was SEK 4.48 (0.57). The company's equity ratio at the end of the quarter was 88 (49) percent.

Cash and cash equivalents at the end of the period amounted to SEK 8,897 (510) thousand. The money from the rights issue in June, SEK 60 million, was paid into the company's account in July.

Cash flow for the quarter was SEK -13,636 (315) thousand. Cash flow from financing activities totaled SEK 58,921 (4,636) thousand.

Cash flow for the period was SEK 8,387 (-5,517) thousand. Cash flow from financing activities during the period totaled SEK 58,739 (4,636) thousand.

Organization
The number of employees at the end of the reporting period was 16, an increase of 7 people compared with the same period last year when the company had 9 employees.

Share capital
Share capital at the end of the quarter was SEK 857,953 and the total number of shares was 15,861,830 with a par value of SEK 0.05409.

Other information

Risks factors
A pharmaceutical development company such as Amniotics is exposed to significant operational and financial risk. Many factors can have a negative impact on the probability of commercial success. The risks to which the Company is exposed in its current phase and the risk that the necessary financing cannot be secured. During the quarter no significant changes with respect to these risks or uncertainty factors have arisen.

Effects of the covid-19 pandemic
The covid-19 pandemic is impacting, and will continue to impact, all aspects of society for a very long time to come. The immediate effects on Amniotics' operations are so far limited. With the majority of the development projects proceeding according to plan, Amniotics is positioned to make additional advances. Amniotics employees continues work as usual but are making use of digital technology to minimize the number of social contacts. Amniotics' monitors continuously the development of the covid-19 pandemic and its consequences for the company.

Auditor's review
This report has not been reviewed by the Company's auditor.

Liquidity and financing
The board and company management are assessing alternatives to secure the company's long-term capital requirement on an ongoing basis. The Board believes that the existing working capital is sufficient to run the Company over the next twelve months

The share
The number of shares at the end of the period amount to 15,861,830. The number of shares includes the shares issued in June and paid in July. All shares are of the same class and have the same voting right. Amniotics shares are traded on Nasdaq First North Growth Market and traded under the ticker symbol AMNI and ISIN code E0015961016. First North is Nasdaq's European emerging market intended for small, growing businesses, with a less extensive rulebook than the main market.

Legal disclaimer
This report contains forward-looking statements that constitute subjective estimates and forecasts about the future. Assessments about the future are only valid on the date they are made and are, by their nature, similar to research and development work in the biotech field, associated with risk and uncertainty. In light of this, actual outcomes may differ substantially from what is described in this report.

Future reporting dates

- Interim Report, Q3 2021, November 12, 2021

The financial reports will be made available on the Amniotics website:
https://www.amniotics.com/investors/financial-reports/

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Certification by the Board of Directors and Chief Executive Officer

The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the development of the Company's business activities, financial position and results of operations and describes significant risks and uncertainties facing the Company.

Lund, August 27, 2021

Amniotics AB (publ)

Kåre Engkilde CEO	Christer Fåhraeus *Board member*	Anders Månsson *Board member*
Peter Buhl Jensen *Chairman*	Marcus Larsson *Board member*	Fredrik Tiberg *Board member*
Lars Stigsson *Board member*	Ingrid Atteryd Heiman *Board member*	Christopher Bravery *Board member*

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 August 27th, 2021.

Financial Statements

Income statement in Summary

SEK 000	Q2 2021	Q2 2020	H1 2021	H1 2020	Full-Year 2020
Net sales	0	0	0	0	0
Other operating income	24	3	28	6	38
Operating income	**24**	**3**	**28**	**6**	**38**
Operating expenses					
Other external costs	-12,952	-3,247	-21,622	-6,955	-21,586
Personnel costs	-4,261	-1,612	-7,598	-3,387	-7,842
Other operating costs	-49	-3	-119	-9	-18
Operating result before depreciation and amortization (EBITDA)	**-17,238**	**-4,859**	**-29,311**	**-10,345**	**-29,408**
Depreciation of tangible and intangible assets	-428	-400	-855	-799	-1,586
Operating result (EBIT)	**-17,666**	**-5,259**	**-30,166**	**-11,144**	**-30,994**
Net financial items	-4	-1	-4	-2	-3
Result after financial items	**-17,670**	**-5,260**	**-30,170**	**-11,146**	**-30,997**
Taxes	0	0	0	0	0
Result for the period	**-17,670**	**-5,260**	**-30,170**	**-11,146**	**-30,997**

	Q2 2021	Q2 2020	H1 2021	H1 2020	Full-Year 2020
Earnings per share (SEK)*	-1.11	-0.47	-1.90	-1.00	-2.78
Number of shares**					
Weighted average for the period	12,967,163	10,560,495	12,658,049	10,221,182	10,539,712
Number of shares at start of period	12,935,000	9,244,000	11,166,500	9,244,000	9,244,000
Number of shares at end of period***	15,861,830	11,166,500	15,861,830	11,166,500	11,166,500

** Based on weighted average of the number of outstanding shares (basic and diluted)*
*** In Q2 2021 the company's shares were split in the ratio 500: 1.*
**** The number of shares includes the shares issued in June 2021 and paid in July 2021.*

Balance sheet in Summary

SEK 000	Jun 2021	Jun 2020	Dec 2020
Assets			
Subscribed but not paid share capital	58,000		37,846
Fixed assets			
Intangible assets	4,139	3,457	3,752
Equipment and installations	8,778	7,988	9,374
Total fixed assets	12,917	11,445	13,125
Current assets			
Other receivables	1,069	1,170	1,970
Cash and bank balances	8,897	510	510
Total current assets	9,966	1,680	2,480
Total assets	**80,883**	**13,125**	**53,451**
Shareholders' Equity and Liabilities			
Shareholders' equity			
Restricted equity			
Share capital	858	500	604
Not registered share capital	0		96
Reserve for development expenses	167	29	167
Non- restricted equity			
Share premium reserve	58,963	36,732	90,549
Accumulated loss including profit/loss for the period	11,149	-30,863	-49,229
Total shareholders' equity	71,137	6,398	42,186
Liabilities			
Liabilities to credit institutions, long-term	5,515	0	599
Current liabilities	4,231	6,727	10,666
Total liabilities	9,746	6,727	11,265
Total shareholders' equity and liabilities	**80,883**	**13,125**	**53,451**

Financial key ratios

Shareholders' equity per share, SEK	4.485	0.573	3.261
Equity/assets ratio %	88	49	79

Changes in equity

SEK 000	Jan -Jun 2021	Jan-Jun 2020	Full Year 2020
Opening balance	42,186	12,909	12,909
Issue of shares	59,121	4,636	60,275
Loss for the period	-30,170	-11,147	-30,997
Equity at end of period	**71,137**	**6,398**	**42,186**

Cash Flow statement

SEK 000	Q2 2021	Q2 2020	H1 2021	H1 2020	Full-Year 2020
Operating result	-17,666	-5,259	-30,166	-11,144	-30,994
Amortization and depreciation	428	1,199	855	799	1,586
Other, including non-cash items	43	38	-67	-2	61
Cash flow from operating activities before change in working capital	**-17,195**	**-4,022**	**-29,378**	**-10,347**	**-29,347**
Change in working capital	-54,986	936	-20,327	3,192	-32,425
Cash flow from operating activities	**-72,181**	**-3,086**	**-49,705**	**-7,155**	**-61,772**
Investing activities	-376	-1,235	-647	-2,998	-5,466
Cash flow after investing activities	**-72,557**	**-4,321**	**-50,352**	**-10,153**	**-67,238**
Financing activities	-200	0	-382	0	1,446
Rights issue	59,121	4,636	59,121	4,636	60,275
Change in cash and cash equivalents	**-13,636**	**315**	**8,387**	**-5,517**	**-5,517**
Cash and cash equivalents at the beginning of the period	22,533	195	510	6,027	6,027
Cash and cash equivalents at the end of the period	**8,897**	**510**	**8,897**	**510**	**510**

Glossary

ATMP: Advanced Therapy Medicinal Products (ATMPs) are a new type of medicine that are based on cells, tissues and genes. ATMPs are a type of biological medicine and they are given for the purpose of treating or preventing diseases in humans. They can restore, correct or modify physiological functions through their pharmacological, immunological or metabolic actions.

GMP: Good manufacturing practice is a system or structure for ensuring that products are consistently produced and controlled according to quality standards. Thereby minimizing the risks involved in pharmaceutical production.

MSC: Mesenchymal stem cells are multipotent stem cells that are present in multiple tissues. They have a range of biological activities which have the potential to treat a range of human diseases.

Stem cells: Stem cells are a collective name for different types of cells with the ability for self-renewal as well as development and maturation into more specialized cells.

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