



**INVITATION TO SUBSCRIBE  
FOR B SHARES IN  
SIMRIS GROUP AB (PUBL)**

*Simris*  
GROUP





## IMPORTANT INFORMATION

### Information to investors

This Information Memorandum (the "Memorandum") has been prepared in connection with the issue of B shares with preferential right for shareholders (the "Rights Issue" or the "Offer") in Simris Group AB (publ), reg. no. 556841-9187 (the "Company", "Simris" or "Simris Group"). In this Memorandum the "Company", "Simris" or "Simris Group" may also refer to Simris and its subsidiaries. This Memorandum has been prepared by Simris and is available in electronic form on the Company's website [www.simrisgroup.com](http://www.simrisgroup.com) and Aqurat Fondkommission's website [www.aqurat.se](http://www.aqurat.se).

This Memorandum is not a prospectus and has not been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen). The shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America (the "U.S." or the "United States") or under any securities law or local law in Canada and may not, in absence of registration or applicable exemption from registration be offered for sale or subscription, or be transferred in the U.S. or Canada, or to citizens or persons resident in such jurisdictions, or to or under commission by or for the benefit of U.S. Persons as defined in Regulation S in the Securities Act. The Offer is, further, not directed to any person whose participation requires further Memorandums, prospectuses, registration or other actions than required under Swedish law. The Memorandum, application for subscription forms and any other documents related to the Offer may not be distributed in or into the United States, Canada, Australia, Switzerland, South Korea, Singapore, New Zealand, Hong Kong, Japan, South Africa, Belarus, Russia or any jurisdiction where the distribution or the Offer would require an action according to the previous sentence or would constitute a breach against laws or regulations in such jurisdiction. An application for subscription for units indirectly or directly in breach of the above may be deemed invalid.

Investments in the Company's shares, or any other financial securities issued by the Company, are associated with certain risks as further detailed in section "Risk factors". In making a decision to invest in the Company's shares or other financial instruments, an investor must rely on his or her own assessment of the Company, and the terms of the Offer, including the merits and risks involved, not relying solely on the information contained in this Memorandum. Neither the publication nor the distribution of the Memorandum means that the information contained in the Memorandum is up to date as of any time after the date of this Memorandum, or that the Company's operations, profits or financial position has remained unchanged after this date. No person is or has been authorized by the Company to give any information or to make any representation or warranty in connection with the Offer other than contained in this Memorandum and, if given or made, such information, representation or warranty may not be relied upon as having been authorized by the Company and the Company accepts no liability with respect to any such information, representation or warranty. Any dispute arising from this Memorandum, the Offer or other legal matters related thereto shall be settled exclusively by a Swedish court of law and resolved in accordance with Swedish law without reference to any of its choice of law principles.

The district court of Stockholm (Sw. Stockholms tingsrätt) shall be the court of first instance. The Memorandum has been prepared in English. It should also be noted that an investor bringing court action in connection with the information disclosed in this Memorandum may be obliged to pay for a translation of the Memorandum.

### Forward-looking statements and market information

This Memorandum contains certain forward-looking statements reflecting the Company's current view of future events and financial and operational performance. Such forward-looking statements are associated with both known and unknown risks and circumstances beyond the Company's control. All statements in this Memorandum other than statements of historical or current facts or circumstances are forward-

looking statements. Forward-looking statements are made in several sections of the Memorandum and can be identified by the use of terms or expressions such as "may", "could", "should", "anticipated", "estimated", "likely", "forecasted", "plans to", "aims to", or conjugations of such terms or similar terms. The "Risk factors" section below contains a description of some but not all factors that may cause the Company's future earnings and development to deviate significantly from those expressed or implied in any forward-looking statement. The forward-looking statements only apply as of the date of this Memorandum. The Company has no intent or obligation to publish updated forward-looking statements, or any other information contained in this Memorandum based on new information, future events etc. other than required by applicable law, regulation or regulatory framework. This Memorandum contains certain information regarding the market and the industry in which the Company operates and its position in relation to its competitors which may be based on third party information as well as the Company's estimates based on third party information. The Company has accurately reproduced such third-party information and, as far as the Company's board of directors is aware, no details have been omitted in a manner that would make the reproduced information inaccurate or misleading. However, the Company has not independently verified the correctness or completeness of any third-party information and therefore the Company cannot guarantee its correctness or completeness.

### Presentation of financial information

Some amounts and percentages stated in the Memorandum may have been rounded off and may therefore not correctly add up. Other than when expressly stated in the Memorandum, no information in the Memorandum has been examined or audited by the Company's auditor.

### Information regarding decision on a Directed Issue in connection to the Rights Issue

At the Extra General Meeting held July 24, 2023, it was resolved on a Directed Issue of shares (the "Directed Issue") to the investors who entered into, and who communicated non-binding intentions to enter into, underwriting commitments in the Rights Issue. The underwriters will, on the same terms as in the Rights Issue, participate in the Directed Issue with the corresponding unutilized part of the underwriting commitment, and for an additional SEK 4.4 million as underwriter compensation. The Directed Issue can amount to a maximum of approximately SEK 26.6 million. Provided that the Rights Issue and the Directed Issue are fully subscribed (which will be the case if the Rights Issue is fully subscribed without the utilization of the underwriting commitments), the Company will receive proceeds of approximately SEK 51 million before the deduction of transaction costs.

### Board statement

The Board of Simris is responsible for the information in the Memorandum. To the best of the board's knowledge, the information given in the Memorandum is in accordance with facts and there are no omissions likely to affect its meaning.

### Nasdaq First North Growth Market

"Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland, Iceland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with Shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

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## THE RIGHTS ISSUE IN SUMMARY

Those who, on record date July 31, 2023, are registered as shareholders in Simris Group AB in the shares register, held by Euroclear Sweden, have the right to subscribe for shares in the Offer, in relation to the number of shares held.

### Preferential rights

Each existing share in Simris Group entitles to one (1) Subscription Right and two (2) Subscription Rights entitle to subscription of one (1) B share.

### Subscription price

SEK 0.27 per B share.

### Record date for participation in the Rights Issue

July 31, 2023.

### Subscription period

August 2 – August 16, 2023.

### Trading in Subscription Rights

August 2 – August 11, 2023.

### Trading in Interim Shares (BTA)

August 2, 2023 – until the Rights Issue has been registered by the Swedish Companies Registration Office.

### Other info

#### The share

Ticker: SIMRIS B  
ISIN-code: SE0008091664

#### The subscription rights

ISIN: SE0020552230  
CFI: RSSXXR  
FISN: SIMRIS/SUBS RTS NL PD

#### The interim shares (BTA B)

ISIN: SE0020552248  
CFI: ESNUFR  
FISN: SIMRIS/SH B

## FINANCIAL CALENDAR

Interim Report Q3, 2023: 08 November 2023  
Year-end Report 2023: 14 February 2024

## DOCUMENTS INCORPORATED BY REFERENCE

The Memorandum should be read in conjunction with the income statements and balance sheets and related notes, cash flow statements and, where applicable, the audit reports of the following of the Company previously submitted reports, which are incorporated by reference. The documents incorporated by reference are:

- Annual Report for the financial year 2022
- Annual report for the financial year 2021.
- Quarterly report for the period from 1 January to 30 June 2023 with comparative figures for the same period of the previous financial year, unaudited.

The documents are available on the Company's website: [www.simrisgroup.com](http://www.simrisgroup.com). Minor differences due to rounding appear in certain parts of the financial statements. The Board of Directors assured that information from references and source references has been correctly reproduced and that, to the extent that the Board of Directors is aware and can ensure through comparison with other information published by the party concerned, no information has been omitted in a way that would render the information reproduced incorrect or misleading.

# BACKGROUND AND RATIONALE

Simris Group has made significant progress in the 11 months since completing the acquisition of Cyano Biotech GmbH. In this regard, the Company has two pressing capital requirements, namely the second and final payment of €1 million owed to the founders of Cyano Biotech, with a due date in early October, as well as a debt to The Brand Laboratories ("TBL"), an entity associated with Simris chairman.

Simris has requested that TBL converts €1m of their flexible finance facility loan into shares, and TBL has accepted this request, and this was then approved by the EGM held on July 24, 2023.

It is the view of the board of Directors that the first licensing agreement for Simris Biologics ADC platform of products is just 12-18 months away. On the back of this, the Board has resolved to conduct the Rights Issue, followed by the Directed Issue, as approved by the EGM on 24/7, to provide both growth and working capital until the first license agreement is secured.

Through an informal consortium of strategic investors with an interest in the ADC space and additional investment from members of the Board including the TBLs conversion of €1m of its loan to Simris, the Company is able to conduct the capital raising to a maximum amount of SEK 51 million (provided that the Rights Issue is fully subscribed without the utilization of the underwriting commitments).

Proceeds from the capital raising will be initially directed towards :

1. TBLs conversion of €1m of its loan to Simris into Simris shares as resolved by the EGM held on July 24 2023
2. The second and final instalment of €1m, plus interest of approximately €13,000 to complete the acquisition of Cyano Biotech GmbH (renamed Simris Biologics GmbH)
3. Simris Biologics (Cancer Therapeutics/ ADCs) for the funding of in-vivo trials, personnel, lab equipment and business development
4. Marketing of Omega-3 and other algal/ cyanobacterial supplements in the USA and Sweden directly to consumers
5. Hammenhög operations: personnel, materials, maintenance, and upgrades designed to further increase yields.

The above investments are listed in priority order. The exact amount invested into 3 to 5 above, will be dependent upon how successful the total capital raising is and the relative priority of each individual investment within these areas.

It is possible that Simris will not raise sufficient capital to be able to invest in all areas of the business. In such an event, the Board and management of Simris will ultimately decide on the allocation of funds raised based upon strategic priorities. Should it not be possible to raise sufficient capital the Board may choose to conduct a further capital raise or to temporarily suspend, or potentially even end, operations in a given area of the business.

Furthermore, in its drive for profitability, the board is regularly reviewing performance of all areas of the business and may take strategic decisions that alter the balance of investments.

The Board of Simris is responsible for the information in the Memorandum. To the best of the board's knowledge, the information given in the Memorandum is in accordance with facts and there are no omissions likely to affect its meaning.

Hammenhög, 31 July 2023  
 Simris Group AB  
 The Board of Directors



# TERMS AND CONDITIONS

## Pre-emptive rights and subscription rights

Those who, on record date July 31, 2023, are registered as shareholders in Simris Group AB in the shares register, held by Euroclear Sweden, have the right to subscribe for shares in the Offer, in relation to the number of shares held. One (1) share held on the record date entitles to one (1) subscription right. Two (2) subscription rights are required to subscribe for one (1) new share.

## Record date

The record date with Euroclear Sweden, for the right to participate in the Offer, is July 31, 2023. The last date of trading in the Company's share, including the right to participate in the Offer, is July 27, 2023. The first date of trading in the Company's share, without entitlement to participate in the Offer, is July 28, 2023.

## Subscription rights

Shareholders in the Company receive one (1) subscription right for each existing share held on record date. Two (2) subscription rights are required for subscription of one (1) new share.

## Subscription price

The subscription price is SEK 0,27 per share. No commission fee will be charged.

## Subscription period

Subscription of new shares, based on subscription rights, shall take place during the period from August 2, 2023, until August 16, 2023. The Board of directors of Simris Group AB are entitled to extend the subscription period. Unutilized subscription rights will be invalid after the end of the subscription period and thereby lose their value. Unutilized subscription rights will be deregistered from the respective shareholder's VP account without any notification from Euroclear Sweden.

## Trading in subscription rights

Subscription rights will be traded at Nasdaq First North Growth Market during the period from August 2, 2023, until August 11, 2023. Shareholders should apply directly to their bank or other trustee, with necessary permission, to purchase and sell subscription rights. Subscription rights acquired during the above-mentioned trading period will have the same right to subscribe for new shares as the subscription rights shareholders receive based on their holdings in the Company on record date.

## Unutilized subscription rights

Subscription rights that have not been sold at the latest on August 11, 2023, or exercised to subscribe for new shares in the Offer at the latest on August 16, 2023, will be deregistered from the respective shareholder's VP account. No notification will be sent regarding the deregistration of subscription rights.

## Issue statements and application forms regarding subscription with subscription rights.

### Directly registered holdings

A pre-printed issue statement with an attached payment form, a teaser, and a subscription form for subscription without support of subscription rights is sent to directly registered shareholders and representatives of shareholders who were registered in the share register held by Euroclear Sweden on the record date July 31, 2023. The complete Memorandum will be available for download on Simris Group's website [www.simrisgroup.com](http://www.simrisgroup.com) and on Aqurat's website [www.aqurat.se](http://www.aqurat.se). Shareholders who are included in the special list of pledged holders and trustees that is maintained about the share register will not receive an issue statement but will be notified separately. No notification regarding registration of subscription rights on the VP account will be sent.

### Trustee-registered holdings

Shareholders whose holdings are trustee registered with a bank or other trustee receive no issue statement or payment form from Euroclear Sweden. Subscription and payment of shares in the Offer shall be made in accordance with the instructions from the respective trustee.

### Subscription and payment of shares with subscription rights, directly registered shareholders

Subscription for new shares in the Offer by virtue of subscription rights will be made by simultaneous cash payment during the period from August 2, 2023, until August 16, 2023. Please note that it may take up to three banking days until the payment is received by Aqurat. Subscription and payment shall be made by using one of the following two options:

#### 1. Issue statement – pre-printed payment form from Euroclear Sweden

The pre-printed payment form shall be used if all subscription rights, according to the Euroclear Sweden issue statement, are to be exercised. The special application form for subscription with subscription rights shall thereby not be used. No additional information or alterations may be done to the pre-printed payment form. Please note that subscription is legally binding.

#### 2. Special application form (Sw. Särskild anmälningsedel)

The special application form for subscription with subscription rights shall be used if a different number of subscription rights than that shown in the pre-printed issue statement shall be exercised for subscription of new shares. Subscription will be made with simultaneous payment according to the instruction on the application form. The pre-printed payment form shall thereby not be used. The special application form is ordered from Aqurat by telephone or e-mail.

Subscription for shares must take place by completing and signing the special subscription form and be received by Aqurat Fondkommission AB no later than 15:00 CET on August 16, 2023. Subscription forms sent by post should be sent in due time before the last day of the subscription period. Only one (1) subscription form per subscriber is permitted. In case more than one subscription form is submitted, only the last received application form will be considered. Incomplete or incorrectly completed subscription form may be disregarded. Please note that subscription is legally binding.

Completed and signed subscription form must be submitted to Aqurat Fondkommission AB during the subscription period at the following address:

Aqurat Fondkommission AB  
Att: Simris Group AB  
Box 7461  
SE-103 92 Stockholm  
Telephone: 08-684 05 800  
Telefax: 08- 684 08 801  
Email: info@aqurat.se (scanned subscription forms)

#### **Shareholder not resident in Sweden**

##### ***Shareholders resident in certain unauthorized jurisdictions***

The Offer to subscribe for shares in Simris Group AB according to the terms and conditions in this Memorandum, is not directed to investors with registered address in the United States, Canada, Australia, Switzerland, South Korea, Singapore, New Zealand, Hong Kong, Japan, South Africa, Belarus, Russia, or other countries where participation requires additional prospectuses, registration, or other measures than those required by Swedish law.

This Memorandum, subscription forms and other documents related to the Offer may be distributed to or in above mentioned countries or other jurisdictions where such distribution or participation in the Offer requires additional prospectuses, registration, or other authority permit.

No interim share, share or other securities issued by Simris Group AB have been or will be registered according to United States Securities Act 1933, or according to regulations in any state in the United States or any provincial law in Canada. Therefore, no interim share, share or other securities issued by Simris Group AB may be transferred or offered for sale in the United States or Canada subject to certain exceptions. Subscription of shares in violation with these terms may be considered invalid and may be disregarded.

Consequently, shareholders whose existing shares are directly registered on a VP account with registered address in the United States, Canada, Australia, Switzerland, South Korea, Singapore, New Zealand, Hong Kong, Japan, South Africa, Belarus, Russia or other countries where participation requires additional prospectuses, registration or other authority permit will not receive any subscription rights in their VP account. The subscrip-

tion rights that would otherwise have been delivered to such shareholders will be sold and the sales proceeds, less costs, will be paid to such shareholders. However, amounts below 100 SEK will not be paid.

##### ***Directly registered shareholders not resident in Sweden entitled to subscription with subscription rights***

Directly registered shareholders entitled to subscribe for new shares in the Offer with subscription rights and are not resident in Sweden (not applicable to shareholders with registered address in the United States, Canada, Australia, Switzerland, South Korea, Singapore, New Zealand, Hong Kong, Japan, South Africa, Belarus, Russia) who do not have access to a Swedish internet bank may contact Aqurat by telephone according to above for information regarding subscription and payment.

##### **Subscription without support of subscription rights**

Application for subscription without subscription rights shall take place during the period from August 2, 2023, until August 16, 2023.

*Please note that trustee-registered shareholders who wish to subscribe without support of subscription rights shall contact their bank or other trustee and subscribe according to instructions from the respective trustee. This is to ensure that subscription is possible regarding deposits linked to an *Investeringssparkonto (ISK)* or a *Kapitalförsäkring* and for trustee-registered shareholders to be able to proclaim subsidiary subscription rights.*

Directly registered shareholders shall subscribe by the subscription form for subscription without subscription rights being filled in, signed, and sent to Aqurat at the address above. Any payment shall not be made regarding the subscription but shall be as set out below.

Application for subscription without subscription rights shall be received by Aqurat no later than 15:00 CET on August 16, 2023. Only one (1) subscription form per subscriber is permitted. In case more than one subscription form is submitted, only the last received subscription form will be considered. Other subscription forms will thereby be left without consideration. Please note that subscription is legally binding.

In the case of subscription without subscription rights and other corporate events where participation is voluntary and the signatory has an own choice of participation, Aqurat must collect information from you as a subscriber regarding citizenship and identification codes. This follows from the securities trading regulations that entered into force on January 3, 2018 (MiFID II 2014/65/EU). National ID (NID) must be collected if the person has a different citizenship than Swedish or additional citizenship in addition to Swedish citizenship. NID differs from country to country and corresponds to a national identification code for the country. For legal entities (companies), Aqurat must have a Legal Entity Identifier (LEI). Aqurat may be prevented from performing the transaction unless all required information is received. When signing the subscription form, the subscriber



confirms that the investor has read the Memorandum and understood the risks associated with the financial securities.

#### **Allotment regarding subscription without subscription rights**

In the event that all shares are not subscribed with subscription rights, the remaining shares shall be subject to allocation according to decision by the Board of directors within the terms of the Offer. The following principles will apply for the allocation:

- a) firstly, allotment shall be made to those who have subscribed for shares based on subscription rights and applied for subscription without subscription rights, whereby – in the event of over-subscription – allocation shall be made in proportion to the number of subscription rights that such persons exercised for subscription and, if this is not possible, by drawing of lots;
- b) secondly, allotment shall be made to other persons who have subscribed for subscription without subscription rights, whereby – in the event of over-subscription – allocation shall be made in relation to the number of shares stated in the respective subscription and, if this is not possible, by drawing of lots;
- c) thirdly, to the parties who have provided subscription undertakings in connection with the offer.

#### **Notification of allotment on subscription without subscription rights**

Notification on any allotment of new shares subscribed without subscription rights will be given in the form of a contract note. Payment must be made according to notice on the contract note, but no later than three days after the dispatch of the contract note. No notification is provided to the investor who has not received any allotment. If not paid in due time, subscribed shares may be transferred to another person or company. Should the sale price of such transfer be below the price of the Offer, the investor who originally received the allocation of these shares may be responsible for all or part of the difference.

#### **Interim shares (BTA)**

Subscription of shares in the Offer will be registered in Euroclear Sweden as soon as made possible, usually a few banking days after payment has been made. After due payment, Euroclear Sweden will distribute a notification confirming that interim shares (BTA) have been registered to the VP account. Subscribers who are trustee registered with a bank or other trustee will receive information from the respective trustee.

#### **Trading in interim shares**

BTA will be traded on Nasdaq First North Growth Market during the period from August 2, 2023, until the Rights Issue has been registered by the Swedish Company Registration Office, which is expected to take place around week 35 2023.

#### **Delivery of allocated shares**

BTA will be converted into shares approximately 7 days after the Rights Issue has been registered by the Swedish Company Registration Office. No notification will be sent regarding the

conversion. Subscribers whose holdings are trustee registered with a bank or other trustee will receive information from the respective trustee.

#### **Terms for the completion of the offer**

The Board of directors in Simris Group AB are not entitled to cancel, recall, or temporarily withdraw the Offer in accordance with the terms and conditions in this Memorandum. The Board of directors of Simris Group AB are entitled to extend the subscription period and payment period one or several times. An extension of the subscription period will be announced through a press release.

#### **Announcement of the outcome**

As soon as possible after the subscription period has ended, the Company will announce the outcome of the Rights Issue. The announcement will be published by press release from Simris Group AB.

#### **Applicable law**

The shares are issued under the Swedish Companies Act (2005:551) and are regulated by Swedish law.

#### **Entitled to dividends**

The shares entitle the holder to dividends for the first time from the record date of any dividend that occurs immediately after the shares have been entered in the share register of Euroclear Sweden AB.

#### **Shareholders register**

The company's shareholders register with information about shareholders is handled and accounted by Euroclear Sweden AB with address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

#### **Shareholders rights**

Shareholders rights regarding distribution of profits, voting rights, preferential rights for subscription of shares, etc. are governed partly by Simris Groups Articles of Association, which are available within this document and at [www.simrisgroup.com](http://www.simrisgroup.com).

#### **Information about the processing of personal data**

The person who subscribes for shares in the Offer will provide information to Aqurat Fondkommission AB. Personal data provided to Aqurat Fondkommission AB will be processed in computer systems to the extent necessary to provide services and administer customer arrangements. Personal data obtained from other than the customer to whom the processing relates may also be processed. It may also happen that personal data is processed in computer systems at companies or organizations with which Aqurat Fondkommission AB cooperates. Information about the processing of personal data is provided by Aqurat Fondkommission AB. Aqurat Fondkommission AB also receives requests for correction of personal data. Address information may be obtained by Aqurat Fondkommission AB through an automatic process at Euroclear.

### Other information

In the event of a larger amount than necessary has been paid by a subscriber, Aqurat will arrange for the excess amount to be refunded. Aqurat will contact the subscriber to obtain details regarding bank account for the refunding. No interest will be paid for the excess amount. A subscription of shares in the Offer, with or without subscription rights, is irrevocable and the subscriber may not cancel or modify such subscription.

Incomplete or incorrectly completed subscription forms may be submitted without consideration. If a subscription payment is made late, is insufficient or incomplete, the subscription application may be rejected, or subscription may be deemed to have been made for a lower amount. The unutilized part of the subscription payment will in such case be refunded.

If not paid in due time, subscribed shares may be transferred to another person or company. Should the sale price in the event of such a transfer fall below the price in accordance with this offer, the person who originally received the allotment of these securities may be liable for all or part of the difference.

### Subscription commitments and underwriting commitments

Simris Group has received subscription commitments of approximately SEK 2,14 million, corresponding to approximately 8,8 percent of the Rights Issue, from members of the Board of Directors. No compensation will be paid for the subscription commitment. In addition, the Company has received underwriting commitments of approximately SEK 22,20 million, corresponding to approximately 91,2 percent of the Rights Issue. The Company has received subscription commitments and

underwriting commitments of approximately SEK 24,3 million in total, corresponding to approximately 100 percent of the Rights Issue. For the underwriting commitments, an underwriting compensation of either fifteen (15) percent of underwritten amount in cash compensation or twenty (20) percent of the underwritten amount in shares. If the latter is chosen, the subscription price will correspond to the subscription price in the Rights Issue. The EGM on July 24, 2023, resolved on a Directed Issue of units to the underwriters that choose to receive underwriting compensation in shares. The subscription commitments and underwriting commitments are not secured by bank guarantee, blocked funds, pledges, or similar arrangements. Hence, there is a risk that these commitments are not fulfilled.

Name	Subscription commitment	Guarantee commitment	Total commitment
Frank Puccio	433 714	1 169 000	1 602 714
JCL Investments GmbH (Robert Quandt)	433 714	1 753 500	2 187 214
Namaqua Holding Ltd (Steven Schapera)	794 610	0	794 610
The Brand Laboratories Fz (Steven Schapera)	482 855	11 674 947	12 157 802
Osiris International Trustees Limited as Trustee of Claremont Trust	0	2 500 000	2 500 000
Osiris International Trustees Limited as Trustee of Mountain High Trust	0	4 021 500	4 021 500
Trevor Heneck	0	1 077 000	1 077 000
	<b>2 144 893</b>	<b>22 195 947</b>	<b>24 340 840</b>





# MESSAGE FROM THE CEO

When Simris' new board was assembled in May 2021, they knew they were faced with the formidable challenge of turning around an ailing microalgae grower with a single focus on extracting Omega-3 EPA. The company had already been listed for 5 years, had consumed all of the cash it had raised in that time, and had very little to show for it other than a loss-making microalgae farm, and a loss-making nutrition brand that didn't have European Food Safety approval for its Omega-3 product. A year later, In May 2022, I was brought in to lead a financial turnaround that would include transforming the company from a loss-making, low-margin, enterprise selling non-EU compliant Omega-3 into a profitable, high-margin, enterprise operating in the fast-growing biopharma space. We quickly moved to close on the acquisition of Cyano Biotech, since renamed Simris Biologics. This was to be the platform upon which we could make the transformation, as it provided the vehicle we needed to enter the highly-profitable biopharma world, and in particular, the market for Antibody Drug Conjugates (ADCs). At the same time, we laid down a new plan to do everything possible to lift the productivity of the Hammenhög farm, and we switched to growing higher margin fucoxanthin (for which we had secured a customer). Finally, we "re-set" our Simris nutrition brand, reformulated to ensure global regulatory compliance, and relaunched it with a D2C focus in the USA and Sweden.

Continued losses in any business are not sustainable, and Simris is no different, however many of the new costs we have here are one-off costs associated with the turnaround. Shutting down the Hammenhog facility for three months over winter so we could perform long-overdue maintenance meant sales were suspended not just for the three months the systems were "down" but also for the next six months whilst the farm was recommissioned and had produced sufficient biomass for downstream processing to begin. Likewise, relaunching the reformulated Simris Omega 3 requires significant up-front investment in inventory, packaging, marketing, and distribution. Fortunately, we are currently growing biomass to fulfil the 4m SEK order received and expect shipments to begin next month. Likewise, the re-formulated Omega-3 product was launched in the USA in April and sales are increasing albeit slowly in a highly competitive space. So whilst the financial results for the first half of 2023 are not good, they were not unexpected. Without question this is the most painful, but necessary, stage of the transformation process. The first half of 2023 was focused on making the necessary investments to support the operational changes. We anticipate that we will begin to see a return on those investments during the second half of the year.

There is no question in my mind that it will be Simris Biologics, and its ADC payloads, that will deliver the most value to Simris shareholders. This part of our business will be profitable upon securing its first license agreement and holds the potential to create significantly more value for shareholders than would ever



Julian Read  
CEO

be possible from the sale of Omega-3 or algal biomass. Unlocking this potential is, and must be, the priority of the business. However, we are also mindful that Simris has, over the years, invested heavily in its algae farm and in the Simris Omega-3 brand. We must therefore ensure we have made every effort possible for them to perform, and that we have all the relevant data points to ensure we are able to make fully informed decisions about their future. For now, it's looking favourable, but it will be another 3–6 months before we can safely say that profitability for these two verticals is within reach.

To enable the business to complete its transformation and unlock the full potential of the value within its assets, it must be properly capitalised. Funds from a successful capital raising will enable Simris to complete payment for the Cyano Biotech acquisition, strengthen the Company's balance sheet through the conversion of a loan into shares, and provide the runway required to support the business until it secures its first ADC license agreement. Based upon the positive results in the development of ADC products, and in our commercial relationships, we believe we will sign our first agreement within the coming 12–18 months.

Despite the financial performance of the business year to date I am more confident about the long-term potential of the business than at any other time. I work very closely with the Simris Board, and not a day goes by when revenue and profit is not discussed. Each month we review all aspects of our operations, and each quarter we review all aspects of our strategy. Of course, our objective is for all areas of the business to be profitable but if this cannot be achieved in a reasonable timeframe then we will again review our options and are prepared to take any tough decisions necessary to complete the turnaround and to reach profitability before end 2024.

# BUSINESS OVERVIEW

## Simris Group AB

Simris Group is a biologics company identifying high value, natural and biologically active compounds found in microalgae and cyanobacteria to extract for applications in skincare, nutrition, and biopharmaceuticals. The Company sustainably grows microalgae and cyanobacteria at industrial scale within its photobioreactor facility whereby conditions are optimized for production of these high-value compounds which are then commercialised across different industry sectors.

The wholly owned subsidiary Simris Biologics GmbH is active in research into biologically active substances found in microalgae and cyanobacteria, development of new technological platforms and cultivation of cyanobacteria on an R&D scale. Simris Biologics currently has a patent-protected technology that pharmaceutical companies can license to develop "Antibody Drug Conjugates" (ADC). The ADC field is seen as the future of cancer treatment.

The wholly owned subsidiary Simris Inc., is active in the import, distribution, marketing, and sale of Simris Group's consumer products on the North American market.

## Business Concept

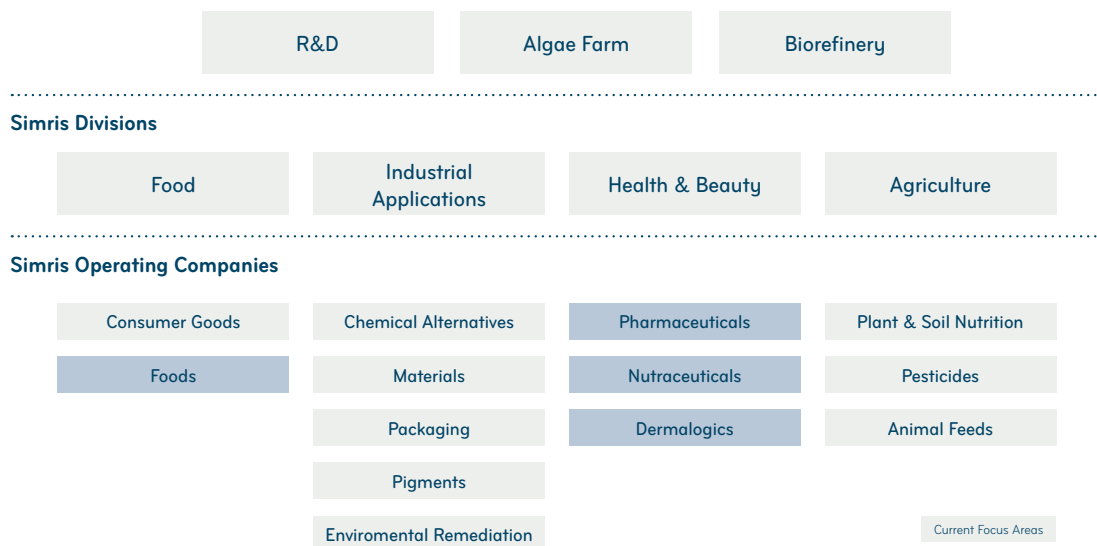
Our vision for Simris is to build a global business, based upon compounds extracted from microalgae and cyanobacteria, that can eventually supersede petrochemical and synthetic chemistry-based industries. Simris will operate a vertically integrated business model from R&D, through to cultivation of biomass, extraction and refining of compounds, for sale either B2B or as consumer products across multiple industry verticals.

The graphic below is the blueprint for the business that we aim to build. The time frame to implement such an industry-defining blueprint is more than ten years. Simris will play a leading role in a future microalgae-based industry producing products, and materials for products, in a drastically more sustainable way than current industry. As an example, one microorganism contains multiple compounds that can be used in a multitude of industry sectors. The Simris Group will leverage this and provide operating companies with a pipeline of novel compounds and materials for sale in different industry sectors.

To achieve this vision, mergers and acquisitions will form a central part of the business's strategy. Target companies will need to deliver a combination of; a positive EBITDA; access to new product categories; new geographies; new capabilities and competences; new intellectual property rights; and expanded production capacity.

Simris made its first acquisition, of Cyano Biotech GmbH, in August 2022. Prior to the acquisition of Cyano Biotech (renamed Simris Biologics in February 2023), Simris was already operating two different business models, namely Nutritional Supplements (B2C) and Biomass for Food Ingredients (B2B). The acquisition of Cyano-Biotech not only brought the business a highly experienced in-house R&D capability and a library of novel compounds that can be developed for different verticals in the future, but also two further business models. The first, and most lucrative is a biopharmaceutical business within the field of Antibody Drug Conjugate (ADC)<sup>1)</sup> medicines. The second is a small operation providing Standards and Reagents sold to external laboratories that test for the presence of cyanobacterial toxins in water supplies.

## SIMRIS GROUP



1) Beacon data from Hanson Wade (2023) <https://beacon-intelligence.com>



The opportunities within the field of ADCs are significant and this has become the priority focus of the business.

The Company considers that its technology and the status of commercial relationship will enable Simris Biologics to deliver an EBITDA of €0,25m in 2024 and growing to €8,4m by 2027.

There are four key business operations within the Simris Group today:

#### SIMRIS BIOPHARMACEUTICALS

With a library of over 5,000 novel cyanobacterial compounds, Simris Biologics (a wholly owned subsidiary of Simris Group AB) has "hits and leads" for novel compounds showing antimicrobial, antiviral, and antiviral activities. This provides the business with a pipeline of opportunities to develop new drugs in collaboration with those pharmaceutical companies seeking novel compounds with protected technology and, who like all companies, are under pressure to reduce their carbon emissions.

Simris Biologics' main focus is its patent protected Antibody Drug Conjugate (ADC) payload platform. This offers drug developers not only a pipeline of potent toxins, many with a novel mode of action, but uniquely where CO<sub>2</sub> is consumed instead of emitted during the production of the drug.

Simris continues to invest in developing and protecting its ADC technology platform for which the business model is to sign license agreements with drug development companies. In February 2023, the Company signed a collaboration agreement with Lonza Ltd, who as Simris' Contract Development and Manufacturing Organisation (CDMO) gained the globally exclusive rights to promote Simris' ADC technology. Simris anticipates that the first license agreement will be made within the coming 12-18 months.

The potential for Simris Biologics expands beyond ADCs for the treatment of cancers. Simris' ADC platform can be leveraged to produce treatments for age-related, neuro-degenerative diseases, and even Antibody Antibiotic Conjugates (AACs) where Simris has the potential to collaborate with drug developers to produce targeted drugs carrying novel antibiotic compounds isolated from cyanobacteria. Through its Research & Development

programme, Simris Biologics will continue to identify novel pharmacological compounds produced by cyanobacteria and that can be used to create novel treatments in other disease areas.

#### SIMRIS NUTRACEUTICALS

Simris Group AB (formerly Simris Alg AB), has historically sold a range of microalgae food supplements under the Simris brand and almost exclusively only in the USA due to regulatory restrictions in Europe. Simris re-launched an Omega-3 product (approved for sale in all countries), in January in Sweden and in April in the US. The cost to produce the new product is less than half of the cost of its previous product, allowing Simris to become far more competitive with other more premium algal Omega-3 brands.

With over 120,000 packs of algal Omega-3 sold per month via Amazon.com in the USA, Simris decided to initially focus on Direct to Consumer (D2C) sales via this channel. To date Simris has achieved a first page listing when searching for algal Omega-3 and over 40 reviews with an average 4,7/5-star rating. Simris plans to continue to invest in building sales momentum on Amazon with the goal to become a top five brand in algal Omega-3 on a monthly basis by the beginning of 2024.

Assuming success in the USA and Sweden, a further roll out of our Omega-3 product to new European markets and a broader range of products will follow over the coming 12 months.

#### SIMRIS FOODS

In Q3 2021 Simris began selling *Phaeodactylum tricornutum* biomass to companies interested in the high value fucoxanthin that it contains. During Q4 of 2022 and Q1 of 2023, Simris paused production at its operations in Hammenhög, Sweden, to perform a significant program of maintenance and upgrades. The result has been growth rates within the upgraded systems of more than two times the average historical rates. Through this work the Company has established a blueprint for further investments required to upgrade its largest photobioreactors. Commercial harvesting of the current crop of algae is underway with the first shipment to customers during Q3 2023.

Simris has developed a prototype of a fucoxanthin-rich oleoresin product that could be included in Food Supplements,



Foods and Cosmetics. Such a product would initially need to be sold outside of the EU until such time as the species of algae currently grown at Hammenhög is approved by the European Foods Safety Authority (EFSA) as a novel food. Simris is evaluating the opportunities for commercial sale of such a product outside of the E.U. before investing further in developing this product.

### SIMRIS DERMALOGICS

In collaboration with the Department of Biomedical Science at Malmö University, Simris Biologics continues to conduct research into the beneficial effects of various microalgal and cyanobacterial compounds and extracts on skin. This work aims to identify novel compounds, and extracts, that can be protected under patent and sold under license to leading cosmetic companies.

## BUSINESS MODEL

### Simris' ADC business model

Simris' business model within the ADC space is to sign license agreements with drug developers who want to access Simris' cyanobacterial toxins. In March of this year Simris engaged Alacrita Consulting, advisors to the Pharma and Biotech industry, to support the company in developing an independently verified pricing model for its ADC payloads.

Having studied the details of all ADC license agreements published since 2018, Alacrita concluded that the average value of an ADC license has been \$150m. The table below shows how payment is broken down across five different phases:

**Up-front fees:** these fees, paid before any work starts, grant the drug developer access to Simris' technology platform and the option to reserve the use of the toxin payload towards a specific target on a cancer cell.

**Pre-clinical:** the purpose of this phase is to establish that the ADC is effective in killing cancer cells, that there are few serious side effects and to establish the safe dosage level for

the ADC before they are used in humans. It is estimated that the pre-clinical phase will last between 18 and 24 months during which time Simris will be paid a collaborative research fee and for the delivery of toxin to be used in the development and in trials. The role of Simris will be to provide variants of its payload that are optimised relative to the biochemistry of the target on the cancer cell and of the other elements of the ADC. If this stage of research is successful, the ADC will be approved as an Investigational New Drug (IND) and will be allowed to enter human clinical trials. Granting of IND status will trigger a milestone payment from the drug developer to Simris. The drug developer will also need to exercise its option to take an exclusive license for the use of the toxin towards a specific target(s) to ensure no other company can use the specific toxin against that target.

**Clinical Trials:** there are three phases of clinical trials in humans before a drug can be approved for commercial sale and for general use.

- Phase 1 trials are designed to establish the safe dosage regime and last several months to one year.
- Phase 2 trials are designed to establish how well the drug works, if it works well enough to justify the cost of a bigger trials, and to gather more safety data and information about side effects. This phase usually lasts up to two years.
- Phase 3 trials compare the effect of the new drug vs the current treatment on a large scale, and gathers more data about side effects and the drugs impact on quality of life. This phase usually lasts between one and four years.

The size of the milestone payments will be progressively larger for each phase of human clinical trial successfully completed.

**Regulatory:** regulatory approval in each territory takes between 6 and 12 months. Simris anticipates that milestone payments will be made as an ADC is granted approval in the main regulatory territories e.g., US, E.U. and Japan.

### A model outlining the structure of a typical license agreement:

Development Stage				
Up-front	Pre-clinical	Clinical Trials	Regulatory	Commercial
Technology access fee	Collaborative research fee	End of Phase 1	Approval US	Sales target 1
Option fee for target exclusivity	Exercise of option for exclusive license	End of Phase 2	Approval EU	Sales target 2
	Approved as Investigational New Drug (IND)	End of Phase 3	Approval Japan	Sales target 3
	Supply of toxin	Supply of toxin	Supply of toxin	Supply of toxin
				Royalty payments
Typical % value of total license agreement				
2%-3%	4%-7%	10%-12%	25%-30%	50%-60%

Cells highlighted in blue indicate fees paid as development, regulatory and commercial milestones are met. Other fees are to be paid within each development phase as part of ongoing operations resulting in a continuous revenue stream throughout the development process.



**Commercial sale:** Simris will receive milestone and royalty payments as commercial sales of the ADC reach sales targets. The size of the milestone payments will be progressively larger.

**Supply of toxin:** Through the entire development project Simris will receive payment for the supply of toxin payload. As the toxins are so potent, the amount required is likely to still be measured in grams even in phase 3 clinical trials. The price per milligram is expected to reduce throughout each phase as the payload moves from the laboratory and to efficient, full scale production.

**Royalty payments:** Simris will benefit from royalty payments as a percentage of the sales revenue of each commercial drug until the expiry of the patent(s) covering the toxin used in the ADC. Simris' current patents will not expire until 2037.

Simris currently holds two patents which, due to their breadth, provide considerable protection against other companies developing novel ADC payloads from non-ribosomal peptides produced by cyanobacteria. Approximately 65% of everything produced by cyanobacteria are non-ribosomal peptides and Simris' platform patent covers the modification of all non-ribosomal peptides produced by cyanobacteria. Furthermore, Simris' second patent specifically protects the microcystin class of cyanobacterial toxins and their modification for use as an ADC payload.

As part of Simris' business model, Simris will continue to protect the technology platforms and novel active compounds that it develops. In line with this, Simris Biologics has filed two new patent applications since its acquisition of Cyano Biotech and which are currently under review.

#### **Business model for Omega-3 and other Food Supplements**

Since its inception in 2011, Simris has sold Omega-3 and other food supplements based upon microalgae directly to consumers in its home market, Sweden and the USA, and also via distributors. The market for such microalgae-based foods and food supplements is growing as consumers make new choices based upon environmental concerns and more and more take up a vegan diet.

At the beginning of 2023, Simris launched a reformulated and repackaged Omega-3 product in Sweden, which for the first time, was compliant with regulations globally. The product was subsequently launched direct to consumers (D2C) via amazon.com in the USA at the start of Q2.

Simris will operate both a D2C model and, where it would be more profitable, a wholesaler/retailer or even third-party distributor model.

- D2C model: Where Simris has its own operations or is able to operate most efficiently with the support of consultants, Simris will invest in marketing and promotional campaigns and sell directly to consumers from its own website and/ or via marketplaces such as amazon.com.

- Wholesaler/ retailer: Where Simris has its own operations (currently only Sweden), Simris will sell its products to wholesalers and/or retailers. As the majority of consumers expect to find food supplements in pharmacies in Sweden, Simris has secured distribution of its Omega-3 product in the top two pharmacy chains in Sweden.
- Third-party distributor: In markets where it is not effective for Simris to run operations, the company will seek relationships with distributors that will manage all local logistics, sales, and marketing.

The current priority within the food supplements area of the business is to secure the profitable sale of the new Omega-3 product in the USA and in Sweden. Once this is achieved, the plan is to add further microalgae and cyanobacteria inspired products and to broaden distribution to selected new markets.

#### **Business model for Business-to-Business sale of biomass**

Simris began selling freeze-dried biomass of the microalgae species *Phaeodactylum tricornutum* during the second half of 2021 to companies interested in the relatively high levels of fucoxanthin that it contained.

During Q4 of 2022 and Q1 of 2023, Simris paused production at its algae farm in Hammenhög, Sweden, to perform long overdue maintenance and upgrades to several of its photobioreactors. Since restarting the reactors Simris has experienced that growth rates in the upgraded systems is more than twice that of historical levels. As the pricing of the biomass sold is based upon the amount of fucoxanthin it contains, Simris is optimising its operations for the production of fucoxanthin.

During Q4 of the current year, Simris will review the performance of the Hammenhög facility throughout the main growing season. The data gathered during the year will provide the basis for decisions to be made regarding further investments in the facility and its future. As profit margins from the sale of biomass are relatively low, the data will need to show both that it is possible to increase the overall yield of biomass and the amount of fucoxanthin it contains for it to be sufficiently profitable for Simris to continue selling biomass to other businesses.

For Simris to receive a higher return from the growth of *Phaeodactylum tricornutum* at Hammenhög it would need to develop a more refined product, such as a fucoxanthin oleoresin, and to establish customers outside of the E.U., for such a product due to the fact that the European Food Safety Authority (EFSA) has not approved this species of algae as a source of foods for humans. Alternatively, Simris would need to grow one or more of the ten species of algae currently approved by EFSA. As Simris has no experience of growing these algae it is likely that it would require some time to build up the experience to find the optimal growth conditions for such algal species new to the company.

# MARKET OVERVIEW

The Simris Group is currently operating across several markets, namely:

- **Pharmaceuticals:** where the focus is within the field of antibody drug conjugates (ADCs)
- **Food Supplements:** where initial focus is on Omega-3 oils extracted from microalgae and whereby the company aims to develop a range of microalgae and cyanobacteria inspired consumer products
- **B2B Biomass:** whereby Simris' operations at Hammenhög is optimised for the production of Fucoxanthin

## Pharmaceuticals

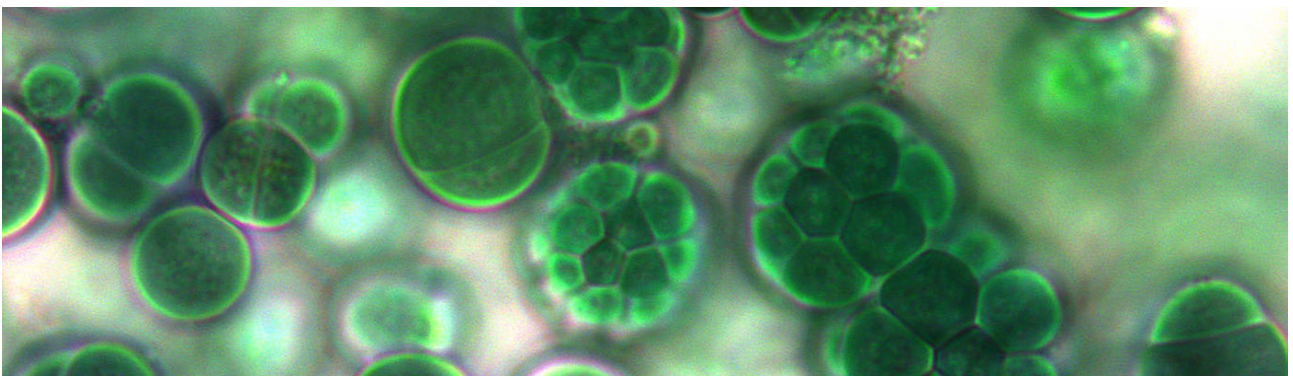
The first Antibody Drug Conjugate (ADC) was approved for commercial use in 2000 after which it took 11 years for a second ADC drug to be approved, and even by 2013 there were still only a total of three approved ADCs available. This first generation of ADC had issues with the specificity and stability of the drug which resulted in payloads being released in the blood stream or being delivered into health cells, in both cases causing harmful side reactions.

As the science has progressed the specificity and stability of ADCs has improved and enabled new drugs to be approved. By 2018, further two drugs with second generation linkers were approved and a third generation of more specific ADCs has seen ten new drugs approved between 2019 and 2022. The speed of development continues to increase as pharmaceutical companies invest ever more in developing new ADCs. There were 255 new trials started in 2022 taking the total to almost 1,400 ADC trials ongoing globally by the end of the year<sup>1)</sup>.

In 2022, the market for ADCs was worth over \$7bn<sup>2)</sup> and represents one of the fastest developing areas within pharmaceuticals. The forecast is that the market will grow to be worth more than \$25bn by 2030. Roche's drug Kadcyla, launched in 2013, was the biggest selling ADC-drug in 2022 with reported sales of \$2,265bn. Daiichi Sankyo's drug Enhertu was only launched in 2019 and is expected to generate a global revenue in excess of \$1,5bn in 2023 with sales having already grown 189% between 2021 and 2022<sup>2)</sup>.

The potential of ADCs is also driving merger and acquisition activity within the pharmaceutical sector.

- In March, Pfizer made an offer of \$43bn to acquire Seagen who's late-stage development programs and expertise in ADC's strong complement Pfizer's Oncology portfolio. The acquisition was quoted to be largely motivated by Seagen's ADC pipeline. Post-merger, Pfizer will hold six of the 14 FDA approved ADCs and a pipeline of clinical-stage ADC candidates.
- In April, Bristol Myers Squibb (BMS) and Tubulis announced a \$1bn collaboration to develop next-generation ADCs bringing together BMS's expertise in oncology and clinical development expertise and Tubulis' approach to ADC design and development.
- In June, Lonza announced that it had acquired Synaffix BV, one of the most successful linker technology companies of the past two years having signed 15 license agreements for a total of approximately \$7bn. As one of the world's largest Contract Development and Manufacturing Organisations (CDMO), Lonza currently produce the majority of commercially available ADCs. The acquisition of Synaffix allows Lonza to offer Synaffix's novel linker technology for new ADC development projects and places Lonza to produce any of the ADCs currently in development and using Synaffix's linker technology.
- In July, Samsung Biologics announced plans to have a fifth production facility open by April 2025. A spokesperson for the company confirmed the investment was based upon Samsung seeing *"a healthy demand still in the market – primarily being driven by the increasing need for therapeutics and the continuous advancements in monoclonal antibodies antibody drug conjugates."*
- Also in July, ImmunoGen, a biotech company focused on the development of ADCs to treat cancer, announced a multi-target license and option agreement to research novel, first-in-class ADCs with ImmunoBiochem, a biopharma developing novel biological therapeutics. This type of agreement is similar to the type of license agreement that Simris is targeting. More information can be found on ImmunoBiochem's website.



1) Beacon data from Hanson Wade (2023) <https://beacon-intelligence.com>

2) Based upon disclosed FY2022 financial statements



An ADC is made up of three elements: (1) an Antibody which attaches to a target on the surface of a cell; (2) a Drug (often referred to as a Payload), which is the molecule that delivers the effect, and; (3) a Linker that holds the Drug to the Antibody until delivered into the targeted cell. As of today, there are 15 ADCs approved for treating cancers. However, by the end of 2022<sup>1)</sup> there were almost 1,400 clinical trials ongoing supporting the development of new ADCs. This clearly demonstrates the significant interest the ADC field holds for drug developers.

To develop a cancer-ADC, a drug developer starts by identifying a target site (Antigen) that is only found on a cancer cell and not on healthy cells. One can think of this site as a door lock. They then design an Antibody which acts as the key that uniquely fits this lock. The job of the Antibody is therefore to locate the door lock (Antigen) and to trigger a process whereby the entire ADC is taken through the door and into the cancer cell. It is essential that the Antibody only binds to an Antigen on a cancer cell otherwise it may deliver its toxic payload (Drug) to a healthy cell and the patient will experience similar side effects experienced through traditional chemotherapy. The Linker part of the ADC can be thought of as the key chain which attaches to the key (Antibody) at one end and the active Drug at the other end. Once the ADC is inside the cancer cell, enzymes cause a break in the key chain (Linker) at the end where the Drug is held. Once released from the ADC the drug is free to interfere with the metabolism of the cell eventually resulting in its death. Simris' role is to provide drug developers with novel drugs that are designed to kill cancer cells and not to damage healthy cells.

Simris holds a pipeline of drug molecules (toxins extracted from cyanobacteria), as well as a technology platform that enables it to modify these and produce thousands of variants of these toxins to optimize their safety and efficacy within each ADC. As the average value of an ADC license agreement is \$150m<sup>1)</sup>, the opportunities for Simris in this area are significant. Simris considers its position so promising, that this has become the primary focus of the business.

Since the acquisition Simris has continued to invest in R&D. This has resulted in the development of new molecules that have an even better safety profile towards healthy cells whilst being more toxic to cancer cells. Simris has recently created five new ADCs carrying these molecules and these ADCs are currently undergoing in-vitro testing with the support of a major contract research organisation. The results of the tests will provide more data to support business development activities, new patent applications and will also add value to license agreements.

### Food Supplements

An historically important market for Simris Group is Omega-3 EPA & DHA, where the conventional raw material is fish oil. The market value for EPA/DHA omega-3 products at consumer level was USD 47 billion in 2021, with an annual growth rate of 3.1 percent<sup>2)</sup>. Dietary supplements are the largest product category in terms of volume, with a very large price range from mass

products in the discount segment to more exclusive products aimed at the beauty market. The market value of dietary supplements in this important niche was estimated at USD 4.5 billion in 2019 and is expected to grow to USD 6.8 billion in 2024<sup>3)</sup>. Simris is operating within the prestige category of the market because of the unique qualities of microalgae extracted Omega-3. The market for algae-based omega-3 products is growing strongly, resulting in price pressure and intensified competition.

In the E.U., the market for Food Supplements based upon compounds extracted from microalgae and cyanobacteria is restricted to a list of 10 organisms which includes the cyanobacteria *Spirulina* and three types of *Chlorella*. The European Commission has initiated a project to harness the potential of algae in Europe. The project will support companies to develop biofuels, foods, chemicals, agricultural products and bioactives. At the same time the European Food Safety Authority (EFSA) represents a formidable barrier for companies to pass in order for food products from microalgae & cyanobacteria species outside of the currently approved list to become approved for use. Simris invested significantly in an EFSA application for *Phaeodactylum tricornutum* to be approved as a food source in the E.U. After several years, without success in gaining approval Simris withdrew its application. Other European microalgae companies continue to apply for approval for this species to be approved as a source of foods in the E.U. Simris will reconsider its own application should others in the industry succeed in gaining approval for *Phaeodactylum tricornutum*.

### B2B Biomass

To date, Simris has only produced the microalgae *Phaeodactylum tricornutum*. In Q3 2021, Simris delivered its first Business-to-Business (B2B) order of freeze-dried *Phaeodactylum tricornutum* biomass to a customer interested in its high fucoxanthin content. Fucoxanthin is a highly active antioxidant that has been linked to benefits in improved concentration, weight loss, diabetes management and even to prevent cancers.

Producing biomass of *Phaeodactylum tricornutum* within glass tubular bioreactors is costs more per kilogram than the production of *Chlorella* or *Spirulina* in open ponds. It is therefore critical to identify high value compounds such as fucoxanthin for it to be possible sell biomass at profit. Further downstream processing, for example to extract the fucoxanthin into an oleoresin or to even produce a capsule containing fucoxanthin rich oil, enables higher profits to be made. Significant investment is required in product trials, stability trials, product registration and clinical trials to be able to make claims are required. Simris has developed a prototype oleoresin containing 5% fucoxanthin. Simris has decided to pause the development of this project to prioritise investment in developing its ADC technology platform.

To Simris' knowledge there are relatively few producers of *Phaeodactylum tricornutum* in Europe and based upon our internal benchmarking and through discussion with customers, Simris' biomass is of high quality and contains a relatively high amount of Fucoxanthin.

1) Valuation established in consultation with Alacrita Consulting Ltd and based upon the average value of ADC license agreement published since 2018.

2) GOED, 2020 Global EPA & DHA Finished Products Report (2020)

3) Statista, Global beauty supplements market size 2016-2024 (2020)

## COMPETITORS

### Competition for ADC payloads

Whilst a multitude of companies offer their own linker technology, there are relatively few companies specifically focused on developing new cytotoxic payloads for inclusion within an ADC. The payload is the active pharmaceutical ingredient (API) of an ADC i.e., the drug that shall kill the cancer cell. The major pharmaceutical companies (e.g., Pfizer, Astra Zeneca, Johnson & Johnson, and Roche) each have their own drug discovery team working to create novel APIs through chemical synthesis. This is currently the main competition that Simris faces. It is possible that pharmaceutical companies will consider in-licensing novel APIs from Simris Group. However, it is also possible that this will not be a part of their strategy and that they will choose to only focus on APIs generated internally when considering which API to include in the development of their next ADC.

There are a few companies focused on developing novel biological therapeutics for use in oncology, for example ImmunoBiochem who have recently announced a multi-target license agreement with ImmunoGen who currently have ten ADC projects in the clinical development phase and being tested on human patients.

To our knowledge there are no other companies with a platform for producing ready-to-conjugate ADC payloads within living organisms such as cyanobacteria. The approach of other companies is to create entirely synthetic compounds based upon the observed effect of naturally occurring biologically active compounds. The synthetic chemistry approach is most often highly complicated, requires extensive and expensive controlled environments and multiple sets of reactions.

The advantage of Simris' platform is that it uniquely leverages billions of years of evolution by providing cyanobacteria with the conditions through which they will produce the specific structural variant of a toxin that will be most effective against a cancer cell whilst not harming healthy cells. As Simris' production of ADC payloads is scaled to industrial levels it is anticipated that the cost of production of ADC payloads will be significantly lower than for payloads produced via synthetic chemistry.

### Competition within Food Supplements

Within Foods Supplements, Simris Group has been in a fundamentally favourable competitive situation, but this is an area where there is growing competition. The risk is that other players will offer similar raw materials in the future and at lower prices. In terms of consumer products, the number of Omega-3 products from algae has increased significantly in recent years, and it is important that Simris Group can maintain its unique positioning in the premium segment. In the long term, increased competition may lead to reduced growth and reduced market shares, which may have a negative effect on Simris Group's operations, future growth, results, and financial position. The main competition within the Omega-3 category comes from brands providing a range of Omega-3 supplements sourced from fish, for example, Nordic Naturals, Minami and BioSalma. Whilst these brands are offering an algal/vegan alternative sourced from microalgae, the vast majority of their business comes from Omega-3 extracted from fish. Simris remains relatively unique in its positioning as only selling Omega-3 sourced from microalgae. As Simris expands its range it will be able to offer different vegan Omega-3 products suited for mothers, athletes, children, the elderly etc. Vegan athletes and vegan mothers do not currently have many options for buying Omega-3 products formulated for their specific needs.

### Competition for B2B sales of *Phaeodactylum tricornutum* biomass

The number of companies cultivating microalgae is limited, and to Simris' knowledge, none of them are direct competitors with identical business models. One of the main differences lies in the actual type of algae strain being cultivated. Simris' algae, *P. tricornutum*, is a photosynthetic algae consuming carbon dioxide, whilst most of the other market players cultivate yeast algae using sugar, which is a less sustainable and environmentally friendly technique. Within Europe the only other algae company offering *P. tricornutum* biomass is Necton SA who are based in Portugal and sell biomass under the brand Phytobloom.

# FINANCIAL OVERVIEW WITH COMMENTS

## Forward looking statement and forecast

When the new Board joined Simris in May 2021, they inherited business selling algal Omega-3 not approved for sale in the E.U., and that had never made a profit in its history. To turn-around the fortunes of the business a significant re-organisation of operations was made. Operational costs were drastically reduced, inventory sold off and a new channel of B2B biomass for fucoxanthin was established. This was the beginning of the transformation that Simris is undergoing and that was intended to bring Simris into higher margin sectors, to reach profitability, and to create shareholder value. The acquisition of Cyano Biotech took place shortly after Simris' new CEO joined in May 2022. The scientific platform held by Cyano Biotech, took Simris into the pharmaceutical space where it would be able to command a price of millions of dollars per kilo of biomass rather than hundreds of dollars per kilo. This was therefore seen as the vehicle through which Simris could complete its transformation.

More than one-third (34%) of the forthcoming Rights Issue will be underwritten by guarantors from an external consortium of investors interested in the ADC-space and that believe in the future potential of Simris' ADC-platform. This group of investors have expressed a long-term commitment to Simris through entering into a binding contract which commits any of the funds that they guarantee and that are not used during the Rights Issue to be automatically moved to the Directed Issue. Furthermore, all members of the consortium have chosen to take their guarantee-fee in Simris shares rather than cash. This provides the longest possible runway for the business by leaving cash in the business. Simris views this arrangement as highly preferable to a situation whereby "professional guarantors" support the business through the capital raising, take their guarantee-fee in cash and then sell-off any shares they acquired during the transaction within a few months of the completion of the transaction. This, more traditional approach to financing, not only takes cash out of the business but also likely negatively affects the share price as they sell off shares.

## Simris Biologics and its platform for ADC-payloads

Simris Group forecasts that Simris Biologics will generate annual sales revenue of €3.275m, with an EBITDA of €248k in FY2024 by licensing its ADC-platform and leveraging the potential within its library of cyanobacteria and novel, natural compounds.

The forecast for Simris Biologics can be found below:

All values in €k	2024	2025	2026	2027
TOTAL Sales Revenue	3 275	8 688	11 623	15 034
EBITDA	248	4 061	6 044	8 371

This forecast, extending out to FY2027, is based upon the following:

- Successful completion of the upcoming Rights Issue and Directed Placement
- One license agreement signed in 2024, and one in each of the following years.
- Fees being paid to Simris Biologics to reserve the use of a toxin towards a specific cancer cell target throughout the pre-clinical development phase.
- Research collaboration fees, covering two quarters in 2024, for Simris Biologics to support the drug developer by optimising Simris' payload for use in the developing ADC. These collaboration fees would increase annually, in-line with Simris Biologics supporting multiple development projects.
- Increasing amounts of Simris payload to be provided to drug developers to support their development activities, pre-clinical trials and clinical trials.
- Exclusivity fees paid to Simris to secure the right of a drug developer to exclusively use a Simris toxin towards a specific cancer cell target
- One drug development being granted Investigational New Drug (IND) status and being cleared for use in human clinical trials and thereby triggering a milestone payment.

Simris Group AB acquired Cyano Biotech GmbH in August 2022 (renamed Simris Biologics GmbH in February 2023). Since then, significant progress has been in developing the patented scientific platform and driving it to commercialisation. The scientific progress will result in additional new patent applications and has already produced novel molecules that demonstrate greater potency towards targeted cancer cells with an even safer profile towards healthy cells.

Existing discussions with commercial partners for the potential development of new ADC's, as well as development of proprietary Payload-Linkers that could be offered to drug developers, continue to show promise, and hence the expectation that the first licensing agreement would be secured in the next 12-18 months.

In formal consultation with Alacrita Consulting, reputable advisors to the Pharma and Biotech industry, Simris has established that the indicative total value of such an agreement (based upon similar agreements announced to the market since 2018) would be ca. \$150m to Simris; upfront fees were, on average, 5% of the total agreement value.

Based upon the potential within Simris' ADC platform, its library of toxins and the status of commercial discussions, Simris would be disappointed if it were not able to sign its first license agreement, for a similar value, before the end of 2024.



Simris Group further forecasts that its subsidiary Simris Biologics will be profitable in FY 2024, even after investing in additional people and new bioreactors dedicated to the production of ADC-payloads and to continue to deliver a strong and growing return on investment in the following years.

### Simris Food Supplements

Simris has sold algal Omega-3 at least partly sourced from its algae farm based in Hammenhög, Sweden. Despite a decade of investment, the business had not been able to operate profitably. An extensive review of operations when the new Board and management joined the business showed the need for a different approach. The product was reformulated to be able to be sold globally and not just outside of Europe, to reduce the cost of goods by more than half, to reduce the risk of waste packaging and to be able to sell at a lower price that would still be premium but would allow Simris to compete for significantly greater volume of sales.

As stated previously in this document, Simris relaunched a reformulated and repacked Omega-3 product in Sweden during January of the current year, in the USA via amazon.com in April and in the top two pharmacy chains in Sweden in May and June.

Simris is currently still in the phase where it is investing behind the launches of its new product in each market and in gathering sufficient data to be able to complete a review of the re-launch within the next 3–6 months. Decisions will be taken regarding further investment and the future of the food supplement business based upon this review. By Q1 2024, the Board will need to see that this area of the business is able to operate at profit.

A successful re-launch would result in Simris extending the range to include other microalgae and cyanobacteria inspired products and to selected new markets. If the Board and management were to believe that it would take too long and/ or too much investment to establish the Simris brand in the highly competitive food supplement segment they would review the merits of other options.

### Simris Food Supplements and B2B Biomass

Simris has been selling biomass of *Phaeodactylum tricornutum* produced at its algae farm based in Hammenhög, Sweden, to other companies wishing to extract and use the fucoxanthin and Omega-3 it contains for use in their own food supplements.

Simris values the biomass it produces based upon the amount of fucoxanthin it contains. The more fucoxanthin it contains, the higher the price per kilo. Simris paused operations at Hammenhög during Q4 2022 and into Q1 2023, to perform long overdue maintenance and to make upgrades to its smaller bioreactors. These investments were designed to allow the Board to evaluate the full production potential of the algae farm in terms of yield of algal biomass and how much fucoxanthin it could contain.

The data gathered until end June 2023, showed that the upgraded bioreactors are capable of producing more than twice

as much biomass than they were before. Additional data will be gathered about yields and the ability to adjust conditions to optimise for fucoxanthin production during Q3 and into early Q4. The Board and management will review the data gathered before making decisions about future investments in the algae farm or whether to seek alternative solutions.

## HISTORICAL FINANCIAL PERFORMANCE – TAKEN FROM INTERIM REPORT JANUARY-JUNE 2023

### Net revenue and profit

Sales for the second quarter amounted to SEK 677k (240k). The increase in sales during the quarter is attributed to an increase in sales of Omega-3 and the inclusion of sales of cyanobacterial standards from Simris Biologics (formerly known as Cyano Biotech).

Sales for the period Jan-Jun 2023 amounted to SEK 1 165k (3 446k). The decrease in sales for the period Jan-Jun is attributed to the previously announced pause in operations at our algae farm in Hammenhög (to perform maintenance and upgrades), and the subsequent lack of biomass available to meet B2B sales demand. Once bioreactors are restarted, which occurred in January, it normally takes 5 months to build sufficient biomass before harvesting can begin, and a further 8 weeks before sufficient biomass is harvested to allow for efficient downstream processing. The upgrades we made to the bioreactors enabled harvesting to begin ahead of schedule in April. Shipping of freeze-dried product to the customer to complete the order announced on 2nd May is expected to begin in batches during the first half of August and through into Q4.

The EBITDA result for the second quarter declined by 59% to SEK -6 439k (-4 050k) and for the period Jan-Jun declined by 67% to SEK -12 438k (-7 470k). On a "like-for-like basis" the EBITDA declined by 13% and by 25% for the period Jan-Jun.

The EBIT/ Operating result for the second quarter declined by 116% to SEK -10 315k (-4 767k) and for the period Jan-Jun declined by 123% to SEK -19 910k (-8 911k). On a "like-for-like basis" the EBIT declined by 11% and by 22% for the period Jan-Jun.

The change in inventory during the quarter amounted to SEK -375k (-56k) and the total inventory value amounted to SEK 1 851k (858k) at the end of the period.

### Fixed Assets

The total value of the Group's fixed assets amounted to SEK 180 828k (21 971k) at the end of the period.

Tangible Assets at the end of the period were SEK 21 262k (21 915k). There were no Investments during the quarter.

Intangible Assets at the end of the period were SEK 159 561k (0). This is based upon investments associated with the acquisition of Simris Biologics (former Cyano Biotech).

The depreciation of fixed assets was made according to relevant accounting standards, with SEK 3 876k (717k) during the quarter. Fixed assets are depreciated over 5–10 years for most fixtures and fittings, and over the remaining lifetime for patents – 15 years for the patents and technology gained through the Cyano Biotech acquisition), and up to 40 years for the buildings.

#### Liquidity and financing

Cash flow from operating activities amounted to SEK -5 536k (-2 310k) for the quarter. Cash flow amounted to SEK 407k (17 449k) for the quarter. At the end of the period, cash and cash equivalents amounted to SEK 2 256k (18 391k). The total liabilities at the end of the period amounted to SEK 183 683k (6 491k).

The debt on the balance sheet following the acquisition of Cyano Biotech is €8m and takes account of the maximum earn-out from the ADC platform. For the earn-out to be paid out at the maximum value, Simris would have sales revenue of €80m from the ADC platform over the next 15 years. Such revenue would be expected to be at a high profit margin.

On 5th May the Board accepted an offer from the former owners of Cyano Biotech to extend the due date on the second payment for the acquisition, from 25th August to 2nd October.

On the August 25, 2022, The Brand Laboratories FZ (TBL), a company associated with Simris Chairman, Steven Schapera, providing the business with a flexible funding facility of up to €1.0m to be drawn down as and when required. The loan was to be paid back within twelve months and accumulates interest at 1.0% per month. On 24th January Simris announced that TBL offered to increase the funding facility by a further €0,5m on the same terms as the original €1,0m facility. On 21st April the Board accepted an offer from TBL to extend the loan facility by a further €150k. On 5th May, the Board accepted an offer from TBL to extend the due date for payment of its flexible loan facility, from 25th August to 2nd October. On 5th July, a Shareholder proposed that an EGM, to be held on 24th July, should approve a proposal from the Board for TBL to convert €1m of TBLs loan into Simris shares as a part of the upcoming capital raising. At the same time the Board proposed that the EGM resolves to accept an offer from TBL to extend the term of its remaining loan facility to 31st December 2024.

At the end of Q2 €1,65m of the loan facility had been called upon.

On 5th July, Simris announced a capital raising, comprised of a Rights Issue of ca., SEK 24,3m towards existing shareholders and a shareholder proposed a Directed Issue of ca. SEK 26,6m. The Board believes that this will provide both the growth and working capital until the first ADC license agreement is secured. If the Rights Issue is fully subscribed, then the directed placement will also be filled, and Simris will raise its targeted amount of SEK 51m (before transaction costs).

The Board's assessment is that existing funding will not cover the company's working capital requirements until the end of Q3. The upcoming capital raise is planned to provide the Company with working capital until end 2024.

#### Equity

The Group's equity amounted to SEK 3 494k (36 080k) at the end of the period. The solidity was 2.0 percent, compared with 12.0 percent on December 31, 2022.

#### Staff and organization

The average number of full-time equivalents (FTEs) employed during the quarter amounted to 12 (8) of which 4 are employed in Simris Biologics (formerly known as Cyano Biotech – acquired August 2022). During the period Jan-Jun the average number of FTEs employed amounted to 10 (7) of which 3,5 are employed in Simris Biologics. At the end of the quarter the Group had 12 FTEs of which 4,5 are employed at Simris Biologics.

#### Parent company

Simris Group AB is the parent company. Net revenue for the Parent Company during the quarter amounted to SEK 280k (61k) and 782k (2992k) for the period Jan-Jun 2023. EBIT/ Operating result amounted to SEK -5 102k (-4 733k) for the quarter and -10 125k (-8 719k) for the period Jan-Jun 2023. Result before tax amounted to SEK -7 015k (-4 753k) for the quarter and -12 785k (-8 924k) for the period Jan-Jun 2023.

**INCOME STATEMENT – GROUP**

SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net revenue	677	240	1 165	3 446	4 080
Change of finished goods and work in progress	-316	-132	-363	-2 658	-3 676
Activated work for own account	0	0	0	0	0
Other operating income	514	126	665	132	646
Raw materials and consumables	-315	-27	-615	-616	-1 146
Other external expenses	-4 180	-2 583	-8 186	-4 681	-10 865
Personnel expenses	-2 819	-1 674	-5 104	-3 093	-7 044
Depreciation and amortization	-3 876	-717	-7 472	-1 441	-6 652
Operating result / EBIT	-10 315	-4 767	-19 910	-8 911	-24 657
Financial net	-1 125	-339	-2 015	-202	-1 109
Result before tax	-11 440	-5 106	-21 925	-9 113	-25 766
Tax	923	-5	1 769	-30	1 344
<b>Result for the period</b>	<b>-10 517</b>	<b>-5 111</b>	<b>-20 156</b>	<b>-9 143</b>	<b>-24 422</b>
(Attributable to the parent company's shareholders)	-10 517	-5 111	-20 156	-9 143	-24 422

**BALANCE SHEET – GROUP**

SEK thousands	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
<b>Fixed Assets</b>			
Intangible assets	159 561	0	155 899
Tangible assets	21 262	21 915	22 417
Financial assets	4	56	0
<b>Total Fixed Assets</b>	<b>180 827</b>	<b>21 971</b>	<b>178 316</b>
<b>Current Assets</b>			
Inventory	1 851	858	2 257
Other receivables	2 243	1 351	1 145
Cash and bank balances	2 256	18 391	3 994
<b>Total Current Assets</b>	<b>6 350</b>	<b>20 600</b>	<b>7 396</b>
<b>Total Assets</b>	<b>187 177</b>	<b>42 571</b>	<b>185 712</b>
<b>Equity and Liabilities</b>			
Equity	3 494	36 080	23 034
<b>Provisions</b>			
Deferred tax	48 373	94	47 331
<b>Liabilities</b>			
Long-term Liabilities	96 737	1 456	91 480
Short-term Liabilities	38 573	4 941	23 867
<b>Total Liabilities</b>	<b>183 683</b>	<b>6 491</b>	<b>162 678</b>
<b>Total Equity and Liabilities</b>	<b>187 177</b>	<b>42 571</b>	<b>185 712</b>



## CASH FLOW ANALYSIS – GROUP

SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Cash flow from operating activities before changes in working capital	-8 150	-3 992	-14 685	-7 562	-17 961
Cash flow from working capital	2 614	1 682	2 517	1 961	-227
<b>Cash flow from operating activities</b>	<b>-5 536</b>	<b>-2 310</b>	<b>-12 168</b>	<b>-5 601</b>	<b>-18 188</b>
Cash flow from investing activities	0	0	-545	0	-22 382
Cash flow from financing activities	5 943	19 759	10 975	23 031	43 603
<b>Cash flow for the period</b>	<b>407</b>	<b>17 449</b>	<b>-1 738</b>	<b>17 430</b>	<b>3 033</b>
Cash and cash equivalents opening balance	1 849	942	3 994	961	961
<b>Cash and cash equivalents closing balance</b>	<b>2 256</b>	<b>18 391</b>	<b>2 256</b>	<b>18 391</b>	<b>3 994</b>

## CHANGES IN EQUITY – GROUP

SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Opening balance	13 795	13 902	23 034	18 221	18 221
Issue (including issue costs)	0	26 778	0	26 778	28 022
Stock option program	0	105	0	105	105
Translation differences	216	406	616	119	1 108
Result for the period	-10 517	-5 111	-20 156	-9 143	-24 422
<b>Closing balance</b>	<b>3 494</b>	<b>36 080</b>	<b>3 494</b>	<b>36 080</b>	<b>23 034</b>

## KEY FIGURES – GROUP

SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net revenue (kSEK)	677	240	1 165	3 446	4 080
EBIT (kSEK)	-10 315	-4 767	-19 910	-8 911	-24 657
Cash at the end of the period (kSEK)	2 256	18 391	2 256	18 391	3 994
Equity (kSEK)	3 494	36 080	3 494	36 080	23 034
Earnings per share (SEK)	neg.	neg.	neg.	neg.	neg.
Earnings per share after full dilution (SEK)	neg.	neg.	neg.	neg.	neg.
Equity per share (SEK)	0,02	0,20	0,02	0,20	0,13
Equity per share after full dilution(SEK)	0,02	0,20	0,02	0,20	0,13
Number of shares, average	180 302 520	131 840 721	180 302 520	105 341 103	142 397 290
Number of shares, end of period	180 302 520	176 370 274	180 302 520	176 370 241	180 302 520
Number of shares after full dilution*	180 302 520	176 370 274	180 302 520	176 370 274	180 302 520
Solidity (%)	2,0	84,8	2,0	84,8	12,0
Balance sheet total (kSEK)	187 177	42 571	187 177	42 571	185 712
Cash liquidity (%)	12	400	12	400	22
Average number of employees	12	8	10	7	8

\*Simris Alg has five outstanding warrant programs. Dilution effects have not been taken into account for any of the programs for any of the above period, as the average price of Simris Alg's share in each period has been less than the subscription price in the programs. If full subscription takes place within the framework of the option programs, the number of shares will increase by 9 871 785.

## INCOME STATEMENT – PARENT COMPANY

SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net revenue	280	61	785	2 992	3 060
Change of finished goods and work in progress	-35	7	-313	-2 200	-2 357
Activated work for own account	0	0	0	0	0
Other operating income	380	126	380	132	258
Raw materials and consumables	-233	-26	-446	-616	-1 016
Other external expenses	-2 910	-2 511	-5 755	-4 500	-9 751
Personnel expenses	-1 837	-1 674	-3 299	-3 093	-6 093
Depreciation and amortization	-747	-716	-1 477	-1 434	-2 872
<b>Operating result / EBIT</b>	<b>-5 102</b>	<b>-4 733</b>	<b>-10 125</b>	<b>-8 719</b>	<b>-18 771</b>
Financial net	-1 913	-20	-2 660	-205	-1 108
<b>Result before tax</b>	<b>-7 015</b>	<b>-4 753</b>	<b>-12 785</b>	<b>-8 924</b>	<b>-19 879</b>
Tax	-4	-4	-7	-7	-13
<b>Result for the period</b>	<b>-7 019</b>	<b>-4 757</b>	<b>-12 792</b>	<b>-8 931</b>	<b>-19 892</b>

## BALANCE SHEET – PARENT COMPANY

SEK thousands	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	19 626	21 915	20 558
Financial assets	123 499	9	113 887
<b>Total Fixed Assets</b>	<b>143 125</b>	<b>21 924</b>	<b>134 445</b>
<b>Current Assets</b>			
Inventory	267	637	739
Receivables from group companies	800	0	1 117
Other receivables	1 312	1 258	808
Cash and bank balances	1 621	17 957	3 490
<b>Total Current Assets</b>	<b>4 000</b>	<b>19 852</b>	<b>6 154</b>
<b>Total Assets</b>	<b>147 125</b>	<b>41 776</b>	<b>140 599</b>
<b>Equity and Liabilities</b>			
Equity	12 865	35 375	25 657
<b>Provisions</b>			
Deferred tax	107	94	101
<b>Liabilities</b>			
Long-term Liabilities	96 737	1 456	91 480
Short-term Liabilities	37 416	4 851	23 361
<b>Total Liabilities</b>	<b>134 260</b>	<b>6 401</b>	<b>114 942</b>
<b>Total Equity and Liabilities</b>	<b>147 125</b>	<b>41 776</b>	<b>140 599</b>

# RISK FACTORS

Investing in shares is associated with different types of risks. Before each investment decision, it is important to carefully analyse the risks that are considered significant. Below are presented the risks that are considered significant for Simris Group, its shares and the Offering. Potential investors should make their own assessment, with or without the help of advisers, of the risks associated with an investment in the shares. The following risk factors are limited to risks that are specific to Simris Group and/or the shares and that are considered significant in order to be able to make an informed investment decision. The description below is based on available information to date of the Memorandum. The Company has assessed the risks based on the probability of their potential occurrence and the potential negative impact if a risk were to be realized. The materiality of the risk factors has been graded according to scale (i) low, (ii) medium (iii) high. The risks are not presented in order of significance. In addition to this chapter, investors should also take into account other information in the Memorandum.

## RISKS RELATED TO THE COMPANY'S OPERATIONS

### Market Risk for Consumer Products

Simris Groups operations in consumer products depend on consumer demand. There are significant differences in consumers' attitudes towards health products and omega-3 supplements within the different markets in the world. Despite extensive research on the importance of omega-3 EPA and DHA and the clinically proven health effects, it happens that negative studies receive a medial impact. Such events can negatively affect public opinion and reduce the Company's sales. A general decline in the market for omega-3 supplements, investments in the wrong markets, and a lack of consumer acceptance can thus harm Simris Groups earning power, growth, and earnings.

**Probability:** low (due to the extensive and growing number of scientific publications supporting the benefits of Omega-3 and other algal/ cyanobacterial sourced supplements)

**Impact:** medium

### Competitors within ADC payloads

Whilst a multitude of companies offer their own linker technology, there are relatively few companies specifically focused on developing new cytotoxic payloads for inclusion within an ADC. The payload is the active pharmaceutical ingredient (API) of an ADC i.e., the drug that shall kill the cancer cell. The major pharmaceutical companies each have their own drug discovery team working to create novel APIs through chemical synthesis. This is currently the main competition that Simris faces. It is possible that pharmaceutical companies will consider in-licensing novel APIs from Simris Group. However, it is also possible that this will

not be a part of their strategy and that they will choose to only focus on APIs generated internally when considering which API to include in the development of their next ADC.

**Probability:** low

**Impact:** high

### Competitors within Novel Foods

Within Novel Foods, Simris Group has been in a fundamentally favourable competitive situation, but this is an area where there is a growing competition. The risk is that other players will offer similar raw materials in the future and at lower prices. In terms of consumer products, the number of Omega-3 products from algae has increased significantly in recent years, and it is important that Simris Group can maintain its unique positioning in the premium segment. In the long term, increased competition may lead to reduced growth and reduced market shares, which may have a negative effect on Simris Group's operations, future growth, results and financial position.

**Probability:** medium

**Impact:** medium

### Brand

As the Simris Group manufactures consumer goods, success depends on the ability to gain and maintain consumer confidence in the safety, efficacy and quality of the products. Success also depends on the ability to create and maintain brand reputation brand awareness for its products, as well as to maintain reputation. Simris Group has chosen to position the brand in a pronounced premium segment, and success is dependent on the products maintaining a higher quality than the safety and quality standards that exist on the market and the company's ability to communicate the uniqueness of the products.

**Probability:** medium

**Impact:** medium

### The company's ability to sign license agreements

The average value of license agreements in the ADC space since 2018<sup>1)</sup> has been \$150m and it is most common for 5% of this value to be paid as an up-front fee. Considering this, the immediate priority of the business is to secure license agreements with drug developers for the development and supply of cyanobacterial toxins for use in Antibody Drug Conjugates. The revenue generated through such agreements will enable the business to operate profitably and to fund further expansion. There is a risk that Simris will not be successful in closing any license agreements for its ADC-payload technology platform.

**Probability:** low

**Impact:** high

1) Beacon data from Hanson Wade (2023) <https://beacon-intelligence.com>



## LEGISLATION AND GOVERNMENT DECISIONS

### The company's ability to obtain regulatory approvals for pharmaceutical products

Simris Group's products are subject to widely differing regulations and legislation in different markets. Products within BioPharma are strongly regulated by each country's regulatory framework for pharmaceutical products. Simris Group will license its technology platform to a drug development partner who will have sole responsibility for the registration and approval process of the drug they develop in each regulatory territory. Simris Group will be required to demonstrate that its Payloads are produced in accordance with Good Manufacturing Process as part of the regulatory approval process. There is a risk that Simris will not be able to implement a sufficiently high quality of production to satisfy the regulatory authorities in major sales territories.

**Probability:** low

**Impact:** high

## RESEARCH AND DEVELOPMENT

### The company's ability to develop high performing payloads from the ADC platform

Within the field of Antibody Drug Conjugates (ADCs), Simris' business model is to collaborate with drug development companies within an agreement where the drug development company licenses Simris' technology for use within its own programme to develop a novel ADC. The performance of such drugs is not only limited to the performance of the types of payloads that Simris provides, but also upon other elements of the ADC, such as the specificity of the Antibody. If the Antibody takes the ADC into healthy tissue cells the patient can experience severe side effects. If the drug developer does not see sufficiently strong performance of the drug (ADC) under development, then they will stop the development programme. This can happen during pre-clinical development or during phase 1, 2 or 3 clinical trials. Whilst such a decision would prevent further revenue within a specific project, Simris is able to mitigate this risk having a significant impact upon its business by making multiple license agreements, developing payloads that can be licensed towards multiple targets and by developing multiple payloads from the many different classes of cyanobacterial toxins.

**Probability:** high (for an individual project) and low (in respect to the platform for ADC payloads)

**Impact:** low due to the possibility to have multiple concurrent license agreements with different drug development companies

### The company's ability to conduct successful R&D projects

Outside of the field of ADCs, Simris will be running a number of Research and Development projects. There is always a risk that projects will be delayed or not achieve the desired results. Fur-

thermore, there is no guarantee that projects or collaborations will result in new, launchable products or that Simris Group will have exclusive rights to the results which may have a negative effect on Simris Group's operations, future growth, results and financial position. Simris Group manages these risks primarily by conducting parallel projects with different development horizons and levels of innovation.

**Probability:** medium

**Impact:** low in the short-term and medium in the longer-term

### The company's ability to protect its intellectual property rights

Simris Group strives to protect its intellectual property rights through trademark registrations and agreements in the countries where the group operates or intends to operate. Simris Group currently holds two patents covering the production of non-ribosomal peptides from cyanobacteria for use as ADC payloads and for the cyanobacterial toxin, microcystin, as a first class of ADC payload. New patent applications in the ADC field will be filed in due course as science advances.

Ongoing research in the skin care area aims to identify new individual substances and/or extracts with proven activity that benefits the skin. The group will apply for patent protection for all new products arising from this work.

Certain parts of the cultivation process are protected as a trade secret. Simris Group's business secrets may become known through information leakage or in other ways. Corresponding trade secrets and similar production methods may be developed by competitors, who may launch similar, competing products.

**Probability:** low

**Impact:** high

### Technical Risks during Operation

The technology for cultivation and downstream processes has been verified through continuous operation on an industrial scale since 2016. Experience of the operational stability of continuous cultivation for a long time is thus extensive. However, it is possible that a batch of algae culture can become contaminated by organisms that graze on the algae resulting in the loss of that batch. In such events the bioreactor is emptied and cleaned down before being inoculated with a new, fresh culture.

Simris operates a system of bioreactors meaning that any such risk is limited to an individual reactor and not all production capacity. The bioreactors are between 2,000 and 50,000 litres in size and the impact of a culture crash in a system is directly proportional to the size of the reactor. Once a reactor is re-inoculated with fresh, healthy culture from another system it can take one to four weeks, depending upon growth conditions at the time of the event and the quantity of biomass transferred from another reactor, for the reactor to fill up and be ready for harvest. To minimise the impact upon overall production, Simris'

standard approach to maintenance is to perform all planned maintenance and upgrades on one reactor at a time.

In the event that the entire system of bioreactors is emptied, it can be expected to take approximately four months before sufficient culture is available for harvesting to begin and a further two months before sufficient biomass has been harvested to enable efficient downstream processing, namely freeze-drying, and before commercial sales can recommence.

Start-ups of new algae cultures are made at regular intervals to maintain a high quality of biomass and to minimise the impact of contaminants affecting production.

In the event that the Company decides to work with a new algae strain additional time would be required to optimise growth conditions at each stage of production which would temporarily lower yields.

Significant climatic events such as more extended periods of drought or significantly elevated temperatures, may require additional investment in in-house water supply and cooling.

**Probability:** medium

**Impact:** medium

#### The Dependence on Key People

Simris Group is a small organization that is highly dependent on the knowledge, experience, and commitment of key personnel. Identifying and attracting employees with the right characteristics and skills and retaining key people are crucial for the company's success and ability to deliver according to plan. There is a risk that the Company will not be able to offer all key people and employee's satisfactory conditions to compete with those offered by other companies in the industry or related industries. The Company is dependent upon the knowledge of its employees. If key people or employees leave Simris Group, and their knowledge is not properly documented or shared with colleagues, existing development and/or ongoing projects are at risk. Replacing such an employee in a timely manner may cause delays in the respective projects and thus increase costs and reduce margins. If key personnel leave or cannot be employed in the Company, it may have a negative impact on the operations.

**Probability:** low

**Impact:** high

#### Suppliers

Manufacturing is dependent on a number of suppliers in the downstream chain. There is a risk that the business could be negatively affected if subcontractors do not fulfil their commitments. Changing suppliers can cause delays and/or increased costs. To mitigate such risk Simris' policy is to operate multiple sources of critical components of its supply chain.

**Probability:** low

**Impact:** high

#### Disputes, Claims, Investigations, and Processes

Simris Group may become involved in disputes within the framework of normal business operations and risks being subject to claims in legal processes concerning contracts, product liability, or alleged deficiencies in deliveries of goods and services. Such claims can involve large sums and significant litigation costs.

**Probability:** low

**Impact:** medium to high depending upon the nature of the claim/ dispute

### FINANCIAL RISKS

#### Liquidity Risk

Simris Group is in the start-up phase and still lacks sufficient own earning power to cover the costs of the business through its own sales revenues. Simris Group needs additional external financing in 2023 to continue its operations and implement its growth plans. There is a risk that the current capital raising will be insufficient and that in the future new capital cannot be obtained when needed, that new capital cannot be obtained on satisfactory terms, or that acquired capital is not sufficient to finance the business in accordance with established development plans and objectives.

**Probability:** low to medium

**Impact:** high

#### FX Risks

Simris Group's production costs and sales revenue are in different currencies. Production costs are dominated by SEK and EUR. Sales revenue is mainly in SEK, EUR and USD but may have significant elements of foreign currencies. Simris Group is therefore exposed to exchange rate risks.

**Probability of risk happening:** low

**Impact of risk on the Company's operations should it occur:** low

### RISKS RELATED TO THE COMPANY'S SHARES AND THE OFFER

#### Risk of dilution in future issues

Simris Group is in an expansion phase, and therefore the Company may need to raise additional funds from both existing owners and new investors to finance its growth plans and to accelerate or facilitate specific transactions, like M&A activity, product development or international expansion. There is a risk that additional financing on acceptable terms will not be available to the Group when required or will not be available at all. If the Company chooses to raise additional capital, for example through a new issue of shares, there is a risk that the Company's shareholders' shareholding may be diluted, which may also affect the price of the shares. If these risks were to be realized, they could have a negative effect on investors' invested capital and the price of the shares.

**Risk of no dividend**

As of the date of the Memorandum, the Company has not adopted any dividend policy. Simris Group is in a development and expansion phase; therefore, the board of directors intends to let the Company carry forward any profits in order to invest in operational activities, and it therefore does not expect that any dividends will be distributed in the foreseeable future. Simris' ability to pay dividends in the future depends on a number of factors, such as future income, financial position, cash flows, need for working capital, investment costs and other factors. Simris may lack sufficient distributable funds and Simris' shareholders may decide not to pay dividends, which means that shareholders will not receive any direct return and in addition the share price may be negatively affected. In the future, when Simris' earnings and financial position permit, dividends may become appropriate.

**Risk that the price of the shares may be volatile and that trading in the Company's shares will not be liquid**

The liquidity in the Company's share might be limited. If an active and liquid trading in the Company's share is not developed it can become hard to sell a larger number of shares within a limited time, without affecting the price of the Company's share negatively. The price at which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to Simris and its operations while others are general to companies listed on First North. If any of these risks were to be realized, it could have a negative effect on the price of the shares and the opportunity for investors to liquidate their investment.

**Risk regarding unsecured subscription commitments**

The Company has received subscription commitments and underwriting commitments corresponding to 100% of the Offer, amounting to MSEK 24,3, from existing shareholders and external investors. The subscription commitments are not secured through bank guarantee, escrow or pledging or similar arrangements, why there is a risk that these will not be fulfilled. Should the aforementioned subscription commitments not be fulfilled, it would have an adverse impact on Simris' ability to successfully carry out the Offer.





# WORKING CAPITAL STATEMENT

According to the board of directors' assessment, the existing working capital is not sufficient for the next 12 months. Working capital serves for having access to liquid assets so that any payment obligations due can be settled.

In order to increase the working capital, the EGM on July 24, 2023, resolved to conduct the Offer of approximately SEK 24.3 million. In connection with the Offer the Company has received subscription commitments and underwriting commitments of approximately SEK 24.3 million, corresponding to approximately 100% of the Offer. At a full subscription, the Company will receive SEK 24.3 million before costs related to the Offer.

In order to further increase the working capital, the EGM also resolved on a Directed Issue of shares to the investors who entered into underwriting commitments in the Offer. The underwriters will, on the same terms as in the Offer, participate in the Directed Issue with the corresponding unutilized part of the underwriting commitment, and for an additional SEK 4.4 million as compensation. The Directed Issue can amount to a maximum of approximately SEK 26.6 million. Provided that the

Offer and the Directed Issue are fully subscribed (which will be the case if the Offer is fully subscribed without the utilization of the underwriting commitments), the Company will receive proceeds of approximately SEK 51 million before the deduction of transaction costs.

The Board believes that this will provide both the growth and working capital until the first ADC license agreement is secured.

The Board's assessment is that existing funding will not cover the company's working capital requirements until the end of Q3. The upcoming capital raise is planned to provide the Company with working capital until end 2024.

If insufficient capital is raised through the Offer and Directed Issue combined, it is the Board of Director's intention to seek alternative external financing, such as a directed share issue to existing or new shareholders. If alternative financing is not available, Simris Group will consider other solutions, such as reducing costs, disposing of assets, or conducting changes to the business plan or organization.

# BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITOR

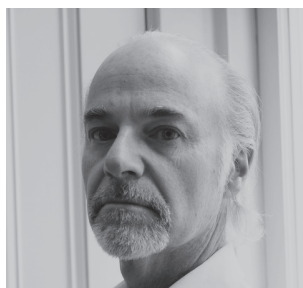
## BOARD OF DIRECTORS

The board shall consist of a minimum of three and a maximum of seven members without deputies, who are appointed at the annual general meeting for the period until the end of the next annual general meeting. Currently the Board consists of four (4) members, elected at the Annual General Meeting held on

May 29th 2023. The table below contains information about the Board of Directors, the year they were elected, position held and whether or not they are considered to be independent to the Company and its executive management and its major owners.

Name	Joined Board	Position	Independent in relation to:	
			The company and its executive management	Major shareholders
Steven Schapera	May 2021	Chairman	Yes	Yes
Frank Puccio	May 2021	Member	Yes	Yes
Robert Quandt	May 2021	Member	Yes	Yes
Magnus Högström	January 2020	Member	Yes	Yes

## INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS



### Steven Schapera

Chairman

Born 1960

Previous experience - Founder of BECCA Cosmetics in 2001 which was later acquired by Estée Lauder in 2016. Operating Partner for the Private Equity investor in Invincible Brands, sold to Henkel 2020. Chairman of ASX-listed Unith Ltd. to June 30 2022. Steven is chairman of London Stock Exchange listed Tertre Rouge Assets Plc, Founder and CEO of NYSE-listed Integrated Wellness Acquisition Corp. Board member Wild Nutrition Ltd.

Holdings in the Company: 9 462 705 B-shares, 640 000 warrants.



### Magnus Högström

Member

Born 1973

Previous experience - Magnus has a background in fund management and market analytics working with, amongst others, Adelphi Capital and SEB. Magnus is a Board Member of HStream Invest.

Holdings in the Company: 2 500 000 B-shares, 570 000 warrants.



### Frank Puccio

Member

Born 1956

Previous experience - Frank is a biologist and pharmacist by early training and graduated from Cornell University College of Veterinary Medicine. Frank purchased a veterinary clinic which he and his team grew into the largest 24/7 full service veterinary hospital in his area. He was a founding member/officer in a nationwide veterinary hospital group, Companion Animal Practices North America (CAPNA), which subsequently grew into a group of over 80 veterinary hospitals. Today Frank is an advisor to HW&B Enterprises working with aloe vera based products in nutrition, skin care and anti-inflammatory applications.

Holdings in the Company: 3 212 697 B-shares, 340 000 warrants.



### Robert Quandt

Member

Born 1979

Previous experience - Robert was CFO and COO of Invincible Brands which developed new brands in health and beauty, and which was sold to Private Equity in 2017 and Henkel 2020. Previous to this Robert was a consultant at Booz & Company and Senior Strategy Manager at Linde AG responsible for the strategy in North and South America. Today Robert is CFO of Les Lunes, a fashion brand, and co-founder of Integrated Wellness Acquisition Corp (SPAC).

Holdings in the Company: 3 212 697 B-shares, 340 000 warrants.



## EXECUTIVE MANAGEMENT OF THE COMPANY



**Julian Read**  
Chief Executive Officer  
Born 1972

Previous experience - Julian has a BSc in Biological Science from the University of Warwick, England. Julian has extensive sales & marketing experience in rapid diagnostics, skin care, home electronics, footwear and over the counter medicines having worked in leading roles for Unilever, Reckitt Benckiser, Perrigo & Dyson.

Holdings in the Company: 1 454 516 B-shares through closely related parties, 3 500 000 warrants.



**Christoffer Tell**  
Chief Financial Officer  
Born 1987

Previous experience - Christoffer has over 10 years of experience in leading roles across different industry sectors. Previous to Simris Christoffer held the position of CFO for Global Gaming and CFO for Examec Group. Today he works as an independent consultant and auditor. Christoffer is currently holding the position as CFO at Newbury Pharmaceuticals.

Holdings in the Company: 800 000 B-shares, 430 000 warrants.



**Heike Enkel**  
Chief Science Officer  
Born 1975

Previous experience - Heike has more than twenty years of Research and Development experience within the field of cyanobacteria. Heike is the co-founder of Cyano Biotech GmbH (now renamed Simris Biologics), and co-inventor of Simris' ADC payload platform. Heike continues to work in the company leading developments outside of the ADC platform and as part of the management team.

Holdings in the Company: 3 932 246 B-shares including closely related parties.

### Auditor

The independent auditor, Ernst & Young AB, Nordenskiöldsgatan 24, Box 4279, 203 14 Malmö, Sweden, has held the mandate as the external statutory auditor of Simris Group AB since 2015. The external statutory auditor is elected at the Annual General Meeting for a term of one year. The criteria for selection of external auditors include independence, quality, reputation, and cost of services. Peter Gunnarsson from Ernst & Young AB has been the auditor in charge since May 2020. Ernst & Young ensures that the auditor in charge is rotated at least every seven years.



# THE SHARE, SHARE CAPITAL AND MAJOR OWNERS

## General information

According to the Company's articles of association at the date of the Information Memorandum, the share capital may not be less than SEK 15,000,000 and not exceed SEK 60,000,000, and the number of shares may not be less than 180,000,000 shares and not exceed 720,000,000 shares. As of the date of this Memorandum, the Company's registered share capital amounts to SEK 15 663 841 and there are a total of 180 302 520 shares outstanding in the Company. The shares are denominated in SEK and each share has a quotient value of approximately SEK 0.0869. There is only one class of shares in the Company and the shares have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The ISIN code for the Company's shares is SE0008091664. The shares are not subject to any mandatory public offer or any right or obligation of redemption. No public takeover offer has been made in respect of the Company's shares under the current or preceding financial year.

## Warrant programs

Simris Group has five outstanding option programs. Series 2019 /1 consists of 43 438 options and was issued to employees of the company in May 2019. The options have a term of five years and for each option, 1.45 B shares can be subscribed for at a price of 4.44 SEK per share. Exercise of outstanding options corresponds to a dilution of the share capital by less than 0.1 percent.

Series 2021/2024:S consists of 2 000 000 options and was issued to the Board in May 2021. The options have a term of three years, and each option gives the right to subscription of 1.34 B shares at a subscription price of SEK 1.42 per share. Utilization of outstanding options corresponds to a dilution of the share capital by 1.5 percent.

Series 2021/2024:L consists of 1 820 000 options and was issued to senior executives and employees in the company in May 2021. The options have a term of three years, and each option gives the right to subscription of 1.34 B shares at a subscription price of SEK 1.42 per share. Utilization of outstanding options corresponds to a dilution of the share capital by 1.4 percent.

Series 2022/1 consists of 1 750 000 options and was issued to the CEO of the company in May 2022. The options have a term of three years, and each option gives the right to subscription of 1.34 B shares at a subscription price of SEK 0.91 per share. Utilization of outstanding options corresponds to a dilution of the share capital by 1.3 percent.

Series 2022/2 consists of 1 750 000 options and was issued to the CEO of the company in May 2022. The options have a term

of two years, and each option gives the right to subscription of 1.34 B shares at a subscription price of SEK 1.42 per share. Utilization of outstanding options corresponds to a dilution of the share capital by 1.3 percent.

## Certain rights attached to the shares

The shares in Simris Group have been issued in accordance with the Swedish Companies Act (2005:551). The rights attached to shares issued by the Company, including the rights arising from the Company's articles of association, can only be adjusted in accordance with procedures provided for in the said act.

## Voting rights

Each share in the Company entitles the holder to one vote at general meetings and each shareholder is entitled to the number of votes equal to the number of shares in the Company held by the holder.

## Pre-emptive rights to new securities

If the Company issues new shares, warrants or convertibles in a cash or offset issue, shareholders will, as a general rule, have pre-emption rights to subscribe for such securities in proportion to the number of shares held prior to the issue. However, the Company's articles of association do not contain any provision which - in line with the Swedish Companies Act (2005:551) - restricts the possibility of issuing new shares, warrants or convertible instruments which deviate from the shareholders' pre-emptive rights.

## Shareholder's right to dividends, share of the company's profits and assets in a case of liquidation

All shares carry equal rights to dividends and to the Company's assets and any surplus in the event of liquidation. Decisions on the distribution of profits in limited liability companies are taken by the general meeting. The right to dividends accrues to those who, on the record date decided by the general meeting, are registered as holders of shares in the share register kept by Euroclear Sweden AB ("Euroclear"). Dividends are normally paid to shareholders as a cash amount per share through Euroclear, but payment may also be made in other than cash (dividend in kind). If shareholders cannot be reached through Euroclear, the shareholder's claim against the Company for the amount of the dividend remains and is limited in time through rules of ten-year limitation. Upon prescription, the amount of the dividend will accrue to the Company. There are no restrictions on the right to dividends for shareholders resident outside Sweden. Subject to restrictions imposed by banks and clearing systems in the relevant authority, payments are made to such shareholders in the same way as to shareholders in Sweden. Shareholders who do not have tax resident in Sweden are normally subject to Swedish coupon tax.



### Shareholder agreement

To the best of the Board of Director's knowledge, there are no agreements between the Company's shareholders relating to ownership of the Company. The Board of Directors of the Company is also not aware of any other agreements or arrangements that could lead to a material change in control of the Company.

### Dividend policy

The Company's dividend policy is to reinvest accumulated profits and losses in the Company's operations. The adopted dividend policy may be revised in the future, mainly on the basis of a significant change in the financial position. Future dividends, to the extent proposed by the Board of Directors and approved by the Company's shareholders, will be dependent upon and based upon the requirements of the nature, scale, and risks of the business on the Company's equity and the Company's consolidation needs, liquidity and other position.

### Authorisation

At the Annual General Meeting ("AGM") held on 29 May 2023, the Board of Directors was authorized to, on one or more occasions during the period until the next AGM within the limits of the Articles of Association, to resolve on new issues of shares, warrants and convertibles. Such new issue(s) of shares may be

made with or without deviation from the shareholders' pre-emption rights and/or with provision for contribution, set-off or otherwise with conditions according to chapter 13. Section 5, first paragraph, point 6 and Chapter 2, Section 5, second paragraph, 1-3 and 5 of the Companies Act. New issues in accordance with this authorization shall be made on market terms. The Board of Directors shall be entitled to determine the other terms and conditions of new issues under this authorization and who shall be entitled to subscribe for the new shares.

### Central securities depository

Simris Group's shares are registered in a central securities depositories register in accordance with Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479). This register is managed by Euroclear, Klarabergsviadukten 63, 111 64 Stockholm. No share certificates are issued for the Company's shares. The account operator is Euroclear.

### Trading in the company's share

Simris Group's shares are traded on Nasdaq First North Growth Market with the ticker code SIMRIS B.

### Development of share capital

The table below shows the development of the Company's share capital since the incorporation of the Company.

Time	Event	Price per share SEK	Change in no. of shares		Change after transaction		Share capital SEK		Total no of shares	Change SEK	Total SEK
			A-shares	B-shares	A-shares	B-shares	A-shares	B-shares			
2011	Formation	5		10 000		10 000		10 000	50 000	50 000	
2012	Issue	800		5 250		15 250		15 250	26 250	76 250	
2012	Conversion	N/A	2 500	-2 500	2 500	12 750		15 250	N/A	76 250	
2012	Issue	800		5 850	2 500	18 600		21 100	29 250	105 500	
2013	Issue	800		1 875	2 500	20 475		22 975	9 375	114 875	
2013	Issue	800		625	2 500	21 100		23 600	3 125	118 000	
2013	Issue	800		625	2 500	21 725		24 225	3 125	121 125	
2013	Issue	800		1 250	2 500	22 975		25 475	6 250	127 375	
2014	Issue	981		11 097	2 500	34 072		36 572	55 485	182 860	
2014	Issue	981		2 265	2 500	36 337		38 837	11 325	194 185	
2014	Issue	981		554	2 500	36 891		39 391	2 770	196 955	
2015	Issue	1 270		8 700	2 500	45 591		48 091	43 500	240 455	
2015	Issue	1 588		3 001	2 500	48 592		51 092	15 005	255 460	
2015	Issue	1 588		16 704	2 500	65 296		67 796	83 520	338 980	
2015	Bonus Issue	N/A		N/A	2 500	65 296		67 796	250 000	588 980	
2015	Split 100:1	N/A	247 500	6 512 896	250 000	6 529 600		6 779 600	N/A	588 980	
2016	Issue	18,5		2 720 400	250 000	9 250 000		9 500 000	236 336	825 316	
2018	Issue	8,51		87 788	250 000	9 337 788		9 587 788	7 626	832 942	
2018	Issue	8,71		86 324	250 000	9 424 112		9 674 112	7 499	840 442	
2018	Issue	6,5		3 769 644	250 000	13 193 756		13 443 756	327 489	1 167 931	
2019	Issue	8,08		26 676	250 000	13 220 432		13 470 432	2 318	1 170 249	
2019	Issue	3,5		8 066 256	250 000	21 286 688		21 536 688	700 759	1 871 007	
2020	Issue	0,9		32 305 032	250 000	53 591 720		53 841 720	2 806 510	4 677 517	
2020	Issue	0,9		3 162 286	250 000	56 754 006		57 004 006	274 724	4 952 241	
2020	Issue	0,59		21 536 688	250 000	78 290 694		78 540 694	1 871 007	6 823 248	
2021	Issue	3,33		6 352	250 000	78 297 046		78 547 046	552	6 823 801	
2022	Conversion	N/A	-250 000	250 000	0	78 547 046		78 547 046	N/A	6 823 801	
2022	Issue	0,32		78 547 046	0	157 094 092		157 094 092	6 823 801	13 647 601	
2022	Issue	0,32		19 276 182	0	176 370 274		176 370 274	1 674 625	15 322 226	
2022	Issue	0,31635		3 932 246	0	180 302 520		180 302 520	341 615	15 663 841	

## OWNERSHIP STRUCTURE

The Company's largest shareholders as of 30 June 2023, and known changes, thereafter, are listed below.

Ten largest shareholders as per 2023-06-30	No of shares	Holding %
Avanza Pension	12 616 935	7.00%
SIX SIS AG, W8IMY	9 462 705	5.25%
Johansson, Bengt	6 137 169	3.40%
Nordnet Pensionsförsäkring AB	4 657 001	2.58%
Enke, Dan	3 932 246	2.18%
Euroclear Bank S.A/N.V, W8-IMY	3 658 019	2.03%
Futur Pension	3 411 014	1.89%
CBNY-National Bank AG, W8IMY	3 212 697	1.78%
Deutsche Bank AG, W8IMY	3 212 697	1.78%
Högström, Magnus	2 500 000	1.39%
<b>Top ten shareholders total</b>	<b>52 800 483</b>	<b>29,28%</b>
<b>Company total</b>	<b>180 302 520</b>	<b>100,00%</b>

# ARTICLES OF ASSOCIATION

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

## Simris Group AB (publ)

### Bolagsordning

Articles of association

#### 1 Firma / Company

**Bolagets firma är Simris Group AB. Bolaget är publikt (publ).**

The company's firm is Simris Group AB. The company is public (publ).

#### 2 Verksamhet / Operations

**Bolaget ska bedriva verksamhet inom tillverkning och försäljning av produkter med odlade mikroalger, utveckling av teknologier och processer för odling och produktion med mikroalger, konsultverksamhet och marknadsföring inom tillverkning, teknik och miljötjänster med mikroalger, samt därmed förenlig verksamhet.**

The company shall conduct operations in the manufacture and sale of products with cultivated microalgae, development of technologies and processes for cultivation and production with microalgae, consultancy and marketing in manufacturing, technology and environmental services with microalgae, as well as compatible activities.

#### 3 Styrelsens säte / Registered office

**Bolagets styrelse ska ha sitt säte i Simrishamn kommun.**

The company's board shall have its seat in Simrishamn municipality.

#### 4 Aktiekapital / Share capital

**Bolagets aktiekapital ska utgöra lägst 15 000 000 kronor och högst 60 000 000 kronor.**

The company's share capital shall be a minimum of SEK 15,000,000 and a maximum of SEK 60,000,000.

#### 5 Antal aktier / Number of shares

**Antalet aktier ska lägst vara 180 000 000 aktier och högst 720 000 000 aktier.**

The number of shares shall be a minimum of 180,000,000 shares and a maximum of 720,000,000 shares.

#### 6 Aktieslag / Share class

**Bolaget ger ut aktier av två olika aktieslag med olika röstvärde, serie A och serie B. Aktier som tillhör serie A ger två (2) röster, aktier som tillhör serie B ger en (1) röst. Antalet aktier av serie A får uppgå till högst 30 % av bolagets totala antal aktier. Antalet aktier av serie B får uppgå till 100 % av bolagets totala antal aktier.**

The company issues two different types of shares with different voting values, series A and series B. Shares belonging to series A give two (2) votes, shares belonging to series B give one (1) vote. The number of series A shares may not exceed 30% of the company's total number of shares. The number of series B shares may amount to 100% of the company's total number of shares.

**Båda aktieslagen ger lika rätt till andel i bolagets tillgångar, vinst, eller utdelningar.**

Both types of shares give equal rights to a share in the company's assets, profits or dividends.

**Beslutar bolaget att genom kontantemission eller kvittningsemission emittera aktier, teckningsoptioner eller konvertibler ska alla aktieägare ha företrädesrätt att teckna nya aktier,**

**teckningsoptioner eller konvertibler i förhållande till den andel av aktiekapitalet som deras aktier utgör oberoende av aktieslag (lika företrädesrätt). Vad som nu sagts ska inte innebära någon inskränkning i möjligheten att fatta beslut om kontantemission eller kvittningsemission med avvikelse från aktieägarnas företrädesrätt.**

If the company decides to issue shares, warrants or convertibles through a cash issue or set-off issue, all shareholders must have preferential rights to subscribe for new shares, warrants or convertibles in relation to the proportion of the share capital that their shares constitute regardless of share type (equal preferential right). What has just been said shall not imply any limitation in the possibility of making a decision on a cash issue or set-off issue with a deviation from the shareholders' pre-emptive right.

#### 7 Omvandlingsförbehåll / Conversion clause

**Aktier av serie A ska på begäran av ägare till sådana aktier kunna omvandlas till aktier av serie B. Begäran om omvandling ska göras skriftligen hos bolaget, och ange det antal aktier av serie A som önskas omvandlade. Styrelsen ska därefter omgående anmäla omvandling för registrering hos Bolagsverket. Omvandlingen är verkställd när registrering skett och omvandlingen antecknats i avstämningsregistret.**

Shares of series A must, at the request of the owner of such shares, be converted into shares of series B. The request for conversion must be made in writing to the company and indicate the number of shares of series A that are desired to be converted. The board must then immediately notify the conversion for registration with the Swedish Companies Registration Office. The conversion is executed when registration has taken place and the conversion has been recorded in the CSD's registry.

#### 8 Styrelsen / The board of directors

**Styrelsen ska bestå av lägst tre och högst sju ledamöter utan suppleanter, vilka utses på årsstämma för tiden intill slutet av nästa årsstämma.**

The board shall consist of a minimum of three and a maximum of seven members without deputies, who are appointed at the annual general meeting for the period until the end of the next annual general meeting.

#### 9 Revisorer / Auditors

**Bolaget ska ha en (1) revisor. Till revisor ska utses auktoriserad revisor eller registrerat revisionsbolag.**

The company must have one (1) auditor. An authorized auditor or a registered auditing company must be appointed as auditor.

#### 10 Årsstämma / Annual general meeting

**Inom sex månader från utgången av varje räkenskapsår ska bolaget hålla årsstämma. På årsstämma ska följande ärenden förekomma till behandling:**

Within six months from the end of each financial year, the company must hold an annual general meeting. At the annual general meeting, the following matters shall come up for consideration:

1. **Val av ordförande på stämman.**

Election of chairman of the meeting.

2. **Upprättande och godkännande av röstlängd.**

Preparation and approval of the voting list.

3. **Godkännande av dagordning.**

Approval of the agenda.

4. **Val av en eller flera justeringsmän.**

Election of one or more persons who shall approve the minutes of the meeting.

5. **Prövning av om stämman blivit behörigen sammankallad.**  
Determination of whether the meeting has been duly convened.
6. **Framläggande av årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse samt (i förekommande fall) styrelsens yttrande enligt aktiebolagslagen 18 kap 4 §.**  
Submission of the annual report and the auditor's report and, where applicable, consolidated accounts and consolidated financial statements and (if applicable) the board's opinion in accordance with the Swedish Companies Act, Chapter 18, Section 4.
7. **Beslut om:**  
Resolution regarding:
- fastställelse av resultaträkning och balansräkning samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning;**  
adoption of income statement and the balance sheet and, when applicable, the consolidated financial statements;
  - dispositioner beträffande bolagets vinst eller förlust enligt den fastställda balansräkningen;**  
allocation of the company's profit or loss according to the adopted balance sheet;
  - ansvarsfrihet för styrelseledamöter och verkställande direktör (om sådan har funnits under året).**  
discharge from liability of the board members and the managing director (if any during the year).
8. **Beslut om antal styrelseledamöter och suppleanter.**  
Determination of the number of board members and deputy board members.
9. **Beslut om antal revisorer och revisorssuppleanter (i förekommande fall).**  
Determination of the number of auditors and deputy auditors (if applicable).
10. **Fastställande av arvoden åt styrelseledamöterna och revisorerna.**  
Determination of fees to the board members and auditors.
11. **Val av styrelseledamöter samt, i förekommande fall, av revisorer och eventuella revisorssuppleanter.**  
Election of board members and, where applicable, of auditors and any deputy auditors.
12. **Beslut i annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.**  
Resolutions in respect of other matters, which arrive at the meeting according to the Swedish Companies Act or the articles of association.
- 11 **Kallelse till bolagsstämma / Notice to the general meeting**  
**Kallelse till bolagsstämma ska alltid ske genom annonsering i Post och Inrikes Tidningar och på bolagets webbplats. I fall där så krävs enligt 7 kap. 23 § aktiebolagslagen ska kallelse även skickas med post till varje aktieägare vars postadress är känd för bolaget. Att kallelse skett ska annonseras i Dagens Industri.**  
Notice to the general meeting must always be given by advertisement in Post och Inrikes Tidningar and on the company's website. In cases where it is required according to Chapter 7, Section 23 of the Companies Act, notices must also be sent by post to each shareholder whose postal address is known to the company. That the call has been made must be announced in Dagens Industri.  
**Kallelse till ordinarie bolagsstämma samt kallelse till extra bolagsstämma där fråga om ändring av bolagsordningen kommer att behandlas ska utfärdas tidigast sex och senast fyra veckor före stämman. Kallelse till annan extra bolagsstämma ska utfärdas tidigast sex och senast två veckor före stämman.**  
Notice to the ordinary general meeting as well as notice to an extraordinary general meeting where the question of amending the articles of association will be dealt with must be issued no earlier than six and no later than four weeks before the meeting. Notice of another extraordinary general meeting must be issued no earlier than six and no later than two weeks before the meeting.
- 12 **Föransökan / Pre-registration**  
**Aktieägare som vill delta i förhandlingarna vid bolagsstämman ska dels vara upptagen i aktieboken på dagen för stämman, dels göra anmälan till bolaget senast kl. 12.00 den dag som anges i kallelse till stämman. Sista nämnda dag får inte vara söndag, annan allmän helgdag, lördag, midsommarafton, julafton eller nyårsafton och inte infalla tidigare än femte vardagen före stämman.**  
Shareholders who wish to participate in the negotiations at the general meeting must be entered in the share register on the day of the general meeting and must notify the company no later than 12.00 on the day stated in the notice to the meeting. The latter day must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday before the meeting.  
**Aktieägare får vid bolagsstämma medföra ett eller två biträden, dock endast om aktieägaren till bolaget anmäler antalet biträden på det sätt som anges i föregående stycke.**  
Shareholders may bring one or two assistants to the general meeting, however, only if the shareholder notifies the company of the number of assistants in the manner specified in the previous paragraph.
- 13 **Räkenskapsår / Financial year**  
**Bolagets räkenskapsår ska omfatta tiden 1 januari – 31 december.**  
The company's financial year shall cover the period January 1 – December 31.
- 14 **Avstämningsförbehåll / Record day provision**  
**Bolagets aktier ska vara registrerade i ett avstämningsregister enligt lagen (1998:1479) om kontoföring av finansiella instrument.**  
The company's shares must be registered with a CSD in accordance with the Financial Instruments Accounts Act (1998:1479).
- 15 **Ort för bolagsstämma / Place of general meeting**  
**Bolagsstämma får hållas i Simrishamn, Malmö eller Stockholm.**  
AGM may be held in Simrishamn, Malmö or Stockholm.
- 16 **Fullmaktsinsamling och poströstning / Power of attorney and postal voting**  
**Styrelsen får samla in fullmakter enligt det förfarande som anges i 7 kap. 4 § andra stycket aktiebolagslagen.**  
The board of directors may collect proxies in accordance with the procedure specified in Chapter 7, Section 4, second paragraph of the Swedish Companies Act.  
**Styrelsen får inför en bolagsstämma besluta att aktieägarna ska kunna utöva sin rösträtt per post före bolagsstämman.**  
Prior to a general meeting, the board of directors may decide that shareholders shall be able to exercise their voting rights by post before the general meeting.

**Bolagsordningen antogs vid årsstämman den 29 maj 2023.**  
The articles of association were adopted at the annual general meeting on 29 May 2023.



# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

The Company is a public liability company with organizational number 556841-9187. The Company's LEI code is 529900P0ACIS2UI3ZX27. The legal name of the company is Simris Group AB. The Company's registered office is situated at Herrestadsvägen 24A, 276 50 Hammenhög, Sweden. The Company was registered at the Swedish Company Registration office on February 2, 2011. The company's form of association is governed by and operated in accordance with the Companies Act (2005:551) The Company's representatives can be reached at +46 414 44 50 50 and info@simrisgroup.com, and the Company's website is www.simrisgroup.com. It is to be noted that the information on the Company's website does not form part of the Memorandum unless that information is incorporated in the Memorandum through references. The Company has been listed on Nasdaq First North since 2016 under the ticker SIMRIS B.

## Administrative procedures, legal proceedings, and arbitration

Neither the Company nor any subsidiary has been a party to any legal, arbitration or regulatory proceedings (including pending cases or those which the Directors of the Company are aware may arise) during the last 12 months and which have recently had or would have could have a material effect on the Company's or the Group's financial position or profitability.

## Material agreements

### Earn-out agreement with the Sellers of Cyano Biotech

On 25 August 2022, Simris Group acquired 100 percent of the shares in the Berlin based, company Cyano Biotech. Cyano Biotech is a leader in the field of cyanobacterial research. The maximum acquisition price amounts to €10,323m. The deal includes two cash payments of €1m, the first of which was paid at closure of the deal, with the second €1m is to be paid on the first anniversary of the date of the acquisition.

In addition, the two founders of Cyano Biotech will each receive two lots of Simris shares equivalent to the value of €60,000. The first instalment of shares was allocated on the day of acquisition with the second allocation being made upon the first anniversary of the date of acquisition. The number of shares allocated will be calculated based upon the vwap of the 5 days preceding the date of allocation.

A further value of €8m can be paid through earn-outs on sales from the ADC platform at a rate of 10% of sales revenue generated from this platform. For the full value of €8m to be paid out Simris will need to make sales of €80m from the sales from ADC platform over the remaining 15 years and 8 months of the patents.

The final element of the deal is that Simris will provide a 10% earn-out on Cyano Biotech's other product areas and outside of the ADC platform until the end of 2025. The value of this will be 10% of sales revenue and will be paid out in Simris shares. The number of shares will be calculated based upon the vwap of the 5 days preceding the date of allocation.

### Collaboration agreement with Lonza Ltd

On February 28th 2023, Simris signed a framework collaboration agreement with Lonza Ltd to commercialize Simris' ADC payload platform. Under the terms of the agreement, Lonza will integrate Simris' ADC payload technology into the Lonza Bioconjugation Toolbox. Lonza gained the exclusive right to offer the technology to new and existing customers seeking novel payloads to develop into ADC medicines. In return, Simris will promote Lonza to customers as its exclusive contract drug and manufacturing organization (CDMO) partner for services using its ADC technology. Simris views this collaboration to hold even more potential following Lonza's acquisition of Synaffix and its unique Linker technology platform.

Apart from what is described above, the Company does not have any further agreements that significantly affect the Company's operations.

### Immaterial rights

Simris Group strives to protect its intellectual property rights through trademark registrations and agreements in the countries where the group operates or intends to operate.

Simris Biologics currently holds two patents covering the production of non-ribosomal peptides from cyanobacteria for use as ADC payloads and for the cyanobacterial toxin, applications in the ADC field will be filed in due course as science advances. Simris Biologics has two new patent applications under review, the first of which was submitted in August 2022 and the second in July 2023.

Ongoing research in the skin care area aims to identify new individual substances and/or extracts with proven activity that benefits the skin. The group will apply for patent protection for all new products arising from this work.

Certain parts of the cultivation process are protected as a trade secret. Simris Group's business secrets may become known through information leakage or in other ways. Corresponding trade secrets and similar production methods may be developed by competitors, who may launch similar, competing products.

### Conflicts of interest and related party transactions

Simris has a €1.65m flexible funding facility provided by The Brand Laboratories FZ, a company associated with Simris Chairman, Steven Schapera. As of 5 July 2023, Simris had drawn down €1,65m of the loan. The Brand Laboratories FZ will offset €1,00m of the outstanding loan amount in the proposed Offering as approved by the EGM on July 24, 2023. The extension of the loan from August 25, 2023 until December 31, 2024 was approved by the EGM on July 24, 2023. The loan had a setup fee of 2.5%, accumulates interest at 1.0% per month. The Company may at any time repay the outstanding loan amount in full or in part. If such premature repayment is made the Company shall, in addition to the repayment, also pay an early repayment fee of 5 percent of the repayment amount.

In addition to normal Board work during the first six months, Board Directors performed consulting services for the company, of which Brand Laboratories FZ LLC (a company associated with Steven Schapera), invoiced SEK 472k, Robert Quandt SEK 46k, Magnus Högström SEK 49k and Frank Puccio SEK 46k.

Board members Robert Quandt and Frank Puccio have entered into subscription commitments and underwriting commitments (approved by the EGM on July 24, 2023) whereby Robert Quandt and Frank Puccio undertake to subscribe for shares corresponding to SEK 3,789,927.92 in the event that the impending Rights Issue is not fully subscribed, partly by subscribing for their pro rata share amounting to SEK 867,427.92, and partly by guaranteeing parts of the Rights Issue amounting to SEK 2,922,500. In accordance with the underwriting commitments, Robert Quandt and Frank Puccio shall be entitled to receive a underwriting compensation of 20 percent to be paid in equity and with a value equal to SEK 584 500, in total, for their underwriting commitments. No compensation is paid for their subscription commitments. Robert Quandt and Frank Puccio are obligated, under the underwriting commitments, to offset the underwriting remuneration in the proposed Directed Share Issue.

The Brand Laboratories FZ, a closely related party to Chairman of the Board of Directors Steven Schapera, has entered into subscription commitments and underwriting commitments (approved by the EGM on July 24, 2023) whereby The Brand Laboratories FZ undertakes to subscribe for shares corresponding to SEK 11,674,947.24 as an underwriting commitment in the event that the impending Rights Issue is not fully subscribed. Furthermore, The Brand Laboratories FZ has will subscribe for its pro rata share in the Rights Issue amounting to SEK 482,855.04. In accordance with the underwriting commitments, The Brand Laboratories FZ shall be entitled to receive an underwriting compensation of 20 percent to be paid in equity and with a value equal to SEK 2,334,989.45 for its underwriting commitment. No compensation is paid for the subscription commitment. The Brand Laboratories FZ is obligated under the underwriting commitments to offset the underwriting compensation in the Directed Share Issue.

The EGM on July 24, 2023, resolved to carry out a Directed Issue in respect of not more than 98,648,654 shares, entailing an increase in the share capital of not more than SEK 8,570,134.381504. The right to subscribe for the shares in the Directed Issue was among others, granted board members Steven Schapera, Frank Puccio, Robert Quandt or their nominees.

### Advisors interests

Amudova AB is regulatory advisor and the companys Certified Adviser, Delphi Advokatbyrå AB is legal advisor and Aqurat Fondkommission AB is the issuing agent in connection with the Offer. Amudova AB and has assisted Simris Group in the preparation of the Memorandum through information provided by the Company. As all the information in this document originates from the Company Amudova AB, Advokattfirmen Delphi i Malmö AB and Aqurat Fondkommission AB denies all liability in relation to the shareholders of the Company and for any other direct or indirect consequences resulting from the investment decision or any other decision based in whole or in part on the information contained in this Memorandum. Amudova AB, Delphi Advokatbyrå AB and Aqurat Fondkommission AB do not own any shares in the Company and have no material interests, either directly or indirectly, in the Company or the Rights Issue.

### Tax considerations

The tax consequences for each individual shareholder depend on, amongst others, the shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the shareholder's particular circumstances that could arise from the shareholdings, including the applicability and effect of foreign tax legislation and provisions in tax treaties.

# GLOSSARY

<b>"Antibody Drug Conjugates" (ADC)</b>	An ADC allows for the targeted delivery of a drug to a target which could be a cancer cell but could also include the treatment of microbial infections. An ADC is made up of an Antibody, which locates and attaches to the target, a Drug, which is the active molecule delivering the effect, and a Linker, which holds to Drug to the Antibody.
<b>ADC payloads</b>	An ADC payload is the Drug part of the ADC. It is the active molecule that delivers the effect. In the case of Simris' payloads for use in cancer therapeutics, the payload kills the cancer cell.
<b>Antimicrobial, antiviral and anti-fungal activities.</b>	Describes the activity of a molecule to prevent the growth of microbes, viruses, and fungi.
<b>Biologically active compounds</b>	A bioactive compound is a compound that has an effect on a living organism, tissue or cell, usually demonstrated by basic research in the laboratory.
<b>Biomass</b>	Biomass is a mass of living biological organisms in a given ecosystem.
<b>Biopharmaceuticals</b>	Biopharmaceuticals are complex medicines made from living cells or organisms, often produced using cutting-edge biotechnological methods.
<b>Cyanobacteria</b>	Cyanobacteria are a division of microorganisms that are related to the bacteria but are capable of photosynthesis. They are amongst the earliest known forms of life on earth and are largely responsible for creating the oxygen in the earth's atmosphere that made it possible for life to exist on land.
<b>Fucoanthin</b>	Fucoanthin is a molecule located in the cell wall of the algae and is responsible for the capture of light which is required to drive the photosynthetic process and produce energy for the cell. Fucoanthin is a strong pigment and powerful antioxidant.
<b>Microalgae</b>	Microalgae are microscopic algae that are invisible to the naked eye. Often referred to as phytoplankton, they are typically found in freshwater and marine systems, living in both the water column and sediment. They are unicellular species which exist individually, or in chains or groups.
<b>Oleoresin</b>	An oleoresin is a natural or artificial mixture of essential oils and a resin.
<b>Photobioreactor facility</b>	A production facility containing photobioreactors. A photobioreactor (PBR) can be defined as an enclosed, illuminated culture vessel designed to control biomass production through adjustment of the operating parameters.

### **THE COMPANY**

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