

Simris signs Head of Terms for an offtake agreement valued at minimum €2m / SEK 22m

Simris Group AB (publ) ("Simris" or the "Company") today confirms that it has signed a non-binding Heads of Terms (HOT) agreement with an existing customer who is a major European microalgae company developing and selling cosmetic and nutrition products. The parties are finalizing negotiations for an offtake agreement under which Simris will provide its partner with fucoxanthin-rich biomass in each year between 2024 and 2026. Based upon the minimum volume commitment from the partner Simris calculates the sales revenue generated from the offtake agreement to be in excess of €2m / SEK 22m. The parties expect to conclude negotiations for this agreement during January 2024.

Simris has been growing the microalgae *Phaeodactylum tricornutum* in Hammenhög, Sweden since 2016. Until 2021, production was focused solely on the extraction of EPA Omega-3 for sale directly to consumers. From 2021, Simris began optimising for the production of fucoxanthin, a more valuable compound with potent antioxidant activity and commenced selling its fucoxanthin-rich biomass to businesses developing cosmetic and nutrition products from algae.

Simris now has several customers interested in its fucoxanthin-rich biomass and today confirms that it is negotiating an offtake agreement covering the supply of biomass over the next three years with its largest customer. The parties have today agreed Head of Terms (HoT) setting out the basis for the proposed final offtake agreement.

Under the terms of the agreement, the partner will commit to the purchase of a minimum annual volume of freeze-dried algal biomass from Simris for each year 2024, 2025 and 2026. Simris will commit to providing its partner with at least the minimum contractual volumes within the specifications agreed, and to offer them the first option to purchase any additional volumes that Simris will produce and that are not already contractually reserved for another customer.

For its part, based upon the results that the Company has seen following the investments made in winter 2022/23, Simris will continue to invest in additional biosecurity and LED lighting thereby improving productivity rates and capacity, and further lowering production costs.

According to the minimum volume commitments of the HoT agreement, Simris anticipates a minimum sales revenue of €2m / SEK 22m across the 3-year period. The parties anticipate that negotiation of the final terms of the offtake will complete during February 2024.

Simris Group CEO, Julian Read commented, *"The investments we made in lighting and biosecurity last winter have helped to confirm the blueprint for future production at a greater scale than has been historically possible at Hammenhög. Securing long-term agreements with customers provides the basis for Simris to continue its investment in improving and scaling its operations. Operating at scale brings the efficiencies necessary for profitability."*

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About Simris Group AB (PUBL):

Simris Group is a biologics company identifying high value, natural, 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.

Simris Group's shares are traded on the Nasdaq First North Growth Market with the short name SIMRIS and ISIN code SE0008091664.

Certified Adviser is Amudova AB, telephone: 08-546 017 58, email: info@amudova.se.

This information is information that Simris Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-01-10 08:00 CET.

Attachments

[Simris signs Head of Terms for an offtake agreement valued at minimum €2m / SEK 22m](#)