

SIMRIS GROUP

INTERIM REPORT

JANUARY–SEPTEMBER 2024

QUARTER 3, JULY – SEPTEMBER 2024

- Net revenue increased by 44 percent to SEK 766k (532k).
- EBITDA improved by 34 percent to SEK -2 971k (-4 525k).
- EBIT/Operating result improved by 18 percent to SEK -6 614k (-8 042k).

INTERIM PERIOD, JANUARY – SEPTEMBER 2024

- Net revenue increased by 13 percent to SEK 1 919k (1 697k).
- EBITDA improved by 15 percent to SEK -14 413k (-16 963k).
- EBIT/Operating result improved by 9 percent to SEK -25 473k (-27 952k).

KEY EVENTS DURING THE QUARTER

- Simris Biologics entered into a collaboration agreement with University of Otago, New Zealand and The Ferrier Institute at Victoria University of Wellington to supply specific Simris IP protected novel payload toxins for use as part of a peptide drug conjugate (PDC) research programme aiming to control or regulate reproduction of non-native mammalian pests and thereby protect the indigenous flora and fauna.
- Simris Biologics entered into a collaboration with the University of Applied Science Berlin that has received a funding commitment from the Investigation Bank Berlin (IBB) Profit Program for €400k over a 3-year period beginning September 2024 to investigate the potential of cyanobacterial compounds in the field of anti-aging.

KEY EVENTS AFTER THE END OF THE QUARTER

- Simris Group major owner and chairman Steven Schapera passed away after complications after surgery. Jonathan Royce, an existing board member, has assumed the role of chairman of the board.
- Simris Group announced that payments from the previously announced and agreed loan facility, established by the recently deceased major shareholder and chairman Steven Schapera's company, may be delayed. The Simris board is reviewing other financing options in case the payments are further delayed.

THE PERIOD IN BRIEF

SEK thousands	Jul-Sep 2024	Jul-Sep 2023	Δ	Jan-Sep 2024	Jan-Sep 2023	Δ	Full year 2023
Net revenue	766	532	44%	1 919	1 697	13%	4 354
EBITDA	-2 971	-4 525	34%	-14 413	-16 963	15%	-22 366
EBIT / Operating result	-6 614	-8 042	18%	-25 473	-27 952	9%	-36 635
Result before tax	-7 234	-8 395	14%	-27 505	-30 320	9%	-40 622
Cash flow from operating activities	-4 569	-6 758	32%	-16 448	-18 926	13%	-36 353
Cash at the end of the period	1 970	18 782	-90%	1 970	18 782	-90%	5 665

CEO UPDATE

Our mission is to treat cancer with greater precision than chemotherapy or radiotherapy. We will do this using our ground-breaking ADC payload technology, through strategic alliances with experienced drug developers. Every day we move closer towards this important goal.

The whole of the Simris Team are deeply saddened by the death of our previous Chairman and major shareholder who passed away recently. Steven Schapera was an extraordinary and a very successful entrepreneur with a passion for delivering innovation in sustainable health- and self-care. He had amazing insights and expertise in business and science and a respect for nature and the planet. We are indebted to Steven for his uncompromising drive and clarity of vision for the whole Simris Group. We are so pleased to welcome Jonathan Royce to Chair the Simris Group and to continue our journey and deliver Steven's legacy and vision.



Due to the death of our previous major investor, the payments from the previously announced and agreed loan facility may be delayed. To ensure the continued liquidity of the Simris Group, the Simris board is actively reviewing other financing options as a contingency. This commitment to focus on antibody drug conjugate (ADC) payload development includes the action of the sale of the Hammenhög algae farm and equipment based in southern Sweden.

Simris Group continued to build its successful portfolio of globally granted patents for the next generation bioconjugate innovation and delivery, specifically of ADC payloads. This is critical to the strong and uniquely defensible position of our payload platform, and specific optimized payloads ready to be conjugated for further development and commercialisation.

A number of previously communicated investigational collaborations are moving ahead successfully. The first phase Peptide Drug Conjugate (PDC) research programme with New Zealand Universities, with the objective to protect indigenous flora and fauna using humane reproductive control methods, is now dosing female mice to establish proof of concept.

Collaboration with an independent pharma company continues successfully with the initiation of in-vitro testing of our novel conjugated payloads in ADCs. We are also in dialogue with another pharma company to further engage in next steps of in-vitro pre-clinical testing.

From my recent attendance at the 15th World Wide ADC Conference in San Diego, it is evident that Simris Group now holds a strong dominant position in next generation payloads to counter resistance and improve tolerance with a unique patented biotech pathway. We have a clear purpose and capability to commercialise our proprietary ADC payload platform. This has resulted in a number of new potential collaborations in the ADC space with biopharmaceutical companies focused on cancer and infectious diseases.

Our laser-focused plan is to continue to grow the expertise of the Simris Biologics team in the development and commercialization of bioconjugates for the biotech space, and to drive additional partnerships with other key external teams to create products from our novel platform, as well as to secure appropriate license opportunities and wider collaborations. These license agreements with biopharm companies are expected to bring significant revenue, initially from milestone payments, and in the longer term through the sale and/or licensing of payloads/toxins.

Dr Alexis Roberts-McIntosh

CEO Simris Group

OVERVIEW

NET REVENUE AND PROFIT

The sales for the quarter increased by 44% and amounted to SEK 766k (532k) and the sales for the interim period increased by 13% and amounted to SEK 1 919k (1 697k).

The EBITDA result for the quarter improved by 34% to SEK -2 971k (-4 525k) and the EBITDA result for the interim period improved by 15% to SEK -14 413k (-16 963k). The EBIT/ operating result for the quarter improved by 18% to SEK -6 614k (-8 042k) and the EBIT/ operating result for the interim period improved by 9% to SEK -25 473k (-27 952k).

The financial net on the income statement improved during the quarter by SEK 76k (0) and during the interim period by SEK -34k (0) as a result of non-realized exchange rate costs for conversion of exchange rate changes due to additional purchase price in EUR for Simris Biologics.

The total inventory value amounted to SEK 700k (2 745k) at the end of the quarter. All inventory accounted for at the end of the quarter is related to Simris Biologics.

FIXED ASSETS

The total book value of the Group's fixed assets amounted to SEK 157 589k (173 103k) at the end of the period. Intangible Assets at the end of the period were SEK 139 416k (152 766k). Tangible Assets at the end of the period were SEK 18 173k (20 327k). There were no investments in fixed assets during the quarter.

The depreciation of fixed assets was made according to relevant accounting standards, with SEK 3 643k (3 517k) 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, now renamed to Simris Biologics), and up to 40 years for the buildings.

LIQUIDITY AND FINANCING

Cash flow from operating activities improved by 32 percent to SEK -4 569k (-6 758k) during the quarter and cash flow from operating activities improved by 13 percent to SEK -16 448k (-18 926k) during the interim period. Cash flow amounted to SEK 234k (16 526k) for the quarter and cash flow amounted to SEK -3 695k (-14 788k) for the interim period. At the end of the period, cash and cash equivalents amounted to SEK 1 970k (18 782k). The total liabilities at the end of the period amounted to SEK 160 564k (166 620k).

The deferred tax liability at the end of the quarter amounting to SEK 42 114k (46 284k) is not a payable debt as it is related to the purchase price allocation of Simris Biologics.

It is important to note that €8m of the long-term debt on the balance sheet is associated with the acquisition of Cyano Biotech (now Simris Biologics). This is the maximum earn-out remaining to be paid for the acquisition of the ADC platform. For this to become payable, Simris Biologics would have to first earn sales revenue of at least €80m from the ADC platform over the next 15 years. This revenue would be expected to be at a very high profit margin. Importantly, Simris Group has executed a back-to-back agreement with Simris Biologics whereby Simris Biologics will recompense Simris Group for the amount of this future earn-out payment.

The Brand Laboratories FZ (TBL), a company associated with Simris former Chairman, Steven Schapera, has provided the business with a flexible funding facility of up to €1.0m, to be drawn down as and when required. The facility maturity date is 31 March 2025 and interest is charged at 1.0% per month. At the end of the period the loan facility used is €778k and €222k remains available. The sudden and very unfortunate passing of Steven has resulted in uncertainty for the Company regarding payments from the loan facility. This is due to the fact that the new representative for the loan facility will be announced as part of the estate settlement.

During the interim period an Extraordinary General Meeting resolved on a directed issue of convertible debentures with a combined value of €1,15M to a group of investors including a company closely associated with Simris former chairman, Steven Schapera. The Convertibles have a maturity date of 31 March 2025, to the extent conversion has not taken place before such date. The subscribers will be entitled to demand conversion of all or parts of their claim into new shares of class B in the Company at a conversion price of SEK 0.1 during the period commencing 3rd March 2025 up to and including 31st March 2025. With a conversion price of SEK 0.1 and at full conversion of the Convertibles, calculated as of the date of this announcement, the dilution would amount to approximately 28 percent, meaning that the Company's share capital would increase by approximately SEK 11,489,262.41, from approximately SEK 30,238,745.67 to approximately SEK 41,728,008.08 and the number of shares in the Company would increase by 132,250,000 shares from 348,070,570 shares to 480,320,570 shares. At the end of the quarter the full amount of €1,15m had been drawn down.

The Board of Directors wishes to inform stakeholders that the company's current cash reserves may not be sufficient to cover ongoing operations through the end of the calendar year. We recognize the gravity of this situation and are actively working on multiple fronts to secure the necessary funding to support the company's ongoing operations and future growth. Efforts are underway and explores various financing options, including debt refinancing, potential loans, new investment opportunities, and strategic partnerships. The Board remains committed to ensuring the long-term stability and success of the company and will continue to update stakeholders as progress is made.

EQUITY

The Group's equity amounted to SEK 941k (30 333k) at the end of the quarter. The solidity was 0.1 percent, compared with 14.7 percent on December 31, 2023.

The total number of shares amounted to 348 070 570 B and the share capital amounted to SEK 3 480 705,70. Each share has a quota value amounting to 0,01 SEK.

The general meeting resolved that the Company's share capital shall be reduced by a total of SEK 26,758,039.971537 (corresponding to approximately SEK 0.077 per share) for allocation to non-restricted equity. The reduction was made without cancellation of shares. After the reduction of the share capital the share capital will amount to SEK 3 480 705,70 entailing a share's quota value of SEK 0.01 per share. The reduction has been registered with the Companies Registry.

OPTION PROGRAM

At the end of the period, Simris Group had one outstanding Option program.

Series 2022/1 consists of 1 750 000 options and was issued to the CEO of the company, at that time, in May 2022. The options have a term of three years, and each option gives the right to subscription of 1.35 B shares at a subscription price of SEK 0.90 per share. Utilization of outstanding options corresponds to a dilution of the share capital by 0.68 percent.

Full utilization of all outstanding warrants at the end of the period corresponds to a dilution of 0.68 percent.

STAFF AND ORGANIZATION

The average number of full-time equivalents (FTEs) employed during the quarter amounted to 6 (10) and the average number of full-time equivalents (FTEs) employed during the interim period amounted to 7 (10). At the end of the quarter, the Group had 6 FTEs. After consultation with employees and their Trade Union, all employees in the Hammenhög production facility have been advised that their employment has been terminated. Offsetting this, Simris plans to expand the team at Simris Biologics in the upcoming quarters.

PARENT COMPANY

Simis Group AB is the parent company. Net revenue for the Parent Company during the quarter amounted to SEK 11k (68k) and amounted to SEK 154k (853k) for the interim period. EBIT/ operating result amounted to SEK -2 285k (-3 415k) for the quarter and amounted to SEK -11 863k (-13 540k) for the interim period. Result before tax amounted to SEK -2 959k (-3 771k) for the quarter and amounted to SEK -13 791k (-16 556k) for the interim period.

TRANSACTIONS WITH RELATED PARTIES

At the end of the quarter and year, Simris held a loan of €778k from The Brand Laboratories (TBL) FZ, a company associated with Simris former chairman, Steven Schapera. The loan interest charge is 1.0% per month which is paid out monthly.

Of the convertible debentures €500k is to The Brand Laboratories (TBL) FZ, a company associated with Simris former chairman, Steven Schapera. The convertible debenture has a setup-fee 2,5% and interest 18% per year, conversion at SEK 0,1 per share, totaling 57 500 000 shares.

In addition to normal Board work during the quarter, Board Directors performed consulting services for the company, of which Magnus Högström SEK 29k and Frank Puccio SEK 18k.

ACCOUNTING PRINCIPLES

Simris Group prepares its accounts in accordance with the Annual Accounts Act and the Accounting Boards general advice 2012:1(K3). Information on accounting principles in general is provided in the Financial Statement for 2023.

AUDIT

This report has not been reviewed by Simris Group's auditor.

RISKS AND UNCERTAINTIES

Simris Group's operations, financial position and earnings can be affected by a number of risks and uncertainties. These are described in Simris Group's Financial Statement for 2023, at www.simrisgroup.com.

Simris Group is in the start-up phase and still lacks sufficient earnings to cover the costs of the business through sales revenue. Simris Group is reliant upon planned additional external funding to be able to continue its operations, repay loans, and implement growth plans. Whilst the Board is confident that the business is in its strongest position ever, and that it will be able to raise the funds required for future investment and growth, there is always a risk that capital markets change and that new capital cannot be accessed when needed, or that new capital cannot be obtained on satisfactory terms, or that the procured capital is insufficient to finance the planned operations in accordance forecasts and objectives.

The Board of Directors and the CEO confirms that this report provides a fair overview of the Group's operations, position and results.

Jonathan Royce
Chairman

Magnus Högström
Board Director

Frank Puccio
Board Director

Dr Alexis Roberts-McIntosh
CEO

INCOME STATEMENT - CONSOLIDATED GROUP

SEK thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net revenue	766	532	1 919	1 697	4 354
Change of finished goods and work in progress	0	911	-202	548	-1 096
Other operating income	0	3	126	668	798
Raw materials and consumables	-215	-172	-1 073	-787	-1 251
Other external expenses	-2 082	-3 295	-9 025	-11 481	-15 324
Personnel expenses	-1 440	-2 504	-6 158	-7 608	-9 847
Depreciation and amortization	-3 643	-3 517	-11 060	-10 989	-14 269
Operating result / EBIT	-6 614	-8 042	-25 473	-27 952	-36 635
Financial net	-620	-353	-2 032	-2 368	-3 987
Result before tax	-7 234	-8 395	-27 505	-30 320	-40 622
Tax	840	824	2 542	2 593	3 317
Result for the period	-6 394	-7 571	-24 963	-27 727	-37 305
(Attributable to the parent company's shareholders)	-6 394	-7 571	-24 963	-27 727	-37 305

BALANCE SHEET - CONSOLIDATED GROUP

SEK thousands	30 Sep 2024	30 Sep 2023	31 Dec 2023
Assets			
Fixed Assets			
Intangible assets	139 416	152 766	144 848
Tangible assets	18 173	20 327	20 489
Financial assets	0	10	0
Total Fixed Assets	157 589	173 103	165 337
Current Assets			
Inventory	700	2 745	1 091
Other receivables	1 246	2 323	2 459
Cash and bank balances	1 970	18 782	5 665
Total Current Assets	3 916	23 850	9 215
Total Assets	161 505	196 953	174 552
Equity and Liabilities			
Equity	941	30 333	25 614
Provisions			
Deferred tax	42 114	46 284	43 858
Liabilities			
Long-term Liabilities	92 184	94 260	90 740
Short-term Liabilities	26 266	26 076	14 340
Total Liabilities	160 564	166 620	148 938
Total Equity and Liabilities	161 505	196 953	174 552

CASH FLOW ANALYSIS - CONSOLIDATED GROUP

SEK thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Cash flow from operating activities before changes in working capital	-3 692	-4 961	-16 983	-19 646	-25 744
Cash flow from working capital	-877	-1 797	535	720	-10 609
Cash flow from operating activities	-4 569	-6 758	-16 448	-18 926	-36 353
Cash flow from investing activities	0	0	0	-545	-1 611
Cash flow from financing activities	4 803	23 284	12 753	34 259	39 635
Cash flow for the period	234	16 526	-3 695	14 788	1 671
Cash and cash equivalents opening balance	1 736	2 256	5 665	3 994	3 994
Cash and cash equivalents closing balance	1 970	18 782	1 970	18 782	5 665

CHANGES IN EQUITY - CONSOLIDATED GROUP

SEK thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Opening balance	7 473	3 494	25 614	23 034	23 034
Issue	0	34 982	0	34 982	45 446
Issue costs	0	0	0	0	-6 175
Translation differences	-138	-572	290	44	614
Result for the period	-6 394	-7 571	-24 963	-27 727	-37 305
Closing balance	941	30 333	941	30 333	25 614

KEY FIGURES - CONSOLIDATED GROUP

	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net revenue (kSEK)	766	532	1 919	1 697	4 354
EBIT (kSEK)	-6 614	-8 042	-25 473	-27 952	-36 635
Cash at the end of the period (kSEK)	1 970	18 782	1 970	18 782	5 665
Equity (kSEK)	941	30 333	941	30 333	25 614
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)	0,003	0,09	0,003	0,09	0,07
Equity per share after full dilution(SEK)	0,003	0,09	0,003	0,09	0,07
	348 070	213 291	348 070	191 419	228 627
Number of shares, average	570	223	570	592	315
	348 070	332 050	348 070	332 050	348 070
Number of shares, end of period	570	556	570	556	570
	348 070	332 050	348 070	332 050	348 070
Number of shares after full dilution*	570	556	570	556	570
Solidity (%)	0,1	15,4	0,1	15,4	14,7
Balance sheet total (kSEK)	161 505	196 953	161 505	196 953	174 552
Cash liquidity (%)	12	81	12	81	57
Average number of employees	6	10	7	10	9

*Simris Group has one outstanding warrant program. 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 Groups's share in each period has been less than the subscription price in the program. If full subscription takes place within the framework of the option program, the number of shares will increase by 2 362 500.

INCOME STATEMENT - PARENT COMPANY

SEK thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net revenue	11	68	154	853	2 815
Change of finished goods and work in progress	0	948	-202	635	-184
Other operating income	0	0	126	380	506
Raw materials and consumables	-12	-106	-249	-552	-842
Other external expenses	-1 334	-2 124	-6 857	-7 879	-10 254
Personnel expenses	-204	-1 453	-2 596	-4 752	-6 148
Depreciation and amortization	-746	-748	-2 239	-2 225	-2 971
Operating result / EBIT	-2 285	-3 415	-11 863	-13 540	-17 078
Financial net	-674	-356	-1 928	-3 016	-3 752
Result before tax	-2 959	-3 771	-13 791	-16 556	-20 830
Tax	-3	-3	-10	-10	-13
Result for the period	-2 962	-3 774	-13 801	-16 566	-20 843

BALANCE SHEET - PARENT COMPANY

SEK thousands	30 Sep 2024	30 Sep 2023	31 Dec 2023
Assets			
Fixed Assets			
Tangible assets	15 893	18 879	18 132
Financial assets	129 247	123 190	121 878
Total Fixed Assets	145 140	142 069	140 010
Current Assets			
Inventory	0	1 221	404
Receivables from group companies	0	782	0
Other receivables	660	1 380	1 760
Cash and bank balances	1 603	18 295	5 436
Total Current Assets	2 263	21 678	7 600
Total Assets	147 403	163 747	147 610
Equity and Liabilities			
Equity	30 285	44 074	44 086
Provisions			
Deferred tax	123	110	114
Liabilities			
Long-term Liabilities	92 184	94 260	90 740
Short-term Liabilities	24 811	25 303	12 670
Total Liabilities	117 118	119 673	103 524
Total Equity and Liabilities	147 403	163 747	147 610

ABOUT SIMRIS GROUP

Simris Group is a biologics company identifying and commercialising high value, natural, biologically active compounds found in microalgae and cyanobacteria to extract for applications in biopharmaceuticals, dietary supplements and cosmetics. Simris Group's shares are traded on the Nasdaq First North Growth Market with the short name SIMRIS and ISIN code SE0008091664.

FINANCIAL CALENDAR:

Year-end Report 2024 26 February 2025

Certified Adviser

Amudova AB is the Company's Certified Adviser on Nasdaq First North and can be reached at info@amudova.se or +46 (0) 8-546 017 58.

FOR MORE INFORMATION:

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KEY FIGURE DEFINITIONS

Balance sheet total - The sum of all assets in the balance sheet or sum of all liabilities and equity.

Equity per share - Adjusted equity (equity and untaxed reserves less deferred tax) divided by the number of shares at the end of the period.

Equity per share after full dilution - Adjusted equity (equity and untaxed reserves less deferred tax) divided by the number shares at the end of the period taking into account after conversion and adjusted for effect of share-based payments.

Cash liquidity - Current assets excluding inventories and work in progress as a percentage of current liabilities

Net revenue - Operating main income, invoiced costs, side income and income corrections.

Earnings per share - Earnings for the period divided by the number of shares after the end of the period.

Earnings per share after full dilution - Earnings for the period divided by number shares after the end of the period, taking into account after conversion and adjusted for effect of share-based payments.

EBIT/ Operating result - Result before financial expenses and tax.

Solidity - Adjusted equity at the end of the period as a percentage of total asset.

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 08:00 CET on 13 November 2024.