

SIMRIS GROUP

YEAR-END REPORT

JANUARY–DECEMBER 2023

THE PERIOD IN BRIEF - GROUP

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Δ	Full year 2023	Full year 2022	Δ
Net revenue	2 657	318	736%	4 354	4 080	7%
EBITDA	-5 403	-6 064	11%	-22 366	-18 005	-24%
EBIT / Operating result	-8 683	-9 631	10%	-36 635	-24 657	-49%
Result before tax	-10 302	-10 348	0%	-40 622	-25 766	-58%
Cash flow from operating activities	-17 427	-6 786	-157%	-36 353	-18 188	-100%
Cash at the end of the period	5 665	3 994	42%	5 665	3 994	42%

Note: numbers in brackets are comparable figures from the previous year.

Q4, OCTOBER-DECEMBER 2023

- Net revenue increased by 736% to SEK 2 657k (318k) based upon delivery of biomass to a major customer and sale of Omega-3 products to the new distributor based in the USA.
- Personnel & other external costs increased by 10% to SEK -6 082k (-5 506k) driven by investments in the production of ADCs for product development trials.
- EBITDA improved by 11% to SEK -5 403k (-6 064k).
- EBIT/ Operating result improved by 10% to SEK -8 683k (-9 631k).

JANUARY - DECEMBER 2023

- Net revenue increased by 7% to SEK 4 354k (4 080k).
- Personnel & other external costs increased by 41% to SEK -25 171k (-17 909k) largely driven by the full year impact with the new cost based following the acquisition of Cyano Biotech GmbH in August 2022.
- EBITDA declined by 24% to SEK -22 366k (-18 005k).
- EBIT/ Operating result declined by 49% to SEK -36 635k (-24 657k).

KEY EVENTS ANNOUNCED IN Q4

- On 29th October 2023, Simris announced the completion of a Directed Share Issue of approximately SEK 3M to strategic investors.
- On 7th November 2023, Simris announced the appointment of a distribution partner for its Omega-3 products in North America along with revenue of approximately €60k and annual cost savings of €200k.

- On 15th November 2023, Simris confirmed that its wholly owned subsidiary Simris Biologics GmbH based in Berlin, Germany, had won a tender to support Helmholtz-Zentrum Berlin für Materialien und Energie GmbH (HZB) as part of its project, "Enhanced cyanobacterial protein colourants for food industry, solar technology and scientific applications – PHYCOLOR". HZB has awarded Simris Biologics €163,732 for its contribution to their project.
- On 1st December 2023, the Board of Simris proposed a Directed Share Issue of approximately SEK 1,55M and which was to be approved by an EGM.
- On 20th December 2023, Simris confirmed that its proposed Directed Share Issue of approximately SEK 1,55M was approved by the EGM.
- On 20th December 2023, Simris announced it had signed a Material Transfer Agreement with a pre-clinical Biotech company to develop Linker-Payloads.

KEY EVENTS AFTER Q4

- On 10th January 2023, Simris confirmed that it had signed a non-binding Heads of Terms (HOT) agreement with an existing customer. The parties are finalising negotiations for an offtake agreement under which Simris will provide its partner with fucoxanthin-rich biomass in each year between 2024 and 2026. Simris calculates the sales revenue generated from the offtake agreement to be in excess of €2m / SEK 22m.

CEO UPDATE

The long-term vision of Simris Group is to be a holding company that invests into science-based businesses across multiple industry sectors, each centred around microalgae and cyanobacteria. To execute on this vision, Simris first needs to ensure its venture within the Antibody Drug Conjugate (ADC) space is successful. With the average value of a license agreement forecast to be up to \$150m*, and with the potential to make many such agreements, Simris' ADC payload platform provides the opportunity to generate the profits required to realise the vision.



Julian Read
CEO

Solid progress has been made in recent months towards a first commercial success from our ADC platform; discussions are ongoing, with several partners interested in our microcystin payloads, and we hope to be able to bring more news on that in the coming months.

Shortly before Christmas we announced the signing of a Material Transfer Agreement (MTA) with a pre-clinical biotech holding a proprietary Linker technology. This was a significant milestone. A Linker is a molecule that bonds the payload to the antibody within an ADC. The antibody is designed to locate and attach to a target cancer cell, and in doing so the ADC is brought inside the cell. The payload is the active, cancer-killing element of the ADC. Once inside the cancer cell, the payload is released where it disrupts the metabolic process of the cancer cell leading to its eventual death.

Under the terms of the MTA, Simris and its partner will evaluate the synergies between their two separate technologies by producing ADCs and testing these on cell cultures in the laboratory (in-vitro testing). It is anticipated that this work will be completed in late March/ April. Assuming a positive outcome from the trials, the two companies are aligned to explore a deeper commercial collaboration.

After more than 20 years of development work, the market for ADCs really took off in 2023. In total there were 76 transactions (up from 26 in 2022) worth €107bn with approximately half of these being license agreements. As a result, ADCs are now widely viewed as one of the hottest fields within the pharma industry. Already in 2024, we have seen the FDA grant BioNTech and DualityBio's ADC candidate Breakthrough Therapy designation; as well, Gilead has signed an agreement with Biocytogen Pharmaceuticals for an undisclosed sum, and ProfoundBio, a clinical stage biotech with three ADC candidates in development, attracted \$112m in an oversubscribed series B funding. In the last week we also heard that start-up Firefly Bio has raised \$94m in venture funding to deliver toxins to cancer cells with a more selective and efficient payload in protein degraders, which they are calling Degradar Antibody Conjugates.

Whilst the majority of this industry activity has focussed on the antibodies and the linkers, we have noted a distinct change in attitude towards novel payloads, which is what we have. Simris is more or less unique in being able to offer a pipeline of novel, natural compounds as ADC payloads. With more than a third of the commercially available ADCs carrying a payload of cyanobacterial origin, albeit synthetically reproduced and modified, Simris is in a strong position to play a meaningful role in the future of targeted cancer therapeutics. It is clear that the opportunity for Simris within the ADC space is significant and will remain so for many years to come.

Beyond the world of ADCs, Simris Biologics is also progressing discussions with major players in the agrochemicals and cosmetics sectors to establish collaborative, paid research projects to discover and optimise new proprietary compounds with pesticide and anti-age applications respectively.

Finally, as communicated at the start of the year, we are currently finalising the terms of a 3-year €2m+ off-take agreement for the production of biomass at our algae farm in Hammenhög, Sweden, for one of the largest players in the European microalgae industry. Once again, here we hope to bring concrete news on this in the near future.

As always, we are a company owned by its Shareholders and I thank you for your loyalty and support.

* License Agreement Model developed together with Alacrita Consulting, Industry-leading consultants with the full-range of specialist expertise needed to develop and commercialize drug products.

OVERVIEW

NET REVENUE AND PROFIT

Sales for the fourth quarter amounted to SEK 2 657k (318k). The increase in sales during the quarter is attributed to the transfer and sale of Omega-3 stock to a new distribution partner in the USA and the sale of fucoxanthin-rich biomass to a major European customer. Sales for the period Jan-Dec amounted to SEK 4 354k (4 080k) which is a 7% increase for the full year.

The EBITDA result for the fourth quarter improved by 11% to SEK -5 403k (-6 064k) and for the period Jan-Dec declined by 24% to SEK -22 366k (-18 005k).

The EBIT/ Operating result for the fourth quarter improved by 10% to SEK -8 683k (-9 631k) and for the period Jan-Dec declined by 49% to SEK -36 635k (-24 657k).

The change in inventory during the quarter amounted to SEK -1 654k (-806) and the total inventory value amounted to SEK 1 091k (2 257k) at the end of the period.

FIXED ASSETS

The total value of the Group's fixed assets amounted to SEK 165 337k (178 316k) at the end of the period.

Tangible Assets at the end of the period were SEK 20 489k (22 417k). There were no Investments during the quarter.

Intangible Assets at the end of the period were SEK 144 848k (155 899k).

The depreciation of fixed assets was made according to relevant accounting standards, with SEK 3 280k (3 567k) 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 -17 427k (-6 786k) during the fourth quarter and SEK -36 353k (-18 188k) during the period Jan-Dec. Cash flow amounted to SEK -13 117k (638k) for the fourth quarter and SEK 1 671k (3 033k) during the period Jan-Dec. At the end of the period, cash and cash equivalents amounted to SEK 5 665k (3 994k). The total liabilities at the end of the period amounted to SEK 148 938k (162 678k).

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, and its wholly owned subsidiary, Simris Biologics, have executed a back-to-back agreement whereby Simris Biologics will recompense Simris Group for the amount of this future earn-out payments.

On the August 25, 2022, The Brand Laboratories FZ (TBL), a company associated with Simris Chairman, Steven Schapera, provided 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 accumulated 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 the period the loan facility used is €778k.

During the quarter the company has carried out a Directed Share Issue. The company received approximately SEK 3m before transactions costs.

The Board's assessment is that the funds required for the next 3 months are €377k, and TBL have assured the Company that the existing flexible finance facility continues to be available to the Company to cover the foreseeable cash requirements for at least the next 3 months i.e. to the end of May 2024. In this time, the Company expects to have secured a longer-term plan to carry the Company through to end June 2025.

EQUITY

The Group's equity amounted to SEK 25 614k (23 034k) at the end of the period. The solidity was 14,7 percent, compared with 12.0 percent on December 31, 2022.

During the quarter the company has carried out two Directed Share Issue.

The first was made to strategic investors at a price of 0.27 kr per B share following which the share capital increased by SEK 943k through the issue of 10 850 000 B shares.

The second Directed Issue was made to the previous owners of Cyano Biotech GmbH as a condition of the Share Purchase Agreement. The transaction was made at a price of 0.29 kr per B share, following which the share capital increased by SEK 449k through the issue of 5 170 014 B shares.

The share capital after all transactions and as per year end is SEK 30 238 745.67. Each share has a quota value amounting to approximately 0,0869 SEK.

SHARES AND THE OWNERS

The total number of shares on issue amounts to 348 070 570 B at the end of the period.

As of 31st December 2023, Simris Group AB had 6 365 shareholders (6 534), of which the ten largest had 50 percent of the share capital and the votes. Simris Group's B shares have been listed on Nasdaq First North Growth Market since April 22, 2016. During the last quarter, the highest price paid for the share was SEK 0.346 and the lowest was SEK 0.19. The



last paid price at the end of the period was SEK 0.225, which gave a market capitalization value of approximately SEK 78m. A total of 11.8 million shares were traded during the quarter.

OPTION PROGRAM

At the end of the period, Simris Group had 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.

STAFF AND ORGANIZATION

The average number of full-time equivalents (FTEs) employed during the quarter amounted to 8 (8) of which 3 are employed in Simris Biologics (formerly known as Cyano Biotech – acquired August 2022). During the period Jan-Dec the average number of FTEs employed amounted to 9 (8) of which 3,5 are employed in Simris Biologics. At the end of the quarter the Group had 8 FTEs.

PARENT COMPANY

Simis Group AB is the parent company. Net revenue for the Parent Company during the quarter amounted to SEK 1 962k (21k) and 2 815k (3 060k) for the period Jan-Dec. EBIT/ Operating result amounted to SEK -3 538k (-5 224k) for the quarter and -17 078k (-18 771k) for the period Jan-Dec. Result before tax amounted to SEK -4 274k (-5 936k) for the quarter and -20 830k (-19 879k) for the period Jan-Dec.

TRANSACTIONS WITH RELATED PARTIES

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

In addition to normal Board work during the fourth quarter, Board Directors performed consulting services for the company, of which Brand Laboratories FZ LLC (a company associated with Steven Schapera), invoiced SEK 238k, Robert Quandt SEK 18k and Frank Puccio SEK 33k.

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 2022.

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 2022, 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 in 2024 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 new capital cannot be acquired when needed, or that new capital cannot be obtained on satisfactory terms, or that the procured capital is not sufficient to finance the operations in accordance with established development plans and objectives.

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

Steven Schapera
Chairman

Magnus Högström
Board Director

Julian Read
CEO

Robert Quandt
Board Director

Frank Puccio
Board Director



INCOME STATEMENT - CONSOLIDATED GROUP

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue	2 657	318	4 354	4 080
Change of finished goods and work in progress	-1 644	-827	-1 096	-3 676
Activated work for own account	0	0	0	0
Other operating income	130	435	798	646
Raw materials and consumables	-464	-484	-1 251	-1 146
Other external expenses	-3 843	-3 504	-15 324	-10 865
Personnel expenses	-2 239	-2 002	-9 847	-7 044
Depreciation and amortization	-3 280	-3 567	-14 269	-6 652
Operating result / EBIT	-8 683	-9 631	-36 635	-24 657
Financial net	-1 619	-717	-3 987	-1 109
Result before tax	-10 302	-10 348	-40 622	-25 766
Tax	724	1 048	3 317	1 344
Result for the period	-9 578	-9 300	-37 305	-24 422
(Attributable to the parent company's shareholders)	-9 578	-9 300	-37 305	-24 422

BALANCE SHEET - CONSOLIDATED GROUP

SEK thousands	31 Dec 2023	31 Dec 2022
Assets		
Fixed Assets		
Intangible assets	144 848	155 899
Tangible assets	20 489	22 417
Financial assets	0	0
Total Fixed Assets	165 337	178 316
Current Assets		
Inventory	1 091	2 257
Other receivables	2 459	1 145
Cash and bank balances	5 665	3 994
Total Current Assets	9 215	7 396
Total Assets	174 552	185 712
Equity and Liabilities		
Equity	25 614	23 034
Provisions		
Deferred tax	43 858	47 331
Liabilities		
Long-term Liabilities	90 740	91 480
Short-term Liabilities	14 340	23 867
Total Liabilities	148 938	162 678
Total Equity and Liabilities	174 552	185 712

CASH FLOW ANALYSIS - CONSOLIDATED GROUP

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Cash flow from operating activities before changes in working capital	-6 098	-5 912	-25 744	-17 961
Cash flow from working capital	-11 329	-874	-10 609	-227
Cash flow from operating activities	-17 427	-6 786	-36 353	-18 188
Cash flow from investing activities	-1 066	0	-1 611	-22 382
Cash flow from financing activities	5 376	7 424	39 635	43 603
Cash flow for the period	-13 117	638	1 671	3 033
Cash and cash equivalents opening balance	18 782	3 356	3 994	961
Cash and cash equivalents closing balance	5 665	3 994	5 665	3 994

CHANGE IN EQUITY - CONSOLIDATED GROUP

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Opening balance	30 333	31 936	23 034	18 221
Issue	4 474	0	45 446	32 548
Issue costs	-185	0	-6 175	-4 526
Stock option program	0	0	0	105
Translation differences	570	398	614	1 108
Result for the period	-9 578	-9 300	-37 305	-24 422
Closing balance	25 614	23 034	25 614	23 034

KEY FIGURES - CONSOLIDATED GROUP

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue (kSEK)	2 657	318	4 354	4 080
EBIT (kSEK)	-8 683	-9 631	-36 635	-24 657
Cash at the end of the period (kSEK)	5 665	3 994	5 665	3 994
Equity (kSEK)	25 614	23 034	25 614	23 034
Earnings per share (SEK)	neg.	neg.	neg.	neg.
Earnings per share after full dilution (SEK)	neg.	neg.	neg.	neg.
Equity per share (SEK)	0,07	0,13	0,07	0,13
Equity per share after full dilution(SEK)	0,07	0,13	0,07	0,13
Number of shares, average	339 037 188	180 302 520	228 627 315	142 397 290
Number of shares, end of period	348 070 570	180 302 520	348 070 570	180 302 520
Number of shares after full dilution*	348 070 570	180 302 520	348 070 570	180 302 520
Solidity (%)	14,7	12,0	14,7	12,0
Balance sheet total (kSEK)	174 552	185 712	174 552	185 712
Cash liquidity (%)	57	22	57	22
Average number of employees	8	8	9	8

*Simris Group 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 Groups'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 9944985.

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.



INCOME STATEMENT – PARENT COMPANY

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue	1 962	21	2 815	3 060
Change of finished goods and work in progress	-819	-138	-184	-2 357
Activated work for own account	0	0	0	0
Other operating income	126	126	506	258
Raw materials and consumables	-290	-372	-842	-1 016
Other external expenses	-2 375	-2 858	-10 254	-9 751
Personnel expenses	-1 396	-1 283	-6 148	-6 093
Depreciation and amortization	-746	-720	-2 971	-2 872
Operating result / EBIT	-3 538	-5 224	-17 078	-18 771
Financial net	-736	-712	-3 752	-1 108
Result before tax	-4 274	-5 936	-20 830	-19 879
Tax	-3	-3	-13	-13
Result for the period	-4 277	-5 939	-20 843	-19 892

BALANCE SHEET – PARENT COMPANY

SEK thousands	31 Dec 2023	31 Dec 2022
Assets		
Fixed Assets		
Tangible assets	18 132	20 558
Financial assets	121 878	113 887
Total Fixed Assets	140 010	134 445
Current Assets		
Inventory	404	739
Receivables from group companies	0	1 117
Other receivables	1 760	808
Cash and bank balances	5 436	3 490
Total Current Assets	7 600	6 154
Total Assets	147 610	140 599
Equity and Liabilities		
Equity	44 086	25 657
Provisions		
Deferred tax	114	101
Liabilities		
Long-term Liabilities	90 740	91 480
Short-term Liabilities	12 670	23 361
Total Liabilities	103 524	114 942
Total Equity and Liabilities	147 610	140 599



FINANCIAL CALENDAR:

Annual Report 2022: 17 April 2024
Interim Report Q1, 2024: 15 May 2024
Annual General Meeting: 29 May 2024
Interim Report Q2, 2023: 14 August 2024
Interim Report Q3, 2023: 13 November 2024
Year-end Report 2023: 26 February 2025

FOR MORE INFORMATION:

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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 28 February 2024.