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The board of Simris proposes that a general meeting resolves on a rights issue of no more than approximately SEK 24.3m and a shareholder proposes a directed issue of no more than approximately SEK 26.6m

The board of directors of Simris Group AB (publ) ("Simris" or the "Company") proposes that an extraordinary general meeting ("EGM") resolves on a share issue of 90 151 260 shares with preferential rights for the Company's shareholders at a subscription price of SEK 0.27 per share, amounting to a maximum of SEK 24.3 million before transaction costs (the "Rights Issue"). The proceeds from the Rights Issue shall primarily provide the Company with working capital to secure continued operations, repay loans and enable further investments. Subject to the EGM's approval, and the following execution of the guarantee commitments the Rights Issue will be 100% underwritten. A group of external strategic investors have already underwritten approximately SEK 7.6 million, corresponding to approximately 31.2 percent of the Rights Issue, while a majority of the board members have committed to enter into subscription commitments, totalling approximately SEK 2.14 million corresponding to approximately 8.8 percent of the Rights Issue, and to further underwrite the remaining part of the Rights Issue through guarantee commitments subject to the approval of the EGM. Furthermore, a shareholder proposes that the EGM resolves on a directed issue of shares (the "Directed Issue") to the persons who have entered into, and who has communicated non-binding intentions to enter into, guarantee commitments. The guarantors may, on the same terms as in the Rights Issue, participate in the Directed Issue with the corresponding unutilized part of the guarantee commitment, and for an additional SEK 4.4 million as guarantee 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 guarantee commitments), the Company will receive proceeds of approximately SEK 51 million before the deduction of transaction costs. The notice of the EGM will be published through a separate press release.

Summary

- Existing shareholders will receive one (1) subscription right for each share held on the record date on 31 July 2023. Two (2) subscription rights entitle the holder to subscribe for one (1) new share in the Company. The subscription price is SEK 0.27 per share.
- The Rights Issue will, upon full subscription, result in the Company receiving issue proceeds of SEK 24.3 million before the deduction of transaction costs of no more than approximately SEK 1 million in cash (for the Rights Issue and the Directed Issue) and guarantee costs of no more than approximately SEK 4.4 million in newly issued shares through the Directed Issue (as guarantee compensation).
- Conditional upon approval by the EGM of the participation of members of the board in the underwriting of the Rights Issue and the subsequent execution of the guarantee commitments, the Rights Issue will be fully underwritten. An external group of strategic investors has entered into binding guarantee agreements that represent approximately SEK 7.6 million, corresponding to approximately 31.2 percent with guarantee commitments. In addition, a majority of the members of the board have communicated intentions to enter into subscription commitments and guarantee commitments regarding the remaining part of the Rights Issue, provided that the EGM resolves to approve the entering into such agreements. Subscription undertakings and guarantee commitments are not, and will not be, secured by bank guarantee, blocking funds, pledging or similar arrangements.
- The external group of strategic investors have committed to taking their guarantors fee in shares and not cash. All members of the board that have communicated their intention to ensure that the Rights Issue is fully underwritten, conditional to the approval of the EGM, have also communicated that they wish to take their guarantor fee in shares and not cash.
- The subscription period in the Rights Issue will take place during and inclusive of 2 August – 16 August. Subscription rights that are not utilized during the subscription period will become invalid and lose their value.
- A shareholder has proposed that the EGM resolves on the Directed Issue to the guarantors. All of the guarantors have committed, and a majority of the members of the board intend to enter in guarantee commitments conditional upon approval at the EGM to enter into such agreements, at the same terms as in the Rights Issue, participate in the Directed Issue with an amount corresponding to the amount of the guarantee commitments that has not been utilized in the Rights Issue to the Directed Issue and an additional amount of at least SEK 4.4 million, in guarantee compensation that will be paid in shares. The Directed Issue can amount to a maximum of SEK 26.6 million.
- The complete terms and conditions for the Rights Issue, including additional information about the Company, will be made available in the information memorandum, expected to be published around 31 July 2023.

Background and reasons for the capital raising

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.

Simris Group has made significant progress in the last 10 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, subject to approval by the EGM.

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 proposed by the shareholder, to provide both growth and working capital until the first license agreement is secured.

Through an introduction from TBL to an informal consortium of strategic investors with an interest in the ADC space and coupled with additional investment from members of the Board as well as the €1m conversion from TBL, the Company is able to conduct the Rights Issue and the Directed Issue totalling a maximum amount of SEK 51 million (provided that the Rights Issue is fully subscribed without the utilization of the guarantee commitments).

Proceeds from the Capital Raising will be initially directed towards:

- The second and final instalment to complete the acquisition of Cyano Biotech GmbH (renamed Simris Biologics GmbH)
- At the request of Simris Group, The Brand Laboratories ("TBL"), an entity associated with Simris chairman Steven Schapera, has accepted to convert €1m of its loan to Simris into Simris shares subject to a resolution at the EGM planned for 24 July 2023.
- Simris Biologics (Cancer Therapeutics/ ADCs) for the funding of in-vivo trials, personnel, lab equipment and business development
- Marketing of Omega-3 and other algal/ cyanobacterial supplements in the USA and Sweden directly to consumers
- Hammenhög operations: personnel, materials, maintenance and upgrade designed to further increase yields.

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 Rights Issue

The board of directors has on 5 July 2023 resolved to propose that the EGM resolves to conduct an issue of no more than 90 151 260 shares with preferential rights for the Company's existing shareholders. Provided that the Rights Issue is fully subscribed, the Company will receive proceeds of SEK 24.3 million before the deduction of transaction costs of no more than approximately SEK 1 million in cash, and guarantee costs of no more than approximately SEK 4.4 million in newly issued shares through the Directed Issue (as guarantee compensation). Through the Rights Issue, the share capital will increase by a maximum of SEK 7,831,920.47 from SEK 15,663,840.95 to SEK 23,495,761.42. The notice of the EGM will be published through a separate press release.

Those who are registered as shareholders in the Company on the record date 31 July 2023 will receive one (1) subscription right for each share held in the Company. Two (2) subscription rights entitle the holder to subscribe for one (1) new share. The subscription price has been set to SEK 0.27 per share. In addition, shareholders and other investors are offered to notify their interest in subscribing for shares without preferential rights.

In the event that not all shares have been subscribed for with subscription rights, the board of directors will, within the framework of the maximum amount of the Rights Issue, decide on allotment of shares subscribed for without subscription rights. In such a case, shares shall primarily be allotted to subscribers who have also subscribed for shares with subscription rights, regardless of whether the subscriber was a shareholder on the record date or not, and in the event that allotment to these cannot be made in full, allotment shall be made pro rata in proportion to the number of subscription rights exercised for subscription of shares and, in so far as this cannot be done, by drawing lots. In the alternative, to others who have subscribed for shares without subscription rights, and in the event that allotment to these cannot be made in full, allotment shall be made pro rata in proportion to the number of shares subscribed for each and, to the extent that this cannot be done, by lot. Ultimately, allotment of the remaining shares shall be made to guarantors in accordance with guarantee commitments entered into in proportion to the guarantee commitments, and to the extent that this cannot be done, by drawing lots.

The subscription period in the Rights Issue will take place during the period from, and including, 2 August 2023 up to, and including, 16 August 2023. Subscription rights that are not utilized during the subscription period will become invalid and lose their value. Trading in the subscription rights is expected to take place on Nasdaq First North Growth Market during the period from, and including, 2 August 2023 up to, and including, 11 August 2023 and trading in the BTA is expected to take place on Nasdaq First North Growth Market during the period from, and including, 2 August 2023 until the registration at the Swedish Companies Registration Office is completed, which is expected to take place around 4 September 2023. The existing shares are traded including the right to receive subscription rights up to, and including, 27 July 2023 and the first day of trading of shares excluding the right to receive subscription rights is 28 July 2023.

Existing shareholders who choose not to participate in the Rights Issue will, if the Rights Issue is fully subscribed, experience a dilution of approximately 33.3 percent of their votes and capital.

Subscription undertakings and guarantee commitments

The Company's board members, consisting of Steven Schapera, Robert Quandt and Frank Puccio, have communicated intentions to enter into subscription commitments totalling approximately SEK 2.14 million, corresponding to approximately 8.8 percent of the issue amount in the Rights Issue. These intentions are not binding. No remuneration is paid for the subscription commitments. The subscription commitments, as with the guarantee undertakings as set out below, are intended to be entered into after the EGM has resolved to approve the conclusion of these agreements.

In addition, the Company has entered into guarantee commitments with a consortium of strategic investors with an interest in the field of Antibody Drug Conjugates (ADCs) comprising of Claremont Trust, based in the British Virgin Islands, Mountain High Trust, based in the British Virgin Islands,

and Trevor Heneck, resident in South Africa, for a total of approximately SEK 7.6 million, corresponding to approximately 31.2 percent of the Rights Issue. For the guarantee commitments, a guarantee remuneration of twenty (20) percent of the guaranteed amount is to be in new shares on the same terms as in the Rights Issue. All of the external investors have committed to receiving their guarantor fee in shares and not in cash. In the event that these guarantors do not receive full allotment in the Rights Issue, the guarantors will subscribe for shares in the Directed Issue for the corresponding part that was not allocated to the guarantors.

The majority of the Company's board members, consisting of Steven Schapera, Robert Quandt and Frank Puccio have, conditional upon approval by the shareholders at the EGM, communicated their intentions to enter into guarantee commitments, totalling approximately SEK 14.6 million, corresponding to approximately 60 percent of the Rights Issue. A guarantee remuneration of twenty (20) percent of the guaranteed amount in new shares is paid for the guarantee commitments on the same terms as in the Rights Issue. In the event that these guarantors do not receive full allotment in the Rights Issue, the guarantors will subscribe for shares in the Directed Issue for the corresponding part that was not allocated to the guarantors. These intentions are not binding, and the guarantee commitments will be entered into after the EGM has resolved to approve the conclusion of these agreements.

The subscription commitments and guarantee undertakings described above are not, and will not be, secured by bank guarantees, escrow funds, pledges or similar arrangements.

The Directed Issue

The shareholder Martin Rudling proposes that the EGM resolves on the Directed Issue to the guarantors. The Directed Issue means that a maximum of 98,648,654 shares with a subscription price of SEK 0.27 per share may be issued. Accordingly, the share capital may increase further by a maximum of SEK 8,570,134.38 from SEK 23,495,761.42 to a maximum of SEK 32,065,895.80. The issue proceeds can amount to no more than approximately SEK 26.6 million. Notice of the EGM will be published in a separate press release.

The allotment in the Directed Issue will amount to a maximum of the number of shares each guarantor has guaranteed through its guarantee commitments, as well as the shares to which each guarantor is entitled as guarantee compensation, with the reduction of the number of shares that has been allotted to the guarantors in the Rights Issue. Since the guarantors may include parts of the board of directors, the Directed Issue requires that the EGM resolves by a nine-tenths majority in accordance with Chapter 16. Swedish Companies Act.

The dilution due to the Directed Issue, provided that the Rights Issue and the Directed Issue are fully subscribed, amounts to approximately 26.73 percent of the votes and capital. In total, the Rights Issue and the Directed Issue, provided that they are fully subscribed, entail a dilution of approximately 51.15 percent of the votes and capital.

Reasons for deviating from the shareholders pre-emptive rights

Simris Group has, as previously communicated, strained liquidity and needs additional working capital to effectively pursue its new direction and strategy towards more profitable markets and

market segments. The shareholder assesses that the Rights Issue, together with the Directed Issue enables the Company to raise necessary capital in a highly resource-efficient manner.

The Rights Issue is partly secured by guarantee commitments by a group of investors. The shareholder considers that the guarantee remuneration negotiated for the guarantee undertakings provided prior to the Rights Issue is on market terms under prevailing market conditions. The shareholder also believes that it is to the advantage of all shareholders that the guarantors are long-term investors. For the Company, in a situation where liquidity is in focus, it is also advantageous that the guarantors can receive remuneration in the form of shares.

The reason that the Company should conduct the Directed Issue to the guarantors, in conjunction with the Rights Issue, deviating from the pre-emptive rights of the shareholders, is that the shareholder believes that the Rights Issue without the Directed Issue would likely have needed to be carried out at a significantly lower subscription price based on the discounts applied in recently conducted rights issues. The shareholder believes that this would have entailed additional costs and considerably greater dilution in order to secure the equivalent capital injection. The Company has in addition been in contact with four different corporate finance firms and have concluded that the terms agreed is more favourable for the Company than what was suggested by the corporate finance firms. It is shareholder's assessment that the subscription price, which has been negotiated at arm's length with the guarantors, in the Directed Issue is on market terms.

Moreover, the Directed Issue will also include the offsetting of existing loans to the Company's largest shareholder, resulting in lower ongoing financial costs for the Company by reducing the Company's gross debt by approximately EUR 1 million. The improved capital structure increases the Company's financial flexibility and enables continued focus on the new strategy and growth.

The agreement with the guarantors, where they invest an amount equivalent to the funds not utilized in the Rights Issue in the Directed Issue, is highly beneficial for the Company and all shareholders as it increases the likelihood of an overall successful capital raise and provides necessary resources on the path towards a successful Simris Group. Since the guarantors may potentially include members of the board, the Directed Issue requires that the EGM resolves on the Directed Issue with a nine-tenths majority in accordance with Chapter 16 of the Swedish Companies Act.

Information memorandum

Full terms and conditions and instructions for the Rights Issue as well as other information about the Company will be presented in the information memorandum that the Company estimates to publish on the Company's website www.simrisgroup.com around 31 July 2023, before the subscription period commences on 2 August 2023.

Indicative timetable for the Rights Issue

The timetable as presented below is indicative and may be subject to changes.

27 July 2023

Last day of trading in the shares including the right to receive subscription rights

28 July 2023	First day of trading in the shares excluding the right to subscription rights
31 July 2023	Record date for the right to receive subscription rights in the Rights Issue
31 July 2023	Estimated date for publication of the information memorandum regarding the Rights Issue
2 – 11 August 2023	Trading in subscription rights at Nasdaq First North Growth Market
2 – 16 August 2023	Subscription period for the Rights Issue
2 August 2023 until the Rights Issue has been registered by the Swedish Companies Registration Office	Trading in paid subscribed shares (BTA) at Nasdaq First North Growth Market
Around 21 August 2023	The outcome of the Rights Issue is announced

Advisors

The Company has engaged Amudova AB as regulatory advisor and Advokatfirman Delphi as legal advisor while Aqurat Fondkommission act as issuing agent.

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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 2023-07-05 22:19 CEST.

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.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs or current expectations and goals for the Company's future operations, financial situation, liquidity, earnings, prospects, expected growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and can be identified with words such as "believe", "expect", "anticipate", "refer", "can", "plan", "appreciate", "will", "should", "could", "aim" or "maybe" or, in each case, their negative, or similar, expressions. The forward-looking statements in this press release are based on various assumptions, many of which in turn are based on additional assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it cannot give any guarantees that they will occur or prove to be correct. As these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual result or results may differ significantly from those set forth in the forward-looking statements which are the result of many factors. Such risks, uncertainties, unforeseen events, and other significant factors may cause actual events to differ materially from the expectations expressed or implied in this press release by such forward-looking statements. The Company does not guarantee that the assumptions behind the forward-looking statements in this press release are free from errors and each reader should not place any excessive dependence on the forward-looking statements in this press release. The information, opinions and forward-looking statements in this press release relate only to the situation at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or publish any revisions of forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or by Nasdaq First North Growth Market's regulations for issuers.

Attachments

[The board of Simris proposes that a general meeting resolves on a rights issue of no more than approximately SEK 24.3m and a shareholder proposes a directed issue of no more than approximately SEK 26.6m](#)