

SIMRIS GROUP

INTERIM REPORT

JANUARY–JUNE 2024

QUARTER 2, APRIL – JUNE 2024

- Net revenue decreased by 6% to SEK 634k (677k).
- EBITDA improved by 5% to SEK -6 117k (-6 439k).
- EBIT/Operating result improved by 5% to SEK -9 822k (-10 315k).

INTERIM PERIOD, JANUARY – JUNE 2024

- Net revenue decreased by 1% to SEK 1 153k (1 165k).
- EBITDA improved by 8% to SEK -11 442k (-12 438k).
- EBIT/Operating result improved by 5% to SEK -18 859k (-19 910k).

KEY EVENTS DURING THE QUARTER

- Simris Group held an Extraordinary General Meeting on 5 April 2024 and resolved to issue Convertible Debentures to a maximum €1.15m.
- Simris Group confirmed the extended maturity to 31 March 2025 of its flexible funding facility.
- Simris Group published its Annual Report for 2023.
- Simris Group held the Annual General Meeting on 28 June 2024.

KEY EVENTS AFTER THE END OF 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 an early-stage collaboration agreement with an independent biopharmaceutical company focused on cancer and infectious diseases.

THE PERIOD IN BRIEF

SEK thousands	Apr-Jun 2024	Apr-Jun 2023	Δ	Jan-Jun 2024	Jan-Jun 2023	Δ	Full year 2023
Net revenue	634	677	-6%	1 153	1 165	-1%	4 354
EBITDA	-6 117	-6 439	5%	-11 442	-12 438	8%	-22 366
EBIT / Operating result	-9 822	-10 315	5%	-18 859	-19 910	5%	-36 635
Result before tax	-10 264	-11 440	10%	-20 271	-21 925	8%	-40 622
Cash flow from operating activities	-6 442	-5 536	-16%	-11 879	-12 168	2%	-36 353
Cash at the end of the period	1 736	2 256	-23%	1 736	2 256	-23%	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.

Simris Group's vision continues to focus on highly novel IP-protected next generation bioconjugate innovation and delivery, specifically of ADC payloads. The core objective is to meet the growing need to fight a number of specific target cancers, especially blood-borne cancers, to improve treatment outcomes for patients globally.



We continue to make significant progress toward this “laser focused” objective and progress in Investigational New Drug Application (IND) pre-clinical data generation. We have progressed lead optimization of specific payloads, resulting in significant high performance in therapeutic window and an improved safety profile on OATP*-expressing cells. We have established linker-payload synthesis in-house which significantly speeds up our research and development programme.

On the patent front, we have strengthened our technological monopoly with granted patents in our base patent families in key legislatures such as USA, China, Japan, India, and Australia. Additional patent grants in the important geographies Korea, Canada and New Zealand are imminent. This is critical to the strong unique defensible position of our payload platform, and specific optimized payloads ready to be conjugated for further development and commercialisation.

Simris Biologics now holds a dominant patented biotech pathway, with a clear purpose and capability to commercialise its proprietary ADC payload platform. This has led to a new collaboration in the ADC space; we now have an early-stage collaboration agreement in place with an independent biopharmaceutical company focused on cancer and infectious diseases.

Our feasibility programme with another undisclosed pre-clinical biotech company, utilising their proprietary Linker technology platform, continues to progress well. The chemistries of each of the two companies' technology platforms suggest there are significant synergies that will enable safer delivery of highly effective cytotoxic molecules to targeted cancer cells. We will produce ADCs (using their Linker platform and conjugating with our microcystin payloads) to confirm the compatibility of the technologies. The ultimate objective of this strategic collaboration is to produce Linker-Payloads that demonstrate exceptional safety and efficacy.

The patented Simris bioconjugate platform enables a flexible and agile “hub and spoke” business model. This model will grow our deep technical expertise while building new license opportunities with successive biopharma partners including the potential to expand into other non-cancer therapeutic areas. As an immediate example, this has enabled Simris Group to initiate value-creating opportunities through new collaborations, the first of which is the recently announced 9th July 2024, first phase Peptide Drug Conjugate (PDC) research programme with New Zealand Universities. The objective here is to protect indigenous flora and fauna using humane reproductive control methods. Through this research programme, Simris will be well placed to support the future commercialisation of the developed technology through the sale of our cytotoxic payload.

Over the next 3-6 months our 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 partnership 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 of payloads/toxins and generated royalties of any ADC drugs approved and delivered into the market.

We continue our discussions with interested external parties around our algae growing facility in Hammenhög. There are many ways to capture value from this asset, and it is reassuring to know that there is so much interest in developing this facility. As production has been paused until these discussions are finalised, the group will have significantly lower operating costs in upcoming quarters.

**OATP: Organic anion transporting polypeptides.*

Dr Alexis Roberts-McIntosh
CEO Simris Group

The Simris logo, featuring the word "Simris" in a stylized, cursive, teal-colored font.

OVERVIEW

NET REVENUE AND PROFIT

The sales for the quarter decreased by 6% and amounted to SEK 634k (677k) and the sales for the interim decreased by 1% and amounted to SEK 1 153k (1 165k).

The EBITDA result for the quarter improved by 5% to SEK -6 117k (-6 439k) and the EBITDA result for the interim period improved by 8% to SEK -11 442k (-12 438k). The EBIT/ Operating result for the quarter improved by 5% to SEK -9 822k (-10 315k) and the EBIT/ Operating result for the interim period improved by 5% to SEK -18 859k (-19 910k). During the quarter Simris Group had one-off costs related to the write-down of inventory and receivables related to Omega-3 and Hammenhög totaling SEK 1 008k.

The financial net on the income statement is improved during the quarter with SEK 196k (0) and during the interim period SEK -110k (0) by 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 704k (1 851k) 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 162 011k (180 827k) at the end of the period. Intangible Assets at the end of the period were SEK 142 863k (159 561k). Tangible Assets at the end of the period were SEK 19 148k (21 262k). 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 705k (3 876k) 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 deteriorated by 16 percent to SEK -6 442k (-5 536k) during the quarter and cash flow from operating activities improved by 2 percent to SEK -11 879k (-12 168k) during the interim period. Cash flow amounted to SEK 1 551k (407k) for the quarter and cash flow amounted to SEK -3 929 (-1 738k) for the interim period. At the end of the period, cash and cash equivalents amounted to SEK 1 736k (2 256k). The total liabilities at the end of the period amounted to SEK 158 226k (183 683k).

The deferred tax liability at the end of the quarter amounting to SEK 43 189k (48 373k) is not a payable debt since its 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 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.

During the quarter, 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 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 €715k of €1 150k had been drawn down. Available funds to draw down amount to €435k.

EQUITY

The Group's equity amounted to SEK 7 473k (3 494k) at the end of the quarter. The solidity was 4.5 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 30 238 745.67. Each share has a quota value amounting to approximately 0,0869 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 shall be made without cancellation of shares. After the reduction of the share capital the share capital will amount to SEK 3,480,705.7 entailing a share's quota value of SEK 0.01 per share. The reduction has not yet 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 8 (12) and the average number of full-time equivalents (FTEs) employed during the interim period amounted to 9 (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 76k (280k) and amounted to SEK 143k (785k) for the interim period. EBIT/ Operating result amounted to SEK -5 003k (-5 102k) for the quarter and amounted to SEK -9 578k (-10 125k) for the interim period. Result before tax amounted to SEK -5 617k (-7 015k) for the quarter and amounted to SEK 10 832k (12 785k) 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 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 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 Brand Laboratories FZ LLC (a company associated with Steven Schapera), invoiced SEK 228k, Magnus Högström SEK 30k 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 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.

Steven Schapera
Chairman

Magnus Högström
Board Director

Dr Alexis Roberts-McIntosh
CEO

Jonathan Royce
Board Director

Frank Puccio
Board Director



INCOME STATEMENT - CONSOLIDATED GROUP

SEK thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net revenue	634	677	1 153	1 165	4 354
Change of finished goods and work in progress	-185	-316	-202	-363	-1 096
Other operating income	126	514	126	665	798
Raw materials and consumables	-679	-315	-858	-615	-1 251
Other external expenses	-3 750	-4 180	-6 943	-8 186	-15 324
Personnel expenses	-2 263	-2 819	-4 718	-5 104	-9 847
Depreciation and amortization	-3 705	-3 876	-7 417	-7 472	-14 269
Operating result / EBIT	-9 822	-10 315	-18 859	-19 910	-36 635
Financial net	-442	-1 125	-1 412	-2 015	-3 987
Result before tax	-10 264	-11 440	-20 271	-21 925	-40 622
Tax	840	923	1 702	1 769	3 317
Result for the period	-9 424	-10 517	-18 569	-20 156	-37 305
(Attributable to the parent company's shareholders)	-9 424	-10 517	-18 569	-20 156	-37 305

BALANCE SHEET - CONSOLIDATED GROUP

SEK thousands	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets			
Fixed Assets			
Intangible assets	142 863	159 561	144 848
Tangible assets	19 148	21 262	20 489
Financial assets	0	4	0
Total Fixed Assets	162 011	180 827	165 337
Current Assets			
Inventory	704	1 851	1 091
Other receivables	1 248	2 243	2 459
Cash and bank balances	1 736	2 256	5 665
Total Current Assets	3 688	6 350	9 215
Total Assets	165 699	187 177	174 552
Equity and Liabilities			
Equity	7 473	3 494	25 614
Provisions			
Deferred tax	43 189	48 373	43 858
Liabilities			
Long-term Liabilities	92 761	96 737	90 740
Short-term Liabilities	22 276	38 573	14 340
Total Liabilities	158 226	183 683	148 938
Total Equity and Liabilities	165 699	187 177	174 552

CASH FLOW ANALYSIS - CONSOLIDATED GROUP

SEK thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Cash flow from operating activities before changes in working capital	-7 180	-8 150	-13 291	-14 685	-25 744
Cash flow from working capital	738	2 614	1 412	2 517	-10 609
Cash flow from operating activities	-6 442	-5 536	-11 879	-12 168	-36 353
Cash flow from investing activities	0	0	0	-545	-1 611
Cash flow from financing activities	7 993	5 943	7 950	10 975	39 635
Cash flow for the period	1 551	407	-3 929	-1 738	1 671
Cash and cash equivalents opening balance	185	1 849	5 665	3 994	3 994
Cash and cash equivalents closing balance	1 736	2 256	1 736	2 256	5 665

CHANGES IN EQUITY - CONSOLIDATED GROUP

SEK thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Opening balance	17 312	13 795	25 614	23 034	23 034
Issue	0	0	0	0	45 446
Issue costs	0	0	0	0	-6 175
Translation differences	-415	216	428	616	614
Result for the period	-9 424	-10 517	-18 569	-20 156	-37 305
Closing balance	7 473	3 494	7 473	3 494	25 614

KEY FIGURES - CONSOLIDATED GROUP

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net revenue (kSEK)	634	677	1 153	1 165	4 354
EBIT (kSEK)	-9 822	-10 315	-18 859	-19 910	-36 635
Cash at the end of the period (kSEK)	1 736	2 256	1 736	2 256	5 665
Equity (kSEK)	7 473	3 494	7 473	3 494	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)	0,02	0,02	0,02	0,02	0,07
Equity per share after full dilution(SEK)	0,02	0,02	0,02	0,02	0,07
	348 070	180 302	348 070	180 302	228 627
Number of shares, average	570	520	570	520	315
	348 070	180 302	348 070	180 302	348 070
Number of shares, end of period	570	520	570	520	570
	348 070	180 302	348 070	180 302	348 070
Number of shares after full dilution*	570	520	570	520	570
Solidity (%)	4,5	2,0	4,5	2,0	14,7
Balance sheet total (kSEK)	165 699	187 177	165 699	187 177	174 552
Cash liquidity (%)	13	12	13	12	57
Average number of employees	8	12	9	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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net revenue	76	280	143	785	2 815
Change of finished goods and work in progress	-185	-35	-202	-313	-184
Other operating income	126	380	126	380	506
Raw materials and consumables	-215	-233	-237	-446	-842
Other external expenses	-3 115	-2 910	-5 523	-5 755	-10 254
Personnel expenses	-943	-1 837	-2 392	-3 299	-6 148
Depreciation and amortization	-747	-747	-1 493	-1 477	-2 971
Operating result / EBIT	-5 003	-5 102	-9 578	-10 125	-17 078
Financial net	-614	-1 913	-1 254	-2 660	-3 752
Result before tax	-5 617	-7 015	-10 832	-12 785	-20 830
Tax	-4	-4	-7	-7	-13
Result for the period	-5 621	-7 019	-10 839	-12 792	-20 843

BALANCE SHEET - PARENT COMPANY

SEK thousands	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets			
Fixed Assets			
Tangible assets	16 640	19 626	18 132
Financial assets	128 594	123 499	121 878
Total Fixed Assets	145 234	143 125	140 010
Current Assets			
Inventory	0	267	404
Receivables from group companies	0	800	0
Other receivables	808	1 312	1 760
Cash and bank balances	725	1 621	5 436
Total Current Assets	1 533	4 000	7 600
Total Assets	146 767	147 125	147 610
Equity and Liabilities			
Equity	33 247	12 865	44 086
Provisions			
Deferred tax	120	107	114
Liabilities			
Long-term Liabilities	92 761	96 737	90 740
Short-term Liabilities	20 639	37 416	12 670
Total Liabilities	113 520	134 260	103 524
Total Equity and Liabilities	146 767	147 125	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:

Interim Report Q3, 2024	13 November 2024
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 14 August 2024.

