

# INVITATION TO SUBSCRIBE FOR B SHARES IN SIMRIS ALG AB (PUBL)

## PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS MAY HAVE AN ECONOMIC VALUE

In order not to lose the value of the subscription rights, the holder must either:

- Exercise the received subscription rights to subscribe for new shares no later than May 5, 2022, or
- By May 2, 2022 at the latest, sell the received subscription rights not intended to be exercised for subscription of new shares.

Note that shareholders with nominee-registered holdings must subscribe for new shares through the nominee.

Distribution of this information memorandum and subscription of new shares are subject to restrictions in certain jurisdictions, see section "Important information".

## IMPORTANT INFORMATION

### Information to investors

This Investment Memorandum (the "Memorandum") has been prepared in connection with the issue of B shares with preferential right for shareholders (the "Rights Issue" or the "Offer") in Simris Alg AB (publ), reg. no. 556841-9187 (the "Company", "Simris" or "Simris Alg"). In this Memorandum the "Company", "Simris" or "Simris Alg" may also refer to Simris and its subsidiaries, as the context requires. The Offer will be made by means of this Memorandum which has been prepared by Simris. The Memorandum is available in electronic form on the Company's website [www.simrisalg.com](http://www.simrisalg.com) and Aqurat Fondkommission's website [www.aqurat.se](http://www.aqurat.se).

This Memorandum is not a prospectus and has not been approved by the Swedish Financial Supervisory Authority (Sw.Finansinspektionen). The shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America (the "U.S." or the "United States") or under any securities law or local law in Canada and may not, in absence of registration or applicable exemption from registration be offered for sale or subscription, or be transferred in the U.S. or Canada, or to citizens or persons resident in such jurisdictions, or to or under commission by or for the benefit of U.S. Persons as defined in Regulation S in the Securities Act. The Offer is, further, not directed to any person whose participation requires further Memorandums, prospectuses, registration or other actions than required under Swedish law. The Memorandum, application for subscription forms and any other documents related to the Offer may not be distributed in or into the U.S., Canada, Australia, New Zealand, South Africa, Hong Kong, South Korea, Singapore or Japan or any jurisdiction where the distribution or the Offer would require an action according to the previous sentence or would constitute a breach against laws or regulations in such jurisdiction. An application for subscription for units indirectly or directly in breach of the above may be deemed invalid.

Investments in the Company's shares or any other financial securities are associated with certain risks as further detailed in section "Risk factors" below. In making a decision to invest in the Company's shares or other financial instruments, an investor must rely on his or her own assessment of the Company, and the terms of the Offer, including the merits and risks involved, not relying solely on the information contained in this Memorandum. Neither the publication nor the distribution of the Memorandum does mean that the information contained in the Memorandum is up to date as of any time after the date of this Memorandum, or that the Company's operations, profits or financial position has remained unchanged after this date. No person is or has been authorized by the Company to give any information or to make any representation or warranty in connection with the Offer other than contained in this Memorandum and, if given or made, such information, representation or warranty may not be relied upon as having been authorized by the Company and the Company accepts no liability with respect to any such information, representation or warranty. Further, no representation or warranty, expressed or implied, is made by any member of the board of directors of the Company or, except for what follows from applicable law and regulations, anybody else as to the correctness and/or completeness of any of the information contained in this Memorandum. Any dispute arising from this Memorandum, the Offer or other legal matters related thereto shall be settled exclusively by a Swedish court of law and resolved in accordance with Swedish law without reference to any of its choice of law principles.

The district court of Stockholm (Sw. Stockholms tingsrätt) shall be the court of first instance. The Memorandum has been prepared in English. It should also be noted that an investor bringing court action in connection with the information disclosed in this Memorandum may be obliged to pay for a translation of the Memorandum.

### Forward-looking statements and market information

This Memorandum contains certain forward-looking statements reflecting the Company's current view of future events and financial and operational performance. Such forward-looking statements are associated with both known and unknown risks and circumstances beyond the Company's control. All statements in this Memorandum other than statements of historical or current facts or circumstances are forward-looking statements. Forward-looking statements are made in several sections of the Memorandum and can be identified by the use of terms or expressions such as "may", "could", "should", "anticipated", "estimated", "likely", "forecasted", "plans to", "aims to", or conjugations of such terms or similar terms. The "Risk factors" section below contains a description of some but not all factors that may cause the Company's future earnings and development to deviate significantly from those expressed or implied in any forward-looking statement. The forward-looking statements only apply as of the date of this Memorandum. The Company have no intent or obligation to publish updated forward-looking statements or any other information contained in this Memorandum based on new information, future events etc. other than required by applicable law, regulation or regulatory framework. This Memorandum contains certain information regarding the market and the industry in which the Company operates and its position in relation to its competitors which may be based on third party information as well as the Company's estimates based on third party information. The Company has accurately reproduced such third-party information and, as far as the Company's board of directors is aware, no details have been omitted in a manner that would make the reproduced information inaccurate or misleading. However, the Company has not independently verified the correctness or completeness of any third-party information and therefore the Company cannot guarantee its correctness or completeness.

### Presentation of financial information

Some amounts and percentages stated in the Memorandum have been rounded off and may therefore not always correctly add up. Other than when expressly stated in the Memorandum, no information in the Memorandum has been examined or audited by the Company's auditor.

### Board statement

The Board of Simris is responsible for the content of this Memorandum. The board of Simris has taken all reasonable care to ensure that the information in the Memorandum, to the best of its knowledge, in accordance with the facts, contains no omission likely to affect its import.

### Nasdaq First North Growth Market

Nasdaq First North Growth Market ("Nasdaq First North") is an alternative marketplace operated by several exchanges within the Nasdaq Group. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Rather, they are subject to a less extensive set of rules and regulations adjusted to fit small growth companies. The risk of investing in a company on Nasdaq First North, may therefore, be higher than investing in a company on the main market. All companies with shares traded on Nasdaq First North have a Certified Adviser that monitors that the rules are complied with.

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## The Rights Issue in Summary

### Preferential rights

Each existing share in Simris Alg entitles to one (1) Subscription Right and one (1) Subscriptions Rights entitle to subscription of one (1) B share.

### Subscription price

SEK 0.32 per B share.

### Record date for participation in the Rights Issue

April 19, 2022.

### Subscription period

April 21 – May 05, 2022.

### Trading in Subscription Rights

April 21 – May 02, 2022.

### Trading in Interim Shares (BTA)

April 21, 2022 – until the Rights Issue has been registered by the Swedish Companies Registration Office.

### Other Information

Trading venue:	Nasdaq First North
Ticker:	SIMRIS
ISIN code B share:	SE0008091664
ISIN code Subscription Right:	SE0017768807
ISIN code BTA:	SE0017768815

# RISK FACTORS

Simris Alg's operations, financial position, and earnings may be affected by several risks and uncertainties. Accordingly, the Company aims to continuously identify and manage the different types of risks to which the business is exposed.

## Market Risk for Consumer Products

Simris Alg's operations in consumer products depend on consumer demand. There are significant differences in consumers' attitudes towards health products and omega-3 supplements within the different markets in the world. Despite extensive research on the importance of omega-3 EPA and DHA and the clinically proven health effects, it happens that negative studies receive a medial impact. Such events can negatively affect public opinion and reduce the Company's sales. A general decline in the market for omega-3 supplements, investments in the wrong markets, and a lack of consumer acceptance can thus harm Simris Alg's earning power, growth, and earnings.

## Competitors

Competition for the type of ingredients that Simris Alg develops in the Biomimetics business area is considered low, and the market does furthermore have high entry barriers. However, there is a risk that other players will develop similar products. Even within Novel Foods, Simris Alg is in a fundamentally favorable competitive situation, but there is a risk that other players will offer similar raw materials in the future. In terms of consumer products, the number of omega-3 products from algae has increased significantly in recent years, and it is essential that Simris Alg maintain its unique positioning in the prestige segment. In the long run, increased competition can lead to reduced growth and reduced market shares, which can harm Simris Alg's operations, future growth, earnings, and financial position.

## Brand

Since Simris Alg manufactures consumer goods, success depends on the Company's ability to obtain and maintain consumer confidence in products' safety, efficacy, and quality. The success does furthermore depend on the Company's ability to create and maintain a brand reputation for its products and maintain the corporate reputation. Simris Alg has chosen to position the brand in a pronounced premium segment, and its success does therefore depend on that the products hold a higher quality than the safety and quality standards that exist in the market, and the Company's ability to communicate the products' uniqueness.

## The Company's Expansion

Simris Alg has a long-term goal of establishing the corporate group as a significant player in the global market for biologically active substances from cultured microalgae. The current strategy includes research and development of new product categories, expanding cultivation capacity, reducing dependence on external suppliers in the supply chain, and developing new market offerings in collaboration with partners. Simris Alg's

future growth depends on the ability to establish itself both in Sweden and in international markets, primarily B2B, but also in the consumer market through e-commerce. The success does further depend on the ability to attract the necessary resources, including capital, and to build an organization that is able to grow quickly, can take advantage of the growth potential and create profitability.

## Legislation and Government Decisions

Simris Alg's products are covered by widely differing regulations and legislation within different markets. The type of ingredients for advanced skincare that Simris Alg develops in the Biomimetics business area requires specific documentation, but neither the USA nor the EU requires special regulatory approvals. The Novel Foods business area products are covered by each country's regulations for food and new food ingredients. Here, the conditions in markets such as the US and the UK after Brexit are significantly more favorable than within the EU. Food legislation covers consumer products in many markets, such as Sweden and within the EU, while other countries have special rules for dietary supplements. As a result, the regulatory entry barriers in different markets vary greatly. Legislation, regulations, and government management in Sweden and other countries can constitute obstacles and cause increased costs and significant delays in establishing Simris Alg's products on the market.

## Research and Development

Simris Alg conducts several research and development projects intending to develop new products in-house and collaborate with various partners. There is always a risk that projects will be delayed or not achieve the desired results. Furthermore, there is no guarantee that projects or collaborations will result in new launchable products or that Simris Alg will have exclusive rights to the results. Simris Alg manages these risks primarily by conducting parallel projects with different development horizons and levels of innovation.

## Intellectual Property Rights and Internal Know-How

Simris Alg strives to protect its intellectual property rights through trademark registrations and agreements in the countries where the corporate group conducts or intends to conduct its operations. The Company does not currently hold any patents but intends to develop such within the framework of its activities in skincare and pharmaceuticals. Some parts of the cultivation process are protected as a trade secret. Simris Alg's trade secrets may become publicly known through information leakage or likewise. Corresponding trade secrets and similar production methods can be developed by competitors, who may launch similar and competing products.



### Technical Risks during Operation

The technology for cultivation and downstream processes has been verified through continuous operation on an industrial scale since 2016. Experience of the operational stability of continuous cultivation for a long time is thus extensive. However, start-ups of new algae cultures, which must be done within regular intervals, may require more frequent or irregular intervals, and new algae strains that the Company works with may require some commissioning. As a result, such start-ups imply periodically lower productivity. In addition, climate change, such as more extended periods of drought or significantly elevated temperatures, may require additional investment in in-house water supply and cooling.

### The Dependence on Key People

Simris Alg is a small organization that is highly dependent on key people's knowledge, experience, and commitment. Therefore, identifying and attracting employees with the right qualities and competencies while retaining key people are crucial for the Company's success and ability to deliver according to plan.

### Suppliers

The manufacture of consumer products is dependent on several suppliers in the downstream chain. There is a risk that the business may be adversely affected if subcontractors do not fulfill their obligations. In addition, vendor changes can cause delays and/or increased costs. Therefore, the Company is reviewing its subcontracting chain to reduce its dependence on subcontractors.

### Disputes, Claims, Investigations, and Processes

Simris Alg might get involved in disputes within the framework of the normal business operations and may be the subject of claims in legal proceedings concerning agreements, product liability, or alleged deficiencies in the supply of goods and services. Such claims can involve large amounts and high litigation costs.

### Liquidity Risk

Simris Alg is in the start-up phase and still lacks sufficient earning capacity to cover the business's costs through sales revenue. There is a risk that new capital cannot be raised when needed, is obtained on unsatisfactory terms, or is insufficient to finance the business following established development plans and objectives.

### FX Risks

Simris Alg's production costs and sales revenues are in different currencies. Production costs are dominated by SEK, EUR, and GBP. Sales revenues are initially dominated by SEK, EUR, and USD but may later receive significant elements of foreign currencies. Simris Alg is therefore exposed to FX risks.

### Risks relating to the Rights Issue

#### Limited trading in Subscription Rights

Subscription Rights will be traded on Nasdaq First North for a limited time period. The trading in these instruments may be limited, which may make it difficult for individual holders to dispose of their Subscription Rights. This means that holders of Subscription Rights risk not being able to be compensated financially for the dilution effect that the Rights Issue results in. A limited liquidity may also enhance the fluctuations in market price for the Subscription Rights. The pricing of such instruments thus risks being inefficient.

#### Unsecured subscription- and guarantee commitments

The Company has received subscription commitments of approximately SEK 1.8 million (corresponding to 7.1 percent of the Rights Issue). In the event not all shares in the Rights Issue are subscribed for, certain existing shareholders (in addition to subscription commitments in relation to existing share holdings), board members and external investors have provided guarantee commitments whereby they have undertaken to subscribe for new B shares to such extent that the Rights Issue is subscribed up to 80 percent of the initial offering. Accordingly, approximately SEK 20.2 million of the Rights Issue is covered by subscription and guarantee commitments. However, the subscription and guarantee commitments are not secured, for example, by bank guarantees. Consequently, there is a risk that one or more of the parties will not fulfil their respective commitments. Should the above mentioned subscription and guarantee commitments not be fulfilled, it would have an adverse effect on the Company's ability to successfully execute the Rights Issue.

# BACKGROUND AND RATIONALE

At the Annual General Meeting in May 2021, a new Board of Directors was appointed with Steven Schapera as Chairman. The Company had never been profitable, and with a history of weak revenue growth the Board found it necessary to review the business plan and evaluate different opportunities to turn the business around.

Following a strategic review by the Board, it emerged that greater value could potentially be created by transforming Simris into a research-driven producer of high-value bioactives extracted from microalgae. Additionally, the transition included a change in the end customer, selling the actives directly to other companies ("B2B") globally.

The Board considers the first phase of the turnaround to be successful, as the Company has already received four orders for fucoxanthin (a dietary supplement) with a total value exceeding SEK 7.5 million. Furthermore, following the strategic restructure, the Board has delivered significant cost reductions which have resulted in a marked improvement in the gross margin.

The purpose of this Rights Issue is to finance the Company's continued transition to profitability, engage a new CEO, shift focus to being a B2B supplier, increase the investments in product development, and invest in the Company's production facility to further increase its efficiency.

## Use of Proceeds

The Board of Directors considers Simris Alg's existing working capital to be insufficient to finance the Company's continued development needs and the below commitments for the coming twelve month period from the date of the Memorandum. Regarding the Company's planned activities, a working capital deficit is expected to arise in June 2022. The deficit for the coming twelve-month period is estimated to be approximately SEK 10 million.

To ensure continued successful development in accordance with the Company's business plan and strategy, Simris Alg has decided to carry out a Rights Issue. The Rights Issue is expected to provide Simris Alg with proceeds of SEK 25.1 million before deduction of issue costs, which are estimated to be approximately SEK 4.3 million. Thus, the net proceeds from the Rights Issue are estimated to be SEK 20.8 million. The Board of Directors' assessment is that the working capital requirement for the coming twelve-month period will be met by available cash and cash equivalents and the net proceeds from the Rights Issue.

The expected net proceeds from the Rights Issue will, with an approximate proportion indicated in brackets, be used to:

1. Investments in production (50 percent)
2. Working Capital (30 percent)
3. Research and Development (15 percent)
4. Repayment of bridge loan (5 percent)

If the Rights Issue, despite issued subscription undertakings and guarantee commitments, is not sufficiently subscribed for, the Company may have difficulties conducting its business and execute planned developments at the planned rate. Should this occur, the Company intends to investigate alternative financing opportunities, such as additional raising of capital, grants, financing through loans, or until additional capital can be raised, operating the business at a slower pace than planned.

*The Board of Directors of Simris Alg is responsible for the content of the Memorandum. As far as the Board of Directors is aware, the information provided in the Memorandum corresponds to the facts and nothing has been omitted that would affect its import.*

April 20, 2022  
Simris Alg AB (publ)  
The Board of Directors

# CHAIRMAN'S MESSAGE

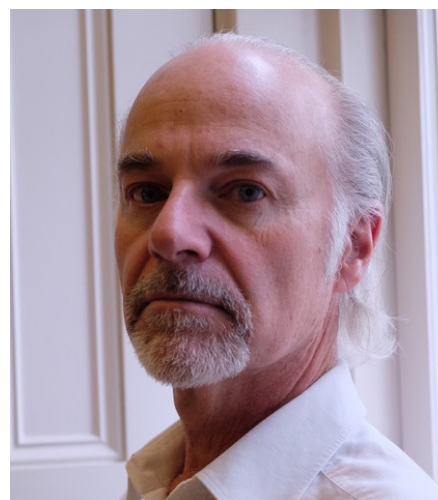
In May 2021 I was invited to join the Board as Chairman and did so on the condition that I could bring with me a new Board of Directors. The Company had not previously performed to expectations, and in my view, it needed a full re-set.

As the largest individual shareholder in Simris, my interest in creating value is perfectly aligned with that of all shareholders. My mission here is to build and grow Simris using the same methodology I have used successfully throughout my career: I always begin by ensuring I am part of an Olympic Team, which is why it was important to me that I nominate Simris' new directors. Next, the Board conducted a full review to ensure we were all aligned behind the right objective. That then led to the development of the best strategy to reach that objective. Finally, through a radical organisational restructure, we transformed the way the Company thinks, and acts, and introduced a new culture with a profit focus.

Already the turnaround efforts are showing encouraging signs: we have seen a significant increase in sales revenue, yet at the same time we also seen substantial cost reductions. Other initiatives have delivered improvements to production efficiency, and several new relationships with key customers in the global microalgae space have been developed. The final piece of the leadership puzzle is the appointment of Julian Read as CEO (effective 16th May), as announced 4th April. From this new baseline the Company is now well-positioned for B2B growth.

Success at Simris depends very much on the quality of the leadership team, and their experience, so it's important to share some background on the "new" Directors: In 2016 I sold the cosmetic company I founded, BECCA, to Estee Lauder for USD 234 million. After this I had the opportunity to invest into Berlin-based Invincible Brands GmbH, a business then run by Robert Quandt as COO/CFO. Less than three years later, this led to a partial exit to Henkel for EUR 400 million enterprise valuation. Since then, Robert has helped me to turn around another listed company in the media technology space. More recently, together with an investor group, we have listed a wellness SPAC on the New York Stock Exchange – so we have a proven record of working well with each other, which is why I asked him to join the Simris Board.

I have also had the good fortune to work and co-invest alongside Dr. Frank Puccio in the haircare and vitamin/supplement space in the U.K. In addition to his many years of scientific experience across pharma and veterinary medicine, Frank is commercially



oriented – as evidenced by a very large exit his group made a few years ago when they sold their 70+ veterinary hospitals in the USA for US \$400m. Again, I knew he would be someone who would add a lot of value to the Simris Board.

My third co-director, Magnus Högström, had served on the previous Board for a year or so. His background in Private Equity and Capital Markets, together with his very sharp analytical skills and knowledge of Simris meant that he was too valuable to lose. Fortunately for me he accepted my invitation to stay on!

We have a small Board of just four directors. We work really well together; each director has a special mix of skills that are valuable to the group and to the company. All board members are deeply invested in the success of the Company, and will now escalate that commitment through additional investment.

I now invite you to co-invest alongside us, and help us build Simris together.

**Steven Schapera, Chairman of the Board**

# TERMS AND CONDITIONS

## Pre-emptive Rights and Subscription Rights

Those who, on record date April 19, 2022, are registered as shareholders in Simris Alg in the shares register, held by Euroclear Sweden, have the right to subscribe for shares in the Offer, in relation to previous held shares. One (1) share held on the record date entitles to one (1) subscription right. One (1) subscription right is required to subscribe for one (1) new share of series B.

## Record Date

The record date with Euroclear Sweden, for the right to participate in the Offer, is April 19, 2022. The last date of trading in the Company's share, including the right to participate in the Offer, is April 13, 2022. The first date of trading in the Company's share, without entitlement to participate in the Offer, is April 14, 2022.

## Subscription Rights

Shareholders in the Company receive one (1) subscription right for each existing share held on record date. One (1) subscription right is required for subscription of one (1) new share of series B.

## Subscription Price

The subscription price is SEK 0.32 per share of series B. No commission fee will be charged.

## Subscription Period

Subscription of new shares, based on subscription rights, shall take place during the period from April 21, 2022, until May 5, 2022. The Board of directors of Simris Alg are entitled to extend the subscription period. Unutilized subscription rights will be invalid after the end of the subscription period and thereby lose their value. Unutilized subscription rights will be deregistered from the respective shareholder's VP account without any notification from Euroclear Sweden.

## Trading in Subscription Rights

Subscription rights will be traded at Nasdaq First North during the period from April 21, 2022, until May 2, 2022. Shareholders should apply directly to their bank or other trustee, with necessary permission, to purchase and sell subscription rights. Subscription rights acquired during the abovementioned trading period will have the same right to subscribe for new shares as the subscription rights shareholders receive based on their holdings in the Company on record date.

## Unutilized Subscription Rights

Subscription rights that have not been sold at the latest on May 2, 2022 or exercised to subscribe for new shares of series B in the Offer at the latest on May 5, 2022, will be deregistered from the respective shareholder's VP account. No notification will be sent regarding the deregistration of subscription rights.

## Issue Statements and Application Forms Regarding Subscription with Subscription Rights

### Directly registered holdings

A pre-printed issue statement with an attached payment form is sent to directly registered shareholders and representatives of shareholders who were registered in the share register held by Euroclear Sweden on the record date April 19, 2022. Complete Memorandum will be available for download on Simris Alg's website [www.simrisalg.se](http://www.simrisalg.se) and on Aqurat's website [www.aqurat.se](http://www.aqurat.se). Shareholders who are included in the special list of pledged holders and trustees that is maintained about the share register will not receive an issue statement but will be notified separately. No notification regarding registration of subscription rights on VP account will be sent.

### Trustee-registered holdings

Shareholders whose holdings are trustee registered with a bank or other trustee receive no issue statement or payment form from Euroclear Sweden. Subscription and payment of shares in the Offer shall be made in accordance with the instructions from the respective trustee.

## Subscription and Payment of Shares with Subscription Rights, Directly Registered Shareholders

Subscription for new shares in the Offer by virtue of subscription rights will be made by simultaneous cash payment during the period from April 21, 2022, until May 5, 2022. Please note that it may take up to three banking days until the payment is received by Aqurat. Subscription and payment shall be made by using one of the following two options:

### 1. Issue statement – pre-printed payment form from Euroclear Sweden

The pre-printed payment form shall be used if all subscription rights, according to the Euroclear Sweden issue statement, are to be exercised. The special application form for subscription with subscription rights shall thereby not be used. No additional information or alterations may be done to the pre-printed payment form. Please note that subscription is legally binding.

### 2. Special application form (Sw. Särskild anmälningsedel)

The special application form for subscription with subscription rights shall be used if a different number of subscription rights than that shown in the pre-printed issue statement shall be exercised for subscription of new shares. Subscription will be made with simultaneous payment according to the instruction on the application form. The pre-printed payment form shall thereby not be used. The special application form is ordered from Aqurat by telephone or e-mail.



Subscription for shares must take place by completing and signing the special subscription form and be received by Aqurat Fondkommission AB no later than 15:00 CET on May 5, 2022. Subscription form sent by post should be sent in due time before the last day of the subscription period. Only one (1) subscription form per subscriber is permitted. In case more than one subscription form is submitted, only the last received application form will be considered. Incomplete or incorrectly completed subscription form may be disregarded. Please note that subscription is legally binding.

Completed and signed subscription form must be submitted to Aqurat Fondkommission AB during the subscription period at the following address:

Aqurat Fondkommission AB  
 Att: Simris Alg  
 Box 7461  
 SE-103 92 Stockholm  
 Telephone: 08-684 05 800  
 Telefax: 08- 684 08 801  
 Email: info@aqurat.se (scanned subscription forms)

#### Shareholder not Resident in Sweden

##### Shareholders resident in certain unauthorized jurisdictions

The Offer to subscribe shares in Simris Alg according to the terms and conditions in this Memorandum, is not directed to investors with registered address in the United States, Canada, Australia, South Korea, Singapore, Hong Kong, Japan, South Africa, or other countries where participation requires additional prospectuses, registration, or other measures than those required by Swedish law.

This Memorandum, subscription forms and other documents related to the Offer may be distributed to or in abovementioned countries or other jurisdictions where such distribution or participation in the Offer requires additional prospectuses, registration, or other authority permit.

No interim share, share or other securities issued by Simris Alg have been or will be registered according to United States Securities Act 1933, or according to regulations in any state in the United States or any provincial law in Canada. Therefore, no interim share, share or other securities issued by Simris Alg may be transferred or offered for sale in the United States or Canada subject to certain exceptions. Subscription of shares in violation with these terms may be considered invalid and may be disregarded.

Consequently, shareholders whose existing shares are directly registered on a VP account with registered address in the United States, Canada, Australia, South Korea, Singapore, Hong

Kong, Japan, South Africa or other countries where participation requires additional prospectuses, registration or other authority permit will not receive any subscription rights in their VP account. The subscription rights that would otherwise have been delivered to such shareholders will be sold and the sales proceeds, less costs, will be paid to such shareholders. However, amounts below SEK 100 will not be paid.

##### Directly registered shareholders not resident in Sweden entitled to subscription with subscription rights

Directly registered shareholders entitled to subscribe for new shares in the Offer with subscription rights and are not resident in Sweden (not applicable to shareholders with registered address in the United States, Canada, Australia, South Korea, Singapore, Hong Kong, Japan or South Africa) who do not have access to a Swedish internet bank may contact Aqurat by telephone according to above for information regarding subscription and payment.

##### Subscription Without Support of Subscription Rights

Application for subscription without subscription rights shall take place during the period from April 21, 2022, until May 5, 2022.

Please note that trustee-registered shareholder who wish to subscribe without support of subscription rights shall contact their bank or other trustee and subscribe according to instructions from the respective trustee. (This is to ensure that subscription is possible regarding deposits linked to an Investeringsparkonto (ISK) or a Kapitalförsäkring and for trustee-registered shareholders to be able to proclaim subsidiary subscription right).

Directly registered shareholders shall subscribe by the subscription form for subscription without subscription rights being filled in, signed, and sent to Aqurat at the address above. Any payment shall not be made regarding the subscription but shall be as set out below.

Application for subscription without subscription rights shall be received by Aqurat no later than 15:00 CET on May 5, 2022. Only one (1) subscription form per subscriber is permitted. In case more than one subscription form is submitted, only the last received subscription form will be considered. Other subscription forms will thereby be left without consideration. Please note that subscription is legally binding.

In the case of subscription without subscription rights and other corporate events where participation is voluntary and the signatory has an own choice of participation, Aqurat must collect information from you as a subscriber regarding citizenship and identification codes. This follows from the securities trading regulations that entered into force on January 3, 2018 (MiFiD II 2014/65/EU). National ID (NID) must be collected if the person

has a different citizenship than Swedish or additional citizenship in addition to Swedish citizenship. NID differ from country to country and corresponds to a national identification code for the country. For legal entities (companies), Aqurat must have a Legal Entity Identifier (LEI). Aqurat may be prevented from performing the transaction unless all required information is received. When signing the subscription form, the subscriber confirms that the investor has read the Memorandum and understood the risks associated with the financial securities.

#### **Allotment regarding subscription without subscription rights**

In the event that all shares of series B are not subscribed with subscription rights, the remaining shares of series B shall be subject to allocation according to decision by the Board of directors within the terms of the Offer. The following principles will apply for the allocation:

- a) firstly, allotment shall be made to those who have subscribed for shares based on subscription rights and applied for subscription without subscription rights, whereby – in the event of over-subscription – allocation shall be made in proportion to the number of subscription rights that such persons exercised for subscription and, if this is not possible, by drawing of lots;
- b) secondly, allotment shall be made to other persons who have subscribed for subscription without subscription rights, whereby – in the event of over-subscription – allocation shall be made in relation to the number of shares stated in the respective subscription and, if this is not possible, by drawing of lots;
- c) thirdly, to the parties who have provided subscription guarantees in connection with the offer.

#### **Notification of allotment on subscription without subscription rights**

Notification on any allotment of new shares subscribed without subscription rights will be given in the form of a contract note. Payment must be made according to notice on the contract note, but no later than three days after the dispatch of the contract note. No notification is provided to the investor who has not received any allotment. If not paid in due time, subscribed shares may be transferred to another. Should the sale price of such transfer be below the price of the Offer, the investor who originally received the allocation of these shares may be responsible for all or part of the difference.

#### **Interim Shares (BTA)**

Subscription of shares in the Offer will be registered in Euroclear Sweden as soon as made possible, usually a few banking days after payment has been made. After due payment, Euroclear Sweden will distribute a notification confirming that interim shares (BTA) have been registered to the VP account. Subscrib-

ers who are trustee registered with a bank or other trustee will receive information from the respective trustee.

#### **Trading in interim shares**

BTA will be traded on Nasdaq First North during the period from April 21, 2022, until the Rights Issue has been registered by the Swedish Company Registration Office, which is expected to take place around the end of May 2022.

#### **Delivery of Allocated Shares**

BTA will be converted into shares of series B approximately 7 days after the Rights Issue has been registered by the Swedish Company Registration Office. No notification will be sent regarding the conversion. Subscribers whose holdings are trustee registered with a bank or other trustee will receive information from the respective trustee.

#### **Terms for the Completion of the Offer**

The Board of directors in Simris Alg are not entitled to cancel, recall, or temporarily withdraw the Offer in accordance with the terms and conditions in this Memorandum. The Board of directors of Simris Alg are entitled to extend the subscription period and payment period one or several times. An extension of the subscription period will be announced through a press release.

#### **Announcement of the Outcome**

As soon as possible after the subscription period has ended, the Company will announce the outcome of the Rights Issue. The announcement will be published by press release from Simris Alg.

#### **Applicable Law**

The shares are issued under the Swedish Companies Act (2005: 551) and are regulated by Swedish law.

#### **Entitled to Dividends**

The shares entitle the holder to dividends for the first time from the record date of any dividend that occurs immediately after the shares have been entered in the share register of Euroclear Sweden AB ("Euroclear").

#### **Shareholders Register**

The Company's shareholders register with information about shareholders is handled and accounted by Euroclear Sweden AB with address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

#### **Shareholders Rights**

Shareholders rights regarding distribution of profits, voting rights, preferential rights for subscription of shares, etc. are governed partly by Simris Alg's Articles of Association, which are available.

### Information about the Processing of Personal Data

The person who subscribes for shares in the Offer will provide information to Aqurat Fondkommission AB. Personal data provided to Aqurat Fondkommission AB will be processed in computer systems to the extent necessary to provide services and administer customer arrangements. Personal data obtained from other than the customer to whom the processing relates may also be processed. It may also happen that personal data is processed in computer systems at companies or organizations with which Aqurat Fondkommission AB cooperates. Information about the processing of personal data is provided by Aqurat Fondkommission AB. Aqurat Fondkommission AB also receives requests for correction of personal data. Address information may be obtained by Aqurat Fondkommission AB through an automatic process at Euroclear.

### Other Information

In the event of a larger amount than necessary has been paid by a subscriber, Aqurat will arrange for the excess amount to be refunded. Aqurat will contact the subscriber to obtain details regarding their bank account for the refunding. No interest will be paid for the excess amount. A subscription of shares in the Offer, with or without subscription rights, is irrevocable and the subscriber may not cancel or modify such subscription.

Incomplete or incorrectly completed subscription forms may be submitted without consideration. If a subscription payment is made late, is insufficient or incomplete, the subscription application may be rejected, or subscription may be deemed to have been made for a lower amount. The unutilized part of the subscription payment will in such case be refunded.

If not paid in due time, subscribed shares may be transferred to another. Should the sale price in the event of such a transfer fall below the price in accordance with this offer, the person who originally received the allotment of these securities may be liable for all or part of the difference.





# BUSINESS DESCRIPTION

## Introduction

Simris Alg is a biotechnology company that develops natural, biologically active substances from microalgae for applications in skincare, nutrition and biopharmaceuticals. The Company's core capacity consists of its photobioreactor growth platform for the extraction of high-value ingredients and products from microalgae, which is cultivated on an industrial scale. Simris harnesses the natural diversity of microalgae, replacing unsustainable raw materials sourced from marine animals and endangered marine ecosystems.

Historically, Simris' focus has been on the extraction of vegan EPA, an important Omega 3 fatty acid, for use in Simris' own brand of Omega 3 supplements sold directly to consumers mainly in the US market. Beginning in mid-2021, strategy has shifted to becoming a B2B supplier of high-value bioactive substances. The Company currently has two revenue streams:

1. NOVEL FOODS – dietary supplement ingredients, currently EPA and fucoxanthin
2. SIMRIS® – vegan dietary supplements consumer brand

## Plan going forward

Simris has taken its photobioreactor platform from lab to industrial scale and validated the concept by launching its SIMRIS® products as well as selling its fucoxanthin product. Following the extensive strategic and organizational restructure, the Company is set to further advance the science of microalgae and develop its commercial potential. The Board have identified great potential in the cosmetics, nutrition, and biopharma space. Importantly these are industries well familiar to the Board. The Company plans to operate through four B2B revenue streams:

1. NOVEL FOODS: dietary supplement ingredients
2. SIMRIS®: vegan dietary supplements consumer brand
3. BIOMIMETICS: skincare and biopharma ingredients
4. INNOVATION: R&D as a service

## The Algae Farm

The Company's facility in Hammenhög, Österlen consists of 2,000 square meters of greenhouses for cultivation of microalgae. The Company also has modern laboratories for discovery and development of different microalgae strains with high farming potential for cultivation of desired bioactive ingredients. Production is led by Mr. Hannes Hall, who holds an MSc in biology, and has been with Simris since 2014. R&D is led by internationally respected CSO Prof. Dr. Claudia Grewe of the Anhalt University of Applied Science (Germany).

Microalgae grow by photosynthesis while simultaneously producing biomass substances (proteins, polysaccharides, fats). Because of photosynthesis, where the algae consume carbon dioxide and transform it into oxygen, Simris technology has beneficial effects on climate.

## Business Model

The business model is based on R&D of bioactives that target large and growing markets and which allow for comparatively high margins when sold B2B through strategic alliances; successful R&D leads to at-scale cultivation of microalgae followed by extraction and subsequent sale of biologically active substances.

A brief explanation of revenue stream follows.

## SIMRIS NOVEL FOODS

Microalgae naturally produce many nutrients that are essential for human health. Microalgae form the basis of the ocean's food chain and therefore have a given role in the transition to a more sustainable food system.

Simris Novel Foods is devoted to the development of new food ingredients and products from microalgae. The development of new substances is conducted through strategic alliances within the industry, so that Simris is assured to have a customer for the targeted ingredient already in the development phase. Examples include EPA, fucoxanthin and vegan catalase. Sales generated in the last 8 months amount to approximately SEK 7.5 million which the Board considers to be a very encouraging start.

## SIMRIS®

Omega-3 fats are a group of polyunsaturated fatty acids that are essential, which means that they are vital to our physiology but cannot be produced by our bodies themselves – which is why they must be supplied through the diet. In particular, the marine omega-3 fats docosahexaenoic acid (DHA) and eicosapentaenoic acid (EPA) are two of the most important building blocks of our bodies, with several vital physiological functions.

In nature, omega-3 DHA and EPA are produced by microalgae and then enriched in the fatty tissue of fish through the aquatic food chain. By extracting omega-3 directly from microalgae, Simris do not contribute to overfishing and at the same time avoid the heavy metals, PCBs, dioxins and PFAS that are also found in fish due to the massive pollution of our oceans. Simris Alg, together with Qualitas Health in Texas, are thus far the only algae companies that have reached market phase with omega-3 EPA produced by natural microalgae through photosynthesis.

Simris® Algae Omega-3 supplements are currently offered for sale through regular retail and DTC channels in the USA only. The SIMRIS® vegan, organic, microalgae supplements range will now be optimized for international sale through B2B channels.

### SIMRIS BIOMIMETICS

Throughout evolution, microalgae have developed intricate biochemical systems to, for example, control cell growth or protect themselves against different environmental threats such as UV radiation, bacteria, and viruses. This makes microalgae a unique platform to discover and extract various kinds of pharmacologically active substances, attracting extensive research in areas such as cancer treatment, skin diseases, immune defense, and anti-viral and anti-bacterial effects.

Simris Biomimetics develops and manufactures biologically active substances for advanced skincare and biopharmaceuticals. Research and development are performed in close collaboration with leading researchers and companies in dermatology, formulation, and bioprocess technology. The business vertical will be characterized by strategic B2B alliances whereby the commercialization phase is funded through collaboration with a large end-user, typically a multinational.

Currently a number of compounds are being studied, together with various hot-water extraction methodologies. Once these have been optimized, and claims identified, Simris can then secure strategic collaborations. The Company is already engaged in early-stage discussions with key players and expects to commercialize this vertical in 2023.

### SIMRIS INNOVATION AS A SERVICE

The Board has noticed strong interest in microalgae from multinational players within the skincare and cosmetic space. One constraint they face is their limited knowledge of microalgae and thus their reliance upon outsourced collaborative research

conducted by specialists in the field. To date, Simris has never sought to monetize this expertise, but with this Board's network of contacts in the skincare industry it is intended to offer R&D as a service in the future.

### R&D Strategy

Over the next two years, the production of biomass and percentage yield of fucoxanthin, as well as the carotenoid content, is expected to increase based on lab and technical scale experiments conducted under the supervision of CSO Prof. Dr. Claudia Grewe.

In-house analytics will be established to best determine ideal harvesting time points. In parallel, the minimization of night biomass loss will contribute to decreased specific biomass production costs. As a new production option, a mixotrophic regime for higher biomass productivity of the algae strain *Phaeodactylum* will also be assessed.

Another R&D focus is on downstream value-adding, after promising results in the laboratory: Simris will establish a hot water extraction process at industrial level for the generation of functional extracts for high value, marine spirited cosmeceuticals, based on algae strains *Phaeodactylum tricornutum* and *Nannochloropsis* spp. This project is currently supported by two PhD students working at University of Malmö, Sweden and Anhalt University of Applied Sciences, Germany. Together, they are developing methods to fractionate and concentrate Simris bioactives, as well as working on analyzing their functionalities (e.g. anti-aging and/or whitening properties).

### Selected historical financial information

	2021 Jan-Dec	2020 Jan-Dec
Net sales (KSEK)	6,137	2,166
Operating profit (KSEK)	-28,928	-23,694
Cash and cash equivalents at end of the period (KSEK)	961	16,512
Equity (KSEK)	18,221	47,423
Earnings per share (SEK)	neg.	neg.
Earnings per share, after dilution (SEK)	neg.	neg.
Equity per share (SEK)	0.23	0.60
Equity per share, after dilution (SEK)	0.23	0.60
Number of shares, average of period	78,543,868	42,474,038
Number of shares, end of period	78,547,046	78,540,690
Number of shares, after dilution	78,547,046	78,540,690
Equity/assets ratio (%)	62.4	83.1
Balance sheet total (KSEK)	29,201	57,065
Quick ratio (%)	27	279
Average number of employees	12	13



# MARKET OVERVIEW

*The following is a general description of the markets in which Simris Alg operates. The Company has reproduced third-party information accurately and, as far as the Company's Board of Directors is aware and can ascertain from information published by third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading. The Company considers these external sources reliable but has not performed an independent verification of them and cannot guarantee that the information is accurate or complete. Forecasts and forward-looking statements in this section are thus not guarantees of future performance and therefore, actual outcomes and results may differ materially from expectations expressly or implicitly stated herein.*

Simris Alg products are all based on precision-farmed microalgae and target large and growing markets in nutrition, skincare and biopharma. An increased demand for environmental sustainability, combined with heightened concerns for user safety and animal welfare, has resulted in a substantial shift from animal-based raw materials and ingredients to alternatives which are safer for the consumer and better for the environment. Simris target markets for 2023, and beyond, include:

## Active Ingredients for Skincare

The global skincare ingredients market was worth approximately USD 28 billion in 2019, equivalent to USD 450 billion in retail sales. The ingredient market consists of three major categories:

1. Bulk ingredients, generally commodities with relatively low value.
2. Functional ingredients that give the end product different technical properties, such as softeners, surfactants and different polymers.
3. Active ingredients which have various biological functions with specific effects on the quality of the skin.

Active ingredients are at the heart of what Simris does. These often feature a significant degree of innovation and thus obtain a high market value. The global market for active ingredients was valued at about USD 2.2 billion in 2019, where Europe and the United States accounted for almost 60 percent with just over USD 1.2 billion<sup>1)</sup>.

Active ingredients are in turn divided into different categories, dependent on the type of substance or raw material. These are:

- botanical extracts
- biotechnological compounds
- synthetic compounds
- peptides and proteins
- marine ingredients
- enzymes

By definition, ingredients developed by Simris Alg belong to the biotechnology category. This category includes all substances produced by biotechnological processes, for example, through cell cultures and by microorganisms, enzymatic synthesis, or recombinant gene technology.

Biotechnology is the fastest growing segment in the active ingredient category, with a global market value of over USD 500 million. In Europe, this segment has approximately 20 percent of the market and is expected to grow by up to seven percent from 2019 to 2024<sup>2)</sup>. However, extracts from microalgae constitute a small share of that market because of the limited number of companies operating within the field. Significantly, microalgae and botanical stem cells are currently the fastest growing categories in biotechnology, as they are sustainable alternatives to conventional botanical and marine ingredients.

## Active Ingredients for Biopharmaceuticals

Most pharmaceutical drugs today are based on small molecules, which are synthesized by organic-chemical methods. Progress in biotechnology has led to a strong growth of second-generation biological drugs, or biopharmaceuticals. In a biopharmaceutical, the active pharmaceutical ingredient has not been produced by chemical synthesis, but by biological processes and materials. Examples of biological drugs include different vaccines, cytotoxins for cancer therapy, enzymes, peptides and certain complex polysaccharides.

The global pharmaceutical market was worth USD 910 billion in 2019<sup>3)</sup>, of which biological drugs accounted for 29 percent (USD 266 billion). Demand for biological drugs is growing strongly and the market share is expected to increase to 35 percent by 2026 and a total value of USD 505 billion<sup>4)</sup>. Simris Alg's activity in this area is still in an early phase, with the initial focus to identify a suitable partner for cytotoxin co-development.

## Vegan Microalgae-based Dietary Supplements

The market for dietary supplements and omega-3 products is driven by an increased interest in health and wellbeing. Similar to fashion and fitness, nutrition has developed into lifestyle and a means of individual expression. This creates greater demand for genuine and unique brands that deliver in terms of environmental sustainability and transparency throughout the entire production chain.

An historically important market for Simris Alg is omega-3 EPA & DHA, where the conventional raw material is fish oil. The market value for omega-3 products at consumer level was USD

1) Kline, Specialty Actives in Personal Care: Global Market Analysis and Opportunities (2020)

2) Ibid

3) Statista, Global pharmaceutical revenue by technology 2012–2026 (2020)

4) Ibid

44.2 billion in 2019, with an annual growth rate of 6.1 percent<sup>5</sup>. Dietary supplements are the largest product category in terms of volume, with a very large price range from mass products in the discount segment to more exclusive products aimed at the beauty market. The market value of dietary supplements in this important niche was estimated at USD 4.5 billion in 2019 and is expected to grow to USD 6.8 billion in 2024<sup>6</sup>. Simris is operating within the prestige category of the market because of the unique qualities of microalgae extracted Omega-3. The production cost of Simris' omega-3 products has been historically high; however, the Company has recently found a way to lower these costs considerably and is planning to implement those changes over time. The market for algae-based omega-3 products is growing strongly, resulting in price increases and intensified competition.

### Competition

The number of companies cultivating microalgae is very limited, and to Simris' knowledge, none of them are direct competitors with identical business models. One of the main differences lies in the actual type of algae strain being cultivated. Simris' algae, *P. tricornutum*, is a photosynthesis algae consuming carbon dioxide, whilst most of the other market players cultivate yeast algae using sugar, which is a less sustainable and environmentally friendly technique. The only other company that has reached the market with omega-3 EPA produced by natural photosynthesis microalgae is, to Simris' knowledge, Qualitas Health in Texas.

The Company considers the lack of direct competitors to be a result of the characteristics of the industry space. More specifically, the development of Simris' cultivation facility has taken years to perfect and has required substantial financial investments. The proprietary knowledge obtained throughout this process has given Simris further advantages as the procedure is difficult to reverse-engineer. Similarly, the algae used in Simris' farm has experienced almost 11 years of natural selection which has optimized its performance and the concentration of valuable nutrients.

5) GOED, 2020 Global EPA & DHA Finished Products Report (2020)

6) Statista, Global beauty supplements market size 2016–2024 (2020)





# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

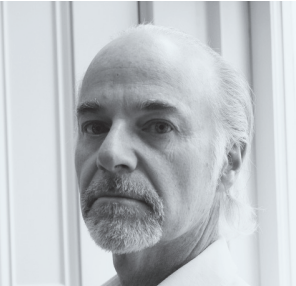
### Board of Directors

Pursuant to clause §8 of the Company's Article of Association, the Board of Directors shall consist of at least three (3) and at most seven (7) members elected by the General Meeting. The Board of Directors currently consists of four (4) members elected by the Annual General Meeting held on May 7, 2021 for the period until next Annual General Meeting.

The table below contains information about the members of the Board of Directors, the year they were elected as board members for the first time, each member's position, and whether they are considered to be independent in relation to the Company and its executive management, and major shareholders. The table is followed by individual information regarding each board member.

Name	Member of the Board of Directors since	Position	Independent in relation to:	
			The Company and its executive management	Major shareholders
Steven Schapera	May 7, 2021	Chairman	Yes	No
Magnus Högström	Dec 19, 2019	Board member	No	Yes
Frank Puccio	May 7, 2021	Board member	Yes	Yes
Robert Quandt	May 7, 2021	Board member	Yes	Yes

### INFORMATION ON THE MEMBERS OF BOARD OF DIRECTORS



**Steven Schapera**  
Chairman of the Board

Over 30 years experience starting, building, and turning around companies. In 2016, he exited BECCA Cosmetics to Estée Lauder for USD 234 million; In 2020 he was also part of the exit of Invincible Brands to Henkel for USD 400 million enterprise valuation. Steven sits on the Board of four listed companies across NYSE, ASX, Nasdaq First North and is Chairman of two.

Shareholdings in the Company:  
2,600,000 B shares, 640,000 warrants of series 2021/2024:S



**Magnus Högström**  
Acting CEO and Board member

Currently active as a private investor with previous experience as an analyst and fund manager from e.g. Adelphi Capital and SEB.

Shareholdings in the Company:  
536,648 B shares, 340,000 warrants of series 2021/2024:S and 230,000 warrants of series 2021/2024:L



**Frank Puccio**  
Board Member

Biologist, Pharmacist, Veterinarian. One of the founding members of a large veterinary hospital system that sold for USD 400 million in 2018. Currently also an advisor for HW&B Enterprises, which develops AloeVera based products in nutrition, dermatology and anti-inflammatory applications.

Shareholdings in the Company:  
0 shares, 340,000 warrants of series 2021/2024:S



**Robert Quandt**  
Board Member

Former CFO and COO of Invincible Brands ("IB"), a company incubating DTC brands in health and beauty, where he was involved in both growing the company's business and later selling the company. IB exited part of their business in 2020 to Henkel for USD 400 million. Strong turnaround experience, as demonstrated with ASX-listed Crowd Media Holdings Ltd.

Shareholdings in the Company:  
0 shares, 340,000 warrants of series 2021/2024:S



## EXECUTIVE MANAGEMENT OF THE COMPANY



**Magnus Högström**  
Acting CEO and Board member  
See information above.



**Christoffer Tell**  
CFO  
Christoffer has a bachelor's degree in business administration from Kristianstad University. Christoffer has over 10 years of experience in leading positions from listed and unlisted companies in various industries. Christoffer has a background as CFO for Global Gaming 555 AB, CFO for Examec Group and work as an independent consultant and auditor.  
Shareholdings in the Company:  
0 shares, 430,000 warrants of series 2021/2024:L



**Hannes Hall**  
Production Manager  
Hannes holds a master's degree in biology from the university of Lund and has prior experience from management in different industries.  
Shareholdings in the Company:  
800 B shares, 200,000 warrants of series 2021/2024:L



**Julian Read**  
Assuming the role of CEO on May 16, 2022  
Julian holds a BSc. (Hons) degree in Biological Science and Business Studies, and has substantial experience in both sales and marketing roles with cosmetics, pharmaceuticals, FMCG and consumer brands. Prior to joining Simris, Julian was the Managing Director (Nordics) for Dyson, and prior to that he was the Marketing Director (Nordics) for Omega Pharma.  
Shareholdings in the Company:  
None



# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## General

The Company is a public liability company with organisational number 556841-9187. The Company's LEI code is 529900P0ACIS2UI3ZX27. The legal name of the Company is Simris Alg AB. The Company's registered office is situated at Herrestadvägen 24A, 276 50 Hammenhög, Sweden. The Company conducts its business in accordance with Swedish law. Representatives of the Company can be reached in phone number +46 (0) 414 44 50 50, and by e-mail at [info@simris.com](mailto:info@simris.com). The Company's website is [www.simrisalg.se](http://www.simrisalg.se). It is to be noted that the information on the Company's website does not form part of the Memorandum unless that information is incorporated in the Memorandum through references. The Company has been listed on Nasdaq First North since 2016.

## Share Capital

As at the date of this Memorandum, the Company's registered share capital amounts to SEK 6,823,800.55 divided among 78,547,046 B shares. There are two series of shares, A shares and B shares, but no A shares are currently issued. The nominal value of each share is SEK 0.086875. According to the Company's Articles of Association, the maximum authorised share capital of the Company is SEK 26,180,000 divided into 301,000,000 shares.

The shares in the Company have been issued pursuant to Swedish law and are denominated in SEK. The shares have been fully paid and there are as per the date of this Memorandum freely transferrable.

## Subscription and Guarantee Commitments

### Subscription commitments

In connection with the Rights Issue, Chairman Steven Schapera, CEO Magnus Högström, and CFO Christoffer Tell have entered subscription commitments and have undertaken to subscribe for approximately SEK 1.8 million of the Rights Issue amount in accordance with the below table. The subscription commitments were entered into during March 2022. No commission is paid by the Company for the subscription commitments.

### Guarantee commitments

In the event not all shares are subscribed for, certain board members, existing shareholders and external investors have undertaken to subscribe for new share to such extent that the Rights Issue is subscribed to 80 percent in accordance with the below table. Accordingly, 80 percent of the Rights Issue amount to approximately SEK 20.2 million which is covered by subscription and guarantee commitments. These guarantors will, as payment for their guarantee commitments, receive a commission of ten (10) percent of the guaranteed amount. The guarantee commitments were entered into during March 2022.





Name	Subscription commitment (SEK)	Guarantee commitment (SEK)	Total commitment (SEK)
Namaqua Holdins Ltd	832,000		832,000
Magnus Högström	628,273		628,273
Christoffer Tell AB	320,000		320,000
Daniel Sandberg		3,940,775	3,940,775
Daniel Lövquist		2,627,184	2,627,184
Riskornet AB		1,970,388	1,970,388
Tellus Equity Partners AB		1,313,592	1,313,594
Aktiebolaget Box Play		1,000,000	1,000,000
The Brand Laboratories Fz Llc		1,000,000	1,000,000
Martin Rudling		1,000,000	1,000,000
Robert Quandt		1,000,000	1,000,000
Frank Puccio		1,000,000	1,000,000
Hemo Spray & Pump AB		656,796	656,796
ULTI AB		656,796	656,796
JEQ Capital AB		656,796	656,796
Niclas Löwgren		328,398	328,398
Stefan Hansson		328,398	328,398
Johan Hagegård		328,398	328,398
Wictor Billström		328,398	328,398
JJV Invest AB		328,398	328,398
<b>Total</b>	<b>1,780,273</b>	<b>18,464,317</b>	<b>20,244,592</b>



## THE COMPANY

Simris Alg AB  
Herrestadsvägen 24A,  
276 50 Hammenhög  
[www.simrisalg.se](http://www.simrisalg.se)  
Phone: +46 (0) 414 44 50 50

## FINANCIAL ADVISOR

Stockholm Corporate Finance AB  
Birger Jarlsgatan 32 A  
SE-114 29 Stockholm  
[www.stockholmcorp.se](http://www.stockholmcorp.se)  
Phone: +46 (0)8 440 56 40

## LEGAL ADVISOR

Advokatfirman Delphi I Malmö AB  
Nordenskiöldsgatan 11A  
SE-211 19 Malmö, Sweden  
[www.delphi.se](http://www.delphi.se)  
Phone +46 (0)40 660 79 00

## ISSUING AGENT

Aqurat Fondkommission AB  
Box 7461  
SE-103 92 Stockholm  
[www.aqurat.se](http://www.aqurat.se)  
Phone: +46 (0)8 684 05 804