



## H1 2023 results

- Effective control of operating costs and positive operating free cash flow in H1 2023
- Sound financial structure strengthened by IPO fundraising
- Robust commercial pipeline of €166 million at 30 June 2023 of which close to €40 million related to projects under advanced negotiations
- Confirmation of around €4 million revenue expected for 2023 and profitable growth objectives throughout the plan period
- Launch of post-IPO development strategy

Chartres, 24 October 2023 - **OSMOSUN®**, a leading provider of solar-powered seawater and brackish water desalination solutions, today announces its results for the six months ended 30 June 2023. (ISIN: FR001400IUV6 – Symbol: ALWTR)

**OSMOSUN® Chairman and CEO Quentin Ragetly said:** *“Our first half 2023 performance, although understandably not yet material, is in line with our expectations. During this period, we all worked flat out on ensuring the success of our IPO, which will enable us to expand over the years ahead. Our development strategy is well underway and we are now focused on executing our roadmap. The teams are gradually being strengthened, partnerships are gathering pace and OSMOSUN is beginning to extend its local presence, most recently in Morocco. We are highly confident in achieving our short- and medium-term objectives while maintaining our goal of becoming a leading player in low-carbon water treatment.”*

### H1 2023 results

The Company does not have comparative financial statements for H1 2022. The information presented below corresponds to the situation at 30 June 2023, i.e. prior to the OSMOSUN® initial public offering in July 2023.

€000	H1 2023 6 months
Revenues	1,288
Production for the period	1,370
Gross margin	544
EBITDA	(791)
Adjusted EBITDA <sup>1</sup>	(791)
Adjusted operating income/(loss)	(1,173)
Net income/(loss)	(1,132)

Revenues, which are recognised on a percentage-of-completion basis, are not yet material and amounted to €1.3 million in H1 2023. As a reminder, revenues are recognised based on the progress of projects, in accordance with costs incurred up to the balance sheet date and may fluctuate according to the phases of project development. **In view of scheduled progress on projects recorded in the order backlog and the acceleration of commercial opportunities, the Group is confident of achieving its full-year revenue target of approximately €4.0 million for 2023.**

Adjusted EBITDA amounted to a €791 million loss in H1 2023. Structuring of the Group accelerated in H1 2023. **OSMOSUN engaged in an investment programme, particularly in human resources, in order to prepare for the accelerated growth expected in the coming years while keeping operating costs under control.** The average headcount increased by 53% to 24.5 FTE<sup>2</sup> in H1 2023, compared to 16 FTE in H1 2022.

The Company posted a net loss of €1.1 million for the period.

**Operating free cash flow was positive at €237,000** for H1 2023, driven by effective management of working capital and tight control of capital expenditure.

At 30 June 2023, cash and cash equivalents totalled €2.3 million (compared to €0.4 million at 31 December 2022) versus gross borrowings of €4.8 million. **Cash and cash equivalents have since been considerably boosted by the net €9.8 million proceeds of OSMOSUN's successful initial public offering in July 2023, which gave the Company the financial resources required to ramp up its development plan.**

<sup>1</sup> See glossary

<sup>2</sup> Full-time equivalent

## Strong commercial pipeline and €38 million of projects under advanced negotiations

Over the past two years, the Group has been engaged in an active commercial development phase, driven by international water shortages and the need to reduce the water sector's carbon footprint. As a result, the Group's commercial pipeline has grown significantly to €166 million at 30 June 2023. This pipeline includes:

- a **€4.4 million order backlog (contracts signed to date) representing around ten projects to be delivered over the next 12 months;**
- **over 40 projects under advanced negotiations<sup>3</sup> for potential delivery between 2023 and 2024, representing estimated potential revenues of €38 million;**

Over 150 projects<sup>4</sup> were identified in which the Company could participate, with a total value of €124 million.

## Implementation of the post-IPO development strategy

**OSMOSUN is aiming to become a key player in water treatment with a focus on low-carbon solutions.** The July 2023 IPO gave the Company the financial resources required to support and ramp up its development.

**The Group has already begun to lay the foundations of its organic growth strategy, notably by strengthening its teams and deploying local structures.** A recruitment plan has been launched with 9 new positions including 6 in sales, operations and technical departments. The primary aim is to strengthen the Group's local presence in priority regions (notably Africa and Asia-Pacific) and to support operational ramp-up and expansion into new markets, such as water treatment in the broadest sense of the term.


**OSMOSUN also recently expanded its local presence in Morocco with the launch of a joint venture with Moroccan industrial group PCS.** This industrial and commercial partnership is perfectly in line with OSMOSUN's deployment strategy across West and North Africa, a priority region for the Group. Morocco is experiencing severe water stress. The combined expertise of OSMOSUN and PCS will enable the subsidiary to take full advantage of the large investment programme for the construction of seawater desalination plants introduced by the government and the Moroccan industrial group OCP.

**The Group has also stepped up its partnership strategy in order to consolidate its position in the seawater desalination market and expand in related markets.** This includes the partnerships recently signed with OKwind, a specialist in smart renewable energy generation and

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<sup>3</sup> See glossary

<sup>4</sup> See glossary

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management systems dedicated to self-consumption, and with the Emergency Architects Foundation.

As announced in its development plan, OSMOSUN<sup>®</sup> is reviewing potential acquisition targets that could enable it to step up growth and gain access to new technologies and/or penetrate related markets.

### Confirmation of medium-term objectives

Taking into account contracts already signed, advanced negotiations and the ramp-up of commercial opportunities, OSMOSUN<sup>®</sup> forecasts a significant growth upswing in 2024.

OSMOSUN<sup>®</sup> also confirms its medium-term objectives of generating revenues of €20 million by 2025 and €48 million by 2027, while improving profitability over the whole plan period in order to raise the adjusted EBITDA margin<sup>5</sup> to over 10% by 2025 and over 20% by 2027.

**Next publication:** FY 2023 revenues, 26 March 2024 after market close

### Glossary

**Projects in advanced negotiations:** projects for which the Company has already made a firm offer and where the client is expected to sign within a few weeks (each qualified as PDD - preliminary detailed design) or projects already qualified and undergoing negotiation with a maturity of several months (each qualified as PSD - preliminary summary design). As such, there is a risk that they may not be converted into a firm order.

**Projects identified:** projects for which not all the information is known or defined and qualification is still underway (maturity of over 12 months), as well as identified projects for which initial discussions have already been held with the client. As such, there is a risk that they may not be converted into a firm order.

**Adjusted EBITDA:** Operating income restated for net depreciation and amortisation of intangible assets and property, plant and equipment and net provision charges/reversals + research tax credit.

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<sup>5</sup> See glossary

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## ABOUT OSMOSUN®

Founded in 2014, OSMOSUN®'s ambition is to become a leading player in the low-carbon water market in order to make drinking water accessible to all.

OSMOSUN® has developed a unique, patented, cost-effective, clean and sustainable solution for solar-powered battery-free seawater and brackish water desalination. This innovation makes OSMOSUN® units among the most energy-efficient and cost-effective solutions in the world. The water production capacities of its units range from 1 m<sup>3</sup> to 50,000 m<sup>3</sup> per day.

At 31 December 2022, 59 desalination units have been sold in 27 countries.

In 2022, the Group generated revenues of €4.6 million.

**More information:** [OSMOSUN® | Create water where life is](#)

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