

Press release

A 1st half-year 2024 marked by the success of the commercial relaunch and the strengthening of strategic alliances

Libourne - September 17, 2024 - Fermentalg (Euronext Growth / ALGAE), expert French microalgae company, presents its results for the 1st half-year of the 2024 financial year, following approval of the accounts by the Board of Directors at its meeting today¹. These results confirm the relevance of the new strategic plan and its two pillars: boosting sales by opening up new markets and strengthening strategic partnerships.

2.7-fold increase in sales of DHA Origins® and outlook confirmed

Under the impetus of the new Chief Executive Officer, and in line with the roadmap presented in December 2023, Fermentalg recorded very strong sales momentum in the 1^{er} half-year 2024.

By the end of June, the Company had generated sales of €6.3m, a 2.7-fold increase on the 1^{er} half-year 2023. This is the best commercial half-year recorded by the Company since the launch of the DHA Origins® range, the omega-3-rich algal oil, in 2018.

This performance is the fruit of a strengthened marketing and sales team and a rethought strategy based on opening up new markets. Over the 1^{er} half-year, Fermentalg booked its first orders in the promising premium dietary supplements and *petfood* segments. This offensive strategy will continue over the coming months, with an expansion into human and animal nutrition market segments.

Thanks to these new outlets, Fermentalg confirms its annual sales target of at least €12 million, 3 times higher than 2023 (€4 million), even though the market context has hardened in recent months, with fish oil prices falling but remaining above historical levels.

Strategic partnership with Huvepharma group gains momentum

At the end of 2023, Fermentalg formed a strategic alliance with the Huvepharma group, the European leader in large scale precision fermentation for the animal and human health sectors. This alliance was ramped up during the 1^{er} half-year 2024, with in particular:

¹ The auditors' limited review procedures on these financial statements have been performed. The interim financial report will be published no later than September 30, 2024.

- The successful industrial transfer of DHA Origins® production to Huvepharma's Bulgarian plants: the first volume production runs have started successfully, yields are gradually improving and the target conditions for industrial performance are now being met, enabling ultimate gains in profitability and competitiveness.
- The launch of Everzure™, the only acid-stable natural blue colorant developed by Fermentalg (see below).
- Huvepharma's participation in Fermentalg's successful capital increase in June 2024, making it the Company's largest shareholder with just over 20% of the capital and voting rights. In this context, the General Meeting of Shareholders held today appointed Anguel Jeliaskov Ivanov, Vice-President at Huvepharma group to the Company's Board of Directors.

Continued developments with Givaudan around Everzure™

In line with its strategy of forging alliances with partners who can leverage its industrial and commercial performance, Fermentalg pursued its partnership with Givaudan, a world leader in food colorants, over the 1^{er} half-year around Everzure™, with the following advances:

- In terms of technological and industrial development, the work carried out by Fermentalg at pilot scale has been finalized, and the transfer of production to industrial scale at Huvepharma, currently underway, is due to be completed in the second half of the year.
- On the commercial front, Givaudan has carried out sampling tests with potential partners, confirming initial interest. Discussions are now continuing with a view to placing the first orders.
- On the regulatory front, approval files are still being examined with a view to first approvals in Europe and the United States, where FDA approval should be expected between late 2024 and early 2025, given the comparable age of the dossiers.

Slight improvement in operating income as sales and manufacturing ramp up

(in K€)	S1 2023	S1 2024
Net Sales	2 340	6 319
Operating income before share-based payments and non-current items	-4 742	-4 360
Operating income after share-based payments and non-current items	-4 594	-4 351
Cost of net financial debt	-103	-122
Other financial income and expense	-686	-774
Share in net income (loss) of associates	-289	-415
Net income (loss)	-5 673	-5 662

Against this backdrop of ramping up sales and optimizing production facilities, Fermentalg reported stable half-year net result overall compare to 2023.

In detail, operating income, before share-based payments and non-current items, came to -€4.4m, compared with -€4.7m in the 1^{er} half 2023. The 2.7-fold increase in sales had a beneficial effect, partially offset by:

- A margin on direct costs temporarily impacted by costs linked to the transfer and optimization of the industrial process, the pricing policy applied in the phase of commercial conquest in new segments, and the destocking of production carried out in 2023 at high cost by the former subcontractor (see below).

- A +10% increase in operating expenses, reflecting the strengthening of sales teams and marketing actions.
- Research and development costs up 5%, due to lower capitalization of these costs (€0.4m vs. €1.3m), with total R&D expenditure down €0.9m.

Net income was stable at -5.6 M€, after taking into account the non-cash accounting charge for calculating the fair value of convertible bonds issued in 2023 (-0.8 M€) and the share of profit of the subsidiary CarbonWorks (-0.4 M€ versus -0.3 M€ in the 1^{er} half-year 2023).

Cash position up by €10 million

(in K€)	31/12/2023	30/06/2024
Shareholders' equity	30 846	39 050
Non-current borrowings	13 973	8 673
Current borrowings	1 381	5 323
Cash and cash equivalents	11 162	21 265

At June 30, 2024, Fermentalg had gross cash of €21.3 million, up €10.1 million in 6 months, and shareholders' equity of €39.1 million.

This significant increase in cash flow was made possible by the success of the capital increase for a net amount of €11.8 million carried out in June 2024, which saw Huvepharma acquire a stake and Bpifrance confirm its financial support for the Company, and by inventory reduction efforts (€4.9 million) at the start of the year. These flows offset the company's current expenses (cash flow of €3.3 million) and R&D investments (€0.4 million).

Gross financial debt, amounting to €14.0 million at the end of June 2024, fell by €1.5 million during the half-year. It is mainly made up of repayable advances (5.8 M€), the convertible bond held by the Givaudan group (3.7 M€) and the balance of the bonds issued in March 2023 (3.2 M€), over 60% of which have already been converted.

At present, the Company considers that its liquidity horizon extends beyond the next 12 months.

*Next publication: sales for the 3^{ème} quarter 2024,
October 3, 2024 (after market close)*

About Fermentalg

An expert in the research and bioindustrial exploitation of microalgae, Fermentalg aims to offer sustainable solutions and innovative products that contribute to the development of healthy, natural and high-performance products. Our business: the development, production and marketing of sustainable solutions and active ingredients derived from microalgae, for nutrition, health and the environment. Nutritional lipids, alternative proteins, natural food colorings and innovative environmental solutions make up our company's current and future offering. Fermentalg shares are listed on Euronext Growth Paris (FR0011271600 - ALGAE) and are PEA-PME eligible. It has received an *Exemplary* rating (90/100) from Ethifinance ESG Ratings, a rating agency specializing in the ESG performance of SMEs listed on European markets, in favor of Socially Responsible Investment (SRI).

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Appendices

STATEMENT OF COMPREHENSIVE INCOME (in thousands of euros)	30/06/2024	31/12/2023	30/06/2023
Sales figures	6 319	4 058	2 340
Other business-related products	813	1 063	538
Cost of sales	-5 247	-3 522	-1 860
Research and development costs	-2 099	-4 414	-1 998
Operating expenses excluding R&D	-4 145	-8 091	-3 762
Other current operating income and expenses	0	0	0
Operating income before share-based payments and non-current items	-4 360	-10 907	-4 742
Personnel expenses related to share-based payments	-40	-167	-76
Other non-recurring operating income and expenses	49	-734	225
Operating income after share-based payments and non-current items	-4 351	-11 808	-4 594
Income from cash and cash equivalents	86	294	113
Gross cost of debt	-208	-482	-216
Cost of net financial debt	-122	-188	-103
Other financial income and expense	-774	-1 277	-686
Net tax expense	0	0	0
Share in net income of associates	-415	-875	-289
Net income	-5 662	-14 148	-5 673
Minority interests	0	0	0
NET INCOME, GROUP SHARE	-5 662	-14 148	-5 673
Other comprehensive income (actuarial gains and losses on pension obligations, not recyclable in the income statement)	0	52	0
OVERALL NET INCOME	-5 662	-14 096	-5 673
Minority interests	0	0	0
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	-5 662	-14 096	-5 673
Earnings per share (in €)	-0,10	-0,32	-0,13
Diluted earnings per share (in €)	-0,10	-0,32	-0,13

BALANCE SHEET (in thousands of euros)	30/06/2024	31/12/2023	30/06/2023
ASSETS			
Intangible assets	14 995	14 989	14 660
Property, plant and equipment	10 195	10 815	11 998
Investments in associates	2 702	3 117	3 702
Financial and other non-current assets	48	54	283
Deferred tax assets	0	0	0
TOTAL NON-CURRENT ASSETS	27 940	28 975	30 644
Stocks	1 934	6 806	8 358
Trade receivables and other assets related to customer contracts	2 040	1 078	1 292
Other receivables	3 245	2 223	3 127
Corporate income tax receivables	0	0	0
Cash and cash equivalents	21 265	11 162	15 399
TOTAL CURRENT ASSETS	28 484	21 269	28 176
TOTAL ASSETS	56 425	50 244	58 820
LIABILITIES			
Capital	3 515	2 052	1 714
Bonus	38 360	37 810	36 203
Reserves and RAN	2 838	5 080	4 673
Total net income	-5 662	-14 096	-5 672
Equity attributable to equity holders of the parent	39 050	30 846	36 918
Minority interests	0	0	0
TOTAL SHAREHOLDERS' EQUITY	39 050	30 846	36 918
Non-current borrowings	8 673	13 973	15 858
Retirement commitments	321	282	298
Other non-current liabilities	623	681	479
TOTAL NON-CURRENT LIABILITIES	0	0	0
Current borrowings	5 323	1 381	1 430
Provisions for current risks	0	176	10
Trade payables	891	1 436	2 204
Corporate income tax liabilities	0	0	0
Other current liabilities	1 544	1 469	1 623
TOTAL CURRENT LIABILITIES	7 758	4 462	5 267
TOTAL LIABILITIES	56 425	50 244	58 820

CASH FLOW (in thousands of euros)	30/06/2024	31/12/2023	30/06/2023
Total net income	-5 662	-14 148	-5 673
Depreciation, amortization and provisions (excluding current assets)	1 183	3 155	1 139
Share-based payment expense	40	167	88
Share of profit of associates	415	875	289
Capital gains/losses on disposals	-48	2	0
Share of subsidies in income	-58	-237	-58
Change in fair value of OCAs	640	1 049	388
Cash flow	-3 490	-9 138	-3 826
Gross cost of debt	208	482	216
Income tax expense	0	0	0
Cash flow before cost of debt and tax	-3 282	-8 655	-3 610
Change in inventories	4 872	-395	-1 947
Change in trade receivables (trade receivables, other assets and liabilities related to customer contracts)	-962	266	52
Change in trade payables and related accounts	-585	-93	678
Change in other current assets and liabilities (a)	-1 033	215	-850
Change in operating working capital requirement	2 292	-7	-2 067
NET CASH PROVIDED BY OPERATING ACTIVITIES	-990	-8 662	-5 677
Production of fixed assets (capitalized R&D)	-427	-1 952	-1 302
Share of grants and CIR related to capitalized development projects	132	461	615
Acquisitions of other tangible and intangible assets	-383	-472	-298
Investments in or acquisition of associates (MEQ)	0	0	0
Change in payables on fixed assets	109	-63	-65
Change in other non-current assets and liabilities	6	247	17
Disposals of property, plant and equipment and intangible assets	18	15	0
Disposal of financial assets	0	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES	-545	-1 765	-1 032
Capital increase linked to the parent company	11 802	73	-12
Acquisitions and disposals of treasury shares	-6	-22	-3
New borrowings and other financial liabilities	168	6 412	6 412
Repayment of borrowings and other financial liabilities	-315	-750	-175
Change in current accounts	0	0	0
Interest paid on borrowings	-10	-26	-14
NET CASH FLOWS FROM FINANCING ACTIVITIES	11 638	5 686	6 208
Change in cash and cash equivalents	10 103	-4 741	-502
Opening cash position	11 162	15 902	15 902
Closing cash position	21 265	11 162	15 400
(a): of which change in Research Tax Credit (CIR):	-684	365	0