



## AFYREN publishes its 2022 Half-Year Results

- Industrial commissioning of AFYREN NEOXY initiated in March, in line with the announced schedule and budget
- Net result of - €4.2 million in line with the development plan announced at the IPO (start-up of the first plant in progress and preparation of the next ones)
- Securing the sale of 70% of the projected output of organic acids from the AFYREN NEOXY plant thanks to a variety of strategic contracts in all of AFYREN's priority markets

Clermont-Ferrand/Lyon, September 27, 2022, at 05:45pm CEST - AFYREN, a greentech company that provides manufacturers with bio-based and low-carbon products thanks to its fermentation technology based on a completely circular model, today announced its results for the first half of the current fiscal year, ended June 30, 2022, and approved by the Board of Directors on September 27, 2022<sup>1</sup>.

**Nicolas SORDET, CEO of AFYREN declares:** "After a year 2021 full of challenges and achievements, this first half-year was the opportunity to pursue and implement our commercial, industrial and CSR strategy. The industrial commissioning of our AFYREN NEOXY plant on the Carling Saint-Avoid site was carried out according to the announced schedule and within budget. Over the last few months, we have also built up a diversified portfolio of customers, made up of well-known players in all our target markets. Thanks to these assets and committed to our commitments, we are studying with the highest attention the establishment of a second international plant and confirm our commercial and financial targets. Finally, at the end of a summer during which climate change was top-of-mind worldwide, we are more than ever ideally positioned and committed to helping our customers reduce their impact on the environment."

### Key financial information as of June 30, 2022

In €k	2022.06	2021.06	Change in % of total
<b>Sales</b>	<b>1,763</b>	<b>1,522</b>	<b>+16%</b>
<i>Including license and development of industrial know-how</i>	708	708	-
<i>Including other services</i>	1,054	814	+29%
Other income	234	122	+91.8%
Purchases and external expenses	(1,210)	(514)	(135.4%)
Payroll costs	(3,024)	(1,652)	(83.1%)
Other expenses and amortization	(343)	(334)	(2.7%)

<sup>1</sup> Limited review by the auditor, report in progress

<b>Operating income</b>	<b>(2,580)</b>	<b>(856)</b>	<b>(201.4%)</b>
<b>Net financial income</b>	<b>(160)</b>	<b>(222)</b>	<b>+27.9%</b>
Share in net income of equity-accounted entities	(1,420)	(463)	(206.7%)
<b>Net income</b>	<b>(4,160)</b>	<b>(1,540)</b>	<b>(170.1%)</b>

Sales in H1 2022 increased by 16% to €1.76 million. Sales generated by the licensing agreement amounted to €0.71 million in H1 2022, unchanged from H1 2021. They come exclusively from the lump sum portion of the know-how license granted to AFYREN NEOXY in December 2018. Other services of €1.05 million, up +29% year-on-year, correspond to services invoiced by the Company to AFYREN NEOXY under the agreements signed between the two companies.

Other income amounted to €0.2 million in H1 2022 compared to €0.1 million in H1 2021. They mainly comprise operating subsidies (including in particular the research tax credit) and investment subsidies received.

Current operating expenses amounted to €4.6m compared to €2.5 million on 30 June 2021, an increase of +83% to €2.1 million resulting mainly from the increase in payroll costs (+€1.4 million) and external purchases and expenses (+€0.7 million).

Thus, with the start-up phase of the AFYREN NEOXY plant and the preparation of the next plants, the Company logically recorded a drop in its operating profit as of June 30, 2022, to €-2.58 million.

Net financial expense was €0.2 million in H1 2022, mainly due to interest expenses related to the Company's financial debt and interest related to IFRS restatements.

The share held in the result of AFYREN NEOXY amounts to €-1.4 million on June 30, 2022, against €-0.5 million on June 30, 2021. This evolution is mainly explained by the recruitment of the staff necessary for the operation of the plant.

Finally, the net result is €-4.2 million on June 30, 2022, against €-1.5 million on June 30, 2021. This net loss is in line with the Company's expectations, in a phase where AFYREN and AFYREN NEOXY teams are fully mobilized for the start-up of the first plant and the preparation of the next ones.

### **Balance sheet as of 30 June 2022**

As of June 30, 2022, AFYREN benefits from a solid balance sheet, as its shareholders' equity amounts to €88.9 million, i.e. +159% compared to the first half of 2021 (mainly linked to the capital increase in the framework of the IPO in September 2021) and slightly down by -4.5% compared to December 31, 2021.

Cash and cash equivalents amounted to €64.83 million as of June 30, 2022, mainly including funds raised in connection with AFYREN's IPO in September 2021.

Gross financial debt amounted to €8.6 million as of June 30, 2022, including borrowings and lease liabilities.

As a result, the net cash position was €56.23 million as of June 30, 2022.

## **H1 2022 Highlights**

### **Activity**

In line with the announced schedule and budget, **the industrial commissioning of the AFYREN NEOXY plant**, AFYREN's first large-scale plant, was initiated in March. The industrial unit has since entered the start-up phase, consisting of tests for the gradual commissioning of the various equipment before the actual launch of production.

In May, AFYREN once again demonstrated the relevance of its biosourced, circular and low-carbon offer by signing a **strategic contract** for the supply of an organic acid from the AFYREN NEOXY range in animal nutrition.

Finally, at the end of May, AFYREN launched **new brands for its biobased products in its target markets**, offering competitive, high-performance solutions for manufacturers who are increasingly demanding more environmentally friendly alternatives.

## CSR

Following several months of reflection and consultation, AFYREN has defined and formalized its Purpose: **"We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment"**. The Company's CSR approach is also supported by a statement defining the Company's ambitions, values, and major commitments, as well as by a new extra-financial rating, up 11 points on the previous year.

## Governance

The Annual General Meeting of shareholders held on 15 June 2022 approved all of the proposed resolutions, and in particular the appointments to the Board of Directors of Mrs. Patrizia MARRAGHINI as an independent Director and Chairwoman of the Audit Committee and Mrs. Caroline LEBEL as a Director.

### Post-closing highlights (30 June 2022)

In July, the Board of Directors authorized **the creation of a CSR Committee** composed of Ms. Caroline LEBEL, Director, as Chairwoman of the CSR Committee, as well as Ms. Patrizia MARRAGHINI, independent Director, and Mr. Nicolas SORDET, Director and Chief Executive Officer of the company.

In August, AFYREN signed two strategic contracts with players in the cosmetics and nutraceuticals markets. As a result, AFYREN now has signed contracts for **its entire portfolio of acids in all of its priority markets**. The Company has also pre-sold more than **70% of AFYREN NEOXY's targeted production volume of organic acids**.

### Outlook and financial objectives

AFYREN is currently studying the implementation of the plant n°2 for a commissioning at the end of 2024, in particular by the analysis of the various scenarios on several raw materials, in North America and in Asia, by the discussions in progress with potential partners and by the evaluation of the structuring of the financing. These analyses take into account the climate issues and possible opportunities to access an available and low-value raw material through partnership agreements, in order to optimize the carbon impact of the AFYREN solution. These analyses include feasibility studies (in terms of logistics, energy, CO<sub>2</sub> impact, security of supply, and customer proximity) which will be used to confirm the deployment schedule.

In the longer term, and with two complementary plants (plant n°2 and n°3), AFYREN reaffirms its outlook and financial objectives:

- 1) To have an annual production capacity of more than 70,000 tons by 2026
- 2) To reach a positive adjusted current EBITDA margin for AFYREN NEOXY by 2023, and a positive current EBITDA margin for AFYREN by 2025<sup>2</sup>
- 3) Achieve a recurring EBITDA margin at Group level of around 30% in 2027 with sales in excess of €150 million<sup>3</sup>

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<sup>2</sup> Recurring EBITDA is defined at Company level and reflects recurring operating income adjusted for depreciation, amortization and net impairment of property, plant and equipment and intangible assets. Restated current EBITDA is defined at the level of the production units and reflects current operating income adjusted for depreciation, amortization and net impairment of property, plant and equipment and intangible assets, and, where applicable, for the annual flat-rate portion of royalties relating to the remuneration of a technology license granted by Afyren (including the fixed and variable portions).

<sup>3</sup> Revenues in excess of €150 million reflect the combined revenues of the production units

## Availability of the 2022 Half-Year Financial Report

The Company has made available to the public and filed with the Autorité des marchés financiers its 2022 half-year financial report on September 27, 2022.

## About AFYREN

Founded in 2012 to meet the growing need of industries to reduce the use of petroleum derivatives in their production chain, AFYREN produces biomolecules derived from the reuse of non-food biomass. These ingredients are widely used in human and animal nutrition, flavors and fragrances, cosmetics, and fine chemicals. This production process replicates the exact properties of equivalent petro-sourced molecules, largely used in the human and animal nutrition, cosmetics, flavors and fragrances and fine chemicals sectors.

By offering natural alternatives to these strategic markets, AFYREN is engaged in a low-carbon economy and proposes a truly circular approach with the use of local biomass and the choice of a strategic location, as close as possible to its customers.

Resulting from 10 years of research, AFYREN's disruptive innovation won the 2030 Global Innovation Contest in the "Plant proteins and plant chemistry" category and was selected in the French Tech 120 in 2020 and 2021.

In 2018, AFYREN committed to its industrial project by creating the AFYREN NEOXY joint venture with Bpifrance's SPI fund. AFYREN NEOXY is dedicated to the first industrial production of AFYREN natural organic acids in the Grand Est region.

In 2022, the AFYREN NEOXY factory opened its doors. AFYREN and AFYREN NEOXY now employ nearly 100 people at their sites in Lyon, Clermont-Ferrand and Carling Saint-Avold.

In 2021, AFYREN listed on Euronext Growth<sup>®</sup> exchange in Paris with the objective of accelerating its industrial development (Afyren's ISIN: FR0014005AC9, ticker: ALAFY).

For more information: [AFYREN.com](https://www.afyren.com)



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## APPENDIX

### INCOME STATEMENT - as of June 30, 2022

In €k	2022.06	2021.06
<b>Sales</b>	<b>1,763</b>	<b>1,522</b>
Other income	234	122
Purchases and external expenses	(1,210)	(514)
Payroll costs	(3,024)	(1,652)
Amortization of capital assets and rights of use	(301)	(311)
Other expenses and amortization	(42)	(23)
<b>Operating income</b>	<b>(2,580)</b>	<b>(856)</b>
Financial income	14	0
Financial expenses	(174)	(222)
<b>Net financial result</b>	<b>(160)</b>	<b>(222)</b>
Share in the result of companies accounted for by the equity method	(1,420)	(463)
<b>Profit before tax</b>	<b>(4,160)</b>	<b>(1,540)</b>
Income tax	0	0
<b>Net income</b>	<b>(4,160)</b>	<b>(1,540)</b>
<b>Earnings per share</b>		
Basic earnings per share (in euros)	<b>(0.16)</b>	<b>(0.64)</b>
Diluted earnings per share (in euros)	<b>(0.16)</b>	<b>(0.64)</b>

## BALANCE SHEET - as of June 30, 2022

In €k	2022.06	2021.12
Intangible assets	3,585	3,760
Property, plant and equipment	296	139
Rights of use	109	148
Investments in equity affiliates	18,753	20,171
Non-current financial assets	28	28
<b>Non-current assets</b>	<b>22,771</b>	<b>24,246</b>
Trade receivables	480	622
Current financial assets	146	230
Other current assets	641	923
Cash and cash equivalents	64,831	67,128
<b>Current assets</b>	<b>66,098</b>	<b>68,903</b>
<b>Total assets</b>	<b>88,869</b>	<b>93,149</b>
	<b>2022.06</b>	<b>2021.12</b>
Share capital	515	515
Issue premium	85,069	85,069
Reserves	(919)	(986)
Retained earnings	(5,828)	(3,133)
Net income for the period	(4,160)	(3,609)
<b>Equity attributable to the owners of the Company</b>	<b>74,677</b>	<b>77,856</b>
Non-current borrowings and financial liabilities	3,831	7,957
Non-current lease liabilities	12	42
Defined benefit liabilities	59	73
Non-current provisions	14	14
Non-current deferred income (customer contract liabilities)	1,981	2,640
Non-current deferred income (grants)	959	990
<b>Non-current liabilities</b>	<b>6,855</b>	<b>11,717</b>
Current borrowings and financial liabilities	4,671	847
Current lease liabilities	90	103
Trade payables	427	513
Current deferred income (customer contract liabilities)	1,295	1,272
Other current liabilities	853	841
<b>Current liabilities</b>	<b>7,337</b>	<b>3,576</b>
<b>Total liabilities</b>	<b>14,192</b>	<b>15,293</b>
<b>Total equity and liabilities</b>	<b>88,869</b>	<b>93,149</b>

## CASH FLOW STATEMENT - as of 30 June 2022

In €k	2022.06	2021.06
<b>Net income for the period</b>	<b>(4,160)</b>	<b>(1,540)</b>
<i>Adjustments for :</i>		
- Amortization of capital assets and rights of use	301	311
- Net financial result	160	222
- Share in the result of the company accounted for using the equity method (net of tax)	1,420	463
- Cost of share-based payment	1,033	145
- Income tax	(0)	0
<b>Total eliminations of non-cash expenses and income</b>	<b>2,914</b>	<b>1,140</b>
<b>Total cash flow</b>	<b>(1,246)</b>	<b>(400)</b>
<i>Changes in:</i>		
- Trade receivables	142	(66)
- Customer contract liabilities	(636)	(613)
- Trade payables	(106)	(12)
- Provisions and employee benefits	16	6
- Other current receivables/payables	295	(230)
<b>Total changes</b>	<b>(290)</b>	<b>(916)</b>
<b>Cash flow from operating activities</b>	<b>(1,536)</b>	<b>(1,316)</b>
Taxes paid	-	-
<b>Net cash from operating activities</b>	<b>(1,536)</b>	<b>(1,316)</b>
Acquisition of tangible and intangible assets, excluding development costs	(198)	(525)
Capitalised development expenses	(17)	(140)
Investment subsidies (incl. CIR offsetting capitalized costs)	(31)	79
Interest received	14	-
<b>Net cash used in investing activities</b>	<b>(232)</b>	<b>(586)</b>
Cash receipts from new loans and financial debts	76	201
Repayment of loans and financial debts	(274)	(211)
Payment of rental debts	(52)	(61)
Interest paid on convertible bonds	(178)	(178)
Interest paid on loans and financial debts	(99)	(115)
Interest paid on rental debts	(1)	(3)
<b>Net cash used in financing activities</b>	<b>(528)</b>	<b>(367)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,297)</b>	<b>(2,269)</b>
Cash and cash equivalents at January 1 <sup>st</sup>	67,128	9,508
Effect of exchange rate changes on cash held		
<b>Cash and cash equivalents as of June 30</b>	<b>64,831</b>	<b>7,239</b>