

BALYO announces its 2022 Half-Year results

- Half-year revenues at €8.3 million (-14% vs. H1 2021) and gross margin rate at 35% vs. 43% in H1 2021, unfavorable seasonal revenue effect concerning the contract with Linde, which should be recovered in H2 2022
- Continued rebalancing of the business model towards direct sales, representing 36% of new orders in H1 2022 vs. 19% in 2021
- Order intake at €11 million, up 25% vs. H1 2021
- Increased Sales & Marketing investments to support the development of the direct sales model
- Linde is signing a new order commitment contract for €11.5 million for 2023

Arcueil, France, September 29, 2022, 5:45 p.m. CEST - BALYO (FR0013258399, Ticker: BALYO, PEA-PME eligible), a technology leader in the design and development of innovative robotic solutions for industrial trucks, today announces its results for the first half of 2022, approved by the Board of Directors on September 21, 2022.

Pascal Rialland, CEO of BALYO, said: *"The first half of 2022 is marked by the speed-up of direct sales and increased investments, particularly in sales teams, in order to boost the development of the direct sales channel. 18 months after the start of marketing BALYO solutions in direct sales, the Company must continue to build its commercial and operational independence over the coming months. In 2023, BALYO will be able to rely on a final order commitment from Linde of €11.5 million. After this date, the partnership will remain, but without any hard commitment from Linde as historical partner. With the strong commercial momentum of direct sales, BALYO expects significant growth in its order intake in 2023. In this respect, the Company will disclose early next year its sales and operating profit targets. In the nearer term, revenues for the second half of 2022 should benefit from the commitment of orders from Linde and the growing share of direct sales. As a result, the Company expects a loss slightly higher for the whole 2022 fiscal year compared to the one recorded for the first half of 2022."*

First half 2022 activity

As announced on the occasion of the release of the revenues for the first half of 2022, BALYO reports revenues of €8.3 million, down by -14% compared to the first half of 2021. This decrease is mainly explained by an unfavorable seasonal effect concerning deliveries made to its partner Linde Material Handling. BALYO is expecting a recovery of its revenues in the second half of 2022.

After taking into account new orders for €4.7 million in the second quarter of 2022, the order backlog¹ as of June 30, 2022 amounted to €11 million, compared to €8.8 million as of June 30, 2021, a strong increase (+25%) compared to the first half of 2021. It is also important to highlight that more than 50% of direct orders were generated in the United States. The United States thus represents now the most important commercial region for BALYO in terms of direct orders.

At the same time, BALYO has also entered into key partnerships during the past six months with leading players. The first one with Bolloré Logistics, with the implementation of BALYO solutions in the Asia-Pacific zone and the support of its partner towards operational excellence. BALYO also signed a contract with Auchan to manage 2,000 of the retailer's pallets within its logistics platform located in the South-East of Paris.

¹ The backlog refers to all orders for projects received but not yet fulfilled. The backlog evolves every quarter following the taking into account of new orders, the revenue generated by projects during the period and the cancellation of orders

2022 Half-Year financial results

In € million	H1 2022	H1 2021	Change
Sales revenue	8.29	9.61	-14%
Cost of sales	-5.43	-5.50	-1%
Gross profit	2.86	4.11	-30%
Gross margin rate	35%	43%	-19%
Research and Development	-2.46	-2.00	+23%
Sales and Marketing	-1.48	-1.07	+38%
General and administrative expenses	-3.68	-2.72	+35%
Share-based payment expense	-0.21	-0.11	+91%
Operating loss	-4.98	-1.70	-193%
Financial expense	-0.02	-0.02	-
Net loss	-5.00	-1.72	-191%
Cash position (as of June 30)	6.68	6.37	

The decline in revenues during the period, together with a stable cost of sales compared to last year, resulted in a decline in gross margin to €2.9 million and a gross margin rate of 35% compared to €4.1 million and 43% in H1 2021.

Operating expenses amounted to €7.6 million, up 32% compared to the first half of 2021. This change is mainly due to higher personnel expenses related to the increase in the number of employees, travel expenses as well as external services. Expenses allocated to R&D, Sales and Marketing and General Expenses are up respectively by 23%, 38% and 35%.

At the end of June 2022, BALYO accounts 150 employees, compared to 143 employees at the end of December 2021.

After taking these items into account, the operating loss for the period sets at -€5.0 million, compared with -€1.7 million in H1 2021.

The financial result is stable at -€0.02 million, the latest includes mainly the interest charges of BALYO.

In total, net loss for the first half of 2022 amounts to -€5.0 million, compared to -€1.7 million in H1 2021.

As of June 30, 2022, the Company's cash and cash equivalents position sets at €6.7 million compared to €6.4 million as of June 30, 2021. Given the information currently in its hands and as already disclosed at the beginning of the year, the Company considers that it will be able to meet its 12-month maturities at the closing date of the half-yearly accounts and does not anticipate a capital increase in 2022.

Master agreement with Linde for an order commitment of €11.5 million in 2023

Since the beginning of 2021, BALYO has been allowed to market its solutions directly in the market in order to build its commercial and operational independence. The Company had before an exclusive commercial relationship with its two industrial partners, Hyster-Yale and Linde Material Handling.

In 2021, direct orders represented 19% of new orders compared to 36% over the last six months, illustrating the fast-moving success of the transition towards this new sales model.

BALYO has just negotiated a last contract of order commitment with Linde Material Handling for €11.5 million for the year 2023. The partnership between the two companies will continue after this date, without involving each year firm annual orders.

In the coming months, BALYO plans to continue accelerating direct sales in order to be commercially independent from 2024 onwards.

Strategy and outlook

In the second half of 2022, BALYO will continue to execute its business plan with strong growth expected in direct sales, supported by the strengthening of sales and service teams, which will continue to reduce commercial dependence on historically exclusive partners.

With regard to the supply of certain electronic components and the extension of lead times, BALYO remains cautious in the current context. The increase in production costs has had an impact, still limited, on the H1 Company's margins of the robotic kits, in connection with the increase in raw material prices as well as the extension of the supply lead times of electronic components as well as the handling carts for the projects sold directly. The Company expects an impact on revenues in the third quarter of 2022 which should be partially offset in the last quarter of 2022. The Company is not yet in a position to confirm at this stage the exact impact on 2022 revenues of supply delays.

Next BALYO financial release: 2022 Third quarter sales, October 27, 2022 after market close.

BALYO has made available to the public and submitted to the Autorité des marchés financiers its half-year financial report as of June 30, 2022.

The half-year financial report is available on BALYO's website at www.balyo.com, in the "Documentation" section.

ABOUT BALYO

Humans around the World deserve enriching and creative jobs. At BALYO, we believe that pallet movements in DC and manufacturing sites should be left to fully autonomous robots. To execute this ambition, BALYO transforms standard forklifts into intelligent robots thanks to its breakthrough Driven by Balyo™ technology. Our leading geo guidance navigation system enables robots to locate their position and navigate autonomously inside buildings - without the need for any additional infrastructure. To accelerate the material handling market conversion to autonomy, BALYO has entered into two global partnerships with KION (Fenwick-Linde's parent company) and Hyster-Yale Group. A full range of globally available robots has been developed for virtually all traditional warehousing applications; Tractor, Pallet, Stackers, Reach and VNA-robots. BALYO and its subsidiaries in Boston and Singapore serve clients in the Americas, Europe and Asia-Pacific. The company has been listed on EURONEXT since 2017 and its sales revenue reached €21.8 million in 2021. For more information, visit www.balyo.com.

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