

PRESS RELEASE

Groupe Berkem 2022 First-Half Results: Revenue of €28.1 million and net income up 37.2%

- Half-year revenue growth of 11.5% to €28.1 million and sustained increase in order book
- EBITDA margin down due to higher raw material prices, gradually covered by price increase since May 2022
- Group net income up 37.2% to €1.9 million as at 30 June, 2022
- Strengthening of the cash position following a successful senior financing in July 2022

Blanquefort (France), 29 September, 2022 at 6:00 p.m. – Groupe Berkem, a leading player in bio-based chemicals (ISIN code: FR00140069V2 - Ticker: ALKEM), announces its results for the first half of the current fiscal year, ended 30 June, 2022, as approved by the Board of Directors on 28 September, 2022.

Olivier FAHY, Chairman and CEO of Groupe Berkem, stated: *"The results we generated over the period demonstrate the resilience of our model, which is based on healthy organic growth and a positioning in high value-added niche markets. Despite a decline in our EBITDA, mainly due to the price inflation we are facing on all of our raw materials, we decided very early on to apply price increases on our products which should eventually neutralise this effect. This first half of the year also provided an opportunity to make numerous commercial investments that will contribute to our future organic growth. We have also streamlined our financing policy, which now allows us to show a significant improvement in our net income. Coupled with the financing we secured at the end of July, Groupe Berkem is in a position to pursue its selective acquisition strategy in the short and medium term."*

2022 HALF-YEAR RESULTS

Consolidated income statement

<i>In thousands of euros</i>	30/06/2022	30/06/2021 <i>pro forma</i>	% change
Revenue	28,074	25,172	11.5%
Sale of goods	37		
Production sold (goods)	25,929	23,920	
Production sold (services)	2,109	1,252	
Capitalised production	1,327	481	
Production in inventory	590	148	
Operating subsidies	402	412	
Operating expense transfers	181	0	
Reversals of impairment and provisions	661	454	
Other income	0	3	
Operating revenue	31,236	26,734	16.8%
Purchases consumed	(13,495)		
Other purchases and external expenses	(5,433)	(15,553)	
Taxes and duties	(372)	(406)	
Personnel costs	(6,756)	(5,688)	
Depreciation, amortisation and provisions	(2,081)	(1,879)	
Other operating expenses	(211)	(103)	
Operating income	2,887	4,097	-29.5%
Financial income and expenses	(304)	(1,203)	
Extraordinary income and expenses	(68)	(780)	
Income tax	(596)	(578)	
Net income of the consolidated group	1,922	1,535	25.2%
Non-controlling interests	-	134	
Net income (Group share)	1,922	1,401	37.2%

Notes: The unaudited pro forma consolidated financial information reflects the acquisition of Berkem Développement as if the transaction had been completed on 1 January, 2021.

11.5% growth in revenue to €28.1 million and EBITDA margin of 15.3%

As at 30 June, 2022, the Group's consolidated revenue increased by 11.5% compared with the first half of 2021, to €28.1 million. It can be broken down as follows:

- the **Plant Extraction** division (29% of revenue) generated €8.1 million
- the **Formulation** division (71% of revenue) generated €19.9 million

As a result of higher raw material prices and significant commercial, industrial and R&D investments, the EBITDA¹ is down compared with the first half of 2021. The higher raw material prices will be gradually offset by the price increase implemented by the Group as of May 2022. On the other hand, Groupe Berkem is seeing increased demand in its order book as a result of the investments carried out during the first half of this year.

¹ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), corresponds to the operating resources generated by the Group taking into account other operating income and other operating expenses, but excluding depreciation and amortization and the Group's financing policy.

Financial expenses decreased significantly, mainly due to the repayment of the convertible bonds before 31 December, 2021, representing €0.3 million for the period. Tax remains constant compared to the same period in 2021, at nearly €0.6 million.

Finally, after taking into account financial income and expenses, the Group's net income amounted to €1.9 million in the first half of 2022, an increase of 37.2%.

Cash position

As of 30 June, 2022, Groupe Berkem had a net cash position of €12.7 million.

On 26 July, 2022, the Company announced a €70 million financing package including €63.5 million in senior debt with a pool of six French banks and €6.5 million in Recovery Bonds. These new financial resources provide the Group with greater means to undertake acquisitions. To date, the Group has activated a funding line of €18.5 million from this package.

UPDATE ON BUSINESS TRENDS

Governance

The Annual Shareholder's Meeting held on 3 June, 2022 approved the payment of a dividend of €0.06 per share in cash for the 2021 financial year.

In addition, Mrs. Karen LE CANNU was appointed as a member of the Company's Board of Directors at this General Meeting.

Industrial and R&D investments

During the 1st half of 2022, major investments were made:

- in the Lixol subsidiary in order to increase production capacity, effective from the second half of the year. These investments should enable the Group to reduce the use of outsourcing, while positively impacting the Group's gross margin level;
- also, the hiring of new sales representatives and the participation in numerous trade fairs in order to accelerate organic growth in the plant extraction and bio-based solutions businesses.

Activity

In March 2022, Groupe Berkem launched its range of 100% bio-based alkyd resins aimed at the construction paints market. This range has been developed from bio-based and renewable raw materials that can replace raw materials of petrochemical origin.

In June 2022, Groupe Berkem and the SOPREMA Group signed a collaboration agreement to market an insulating panel incorporating a bio-based anti-fungal solution developed by Groupe Berkem.

As expected in the first-quarter of 2022, while pressure on raw materials did not have a significant impact on the 2021 financial year, nor on revenue during the first-half of 2022, the Group anticipates an impact on the margin level of certain activities in the Formulation division.

International and Regulatory Affairs

Groupe Berkem generated 21.1% of its revenue from export markets during the first half of 2022, which was stable compared to 30 June, 2021 (22.1% of revenues).

As of 30 June, 2022, the Group held 187 marketing approvals and 45 applications under review.

OUTLOOK

Confirmation of ambitious financial targets for 2024

The Group reiterates its ambition to achieve revenue of at least €65 million by 2024, which may be increased to at least €85 million should it make acquisitions. By the same target date, the Group's objective is to achieve an EBITDA margin of around 25%.

Next financial publication:

2022 Third-Quarter Revenue: 20 October, 2022 (after market close)

ABOUT BERKEM GROUP

Founded in 1993 by Olivier Fahy, Chairman and Chief Executive Officer, Groupe Berkem is a leading force in the bio-based chemicals market. Its mission is to advance the environmental transition of companies producing the chemicals used in everyday lives (cosmetics, food and beverages, construction, public hygiene, etc.). By harnessing its expertise in both plant extraction and innovative formulations, Groupe Berkem has developed bio-based boosters—unique high-quality bio-based solutions augmenting the performance of synthetic molecules. Groupe Berkem achieved revenue of €46 million and an EBITDA margin close to 20% in 2021. The Group has almost 170 employees working at its head office (Blanquefort, Gironde) and three production facilities in Gardonne (Dordogne), La Teste-de-Buch (Gironde), and Chartres (Eure-et-Loir).

Groupe Berkem has been listed on Euronext Growth Paris since December 2021 (ISIN: FR00140069V2 – ALKEM)

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APPENDICES

Consolidated balance sheet² (in thousands of euros)

	06/2022		12/2021	
	Gross value	Amort. Prov.	Net value	Net value
Intangible assets	57,807	(2,658)	55,149	55,026
<i>Of which goodwill</i>	29,693	-	29,693	29,693
Property, plant and equipment	38,214	(23,040)	15,175	13,472
Financial assets	306	-	306	226
Total fixed assets	92,328	(25,698)	70,631	68,723
Inventories and work in progress	9,774	(265)	9,509	7,254
Trade receivables and related accounts	7,928	(306)	7,622	2,986
Other receivables and accruals	7,287	-	7,287	8,406
Marketable securities	20	(2)	18	69
Availability	12,786		12,786	15,533
Total Assets	134 124	(26 271)	107,853	102,971
Capital			39,791	39,791
Additional paid-in-capital			27,734	29,801
Group reserves			3,031	1,883
Conversion reserves			-	-
Result for the year			1,922	141
Other			(225)	
Total shareholders' equity			72,253	71,617
Non-Group interests			-	-
Provisions			991	1,334
Borrowings and financial debt			20,101	19,997
Trade and related payables			7,472	5,951
Other liabilities and accruals			7,037	4,073
Total Liabilities			107,853	102,971

² The audited consolidated balance sheet as of December 31, 2021 includes the consolidated results for the period from March 8, 2021 to December 31, 2021

Cash flow statement
(in thousands of euros)

	06/2022	12/2021 (10 months)
Total net income of consolidated companies	1,922	158
Elimination of depreciation and provisions	1,445	4,226
Elimination of the change in deferred taxes	356	-11
Elimination of capital gains or losses on disposal	195	-164
Cash flow	3,919	4,209
Change in inventories	-2,255	-1,056
Change in accounts receivable	1,333	3,488
Change in accounts payable and other creditors	-1,645	-1,905
Change in working capital requirement	-2,567	527
Net cash flow from operating activities	1,351	4,735
Acquisition of fixed assets	-3,460	-3,213
Disposals of fixed assets	0	168
Net sales/acquisitions of treasury shares	-300	-
Impact of changes in the scope of consolidation	0	-1,461
Net cash flow from investing activities	-3,760	-4,506
Capital increases (reductions)	0	39,353
Borrowing issues	3,061	225
Loan repayments	-3,324	-24,413
Net cash flow from financing activities	-263	15,165
Change in cash and cash equivalents	-2,672	15,395
Opening cash	15,395	0
Closing cash	12,723	15,395