

PRESS RELEASE

Groupe Berkem reports its 2022 Full-Year results

- Revenue growth in 2022 of +12% to €51.6 million and EBITDA margin of 12%
- Strong cash position of €11.5 million as at December 31, 2022
- Confirmation of the Group's financial objectives for 2024

Blanquefort (France), May 16, 2023, at 7:30 pm - Groupe Berkem, a leading player in bio-based chemistry (ISIN code: FR00140069V2 - ticker: ALKEM), announces its consolidated results for the year ended December 31, 2022, as approved by its Board of Directors on May 16, 2023. The audit procedures on the annual accounts have been conducted and the auditors' report is being issued. Groupe Berkem also provided an update on its recent business trends and outlook.

Olivier Fahy, Chairman and Chief Executive Officer of Groupe Berkem stated: *“The geopolitical context combined with the general increase in our operating expenses due to the inflation we are experiencing weighed heavily on our margins during the fiscal year 2022. Despite these adverse conditions, we continued to structure the Group to best support its growth dynamic. As proof of the resilience of our model, Groupe Berkem managed to recover its pre-crisis level of normative margin. In 2023, we intend to further streamline our cost structure through the synergies offered by our recent acquisitions. Also, with a preserved cash position, we keep all the necessary latitude to carry out new external operations and confirm our financial objectives for 2024.”*

2022 FULL-YEAR RESULTS

2022 income statement

In thousands of euros – IFRS standards	31/12/2022	31/12/2021
Revenue	51,566	46,049
Cost of goods and services sold	(35,613)	(28,645)
Gross profit	15,953	17,404
Research & Development	(1,731)	(387)
Sales and Marketing	(7,483)	(6,266)
General and administrative expenses	(5,585)	(4,235)
Recurring operating income	1,154	6,516
Other operating income	713	418
Other operating expenses	(2,395)	(1,347)
Operating income	(527)	5,587
Financial income	147	225
Financial expenses	(1,018)	(3,719)

Financial income	(871)	(3,494)
Corporate tax	(169)	(899)
Net income	(1,567)	1,193

Growth of +12% in revenue and EBITDA margin of 12% in 2022

As of December 31, 2022, **Groupe Berkem's Full-Year revenue reached €51.8 million**, up 12.4% compared to the 2021 financial year. Over the year, the Plant Extraction division contributed 30.9% of revenue to December 31, 2022, or €15.9 million. The revenue of the Formulation division amounted to €35.8 million, representing 69.1% of the Group's total revenues in 2022. This revenue from the formulation division rose sharply in 2022, thanks in particular to the acceleration of demand for bio-based solutions in the construction sector, but also in the pest control market.

In 2022, the costs of products and services sold amounted to €35.6 million, up +24% compared with 2021. This increase is due to the rise in the price of raw materials, direct labor, and energy, all of which are due to the geopolitical context. As a result, **the Group's gross profit was €15.9 million** in 2022.

Groupe Berkem made significant investments in R&D and regulatory affairs to strengthen its "product" innovations and secure marketing authorizations. €1.7 million was invested in 2022, which is 4.5 times the amount invested in 2021.

At the same time, Groupe Berkem increased its marketing and sales expenses to promote the Group's products and activities to target audiences and has also strengthened its teams with a number of recruitments to support the Group's growth.

As a result, in 2022, recurring operating income amounted to €1.1 million, compared with €6.5 million in 2021, and operating income to €0.5 million.

The Group's EBITDA¹ reached €6.19 million compared to €9.4 million in 2021 and the EBITDA margin was 12%.

In 2022, financial income and expenses amounted to -€0.87 million and corporate income tax to -€0.17 million. As a result, **the Group's share of net income will be -€1.57 million** in 2022, compared with €1.20 million in 2021.

Cash position as at December 31, 2022

On July 26, 2022, the Group strengthened its financial structure by setting up a €70 million financing, including €63.5 million in senior debt with a pool of 6 French banks and €6.5 million in Recovery Bonds². These financial resources provide the Group with greater resources to carry out external growth operations. As of December 31, 2022, only €21 million of the €70 million had been drawn down.

As of December 31, 2022, Groupe Berkem held a strong cash position of €11.5 million.

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.

² See press release issued on 26 July 2022.

2022 AND POST-CLOSING HIGHLIGHTS

M&A operations

In February 2023, Groupe Berkem announced the completion of the acquisition of i.Biotechnicals, Inc. from the Dutch company INC (International Nutrition Company), the leading North American distributor of nutritional ingredients. The acquisition of this subsidiary enables the Group to distribute directly in North America its complete range of antioxidant active ingredients and to broaden its offer by addressing the Nutraceutical segment.

Also, in early April 2023, the Group announced the strategic acquisition of Biopress, a French producer of 100% vegetable oils and proteins. With this transaction, the Group now benefits from a local supply of technical vegetable oils, consolidates its offer for the "Health, Beauty & Nutrition" business segment and secures new commercial opportunities in the food market.

Activity

In March 2022, Groupe Berkem launched its range of 100% bio-based resins for the building paint market. This range has been developed from raw materials of bio-based and renewable origin, which can be substituted for 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 antifungal solution developed by Groupe Berkem.

International and Regulatory Affairs

In October 2022, Groupe Berkem announced an exclusive partnership in North America with the company Barentz, for the distribution of the Group's sustainable ingredients in the "Health, Beauty & Nutrition" market. This exclusive collaboration was extended in November 2022, with Barentz also becoming the exclusive distributor of Groupe Berkem's sustainable ingredients in Germany, Austria and German-speaking Switzerland.

In March 2023, the Group announced the extension of the distribution agreement with Unipex, already a distributor of the Group's plant extracts in France, to the territories of Benelux and French-speaking Switzerland for all its ingredients dedicated to the cosmetics and personal care market.

In April 2023, Groupe Berkem continued to strengthen its international expansion strategy by signing a partnership with Kreglinger for the distribution of its cosmetic ingredients in the United Kingdom.

At December 31, 2022, the Group held 189 marketing approvals and a further 73 applications were currently under review.

2023 First-Quarter Revenue

On April 27, 2023, Groupe Berkem reported its revenue for the first quarter of 2023 and presented the new breakdown of its revenue between its four business segments:

- Construction & Materials;
- Hygiene & Protection;
- Health, Beauty & Nutrition and
- Industry.

As at March 31, 2023, Groupe Berkem's revenue for the first three months of 2023 reached €14.5 million, compared with €13.8 million in the first quarter of 2022, reflecting an increase of 5.1%.

OUTLOOK

Confirmation of financial targets for 2024

The Group confirms its ambition to achieve revenue of at least €85 million by 2024, following the external growth transactions carried out. By the same date, the Group's objective is to achieve an EBITDA margin of around 25%.

Publication of the 2022 annual report

The 2022 annual report is available on the [Company's website](#) and was filed with the AMF this day.

Next financial reports:

- Annual General Meeting: June 22, 2023 (as opposed to the date announced on April 27, 2023)
- 2023 First-Half Revenue: July 31, 2023 (after market close)

ABOUT GROUPE BERKEM

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 life (Construction & Materials, Health, Beauty & Nutrition, Hygiene & Protection, and Industry). 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 €51.6 million in 2022. The Group has almost 200 employees working at its head office (Blanquefort, Gironde) and 3 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 code: FR00140069V2 - ALKEM).

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