

Press release

Saint-Nolff, October 23, 2023 – 5:45 pm CEST

H1 2023 results

Continuation of structuring investments to support future growth

Further operational progress in third-party business

2027 ambitions confirmed

Charwood Energy (ISIN: FR001400AJ60, Ticker: ALCWE), a French company specializing in custom solutions for recovering energy from biomass, is publishing its results for the first half of 2023.

The half-year financial statements were approved by the Board of Directors on October 20, 2023. The H1 2023 financial statements were subject to a limited review by the statutory auditor. The half-yearly report will be made available on the company's website.

Following the application since H2 2022 of a new accounting policy for recognizing revenue based on progress, the breakdown of revenue for 2022 has been modified and that for H1 2022 adjusted to €2.1m. FY 2022 annual revenue remains unchanged.

The comparison is thus as follows:

<i>(in thousands of euros)</i>	H1 2023	H1 2022
Revenue	1,517	2,144
Other operating income	1,402	29
Total business activity	3,322	2,173
Operating income	(1,054)	(181)
Net income (Group share)	(853)	ND

Unaudited data

Charwood Energy posted revenue of €1.5m in H1 2023, compared with €2.1m in H1 2022.

Revenue was achieved entirely on behalf of third parties, through the design, construction and installation of bespoke energy solutions using biomass for external customers including farms, manufacturers and local authorities.

Other income recorded by Charwood Energy in H1 2023 consisted of:

- Stored production of €1.2m, including €1.1m for a pyro-gasification unit intended for future sale, pending the signing of the contract;
- Capitalized production of €581k, of which €354k for a 70KW pyro-gasification unit that will be used to generate energy on an own-account basis and €208k for development costs incurred over the six-month period.

H1 2023 revenue does not reflect Charwood Energy's extremely strong sales momentum or the substantial volume of business activity over the period.

Sustained sales momentum

In third-party business, further operational progress was achieved in H1 2023:

- Launch of the construction of a hygienization unit, coupled with a biomass boiler unit for a site producing biomass via anaerobic digestion operated by a group formed by a municipality and 15 farms in Normandy¹;
- Construction of a biomass boiler unit coupled with a heat network for a large poultry farm in the Sarthe department¹;
- Construction, following the signing of the order in April¹, of a biomass boiler unit for a large poultry farmer in the Mayenne department;

Other structuring projects are in advanced discussions and should be announced soon.

In own-account business, the Group moved ahead with its initial business plan, with five power plants under development at June 30, 2023.

Once commissioned and fully operational, these plants will generate ARR² of nearly €7.7m from the sale of energy.

H1 2023 results include continued structural investments to support future growth

Expenses in H1 2023 were higher than in H1 2022. This reflects the ongoing structuring of the teams to support the Group's future growth, as well as the ramp-up of projects to be delivered in the second half of the year and beyond.

At June 30, 2023, the average workforce totaled 28, compared with 18 at June 30, 2022.

Owing to the increase in investments, Charwood Energy posted an operating loss of €1.1m in H1 2023.

After financial income and tax expense, Charwood Energy recorded a net loss of -€0.9m.

A solid financial structure

At June 30, 2023, Charwood Energy's financial structure consisted of €9.3m in equity, €2.2m in gross financial debt, and €4.3m in cash flow.

Acquisition of a stake in LG Concept, a major regional player in the supply of renewable biomass

In a press release dated October 4, 2023, Charwood Energy announced that it had acquired a 40% stake in LG Concept, a major regional player in renewable biomass supply for boiler rooms in Brittany and the neighboring regions. LG Concept's business activity will be consolidated according to the proportional integration method in Charwood Energy's accounts for five months in 2023.

The investment is consistent with Charwood Energy's objective to control its renewable biomass supply with a regional player boasting strong roots in the sector and responding to customers' energy challenges.

¹ See press release dated 11 April 2023.

² ARR: annual recurring revenue, the amount of revenue generated by plants once in operation on an annualized basis.

Outlook

Regarding third-party business, the Group has a secure order book³ totaling €3.7m, deliverable and billable in 2023 and 2024. The Group’s pipeline remains solid⁴, reflecting sustained sales momentum.

Regarding own-account business, 17 further power plant projects are currently under discussion, representing potential ARR⁵ of €58m.

2027 ambitions confirmed

Benefiting from favorable structural and economic factors that will serve to considerably boost its development in France and internationally, Charwood Energy is confirming its targets for 2027:

- Revenue of €100m, of which 60% from own-account business;
- 50 directly-owned plants in operation and under construction, for estimated ARR of €90m.

Next publication: annual revenue 2023, on February 29, 2024 after market close.

About Charwood Energy

Convinced that biomass is a key response to the challenges of the energy transition, Charwood Energy designs, installs and maintains tailored solutions for the production of biomass renewable energy.

Charwood Energy boasts a wealth of technical know-how and expertise in all biomass recovery technologies, including heating and heat networks, anaerobic digestion, and pyrogasification.

Positioned since 2019 in the promising area of pyrogasification technology, Charwood Energy is now also involved in the development and operation of proprietary pyrogasification units aiming to produce and sell green gas, biochar and carbon credits to industrial customers under direct purchasing contracts.

The company is listed on Euronext Growth® Paris (ISIN: FR001400AJ60; Ticker: ALCWE) – Eligible for PEA PME equity savings plans – Certified as an “Innovative Company” by Bpifrance.

To find out more: <https://charwood.energy/investisseurs>

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³ Total of the order book for signed projects deducted from the revenue already recorded on work progress.

⁴ Detailed or preliminary estimates sent and pending response.

⁵ See note 2.