

Press Release

2015 Interim Financial Statements

Libourne – 16 September 2015 – Fermentalg, an industrial biotechnology company that specializes in the production of oils and proteins derived from microalgae, has published its interim financial statements as at 30 June 2015. The statements have been reviewed by the company's Statutory Auditors and were approved by its Board of Directors on 3 September 2015. Fermentalg's interim financial report will be available to the public by 30 September 2015 at the latest.

Patents	Headcount	Cash
26 families and 92 titles	64 employees	€32.5 million

The first six months of 2015 saw Fermentalg pursue the development of a unique active ingredient for its rapid deployment on target markets. Key indicators for the period include:

- Industrial property:** With a portfolio of 26 families of patents and 92 patent titles to its name, Fermentalg has reinforced its technological barriers-to-entry following the issue of 2 major patents for the industrial exploitation of high-yield microalgae strains (*Botryococcus* for green chemistry and *Odontella* for human nutrition). The company was also awarded a new active ingredient patent to protect its technology which consists in breeding microalgae in a predominantly-heterotrophic mixotrophic environment in July.
- Human resources:** Fermentalg's multi-discipline team of 64 employees (+10%) covers all of the company's expertise requirements, from research and engineering through to commercial development.
- Financial structure:** Despite the acceleration in operational investments in line with its development plan, Fermentalg retains a robust and healthy financial footing. At 30 June 2015, the company's gross cash position stood at €32.5 million for a financial debt of just €2.1 million. In August, it was awarded €2.4 million in funding from Bpifrance as part of the Trans'Alg collaborative programme (see below).
- Industrial development:** Fermentalg has achieved a new milestone in its strategy to conquer new markets with the laying of the 1st stone for its Industrial Development Unit (Professor Daniel Thomas Unit), the world's first facility to exploit the company's cutting-edge technology for the production of microalgae. Moreover, despite the fact that the launch of the unit is only scheduled for 2016, production of DHA-enriched oil (Omega 3) using Fermentalg's proprietary technology has already passed the one-ton mark.
- Commercial deployment:** Alongside the implementation of its industrial tool, Fermentalg's capacity to tap into the human nutrition market has been reinforced

by the European Novel Food authorization for its DHA-enriched oil. It has also ramped up its business development strategy for Japan and North America which will see the rapid deployment of its European model on these two major markets.

- **Partnerships:** As well as targeting market openings in human nutrition, Fermentalg's large-scale collaborative programme, Trans'Alg, will enable the company to penetrate the green chemistry market. Bringing together several major industrial groups including Arkema and Soprema, the Trans'Alg programme has a budget of €31.2 million over 5 years.

Pierre Calleja, Founder and Chairman and CEO of Fermentalg, said: *"I would like to pay tribute to the outstanding work by the teams at Fermentalg who are the catalysts for the company's unrivalled growth rate in our industry. Fermentalg's place in microalgae and biotechnologies in general grows stronger by the day, and I am confident that we have a unique active ingredient that will serve as a flagship for excellence in French innovation around the world."*

2015 first-half results

Fermentalg's operating income (research tax credits and subsidies) of €0.7 million for the first half of 2015 partly offset the company's R&D expenses (stable at €1.7 million) and sales and administrative costs (up 82% to €1.8 million following the construction of the IDU and creation of a team dedicated to human nutrition and animal feed).

Current operating income stood at -€2.8 million on 30 June 2015 (as against -€1.5 million one year earlier), Excluding net financial income and expenses (€0.3 million), net income for the first half of 2015 amounted to -€2.6 million compared with a figure of -€1.8 million for the same period in 2014.

About Fermentalg

Founded in 2009 by Pierre Calleja, Fermentalg is an industrial biotechnology company that specializes in producing sustainable oils and proteins derived from the exceptional properties of microalgae. Its patented technology allows it to target a range of fast-growing global markets, from nutrition and animal feed to cosmetics and health, green chemistry and energy. Fermentalg has already signed its 1st industrial and commercial joint-venture for the production of Omega-3 oils rich in EPA and DHA as well as several other partnerships with leading industrial groups. Fermentalg shares are listed on Euronext in Paris (FR0011271600 - FALG). For more information, visit the Fermentalg website at: www.fermentalg.com.

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Comprehensive income statement

(€ thousands)	<u>30/06/2015</u>	<u>31/12/2014</u>	<u>30/06/2014</u>
Revenue	0	900	450
Other income from operations	705	1,405	657
Production costs	0	0	0
Research and Development expenses	-1,698	-3,315	-1,636
Administrative and sales expenses	-1,758	-2,343	-964
Other operating income and expenses	0	0	0
Operating income before share-based payments	-2,751	-3,353	-1,492
Payroll expenses linked to share-based payments	-38	-625	-500
Other non-current operating income and expenses	-50	-392	-66
Operating income after share-based payments	-2,839	-4,370	-2,058
Income from cash and cash equivalents	312	331	69
Cost of gross financial debt	-27	-49	-22
Cost of net financial debt	285	282	48
Other financial income and expenses	5	52	56
Net tax expense	0	-14	159
Consolidated net income	-2,549	-4,050	-1,796
Minority interests	-2	1	0
Consolidated net income (Group share)	-2,550	-4,049	-1,796
Other comprehensive income	0	0	0
Comprehensive consolidated net income	-2,549	-4,050	-1,796
Minority interests	-2	1	0
Comprehensive consolidated net income (Group share)	-2,550	-4,049	-1,796
Consolidated net earnings per share (in euros)	-0.21	-0.41	-0.18
Consolidated diluted net earnings per share (in euros)	-0.21	-0.40	-0.17

Balance sheet

(€ thousands)	<u>30/06/2015</u>	<u>31/12/2014</u>	<u>30/06/2014</u>
ASSETS			
Goodwill	0	0	24
Intangible assets	3,569	2,953	2,363
Tangible assets	9,471	5,042	4,005
Non-current financial assets	342	348	227
Deferred tax assets	3,303	3,303	3,480
TOTAL NON-CURRENT ASSETS	16,685	11,646	10,099
Inventories	0	0	0
Client receivables	1	30	29
Corporate income tax receivables	19	0	0
Other receivables	2,985	1,880	2,433
Other non-financial current assets	0	0	0
Cash and cash equivalents	32,521	39,830	42,820
TOTAL CURRENT ASSETS	35,526	41,740	45,282
TOTAL ASSETS	52,211	53,386	55,381
LIABILITIES			
Capital	484	475	475
Premiums	56,632	55,914	55,941
Reserves and retained earnings	-7,552	-3,524	-3,598
Comprehensive net income	-2,550	-4,049	-1,796
Shareholders' equity (Group share)	47,013	48,816	51,022
Minority interests	-24	-25	-24
TOTAL SHAREHOLDERS' EQUITY	46,989	48,791	50,998
Financial debt	2,034	2,007	1,977
Retirement commitments	77	71	11
Provisions for non-current risks	350	300	0
Other non-current liabilities	0	0	0
Affiliated companies	0	0	0
Deferred tax liabilities	0	0	0
TOTAL NON-CURRENT LIABILITIES	2,461	2,378	1,988
Bank overdrafts	82	58	0
Current accounts	0	0	0
Other financial debt	0	0	0
Provisions for current risks	0	0	0
Corporate income tax liabilities	0	30	32
Supplier debt	1,590	704	1,014
Other current liabilities	1,089	1,425	1,349
TOTAL CURRENT LIABILITIES	2,761	2,217	2,395
TOTAL LIABILITIES	52,211	53,386	55,381

Cash flow statement

	30/06/2015	31/12/2014	30/06/2014
Global net income	-2,549	-4,050	-1,796
Depreciation, amortization and provisions (excluding provisions against current assets)	572	1,133	356
Expenses on share-based payments	38	625	500
Other computed expenses	0	0	0
Change in deferred tax	0	11	-166
Share in income of companies accounted for by the equity method	0	24	0
Gains and losses on disposals	0	0	0
Share in subsidiaries	0	-28	-14
Cash flow	-1,939	-2,285	-1,120
Cost of gross financial debt	27	49	22
Tax	0	0	0
Cash flow before cost of financial debt, net of tax	-1,912	-2,236	-1,098
Tax	0	0	0
Change in consumables	-6	-73	0
Change in client receivables	29	182	-139
Change in supplier payables	829	275	543
Change in other current assets and liabilities (a)	-980	-557	-494
Change in working capital requirement linked to operations	-128	-173	-90
Net cash flow linked to operations	-2,040	-2,409	-1,188
Production of fixed assets (capitalized R&D)	-1,029	-1,416	-680
Share of subsidiaries and research tax credit linked to development projects underway	376	438	212
Acquisitions of other tangible and intangible assets	-4,908	-2,742	-1,205
Change in fixed asset liabilities	-448	320	-4
Acquisitions of financial fixed assets	0	-346	-247
Disposals of other tangible and intangible assets	0	0	0
Disposals of financial assets	6	0	0
Cash flow linked to the acquisitions and disposal of subsidiaries	0	51	51
Net cash flow linked to investments	-6,003	-3,695	-1,873
Capital increase	727	37,774	37,801
Acquisitions and disposals of own shares	-17	-325	-253
New borrowings and other financial debt	0	1,287	1,288
Repayments of borrowings and other financial debt	0	0	-2
Change in current accounts	1	-68	-161
Interest on borrowings and financial debt	-1	0	0
Net cash flow linked to financing	710	38,668	38,673
Change in cash	-7,333	32,564	35,612
Opening cash (1)	39,772	7,208	7,208
Closing cash (1)	<u>32,439</u>	<u>39,772</u>	<u>42,820</u>
(a) o/w change in research tax credit:	-737	164	-394