

## Press release

### 2016 results

**Libourne - 29 March 2017** – Fermentalg, an industrial biotechnology company that specializes in the production of oils, proteins and pigments derived from microalgae, has published its results for financial year 2016. Its Board of Directors, which met on 8 March 2017 under the chairmanship of Philippe Lavielle, has approved the Group's accounts as of 31 December 2016. The financial statements have been audited in full and the yearly financial report will be available to the public no later than 30 April 2017.

#### Development strategy

In 2016 Fermentalg focused its resources on the following programs, showing the best short to medium terms prospects (1 to 3 years). They include:

- the industrialization and commercialization of Omega-3 algal oil, **DHA350**;
- the industrialization and commercialization of concentrated Omega-3 algal oil, **DHA550**;
- the development of processes and the industrialization of a natural **blue pigment** for food derived from Phycocyanine;
- the development of processes and the industrialization of an **antioxidant algal protein** for human nutrition and animal feed.

The company also pursued its partnership with the SUEZ Group, which consists in developing urban and industrial **carbon sinks** to purify the surrounding atmosphere through the capture of carbon dioxide (CO<sub>2</sub>) and other pollutant particles.

Lastly, Fermentalg has also continued its research on **Astaxanthin**, a natural red pigment for use in nutrition and cosmetics, and its collaborative program with Adisseo linked to animal feed.

#### Adapting resources to roadmap

Fermentalg's operating income (revenue and research tax credit, subsidies) amounted to €0.7 million for 2016.

In line with the Group's strategic roadmap and budget, the number of employees assigned to R&D went from 46 in December 2015 to 37 in December 2016. Fermentalg had 20 families of patents at end-2016, including 2 new patents registered during the year. Taking into account the development partnerships signed by the company in 2016, the global R&D budget remained stable at €5.0 million.

Administrative and sales expenses aimed at structuring the company and preparing for its industrial and commercial development also remained stable at €4.3 million for the year.

As a result, current operating income <sup>1</sup> stood at -€6.2 million (-€5.7 million in 2015). After other operating expenses (€1.6 million primarily linked to the Group's strategic repositioning) and net cash proceeds (€0.3 million as against €0.5 million in 2015), net loss amounted to -€7.6 million in 2016 compared with -€5.3 million in 2015.

#### **Cash assets of €15.7 million at the end of 2016**

After industrial investments of €5.3 million in the Libourne site and €1.5 million in the partner factory in Pomacle, equity amounted to €36.6 million for a gross cash position of €15.7 million on 31 December 2016 (€28.5 million on 31 December 2015). Financial debt consisted of €3.3 million in repayable advances on Fermentalg's innovation programs, leaving the Group with what it considers to be sufficient cash assets to finance its development plan in 2017. Fermentalg is already working on various financing solutions to accompany its industrial and commercial development.

#### **Outlook: industrial and commercial launch of DHA350**

2017 should see the actual industrial and commercial launch of DHA350. The priorities for the beginning of the year focus on:

- the setting up of a sales team headed up by the new Sales Director;
- the issue of samples to distributors and industrial operators from the agrifood industry to enable them to test and validate products;
- the perfecting of the production process at the Pomacle site.

In line with the calendar presented at the start of 2016, Fermentalg also intends to finalize the development and large-scale production of concentrated Omega-3 oil, DHA550. The preindustrial and regulatory developments needed upstream of the market launch of the antioxidant food protein and Phycocyanine will also be priorities in 2017.

#### **About Fermentalg**

Based in Libourne (Gironde), Fermentalg is an industrial biotechnology company and a global leader in the production of oils, proteins and pigments derived from the fermentation of microalgae. Its primary markets are the food and feed markets. Fermentalg shares are listed on Euronext in Paris (FR0011271600 - FALG). For more information, visit the Fermentalg website at: [www.fermentalg.com](http://www.fermentalg.com).

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#### **Comprehensive income statement**

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<sup>1</sup> Operating income before share-based payments

(€ thousands)	31/12/16	31/12/15
<b>Revenue</b>	<b>137</b>	<b>479</b>
Other income from operations	568	1,185
Production costs	-133	0
Research and Development expenses	-2,566	-3,096
Administrative and sales expenses	-4,250	-4,236
<b>Operating income before share-based payments and non-current items</b>	<b>-6,244</b>	<b>-5,668</b>
Payroll expenses linked to share-based payments	138	-117
Other non-current operating income and expenses	-1,594	-50
<b>Operating income</b>	<b>-7,700</b>	<b>-5,836</b>
Income from cash and cash equivalents	328	581
Cost of gross financial debt	-70	-56
<b>Cost of net financial debt</b>	<b>258</b>	<b>525</b>
Other financial income and expenses	-61	16
Net tax expense	-67	0
<b>Consolidated net income</b>	<b>-7,570</b>	<b>-5,295</b>
Minority interests	11	6
<b>GLOBAL CONSOLIDATED NET INCOME (GROUP SHARE)</b>	<b>-7,559</b>	<b>-5,288</b>
Consolidated net earnings per share (in euros)	-0.63	-0.44
Consolidated diluted net earnings per share (in euros)	-0.62	-0.43

**Balance sheet**

(€ thousands)	31/12/16	31/12/15
<b>ASSETS</b>		
Goodwill	0	0
Intangible assets	6,020	4,241
Tangible assets	17,613	12,455
Non-current financial assets	140	351
Deferred tax assets	3,236	3,302
<b>TOTAL NON-CURRENT ASSETS</b>	<b>27,009</b>	<b>20,349</b>
Inventories	558	0
Client receivables	7	516
Corporate income tax receivables	0	15
Other non-financial current assets	2,814	3,969
Cash and cash equivalents	15,707	28,506
<b>TOTAL CURRENT ASSETS</b>	<b>19,086</b>	<b>33,006</b>
<b>TOTAL ASSETS</b>	<b>46,095</b>	<b>53,355</b>
<b>LIABILITIES</b>		
Capital	484	484
Premiums	50,289	56,632
Reserves and retained earnings	-6,582	-7,466
Global net income	-7,559	-5,287
<b>Shareholders' equity (Group share)</b>	<b>36,632</b>	<b>44,362</b>
<b>Minority interests</b>	<b>-43</b>	<b>17</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>36,589</b>	<b>44,380</b>
Financial debt	3,348	2,902
Retirement commitments	64	56
Provisions for non-current risks	0	300
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,412</b>	<b>3,258</b>
Bank overdrafts	0	900
Provisions for current risks	590	0
Supplier debt	3,175	1,881
Other current liabilities	2,329	2,936
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,094</b>	<b>5,717</b>
<b>TOTAL LIABILITIES</b>	<b>46,095</b>	<b>53,355</b>

## Cash flow statement

(€ thousands)	31/12/16	31/12/15
<b>Global net income</b>	<b>-7,570</b>	<b>-5,295</b>
Depreciation, amortization and provisions (excluding provisions against current assets)	1,840	992
Expenses on share-based payments	-138	117
Change in deferred tax	66	0
Gains and losses on disposals	235	0
<b>Cash flow</b>	<b>-5,567</b>	<b>-4,186</b>
Cost of gross financial debt	70	56
<b>Cash flow before cost of financial debt, net of tax</b>	<b>-5,497</b>	<b>-4,130</b>
Tax	15	0
Change in inventories*	-373	12
Change in client receivables	509	-486
Change in supplier payables	1,165	1,078
Change in other current assets and liabilities (a)	712	-279
<b>Change in working capital requirement linked to operations</b>	<b>2,028</b>	<b>325</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>-3,469</b>	<b>-3,805</b>
Production of fixed assets (capitalized R&D)	-2,460	-2,039
Share of subsidies and research tax credit linked to development projects underway	595	739
Acquisitions of other tangible and intangible assets	-6,849	-8,407
Change in fixed asset liabilities	-304	-264
Acquisitions of financial fixed assets	0	-1
Disposals of other tangible and intangible assets	0	5
Disposals of financial assets	211	4
Cash linked to the acquisition and disposal of subsidiaries	0	0
<b>NET CASH FLOW FROM INVESTMENTS</b>	<b>-8,807</b>	<b>-9,963</b>
Capital increase linked to parent company	0	727
Capital increase reserved for employees	0	49
Acquisitions and disposals of own shares	-7	-8
New borrowings and other financial debt	332	889
Change in current accounts	51	-54
<b>NET CASH FLOW FROM FINANCING</b>	<b>376</b>	<b>1,603</b>
Change in cash	-11,899	-12,165
Opening cash (1)	27,607	39,772
Closing cash (1)	15,708	27,607
(a) o/w change in research tax credit:	1,312	-1,347

\*: in 2015, €185,000 in inventory consumables was reported under non-financial current assets.