

## Press Release

# 2018 overview: Successful market launch of premium Omega 3

Libourne – 7 February 2019 – Fermentalg (Euronext – FALG), a French market leader in microalgae, presents an overview of its 2018 financial year, which was a year of accelerated industrial and commercial growth over Fermentalg's three platforms. Highlights included:

- A commercial contract was signed with DSM Nutritional Products, a Royal DSM subsidiary, and the first sales of DHA ORIGINS 550<sup>®</sup>, its premium Omega 3 product.
- The pilot program for pigments and proteins was scaled up, the partnership with DIC Corporation entered the operational phase for two projects and discussions over the next phase of industrialisation are progressing.
- Fermentalg also signed a new exclusive collaboration and commercial contract with the SUEZ Group for the development of the algal biofilter.

Philippe Lavielle, Fermentalg CEO, made the following comments: *"I am very proud of the milestones achieved this year by the Fermentalg teams on our three major technological platforms. For the Omega 3 platform, the signing of the agreement with DSM, the ongoing finalisation of their certification process, and the restructuring of our industrial supply chain are transformational for Fermentalg, which is gaining recognition in the high value-added Omega 3 market. All signs indicate that we are on the right track to realise the market potential in line with our expectations. This is our first major achievement and we are now equipped to ramp up business in 2019 on this first platform. On our pigment and protein platform, after the successful 1m<sup>3</sup> pilot tests performed in 2018, we are gaining confidence about moving to the next phase of pre-industrial demonstration."*

### **First three clients for DHA ORIGINS<sup>®</sup>**

On 18 September 2018, only a few months after the introduction of DHA ORIGINS 550<sup>®</sup>, the first DHA algal oil with a natural minimum concentration of 550 mg/g, Fermentalg announced it had entered into an initial contract with DSM Nutritional Products. According to the terms of this 5-year agreement, DSM will buy DHA ORIGINS 550<sup>®</sup> and market it worldwide. The partners are now finalising Fermentalg's quality certification process as DSM's supplier, the final step before the first orders.

Fermentalg has also been working with its distributor network to record its first significant orders, in particular with one of the market leaders in the United States dietary supplement market.

The first substantial revenues of a few million euros resulting from these agreements should be recorded in 2019.

To keep up with this business growth, Fermentalg is finalising the technological transfer with its partner ADL BioPharma, a European industrial fermentation specialist. ADL BioPharma reserved a part

of its fermentation capacity (total installed capacity of 2,400m<sup>3</sup>) for Fermentalg products, ultimately allowing the Group to supply several hundred tons of DHA ORIGINS 550®.

### **Progress on the platform for proteins and pigments**

Fermentalg achieved notable progress in the scale up of its second technological platform for algal proteins and phycocyanin, a natural blue colourant with a strong demand in the food industry. The R&D teams successfully completed several 1,000- and 2,000-litre fermentation and extraction trials.

After the current engineering studies are finalised, a decision will be taken in 2019 on the funding and realisation of a semi-industrial process demonstration, designed to supply the first commercially certified batches to the market by 2020.

### **New pilot tests with the SUEZ Group to promote the development of the proprietary algal biofilter**

Furthermore, Fermentalg and the SUEZ Group have signed new agreements to develop the algal biofilter (formerly known as the “carbon sink”). Since 2015, the two groups have been working together to exploit the exceptional capacity of microalgae to capture CO<sub>2</sub> and other pollutants from the atmosphere in urban areas and smoke emissions from industrial complexes.

Following an initial test phase that confirmed this technology’s potential, Fermentalg and the SUEZ Group have signed an exclusive 8-year partnership agreement covering the technological development and industrialisation phases of the algal biofilter. A 3-year marketing agreement was also signed to develop the commercial offering for urban and industrial air purification.

### **Cash assets of €12.5 million at 2018 year-end**

2018 revenues reached €246,000 up from €170,000 in 2017. This includes €142,000 for the first sales of products and €104,000 in license and access fees.

At the end of 2018, gross cash amounted to €12.5 million and covered financing requirements identified beyond the 2019 financial year, a year which should record cash flow generated by DHA sales.

### **About Fermentalg:**

An expert in research and bio-industrial use of microalgae, Fermentalg seeks to provide sustainable solutions and innovative products that contribute towards the creation of natural, healthy and effective products. Our business: the development, production and sale of active ingredients extracted from microalgae for the health and nutrition sectors. Natural nutritional oils, pigments and antioxidants, as well as specialty proteins, comprise our present and future offering.

Fermentalg shares are listed on Euronext in Paris (FR0011271600 - FALG).

For more information, visit: [www.fermentalg.com](http://www.fermentalg.com)



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