

Press release

2021 results: Commercial acceleration and future investments Sound and strengthened financial structure

- Sales multiplied by 2.5 thanks to the growing success of **DHA ORIGINS®**;
- Stable results in a context of increased investments in all innovative and sustainable solutions (**DHA ORIGINS®**, **BLUE ORIGINS®** and **CarbonWorks**);
- Doubling of cash and significant debt reduction to serenely pursue the deployment of solutions for the benefit of mankind and the planet.

Libourne - April 22, 2022 – Fermentalg (Euronext - FALG), a major French player in microalgae, presents its results for the fiscal year 2021¹.

On this occasion, Philippe Lavielle, CEO of Fermentalg, declares: « *Our 2021 results demonstrate the relevance of our strategy and our partnerships. Thanks to the maturity of our solutions and the robustness of our assets, Fermentalg is able to deliver a solid operational and extra-financial performance in the short and medium term. Beyond our current programs, we have the immense potential of marine biology to develop new solutions with a strong CSR impact and to contribute to the construction of a healthier world, respectful of the planet and biodiversity, for the benefit of food and human health.* »

Sales multiplied by 2.5 thanks to the growing success of **DHA ORIGINS®**

| (in K€) | 2020 | 2021 | Variation |
|--------------|--------------|--------------|--------------|
| Sales | 2,205 | 5,647 | +156% |

Thanks to the in-depth work undertaken for more than 2 years with food manufacturers and the continuous extension of its distribution network, Fermentalg has recorded a very clear acceleration of its sales of **DHA ORIGINS®**, the microalgal oil with a very high concentration of Omega-3. Sales have increased by a factor of 2.5 in 12 months and reached €5.6 million.

This solid commercial performance was achieved without the impact of the major extensions of the European "Novel Food" approval obtained during the summer of 2021, which now allow the daily intake of up to 1 gram of **DHA ORIGINS®** (compared to only 0.250 grams for competing algal oils) and its integration in infant nutrition formulations.

¹ Fermentalg's Board of Directors, meeting under the chairmanship of Philippe Lavielle, closed its accounts on Thursday April 21, 2022 and the audit procedures have been completed. The certification report will be issued after completion of the procedures required for the publication of the Universal Registration Document.

According to the sectorial studies of the Group of the Producers of Omega-3s (GOED), the market segments of the food complements and the formulations babies represent, respectively, 46% and 38% of the sales of Omega-3 of algal origin and constitute powerful reservoirs of growth in the medium term.

Intensification of technological and industrial investments

In order to support the growth of its commercial activity, both through the continued deployment of DHA ORIGINS® and other innovative solutions, Fermentalg has made significant investments during the year.

On the technological front, the company has launched a program to expand and modernize its microbiology department. Fermentalg is equipping itself with the most modern and responsible technologies in automation, high throughput screening and computer assisted microbiology in order to optimize its production processes and increase its capacity to develop new solutions, while reducing the ecological footprint of its R&D work.

On the industrial level, Fermentalg is committed to strengthening its capacities to face its growth, and to control its costs in a context of unprecedented increase in energy and raw material prices. The company has thus undertaken a major supply chain optimization project, the structural effects of which, in line with its financial and extra-financial ambitions, should be visible by 2022.

Stability of results

| (in € 000) | 2020 | 2021 |
|---|----------------|----------------|
| Revenues | 2,205 | 5,647 |
| Operating income before share-based payments and non-current items | (9,038) | (8,424) |
| Net income | (6,878) | (6,850) |

The rise in raw material costs has led to a temporary increase in the cost of goods sold. At the same time, the company increased its operational expenses, mainly in marketing and sales, to accelerate the distribution of its products after the restrictions linked to the health crisis. These additional expenses were absorbed by the increase in revenues and the decrease in net R&D expenses related to the activation of BLUE ORIGINS® development costs since mid-2020 in the framework of the partnership with DDW / Givaudan.

Operating profit thus improved slightly year-on-year to -€8.4 million. Net income was -€6.9 million, stable compared to 2020. It includes a reversal of provisions (€2 million) on BLUE ORIGINS®, linked to the more favorable commercial prospects for this future product, and a capital gain on CarbonWorks (€0.9 million), in the context of the creation of the joint venture with Suez, partially offset by financial expenses (€0.6 million) and the share of income from CarbonWorks accounted for under the equity method (€0.3 million).

Doubling of gross cash to €26.0m and significant debt reduction

| (in K 000) | 12/31/2020 | 12/31/2021 |
|---------------------------|------------|------------|
| Shareholders' equity | 20,304 | 47,002 |
| Cash and cash equivalents | 11,840 | 26,010 |
| Gross financial debt | 15,843 | 9,607 |

In order to cover its business and investment needs, which will increase by 19% in 2021 to €12.4 million in the context of the ramp-up described above, Fermentalg has significantly strengthened its financial resources through

- The support of its shareholders through the conversion of bonds and the exercise of warrants;
- The entry of new investors in the capital, Theodore H. Nixon (President of DDW, a subsidiary of Givaudan) and NextStage AM;
- Proceeds from its equity line of credit.

In total, Fermentalg raised €30.2 million during the year and reimbursed a €5 million bond debt. At the end of 2021, the company will have a gross cash position of €26.0 million, doubled in one year, and a gross financial debt reduced from €15.8 million to €9.6 million. This debt is mainly composed of repayable advances (€ 3.9 million) and commitments with the Givaudan Group (€ 3.0 million convertible bonds and € 1.0 million supplier advances) in the framework of the co-development partnership of BLUE ORIGINS®.

Fermentalg thus has the necessary financial resources to successfully complete the commercial acceleration phase of DHA ORIGINS®, as well as the launch of BLUE ORIGINS®.

Continued deployment of solutions for sustainable development

In 2022, Fermentalg's ambition is to pursue the deployment of innovative and environmentally friendly solutions so that the greatest number of people can benefit from the advantages of microalgae. This will be achieved through clear and structuring objectives in each of the major areas of activity.

In the Omega-3s market, Fermentalg's ambition is to accelerate the commercial deployment of DHA ORIGINS® and hopes to maintain a growth dynamic comparable to that recorded in 2021. Beyond the current fiscal year, the company is working on the diversification of its production capacities, notably with the aim of optimizing its industrial carbon footprint.

In the field of colorants, the integration of DDW into the Givaudan group has created, at the end of 2021, the world's number two in natural food colorants and strengthens the potential of the partnership established in 2020 by Fermentalg. The industrialization of BLUE ORIGINS® is actively pursued between the two partners towards a new industrial milestone mid-year. New opportunities for industrial and commercial collaboration are opening up with Givaudan, in the framework of future production and distribution agreements, and the first pre-commercial samples of the new natural blue colorant, an alternative to synthetic colorants, are expected to be delivered this year.

Finally, CarbonWorks is entering a new dimension this year. Less than a year after its creation in the summer of 2021, the joint venture between Fermentalg and Suez dedicated to the carbon capture and use (CCU) closed a €11 million Series A last February, bringing together BNP Paribas Principal Investments, Bpifrance, Demeter Investment Managers via its Agrinnovation fund and Aquiti Gestion via NACO in association with the Nouvelle-Aquitaine region, alongside the founders.

The young company thus has the means to demonstrate its technologies of bioconversion of CO₂ captured on a methanization site into natural fungicide, and to prepare the next phase of semi-industrial scale-up as of next year.

Next publication: financial information for the first quarter of 2022,
May 10, 2022 (after market closing)

About Fermentalg

Fermentalg is an expert in the research and bioindustrial exploitation of microalgae. Its objective is to offer sustainable solutions and innovative products that contribute to the development of healthy, natural and high-performance products. Our business: the development, production and marketing of sustainable solutions and active ingredients from microalgae for nutrition, health and the environment. Nutritional lipids, alternative proteins, natural food colorings and innovative environmental solutions make up our company's current and future offer.

Fermentalg shares are listed on Euronext Paris (FR0011271600 - FALG) and are eligible for the PEA-PME and the "SRD long-only". It is part of the Gaïa index, designed for Socially Responsible Investment (SRI), which groups together the SMEs with the best ratings in terms of environmental, social and governance (ESG) performance.

For more information: www.fermentalg.com



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Appendices

Statement of comprehensive income

| STATEMENT OF COMPREHENSIVE INCOME (in thousands of euros) | 12/31/2021 | 12/31/2020 |
|--|----------------|----------------|
| Revenues | 5,647 | 2,205 |
| Other income from operations | 1,149 | 1,456 |
| Cost of goods sold | (3,664) | (1,114) |
| Research and development expenses | (4,649) | (5,785) |
| Other operating expenses | (6,906) | (5,799) |
| Other operating income and expenses | 0 | 0 |
| Operating income before share-based payments and non-current items | (8,424) | (9,038) |
| Employee benefits expense related to share-based payments | (56) | 139 |
| Other non-recurring operating income and expenses | 2,624 | 2,719 |
| Operating income after share-based payments and non-current items | (5,856) | (6,180) |
| Income from cash and cash equivalents | 51 | 56 |
| Gross cost of financial debt | (691) | (728) |
| Net cost of financial debt | (640) | (672) |
| Other financial income and expenses | (33) | (26) |
| Net tax expense | 0 | 0 |
| Share of net income of associates | (321) | |
| Net income | (6,850) | (6,878) |
| Minority interests | 0 | 0 |
| NET INCOME | (6,850) | (6,878) |
| Other comprehensive income (actuarial gains and losses on pension obligations, not recyclable in the income statement) | 241 | (39) |
| TOTAL NET INCOME | (6,609) | (6,917) |
| Minority interests | 0 | 0 |
| OVERALL NET INCOME GROUP SHARE | (6,609) | (6,917) |
| Net earnings per share (in €) | (0,19) | (0,32) |
| Diluted earnings per share (in €) | (0,19) | (0,32) |

Balance sheet

| BALANCE SHEET (in thousands of euros) | 12/31/2021 | 12/31/2020 |
|--|---------------|---------------|
| ASSETS | | |
| Intangible assets | 12,636 | 9,932 |
| Tangible assets | 12,814 | 13,175 |
| Investments in associates | 1,542 | 0 |
| Financial and other non-current assets | 173 | 125 |
| Deferred tax assets | 0 | 0 |
| TOTAL NON-CURRENT ASSETS | 27,165 | 23,233 |
| Inventories | 2,907 | 2,020 |
| Trade receivables and other assets related to customer contracts | 1,541 | 1,243 |
| Other receivables | 3,254 | 3,550 |
| Cash and cash equivalents | 26,010 | 11,840 |
| TOTAL CURRENT ASSETS | 33,712 | 18,653 |
| TOTAL ASSETS | 60,876 | 41,886 |
| LIABILITIES | | |
| Share capital | 1,599 | 1,011 |
| Share premium | 44,819 | 18,295 |
| Reserves and retained earnings | 7,193 | 7,915 |
| Total net income | (6,609) | (6,917) |
| Equity attributable to equity holders of the parent | 47,002 | 20,304 |
| Minority interests | 0 | 0 |
| TOTAL SHAREHOLDERS' EQUITY | 47,002 | 20,304 |
| Non-current financial liabilities | 9,002 | 10,746 |
| Retirement commitments | 368 | 510 |
| Other non-current liabilities | 218 | 0 |
| TOTAL NON-CURRENT LIABILITIES | 9,589 | 11,255 |
| Current financial debts | 605 | 5,097 |
| Provisions for current risks | 230 | 230 |
| Trade payables | 1,428 | 1,481 |
| Income tax liabilities | 0 | 0 |
| Other current liabilities | 2,023 | 3,519 |
| TOTAL CURRENT LIABILITIES | 4,286 | 10,327 |
| TOTAL LIABILITIES | 60,876 | 41,886 |

Cash flow statement

| CASH FLOW (in thousands of euros) | 12/31/2021 | 12/31/2020 |
|--|----------------|----------------|
| Total net income | (6,850) | (6,878) |
| Depreciation and provisions (excluding current assets) | 723 | 1,316 |
| Expenses calculated on share-based payments | 49 | (139) |
| Change in deferred taxes | 0 | 0 |
| Share of profit of associates | 321 | 0 |
| Capital gains and losses on disposals | (694) | 20 |
| Share of grants in income | (280) | 0 |
| Write-offs of receivables | 0 | (1,736) |
| Cash flow from operations | (6,730) | (7,417) |
| Cost of gross financial debt | 691 | 728 |
| Tax expenses | 0 | 0 |
| Cash flow before cost of financial debt net of tax | (6,039) | (6,689) |
| Tax paid | 0 | 0 |
| Change in inventories | (887) | (470) |
| Change in trade receivables (trade receivables, other assets and liabilities related to customer contracts) | (298) | (1,039) |
| Change in trade accounts payable and related accounts | (304) | (657) |
| Change in other current assets and liabilities (a) | 134 | 487 |
| Change in working capital requirements related to operations | (1,355) | (1,679) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | (7,394) | (8,368) |
| Production of fixed assets (capitalized R&D) | (2,350) | (868) |
| Share of grants and CIR related to capitalized development projects | 685 | 213 |
| Acquisition of other tangible and intangible assets | (1,804) | (2,256) |
| Acquisition of associated companies (MEQ) | (500) | |
| Change in payables on fixed assets | (563) | 857 |
| Change in other non-current assets and liabilities | (48) | (47) |
| Disposal of tangible and intangible assets | (168) | 51 |
| Disposal of financial assets | 0 | 0 |
| NET CASH USED IN INVESTING ACTIVITIES | (4,748) | (2,050) |
| Capital increase related to the parent company | 30,193 | 7,800 |
| Purchase and sale of treasury shares | 45 | 47 |
| New borrowings and other financial liabilities | 1,391 | 7,470 |
| Repayment of loans and other financial liabilities | (5,050) | (880) |
| Change in current accounts | 0 | 0 |
| Interest paid on borrowings | (268) | (203) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 26,311 | 14,233 |
| Change in cash and cash equivalents | 14,169 | 3,815 |
| Opening cash | 11,840 | 8,024 |
| Closing cash and cash equivalents | 26,009 | 11,840 |
| (a): of which change in research tax credit (CIR): | (174) | 128 |
| (b): of which reclassification of research tax credit | 0 | 0 |