

Press release

Annual results 2023

Libourne - April 3, 2024 - Fermentalg, the French leader in microalgae listed on Euronext (FALG), today unveils its 2023 annual results¹.

Pierre Josselin, Chief Executive Officer of Fermentalg, comments: *"In 2023, we were hit by soaring energy and raw materials prices and rising interest rates, but also by short-term commercial difficulties linked to the reduction in purchases by two major customers.*

We are approaching 2024 with much greater confidence. The new strategic plan deployed since the end of 2023 is beginning to bear fruit, as demonstrated by our quarterly sales figures published today, which are well ahead of schedule.

This confirms that our technology, our products and our organization are now perfectly aligned to take advantage of the major underlying trends in favor of solutions for healthy, sustainable food, the protection of marine resources and the fight against climate change."

Income statement analysis

(in K€)	2022	2023
Net Sales	7 648	4 058
Operating income before share-based payments and non-current items	-8 665	-10 907
Operating income after share-based payments and non-current items	-9 030	-11 808
Cost of net financial debt	-424	-188
Other financial income and expense	39	-1 277
Share in net income of associates	-459	-875
Net income	-9 874	-14 148

As already announced, sales for 2023, at €4.1 million, were down 47% on the previous year. In addition to the economic slowdown affecting consumption, particularly in the nutraceuticals segment, Fermentalg was penalized by two major customers who significantly reduced or completely cancelled their purchases.

This context explains the increase in inventories during the year, which led the Company to write down part of them, with an accounting impact of -2.0 M€ for the year. The net inventory of €6.8 million is due to be sold in 2024, with the resumption of commercial activity.

¹ The Board of Directors of Fermentalg, chaired by Philippe Lavielle, has approved the IFRS annual financial statements, and the audit procedures have been completed. The certification report will be issued after completion of the procedures required for publication of the Universal Registration Document by April 30, 2024 at the latest.

At the same time, the gradual increase in industrial productivity during the year offset the continued high level of energy and glucose prices. Total R&D costs fell by 28% to €5.6 million in 2023, reflecting the completion of industrialization of the acid-stable blue pigment of natural origin. After taking into account capitalized costs and amortization, the net expense amounted to €4.4 million, or 8% less than in 2022.

Operating income for the year, before share-based payments and non-recurring items, came to -10.9 M€, compared with -8.7 M€ a year earlier. After non-recurring items (transfer of industrial production to new partner HuveNutra and depreciation of obsolete equipment), operating income came to -11.8 M€, and to -9.8 M€ excluding inventory write-downs, compared with -9.0 M€ for FY 2022.

Financial expenses were heavily impacted by the calculation of the fair value under IFRS of the convertible bonds issued in 2023 (accounting impact of -1.2 M€ with no cash impact), against a backdrop of volatile share prices. After taking into account the Group's share in the earnings of CarbonWorks, a subsidiary dedicated to the development of CO₂ circular economy solutions, whose operational ramp-up is weighing on results in the short term (€ -0.9 million versus € -0.5 million a year earlier), net income came to € -14.1 million (versus € -9.9 million in 2022).

Analysis of financial structure

(in K€)	21/12/2022	21/12/2023
Shareholders' equity	41 980	30 846
Non-current borrowings	10 187	13 973
Current borrowings	831	1 381
Cash and cash equivalents	15 902	11 162

As of December 31, 2023, Fermentalg had gross cash of €11.2 million (€15.9 million at end 2022) and shareholders' equity of €30.8 million.

The €6.3 million bond issue in March 2023 covered a large part of the company's needs in terms of operations (-€8.7 million) and capital expenditure (-€1.8 million), mainly in R&D.

Financial debt, amounting to €15.4m gross at year-end compared with €11.0m a year earlier, consists of repayable advances (€6.4m), the convertible bond held by the Givaudan group (€3.6m) and, for the balance, the portion of the above-mentioned bonds not yet converted into shares (€4.6m).

At present, the Company estimates that it has a liquidity horizon until the middle of the 2nd quarter 2025.

Outlook

After managing this transitional 2023 financial year, and buoyed by a good start to 2024, Fermentalg is approaching the coming months with confidence, confirming its sales ambitions of €10 million in 2024 and over €25 million in sales by 2026.

Next publication: 1st half-year sales 2024,
July 4, 2024 (after market close)

About Fermentalg

An expert in the research and bioindustrial exploitation of microalgae, Fermentalg aims 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 derived 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 offering. Fermentalg shares are listed on Euronext Paris (FR0011271600 - FALG), and are eligible for PEA-PME and long-only SRD. It has received an *Exemplary* rating (90/100) from Ethifinance ESG Ratings, a rating agency specializing in the ESG performance of SMEs listed on European markets, in favor of Socially Responsible Investment (SRI).

For further information: www.fermentalg.com



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Appendices

Consolidated income statement

STATEMENT OF COMPREHENSIVE INCOME (in thousands of euros)	31/12/2023	31/12/2022
Net Sales	4 058	7 648
Other revenues	1 063	1 387
Cost of sales	-3 522	-5 831
Research and development costs	-4 414	-4 774
Operating expenses excluding R&D	-8 091	-7 096
Other current operating income and expenses	0	0
Operating income before share-based payments and non-current items	-10 907	-8 665
Personnel expenses related to share-based payments	-167	-202
Other non-recurring operating income and expenses	-734	-163
Operating income after share-based payments and non-current items	-11 808	-9 030
Income from cash and cash equivalents	294	17
Gross cost of debt	-482	-441
Cost of net financial debt	-188	-424
Other financial income and expense	-1 277	39
Net tax expense	0	0
Share in net income of associates	-875	-459
Net income	-14 148	-9 874
Minority interests	0	0
NET INCOME, GROUP SHARE	-14 148	-9 874
Other comprehensive income (actuarial gains and losses on pension obligations, not recyclable in the income statement)	52	200
OVERALL NET INCOME	-14 096	-9 675
Minority interests	0	0
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	-14 096	-9 675
Earnings per share (in €)	-0,32	-0,24
Diluted earnings per share (in €)	-0,32	-0,24

Consolidated statement of financial position

BALANCE SHEET (in thousands of euros)	31/12/2023	31/12/2022
ASSETS		
Intangible assets	14 989	14 365
Property, plant and equipment	10 815	12 582
Investments in associates	3 117	3 993
Financial and other non-current assets	54	301
Deferred tax assets	0	0
TOTAL NON-CURRENT ASSETS	28 975	31 240
Inventories	6 806	6 411
Trade receivables and other assets related to customer contracts	1 078	1 344
Other receivables	2 223	2 643
Cash and cash equivalents	11 162	15 902
TOTAL CURRENT ASSETS	21 269	26 300
TOTAL ASSETS	50 244	57 540
LIABILITIES		
Capital	2 052	1 684
Issuance premium	37 810	44 010
Retained earnings	5 080	5 960
Net income (Loss)	-14 096	-9 675
Equity attributable to equity holders of the parent company	30 846	41 980
Minority interests	0	0
TOTAL SHAREHOLDERS' EQUITY	30 846	41 980
Non-current borrowings	14 338	10 187
Pensions provisions	282	253
Other non-current liabilities	681	538
Deferred tax liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	15 301	10 978
Current borrowings	1 016	831
Provisions for current risks	176	190
Trade payables	1 436	1 522
Corporate income tax liabilities	0	0
Other current liabilities	1 469	2 040
TOTAL CURRENT LIABILITIES	4 097	4 583
TOTAL LIABILITIES	50 244	57 540

Consolidated cash flow statement

CASH FLOW (in thousands of euros)	31/12/2023	31/12/2022
Net income, Group share	-14 148	-9 874
Depreciation, amortization and provisions (excluding current assets)	3 154	2 548
Share-based payment expense	167	196
Share of profit of associates	875	459
Capital gains/losses on disposals	1	-66
Share of subsidies accounted as income	-237	-284
Change in fair value of convertible bonds	1 049	0
Cash flow	-9 140	-7 022
Gross cost of debt	482	441
Income tax expense	0	0
Cash flow before cost of debt and tax	-8 657	-6 581
Changes in inventories	-395	-3 504
Changes in trade receivables (trade receivables, other assets and liabilities related to customer contracts)	266	197
Changes in trade payables and related accounts	-93	355
Changes in other current assets and liabilities (a)	215	1 321
Changes in operating working capital requirement	-7	-1 631
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-8 664	-8 212
Production of fixed assets (capitalized R&D)	-1 952	-3 728
Share of grants and R&D tax credits related to capitalized R&D projects	461	1 136
Acquisitions of other tangible and intangible assets	-470	-1 437
Investments in or acquisition of associates (MEQ)	0	-2 910
Change in payables on fixed assets	-63	-313
Change in other non-current assets and liabilities	247	-128
Disposals of property, plant and equipment and intangible assets	15	95
Disposal of financial assets	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES	-1 763	-7 286
Capital increase of the parent company	73	4 549
Own equity instruments	-22	-94
New borrowings and other financial liabilities	6 412	1 492
Repayment of borrowings and other financial liabilities	-750	-525
Change in current accounts	0	0
Interest paid on borrowings	-26	-32
NET CASH FLOWS FROM FINANCING ACTIVITIES	5 686	5 389
Change in cash and cash equivalents	-4 740	-10 109
Opening cash position	15 902	26 010
Closing cash position	11 162	15 902