ANNUAL FINANCIAL REPORT 2023

AFYREN

SUMMARY

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Declaration by the person responsible for the annual financial report

"I certify that, to the besFt of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of AFYREN (the "**Company**") and that the management report in section 3 gives a true and fair view of changes in the Company's business, results and financial position and describes the main risks and uncertainties it is facing."

Nicolas Sordet, Chief Executive Officer

Signed in Lyon, France, on 10 April 2024

01 MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

1 MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OUR INGREDIENTS MEET THE CRITICAL NEEDS OF A WIDE VARIETY OF INDUSTRIES LOOKING FOR MORE NATURAL PRODUCTS.

"To the Shareholders,

Founded in 2012 with the aim of offering an industrial-scale solution for transforming biomass residue into products that replace their petroleum-based equivalents, AFYREN has taken just ten years to go from fundamental research to the industrial stage.

Because we focus on low-value raw materials, processed using our innovative natural fermentation technology, the profitability of our business model is completely independent of the oil market.

Our output meets the critical needs of a wide variety of industries seeking more natural ingredients and/or products with a reduced carbon footprint. This is demonstrated by the €165 million in sales secured by commercial contracts for our 1st French plant, AFYREN NEOXY. This industrial and commercial maturity sets us apart from similar high-impact projects.

On the operations front, we have made significant progress in 2023 toward continuous production at our AFYREN NEOXY plant, with the manufacture of several tonnes of product in June 2023. However, some processes have not yet reached the level of stability required to enable the plant to run continuously. Therefore, we have adapted our operations schedule to allow us to make further adjustments and modifications at this first plant that will be carried over to subsequent factories so they can profit from AFYREN NEOXY's experience.

On the extra-financial front, we were awarded a silver medal in 2023 from EcoVadis, one of the world's most recognized independent CSR assessment platforms, and in 2024, a new rating from EthiFinance of 83/100 (Platinum Level), rewarded a higher level of ESG maturity than our peers.

Turning to finances, the Company is in a solid position at the end of 2023, with cash reserves totaling €49.6 million and debt of €4.8 million, thanks to rigorous expense management and limited cash consumption.

Our priority for fiscal 2024 remains the execution of our operational, financial and environmental roadmap, beginning with the start-up of continuous production at the AFYREN NEOXY plant.

We would like to thank all our stakeholders: the AFYREN teams, all our commercial and industrial partners, and also all of you, historic and new shareholders. We are delighted to welcome an ever-growing number of individual investors, who are drawn to the Company's potential and its environmental impact.

STEFAN BORGAS,
PRESIDENT DU CONSEIL D'ADMINISTRATION

NICOLAS SORDET,
DIRECTEUR GENERAL CHIEF

02 BUSINESS REPORT

2 MANAGEMENT REPORT

2.1 INFORMATION ABOUT THE GROUP

➢ COMPANY NAME AND TRADING NAME OF AFYREN (THE "COMPANY")

The Company's name since incorporation has been AFYREN, which is also its trading name.

➢ COMPANY PLACE OF REGISTRATION AND REGISTRATION NUMBER, LEGAL ENTITY IDENTIFIER (LEI)

The Company is registered under number 750 830 457 with the Clermont-Ferrand Trade and Companies Register.

The Company's Legal Entity Identifier (LEI) is 969500XKOIIX6JRUAY14.

➢ COMPANY'S DATE OF INCORPORATION AND TERM

The Company was incorporated for a term of 99 years from its registration on 11 April 2012, except in cases of early dissolution or extension decided by the extraordinary general meeting in accordance with the law and the articles of association.

➢ COMPANY'S REGISTERED OFFICE AND LEGAL FORM

The Company was incorporated as a société par actions simplifiée (simplified joint stock company). It began operating on 4 April 2012.

By resolutions of the Company's general meeting of shareholders of 11 June 2021, it was decided to convert the Company into a société anonyme (public limited company) with a board of directors.

The Company, governed by French law, will be primarily subject to the provisions of Articles L.225-1 et seq. of the French Commercial Code for its operations.

The Company's registered office is located at 9-11 rue Gutenberg, 63000 Clermont-Ferrand.

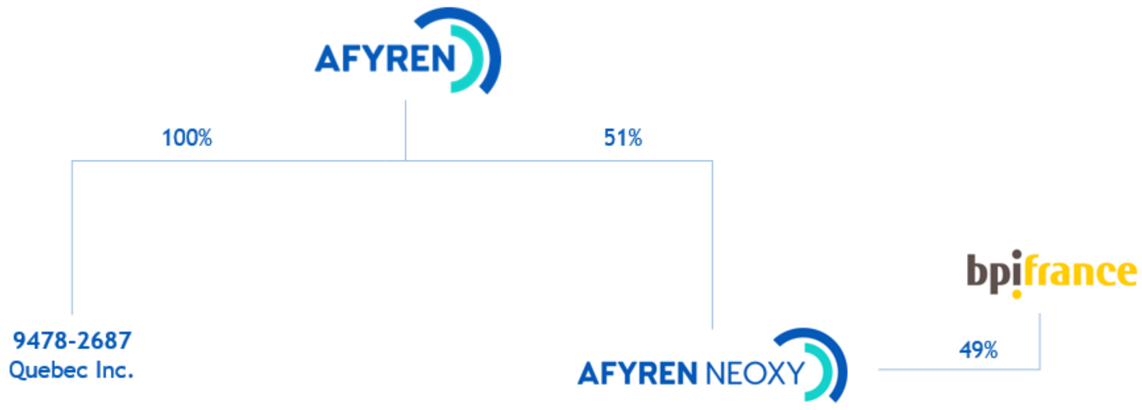
The Company's contact details are as follows:

Telephone: +33 (0)4 51 08 86 99

Email address: contact@AFYREN.com

Website: www.AFYREN.com

2.1.1 LEGAL ORGANISATION CHART



In 2023, AFYREN and Bpifrance carried out a capital increase in AFYREN NEOXY, as provided for in the initial agreements of December 2018, increasing AFYREN's stake in AFYREN NEOXY from 50.62% to 51.08%. AFYREN also sold its stake (0.16% of the capital and voting rights) in Bio-Valo, an independent technical consultancy firm.

2.1.2 LIST AND ACTIVITY OF SUBSIDIARIES DURING THE PAST FINANCIAL YEAR

In accordance with the provisions of Article L.233-6 of the French Commercial Code, we hereby inform you of the activity of our subsidiaries during the financial year ended 31 December 2023.

- AFYREN NEOXY is the operating company of AFYREN's first industrial-scale production plant for biobased organic acids from sugar beet by-products. The plant is located on the Chemesis industrial platform located in Carling-Saint-Avold, in the Grand Est region. AFYREN NEOXY is jointly owned with Bpifrance (with AFYREN owning 51% of its share capital and Bpifrance 49%).

Last financial year ended (in €)	AFYREN NEOXY
Share capital	49,600,999
Equity	33,887,037
Net income	-10,819,889
Revenues	44,422
Dividends received during the year	-

- AFYREN also has a wholly-owned subsidiary in Quebec (9478-2687 Quebec inc.). This subsidiary is currently dormant.

2.1.3 BRANCHES

None.

2.2 GENERAL PRESENTATION

2.2.1 BUSINESS ACTIVITY

Founded in 2012, AFYREN is a sustainable chemical ("greentech") company offering innovative solutions to replace petroleum-based ingredients with products derived from non-food biomass processed using natural microorganisms, in a zero industrial waste circular economy approach.

Using renewable raw materials that do not compete with human food (e.g. molasses and beet pulp), AFYREN's process makes it possible to produce 100% biobased organic acids on an industrial scale and at a competitive cost, offering the same chemical properties as those produced from oil, but with a carbon footprint divided by five[1].

These acids are used in a wide range of products, from aeronautical lubricants to food preservatives. As well as acids, the process makes it possible to produce a natural fertiliser.

The AFYREN model: biobased ingredients from renewable by-products obtained by fermentation.

[1] Environmental footprint of AFYREN's products via Life Cycle Assessment, Sphera, March 2021 (https://AFYREN.com/wp-content/uploads/2021/04/210402-AFYREN-LCA-analysis-April2021.pdf)

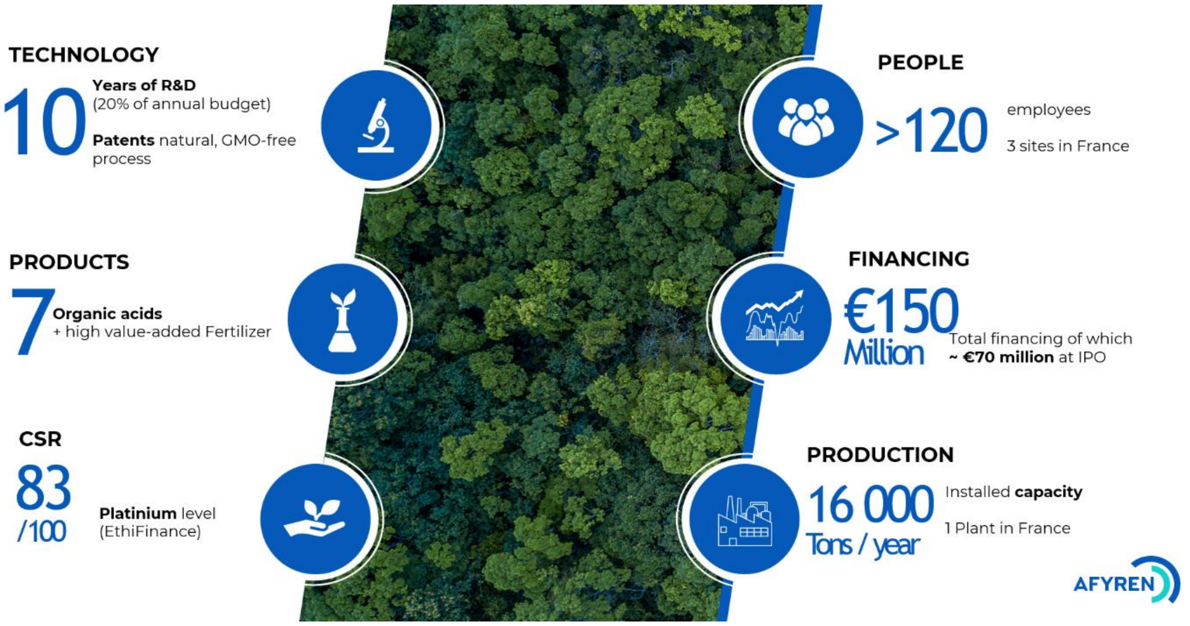
2.2.2 AFYREN IN A FEW KEY DATES AND FIGURES

Creation of the company in 2012 to meet the challenge of decarbonising industrial supplies

1 October 2021: AFYREN successfully completes its initial public offering on the regulated and organised Euronext Growth market in Paris, in order to accelerate its development, particularly internationally.

2022: AFYREN has inaugurated its first plant, AFYREN NEOXY, with a capacity of 16,000 tonnes of organic acids and 23,000 tonnes of fertiliser, making AFYREN one of the rare industrial start-ups in the French ecosystem to scale up to industrial level.

2023: AFYREN is continuing its work on the continuous production of AFYREN NEOXY and is making progress on its industrial development in France and abroad. For this plant, AFYREN has commercial commitments representing total cumulative revenues of more than €165 million, to be recognised over the coming financial years.



Since its creation, AFYREN has won numerous awards, including:

- the 2030 Global Innovation Competition in the "Plant proteins and plant chemistry" category;
- the “Efficient Solution” label from the Solar Impulse foundation (2019);
- Ernst and Young's Start-up of the Year Award for the Auvergne Rhône-Alpes region (2021);
- the Tech for Good Awards in the Resources category (2022);
- the AURA CSR trophy in the eco-design category (2022)
- the Pierre Potier Prize under the aegis of France Chimie and the French Ministry of the Economy (2023).

In 2020 and 2021, AFYREN was selected for the French Tech 120 (the 120 most promising start-ups in France). The company was removed from this ranking in 2022 following its IPO (exclusion criterion).

The Company is also supported in its development by the Auvergne Rhône-Alpes and Grand Est regions, as well as by Bpifrance, the European Investment Bank and Circular Bio-Based Europe.

2.2.3 MANAGEMENT TEAM

The AFYREN management team at 31/12/2023

In 2023, the management team welcomed Léa Bassegoda as Group HR Director. Her mission is to develop the company's culture, structure its organisation, improve collective efficiency and strengthen links between teams, while ensuring the development of each individual and giving a central place to quality of life at work.

2.2.4 PURPOSE OF THE GROUP

On 15 February 2022, the Company revealed its Purpose, supported by a manifesto defining the Company's ambitions, values and major commitments. After several months of reflection and consultation with its internal and external stakeholders, AFYREN, with the support of a specialist independent consultancy, consulted all its employees via an online questionnaire or qualitative interviews, and conducted around fifteen interviews with suppliers, customers, institutions and partners.

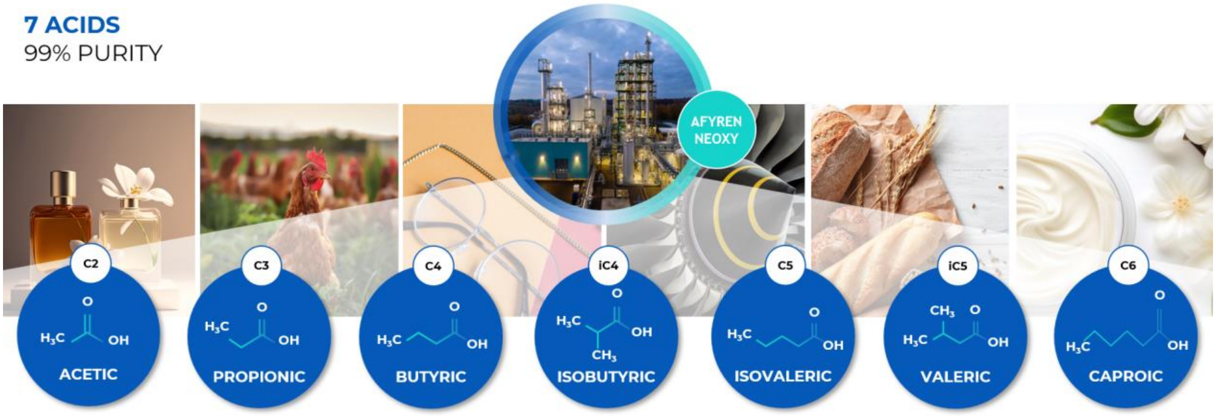
This analysis led to the definition of a materiality matrix, which ensures that the Group's CSR commitments and ambitions are aligned with the main impacts of its business and the expectations of its stakeholders.

This consultation of the stakeholders also allowed AFYREN and its Board of Directors to define and formalise its Purpose: "*We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment*".

2.3 BUSINESS OVERVIEW

2.3.1 BIOBASED PRODUCTS DEVELOPED BY AFYREN

The seven organic acids produced by AFYREN



Among all organic acids, AFYREN currently concentrates its production on seven carboxylic acids: acetic acid, propionic acid, butyric and isobutyric acids, valeric and isovaleric acids and caproic acid.

The carboxylic acid market, estimated at US$15 billion in 2022, could pass the US$21 billion mark in 2030, representing an annual growth rate (CAGR) of 5.8%[2]. Within this market, which is currently 99% petroleum-based, biobased alternatives are set to grow substantially over the coming years, driven by consumer demand for more sustainable products and government policies (such as the European Green Deal) aimed at combating global warming, ensuring the transition to a circular economy and reducing dependence on fossil fuels.

The wide range of organic acids produced by AFYREN enables it to serve large, diversified markets with significant potential worldwide.

Six markets are currently being particularly targeted: human nutrition and animal nutrition (for food preservatives, for example), lubricants, flavours and fragrances, life sciences and materials sciences.

These markets are expected to grow by between 3% and more than 5% a year over the next few years. Exposure to these diversified markets helps to smooth out the effects of cycles on AFYREN's sales.

THE FERTILISER PRODUCED BY AFYREN

In addition to the seven aforementioned acids, AFYREN's manufacturing process produces a potash-rich fertiliser that can be used in organic farming. This type of fertiliser is very commonly used in wine-growing, market gardening (particularly fruit) and arboriculture, in France and Europe. This fertiliser can be produced regardless of the raw material used to produce the range of carboxylic acids simultaneously.

OTHER PRODUCTS THAT CAN BE DEVELOPED BY AFYREN

Thanks to its know-how, AFYREN is considering producing other products, in order to create additional value to that obtained from the sale of acids.

DERIVATIVES PRODUCED FROM AFYREN'S BIOBASED ACIDS

The acids produced by AFYREN are platform molecules, which can in turn be transformed into derivatives. AFYREN is therefore working on the development of certain derivatives to move further down the value chain.

[2] "Global Carboxylic Acid Market 2021 - Global Industry Analysis 2021-2031", Transparency Market Research

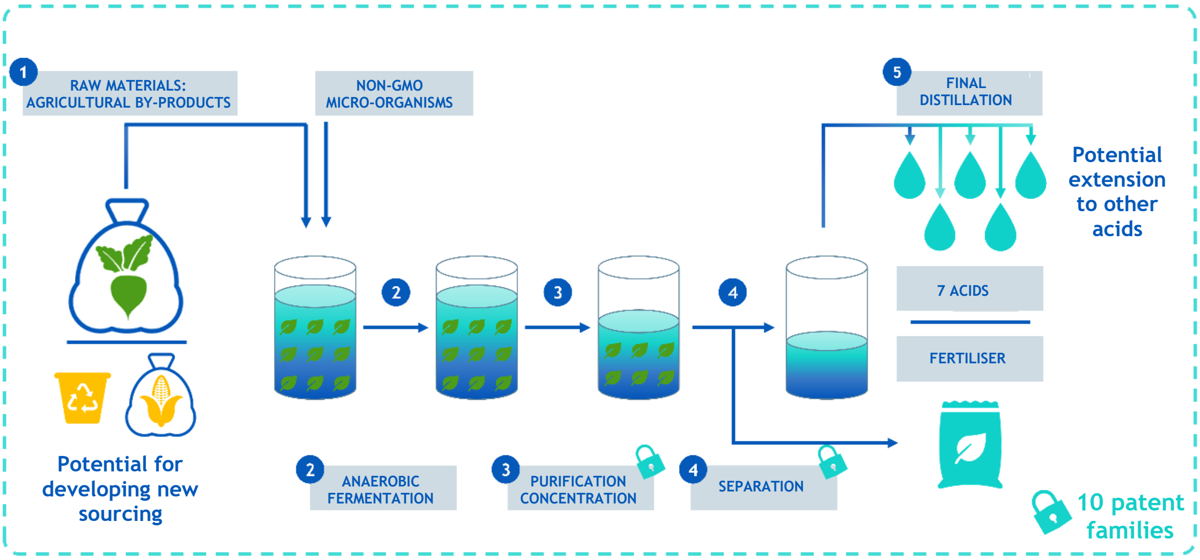
COMPLEMENTARY PRODUCTS BASED ON AFYREN'S KNOW-HOW IN NATURAL FERMENTATION AND BIOPROCESSES

In addition to these derivatives, AFYREN's R&D team is actively working on new developments to complement the range of organic acids, while maintaining the same approach of minimising its environmental footprint. In particular, these products would make it possible to further diversify the range of acids from plant by-products.

2.3.2 THE AFYNERIE® TECHNOLOGICAL PLATFORM

Owned by AFYREN, the AFYNERIE® process is protected worldwide through ten patent families.[3] This is a biomimetic technology, the result of more than ten years of R&D, which allows the transformation, via a fermentation process, of non-food biomass from by-products and agro-industrial waste into carboxylic acids and biobased fertilisers.

The AFYNERIE® process



The AFYREN process can be used with many raw materials such as sugar industry by-products (beetroot and cane), other organic by-products (soya, cane, corn, beer production) or even municipal waste (organic household waste).

The Company's biorefinery technology is based on the mastery of natural microbial mixtures, without DNA modifications, capable of using a wide variety of complex biomasses. The choice of natural fermentation avoids sterilisation and pre-treatment stages and the associated costs and allows the production of several molecules via a single process.

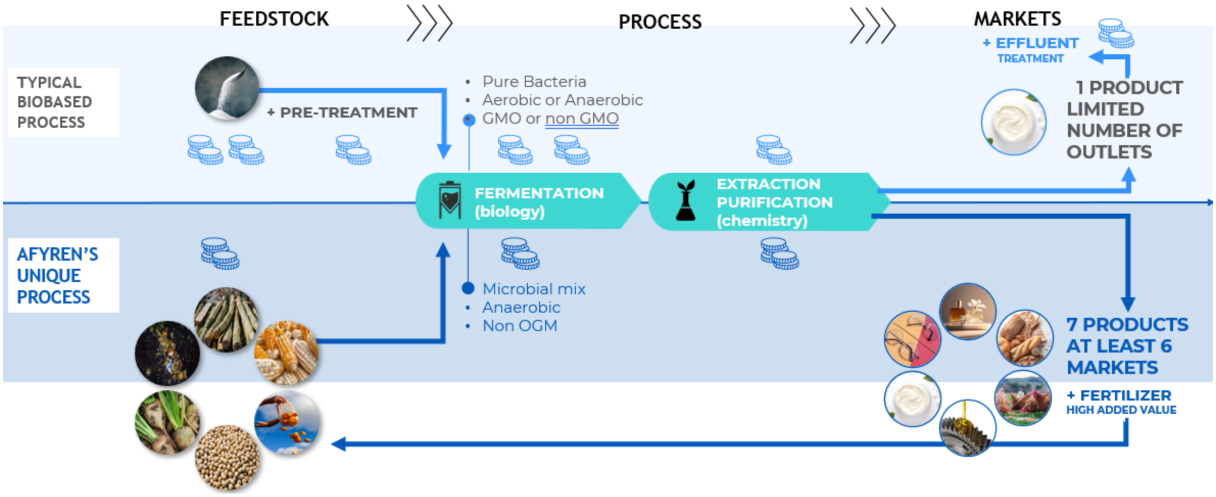
The by-products from fermentation are used as fertiliser, with a logic of complete circularity insofar as this fertiliser, usable in organic agriculture, promotes the growth of biomass, which is the key raw material of the AFYREN process. This process therefore does not generate any industrial waste. Lastly, the process works in a closed loop, which means the use of water for fermentation is kept to a minimum.

After the fermentation stage, acids are processed by distillation and other purification stages to obtain pure molecules that meet market specifications.

[3] See paragraph 3.7.1 - Intellectual property

The plan is to add one or more additional processing steps, for example esterification or hydrogenation, that can convert these platform molecules into derivatives, which requires specific facilities.

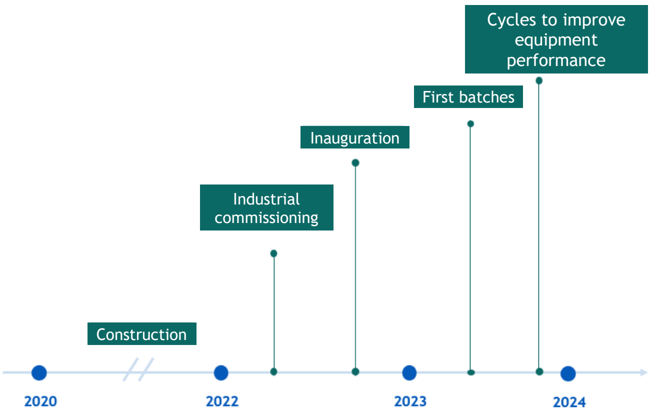
Comparison between the AFYNERIE® process and the traditional approach



Unlike biotech industry standards, AFYREN's approach is based on the use of non-food biomass and non-GMO fermentation to produce biobased organic acids without competing directly with food resources. It can be used to produce seven natural organic acids, from C2 (acetic acid) to C6 (caproic acid) at a competitive cost.

2.3.3 THE AFYREN NEOXY PLANT: THE FIRST INDUSTRIAL PLANT USING THE AFYREN TECHNOLOGY

Key dates of AFYREN NEOXY

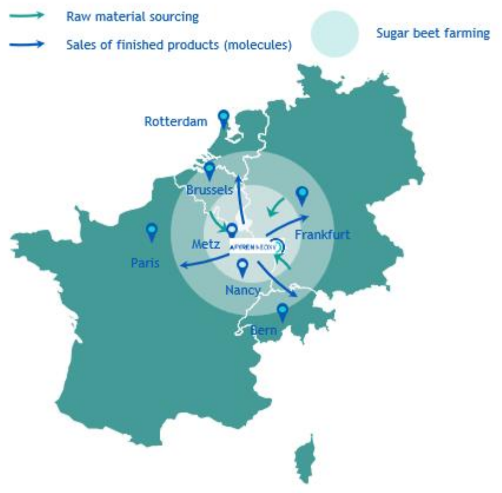


In November 2020, AFYREN launched the construction of AFYREN NEOXY, the first industrial unit using its technology, located in Carling-Saint Avold, in the Grand Est region.

Construction was completed in early 2022, on time and on budget, despite the health crisis.

Inaugurated at the end of 2022, the plant went through various test phases and produced its first tonnes in 2023. As of the date of this document, AFYREN NEOXY is aiming to launch continuous production in 2024, with a gradual ramp-up thereafter.

A VIRTUOUS LOCAL APPROACH



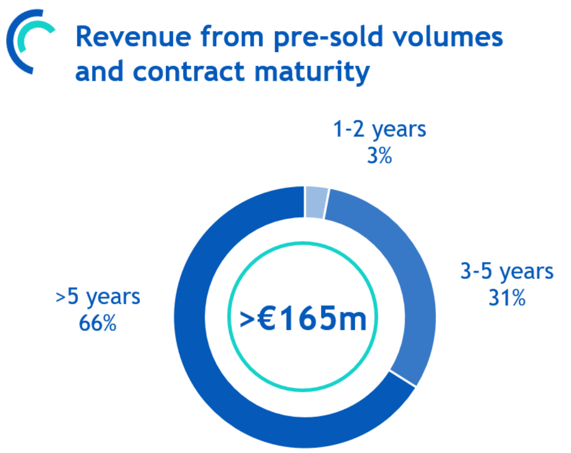
AFYREN chose a regional approach for this first plant:

- with regard to its sourcing by giving preference to those geographically closest to the plant, in order to reduce the CO2 impact of transport, and to contribute to the region's economic activity. The AFYREN NEOXY supply contract for molasses and pulp secured in March 2021 with Südzucker AG, the world leader in the sugar industry, provides for the use of sugar by-products from crops located within a maximum radius of a few hundred kilometres from the plant;
- for its customers who will be able to benefit from a production source located in the heart of Europe. The health crisis in 2019, and a number of recent geopolitical and climatic events, have created significant pressure on organic acid prices, and even shortages in certain regions, demonstrating the importance of access to easily accessible products manufactured in France or Europe. The delivery time for products manufactured outside Europe has highlighted the strategic or even vital interest for certain customers to be able to rely on local sourcing. This underlying trend further enhances AFYREN's production, based in France, Germany and the Benelux, where the use of acids that AFYREN plans to sell is very significant.

STRONG COMMERCIAL APPEAL

AFYREN's commercial approach is mainly direct marketing. AFYREN can also use distributors on an opportunistic basis: for small volumes and/or in specific, geographically dispersed markets, for example in flavours and fragrances.

In line with this strategy, AFYREN has worked to secure part of AFYREN NEOXY's production via several long-term contracts with leading players in its target markets (human and animal food, flavours and fragrances, life sciences, materials sciences and lubricants). Direct contracts were supplemented by distribution contracts for flavours and fragrances with Ennolys - Lesaffre Group - on the European market and Excellentia on the North American market. AFYREN NEOXY has also entered into a contract for the sale of its entire production of potassium fertilisers with Terrial, a joint venture between the Suez and Avril groups.



In total, secured commercial commitments represent cumulative revenues of more than €165 million[4].

Major financial and industrial support

Thanks in particular to the awards won in competitions supported by Bpifrance, the public investor and financier sees AFYREN as an innovative company in the French economy that can legitimately receive its support. Accordingly, Bpifrance Financement has granted a certain amount of financing to AFYREN NEOXY. Bpifrance Investissement invested in AFYREN NEOXY through its SPI Sociétés de Projets Industriels and SPI BEI funds.

As part of its "Total Regional Development" programme, TotalEnergies has been supporting AFYREN's development since 2017, in particular by granting a loan that helped finance the validation of its technology at the pilot stage, and, due to AFYREN NEOXY's establishment on the Carling Saint-Avold platform that belongs to the TotalEnergies Group (on which it continues to produce polystyrene, polyethylene, polypropylene compounds and resins). In order to facilitate the establishment and construction of the AFYREN NEOXY plant, TotalEnergies and the Company have entered into various partnerships with companies present on the site, in order to facilitate the construction and integration of the AFYREN NEOXY plant.

In April 2020, AFYREN brought together twelve key players in the bioeconomy around AFTER-BIOCHEM[5], an innovative European project aimed at developing the first biorefinery of its kind in Europe, based on AFYNERIE® technology, built and operated by AFYREN NEOXY. This project focuses on creating new sustainable value chains from renewable and non-food raw materials, leading to the sales of seven acids produced by AFYREN NEOXY, fertilisers and also derivatives. This project has been supported by the European Commission and the European Joint Undertaking Bio Based Industry (BBI-JU), which has awarded it a grant of nearly €20 million out of an estimated total project cost of €33 million. AFYREN NEOXY's 12 partners in this project scheduled for 2025 are Südzucker AG, Technip Energies, Kemin Europa NV, Terrial, Sphera, Association Bioeconomy For Change, PNO Consultants, Firmenich SA, Fiabila, Suez Groupe and Celanese Europe BV.

AFYREN NEOXY is also supported by grants from the Grand Est Region and the CASAS Urban Community.

Lastly, AFYREN NEOXY is supported by a banking partnership comprising BNP, Banque Populaire and Caisse d'Epargne in the financing of this plant.

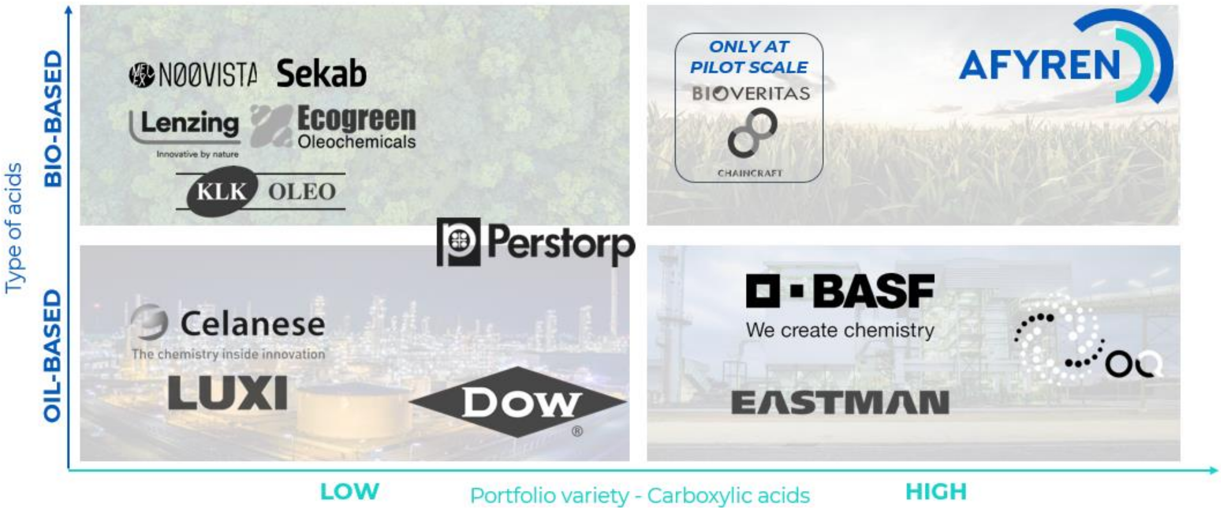
[4] For the contracted part only, total volumes x selling price over the contract period
[5] Anaerobic Fermentation & Esterification of Biomass for producing fine Chemicals

2.4 COMPETITIVE ENVIRONMENT

The vast majority of carboxylic acid producers are petrochemical companies, including producers in North America (Eastman Chemical Company, The Dow Chemical Company, Celanese Corporation, Ineos), Europe (Perstorp, OQ Chemicals, BASF) and Asia (BASF, Luxi Group, Jiangsu Sopo Group).

The European market, AFYREN NEOXY's main target market, represents an estimated cumulative business volume of around $4 billion, a very substantial amount given the production capacity of the Group's first plant. Asian and North American markets are also AFYREN's target markets. They account for 25% and 27% of global demand, respectively.

Apart from acetic acid (with existing offerings from Lenzing, Jubilant Ingrevia, Godavari Biorefineries and SEKAB), there are currently no players in the biobased carboxylic acid sector who can compete directly with AFYREN in terms of technology and manufacturing processes. Two projects currently appear to be emerging in the biobased carboxylic acids segment, led by ChainCraft (Netherlands) and BioVeritas (United States). At the time of writing, these companies are aiming for industrialisation in 2026 at the earliest. However, AFYREN stands out significantly from its competitors, in particular because of its technological maturity, given the construction of its first industrial unit, the diversity of its range of acids produced and the manufacturing processes used, giving it a unique position. The technological choices made by AFYREN have resulted in a more economical and environmentally-friendly manufacturing process.



2.5 ACTIVITY AND KEY FIGURES

KEY FIGURES

In € thousands	2023.12	2022.12	*Change*
Revenues	**3,379**	**3,456**	*-2%*
Of which license and development of industrial know-how	*1,417*	*1,417*	-
Of which other services	*1,962*	*2,039*	*-4%*
Current operating income	(5,928)	(5,371)	*+10%*
Operating income	**(5,928)**	**(5,371)**	*+10%*
Net financial income	1,142	(166)	-
Share in income of equity-accounted companies	(4,800)	(3,662)	*+4%*
Net income	(9,586)	**(9,200)**	*+4%*

The Group's results show a stable loss, reflecting good control of operating expenses while awaiting revenues from continuous production.

Readers are invited to refer to the review of the financial statements and results in paragraph 2.12 of this document.

Simplified balance sheet

In € thousands	2023.12	2022.12
Non-current assets	**19,479**	**20,998**
Of which equity-accounted securities	*14,185*	*16,513*
Current assets	**50,948**	**63,822**
Of which cash and cash equivalents	*49,559*	*62,333*
Total assets	**70,427**	**84,821**
Equity	**61,799**	**70,978**
Non-current liabilities	**4,213**	**5,885**
Of which borrowings and financial liabilities[6]	*3,176*	*3,485*
Current liabilities	**4,414**	**7,958**
Of which borrowings and financial liabilities	*1,611*	*5,054*
Total liabilities	**70,427**	**84,821**

The Company had cash and cash equivalents of €50 million at the end of the financial year and very limited debt. It can thus finance its future development, including R&D work and the development of future industrial projects.

2.6 SIGNIFICANT EVENTS OF THE YEAR ENDED 31 DECEMBER 2023

OPERATIONS: PROGRESS IN THE AFYREN NEOXY START-UP

Following the on-time delivery of the AFYREN NEOXY plant in 2022 and its successful industrial commissioning, the operational teams focused in 2023 on the start-up of production, with the manufacture of several tonnes of products and the delivery of the first batches in June 2023.

[6] Including lease liabilities, which amounted to €432 thousand at end-December 2023

The objective remains continuous production. The work carried out in the second half of 2023 led to the following conclusions:

•The fermentations carried out have confirmed the core of the process, with yields coming in as expected. This is a biological process designed to convert biomass by-products directly into biobased platform molecules, without any pre-treatment;

•Some post-fermentation stages (related to separation and purification by chemical processes) are not yet stable enough to allow the plant to run continuously.

In light of these factors, the Company's priority objective is to start up continuous production in 2024, which should enable the plant to reach break-even in 2025, compared with the previous objective of reaching break-even in the first half of 2024.

In order to further strengthen the links between the Company and its plant, owned by AFYREN NEOXY, Jérémy Pessiot, co-founder of AFYREN, took over as Chairman of AFYREN NEOXY in autumn 2023.

As a reminder, once industrial production begins, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity.

This production, which offers a unique, low-carbon, local alternative to petroleum-based competition, has applications in markets as varied as varied as human and animal nutrition, flavourings and fragrances as well as lubricants and technical fluids.

Since the beginning of 2023, strategic customers have renewed their confidence in the AFYREN project, confirming commercial commitments for cumulative secured revenues of more than €165 million. AFYREN NEOXY will recognise revenues when acid batches are delivered from continuous production.

Operations: continued industrial development in France and abroad

In 2023, the teams continued to work on AFYREN's industrial development worldwide.

In Asia, AFYREN is in the process of setting up a joint venture in Thailand with Mitr Phol, the world's third largest sugar group. The aim of the project is to set up a biobased carboxylic acid plant near Bangkok. The project targets the Asian market, which accounts for 25% of the global carboxylic acid market.

The planned plant would have a production capacity of around 28,000 tonnes per year, representing revenues of around €60 million at full capacity. Recent discussions have focused on the formation and governance of the joint venture, the licensing of biotechnological know-how and local industrial facilities. They are continuing with a view to reaching a final agreement on the terms of the partnership.

In addition, studies continue to be carried out to increase AFYREN's production capacity, particularly in France. The planned extension would have a production capacity of around 24,000 tonnes per year.

Feedback from AFYREN NEOXY is a prerequisite for launching more advanced engineering studies for the Thai plant and/or the extension of the French plant.

ESG

Success of the first HR barometer (AFYREN Global People Survey), reflecting the

COMMITMENT OF OUR TEAMS

In January 2023, AFYREN organised its first internal barometer for all employees. Carried out in the form of an online survey on themes such as support for Group strategy and objectives, internal relations, quality of working life, and skills development and recognition, the exercise was a resounding success, with a 97% employee participation rate.

This barometer highlighted strengths and areas for improvement at various levels of the organisation. It was followed by collective workshops, organised from April to July 2023 within each team, to co-construct concrete action plans. A Group action plan based on certain initiatives is also being rolled out.

AFYREN is setting up a long-term monitoring system to track progress: a second HR barometer is scheduled for 2024.

FURTHER IMPROVEMENT IN THE GAIA NON-FINANCIAL RATING

AFYREN's constant efforts to document and improve processes related to the company's sustainable development have led to a new improvement in its ESG rating. In March 2023, AFYREN obtained an EthiFinance non-financial rating of 78/100, up 6 points compared to the previous year, which highlights, based on the 2021 benchmark, a clearly higher level of ESG maturity than for comparable companies (in terms of workforce and business sector).

AFYREN JOINS THE BUSINESS CONVENTION FOR THE CLIMATE (CEC)

In 2023, AFYREN joined the CEC (Lyon area) in order to engage with expert stakeholders, share with other economic and scientific players and accelerate the definition of an ambitious roadmap to meet the societal and environmental challenges. The goal of this roadmap will be to position us as a regenerative company.

AFYREN AWARDED THE SILVER MEDAL BY ECOVADIS, ONE OF THE WORLD'S LEADING INDEPENDENT CSR ASSESSMENT PLATFORMS

In October 2023 and for its first EcoVadis rating, AFYREN obtained a score of 61/100, placing it in the top 21% of companies out of more than 85,000 assessed worldwide. This recognition by a third-party organisation rewards AFYREN's constant efforts to comply with best practice in terms of corporate social responsibility. EcoVadis' ratings are based on international CSR standards, such as the ten principles of the UN Global Compact and the conventions of the International Labour Organization (ILO), the Global Reporting Initiative (GRI) and ISO 260000.

AWARDS

In 2023, AFYREN won several awards demonstrating the innovative nature of its solutions (Pierre Potier Prize, under the aegis of France Chimie and the French Ministry of the Economy), their local and societal impact (Responsible Care Trophy of the Grand Est region, Grand Prix Impact 2023 of the World Impact Summit, Ailes de Cristal Trophy), as well as the significant advances in the industrialisation of its solutions (Jury Favourite 2023 - Factory trophy by the "Usine Nouvelle", etc.).

FINANCE AND FINANCIAL INSTRUMENTS

FINANCING

In March 2023, AFYREN NEOXY secured a €5 million overdraft facility with BNP for 2023, reduced to €2.5 million in 2024, to cover possible short-term financing needs (pre-financing of disbursements of grants, etc.).

Also in March 2023, AFYREN repaid in cash the €3.6 million in convertible bonds issued in March 2020.

In April 2023, AFYREN and AFYREN NEOXY each took out an Innovation Loan of €1 million with Bpifrance. These loans are repayable in 31 quarterly instalments, with deferred principal repayment for the first 11 instalments.

In August 2023, AFYREN NEOXY took out a €6m New Industry Loan with Bpifrance. The loan is repayable in 60 quarterly instalments, including a deferred principal repayment on the first 12 instalments.

In September 2023, AFYREN NEOXY signed two factoring contracts with BPCE Factor for the assignment of receivables from French and foreign customers (European Union and United States).

In December 2023, In recognition of the work carried out by AFYREN NEOXY and its AFTER-BIOCHEM consortium partners and the industrial milestones achieved, AFYREN NEOXY received a further payment of €3.4 million from CBE JU, a European Union entity.

AFYREN NEOXY CAPITAL INCREASE AND CONVERTIBLE BONDS

In accordance with existing financing agreements, AFYREN subscribed in May 2023 to:

- a €2 million cash capital increase for AFYREN NEOXY as part of a €3.5 million capital increase subscribed by its shareholders AFYREN and Bpifrance. Following this capital increase, AFYREN's percentage holding in AFYREN NEOXY increased slightly to 51%;
- convertible bonds issued by AFYREN NEOXY for €1.5 million as part of a €3 million issue, with the balance subscribed by Bpifrance.

SHARE BUYBACKS / LIQUIDITY

In April 2023, AFYREN implemented a share buyback programme in accordance with the decision of AFYREN's Board of Directors at its meeting of 21 March 2023. It was then decided to extend the programme in October 2023.

In a context of low share prices, this programme made it possible to limit shareholder dilution resulting from multi-year free share plans, without any significant impact on cash as it involved 82,000 shares. This programme ended on 6 December 2023.

20,188 shares were also bought back in over-the-counter transactions.

In April 2023, AFYREN amended the current liquidity contract to increase the funds allocated to the liquidity contract by €150 000. As a reminder, €300 000 was paid when the contract was implemented in November 2021.

FREE SHARE GRANTS AND BSPCE AND BSA EXERCISES

As part of its strategy of attracting and retaining managers and employees, the Board of Directors implemented the delegations of authority granted by the combined general meetings of 11 June 2021 and 21 June 2023 to grant 226,206 new free shares to nineteen employees, one salaried manager of a subsidiary and one corporate officer. This volume includes a new long-term incentive plan for certain employees and corporate officers introduced in September 2023. It is based on performance targets, including a non-financial component, to be achieved by 2025, provided that the beneficiary is still employed by the Company on that date.

The Company recorded the definitive vesting, with effect from 21 March 2023, of 25,762 free ordinary shares by each of the two executives, in accordance with the grant decided by the Board of Directors on 24 March 2022. It also recorded the definitive vesting of 15,420 free ordinary shares in favour of four employees, resulting from the 2022 grants.

In addition, AFYREN noted the exercise of 52,498 BSPCE 5s, giving rise to the issue of the same number of ordinary shares in the Company. At the same time, 30,834 BSPCE 5s were cancelled following the departure of employees.

In December 2023, 50,000 BSAs were exercised. Following the recognition of this exercise by the Board of Directors, the Company's share capital was increased to €520,451.80 divided into 26,022,590 shares with a par value of €0.02 each.

Composition of the Board of Directors

At its meeting on 18 September 2023, the Board of Directors noted the resignation of Caroline Lebel from her position as Director of the Company and decided to co-opt, on a provisional basis and subject to ratification by the next ordinary general meeting of shareholders, Bpifrance represented by Caroline Lebel.

2.7 RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development costs include expenses dedicated to the continuous improvement of fermentation and production processes, the preparation of future plants, the development of derivative and new products and the use of new substrates.

With over ten years' experience in fermentation, the R&D platform developed by AFYREN is focused on the development of the Group's business and is therefore very strategic.

In fact, the amounts dedicated to R&D are significant year on year.

At 31 December 2023, these expenses amounted to €1.8 million, stable compared with 2022.

The 2024 R&D budget represents approximately 20% of AFYREN's total budgeted expenses.

Research costs are expensed as incurred.

Development expenses are recognised as intangible assets if and only if the expenses can be measured reliably and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention as well as the availability of sufficient resources to complete development and use or sell the asset. Otherwise, they are expensed as incurred. Subsequent to initial recognition, development expenses are carried at cost less any accumulated depreciation and impairment losses.

In addition, a of €461 thousand research tax credit was recognised for this year in connection with the same research and development work.

2.7.1 PATENTS

AFYREN has a patent portfolio consisting of 10 published patent families, representing 88 patent applications in 13 jurisdictions. 61 patents granted are derived from these applications, including eight US and four European patents. Once granted, EP patents are validated in major European markets (Belgium, Germany, France, United Kingdom, Ireland, Netherlands, Sweden). Most of the valuable inventions have a wide validation territory, including other important European countries such as Denmark, Spain, Italy, Finland, Norway, Poland, Portugal, etc. Including EP patent validation countries, AFYREN's patent portfolio comprises more than 140 titles that are maintained in force. The EP patents have not been the subject of any opposition proceedings by third parties.

2.7.2 TRADEMARKS

The Company has registered several trademarks: AFYNERIE (in France), AFYREN (in France, with WIPO, China, the European Union, the United Kingdom, the United States and Switzerland), METHAREN (in France) and AFYREN TECHNOLOGIE (in France). It has not granted any licence to any third party for the use of these trademarks. AFYREN NEOXY has registered the AFYREN NEOXY trademark in France, at the WIPO, in Switzerland, in the European Union, in the United Kingdom and in Norway. The Company has also registered the trademarks FLAVYREN™ (flavours and perfumes), LUBYREN™ (lubricants), VITAFYREN™ (human and animal nutrition) and AFYBIO™ (life sciences and materials science) in its target markets (Europe, the Americas and Asia).

2.8 SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023

In December 2023, the Board of Directors used the authorisation granted to it under the sixth resolution adopted by the general meeting of 21 June 2023 to launch a new share buyback programme. It began in January 2024 and is for a maximum amount of €300,000.

In January 2024, the Board of Directors used the authorisation granted to it under the eighteenth resolution adopted by the combined general meeting of 21 June 2023 to issue 12,868 2023 free shares to two employees of the Company.

By letter dated 12 February 2024, VALQUEST PARTNERS notified the Company of the change of its permanent representative on the Company's Board of Directors, with Fadi Noureddine being replaced by Walid Sfeir with effect from 16 February 2024.

In March 2024, AFYREN recorded a further increase in EthiFinance's non-financial rating to 83/100 (Platinum level), highlighting a higher level of ESG maturity compared with similar companies

In March 2024, AFYREN introduced a new long-term incentive plan for certain employees and corporate officers. The plan is based on performance targets, including a non-financial component, with a 2026 maturity, provided that the employee is still employed by that date. This plan corresponds to a total potential volume of 200,000 shares. At the end of March 2024, 180,500 AGAs had been allocated under this new plan.

2.9 RISK FACTORS

Investors are invited to take into account the following risk factors and other information contained in this Annual Financial Report before deciding to subscribe for or acquire AFYREN shares.

AFYREN is exposed to various risk categories, the occurrence of which could have a material adverse effect on its business, financial position, results or prospects. AFYREN has reviewed these risks; at the date of publication of this Annual Financial Report, AFYREN is not aware of any significant risks other than those presented in this chapter. It is possible that certain risks not mentioned or not identified to date may potentially affect the Group's business and results, its objectives, its image or its share price. AFYREN's assessment of the significance of risks may be changed at any time, particularly if new internal or external events materialise.

AFYREN'S RISK MANAGEMENT SYSTEM

In its internal risk analysis, AFYREN distinguishes between two main risk categories: risks associated with the strategy and risks associated with its execution.

The first category is the responsibility of management (Executive Committee) and is based on three analyses that are reviewed annually: a SWOT analysis of AFYREN, a PESTEL macro analysis and a competitive analysis.

Strategy execution risks, which are more operational in nature, fall into three categories:

- Project risks, under the responsibility of the project managers, are assessed regularly, on a monthly or quarterly basis, depending on the state of progress;
- Operational risks associated with the company's overall performance, under the responsibility of an "AFYREN Global Performance" programme manager, are reviewed every six months;
- Lastly, risks related to plant operations, under the responsibility of the plant management committees, are also reviewed on a quarterly basis.

Each manager is responsible for identifying and documenting risks in a dedicated reporting tool, which serves as a support for risk mapping. This is based in particular on risk rating, resulting from the assessment of the severity (5 levels on a scale of 1 to 16) multiplied by the probability (5 levels on a scale of 1 to 16) of the risk.

As a standard practice, risks are subject to a control system, with particular attention paid to rated risks (> or = 64), which are subject to immediate action plans with periodic review by the Executive Committee.

Once the action plan is in place, regular reviews are organised to ensure continuous improvement.

SUMMARY TABLE OF THE MAIN RISKS

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the risk factors that may have a significant impact on the long-term value of the company, as identified as of the date of this Annual Financial Report, are presented below and then in the detailed description.

3.9.1 Risks associated with the Group's business sector
Risks associated with the competitive environment in which AFYREN operates
Risks associated with the specifications, certification standards and quality standards of the Group's products

Risks associated with the supply of raw materials and energy, including climate risk
Risks associated with the lack of commercial outlets or dependence on certain customers
3.9.2 Risks associated with the "Build and Operate" strategy and business model
Risks associated with future development, including internationally
Risks associated with building and start-up of plants
3.9.3 Risks associated with the Group's financial position
Risks associated with liquidity, financing needs and debt
Foreign exchange risks
3.9.4 Risks of damage to the Group's image
3.9.5 Human resources risks
Risks associated with the Group's recruitment needs
Risks associated with the need to retain key people
3.9.6 Risks associated with cybercrime and information systems
3.9.7 Legal and regulatory risks
Risks related to the regulatory environment
Intellectual property risks

2.9.1 RISKS ASSOCIATED WITH AFYREN'S BUSINESS SECTOR

Risks associated with the competitive environment in which AFYREN operates

The Group operates in a market where the petrochemical industry has traditionally been the dominant player, with producers of biobased products being new entrants (see section 3.4 for a presentation of this competitive environment). The Group competes directly with large groups that have significant resources and long experience in operating industrial sites and marketing carboxylic acids to often long-established customers. Therefore, it cannot be ruled out that the Group may encounter aggressive pricing policies or multi-product offerings from existing petrochemical players in the market, made possible by their size and their established presence in multiple market sectors. Nor can it be ruled out that these same players may actively campaign to influence public policies that could be implemented in the market, and which may therefore affect the Group.

The Group is also exposed to competition in the biobased products segment, and some competitors potentially have greater resources than the Group, or may even be backed by large groups with more resources than the Group to devote to R&D work and the marketing of their products. If the Group were unable to defend its competitive advantages, it could be more difficult to compete with players already present in the biobased carboxylic acids segment or new market entrants who have developed more efficient technologies.

These various factors could have the effect of reducing the Group's expected sales volume and revenues and could therefore adversely affect the Group's business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group markets a portfolio of products with a range that it is currently the only one to offer, limiting the impact of an aggressive pricing policy by a competitor on a given product. Thanks to its innovative processes developed over many years, the Group is already favourably positioned compared to its competitors producing biobased carboxylic acids, as few players are capable of producing several acids in a single plant. This therefore assumes that new entrants have very significant financing capacity to build multiple plants or are limited to the production of a single acid. To maintain the innovative dimension of its offering, the Group allocates budgets to R&D aimed at developing its know-how and intellectual property. In addition, the Group aims to deploy industrial assets that are economically efficient enough to withstand aggressive pricing policies. In its projections, the Group monitors the performance of its business model on the basis of the prices of petroleum-based acids.

Risks associated with specifications, certification standards and quality standards for the Group's products

The products developed by the Group are aimed at customers who have precise and demanding expectations. The Group is therefore expected to be able to justify its level of specification requirements. With this in mind, and to avoid losing sales opportunities, the Group is committed to implementing an integrated Quality, Food Safety, Environment and Security management system, taking into account the regulatory aspects of these very specific markets. During the launch phase of its products, the Group regularly has samples validated by its customers.

This structured organisation enables the Group to take account of changes in industry standards and the requirements of all our stakeholders: any tightening of these standards will inevitably have an impact on the Group's activities, forcing it to adapt its internal processes and, where necessary, its manufacturing processes. Any delay in obtaining a given certification or any delay resulting from the need to adapt a quality process to a newly introduced standard, compliance with which would be required by AFYREN's customers, and more generally any discrepancy noted between the products delivered and customer expectations (physico-chemical/olfactory/organoleptic discrepancy) could have the effect of delaying the sale of products, and therefore adversely affect the Group's margins, business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group strives to anticipate the expectations of the market and its customers, in particular by ensuring that its sales team maintains a regular dialogue with them. In addition, the Group has implemented a voluntary certification policy aimed at obtaining all the standards required by its customers, but also at obtaining additional certifications that may prove decisive in the future. As part of its operational excellence programme, the Group has already obtained Ecocert, Kosher and Halal certification for its products, and is implementing an ambitious certification programme (ISO 9001, ISO 14001, FSSC22000, GMP+).

Risks associated with the supply of raw materials and energy, including climate risk

The Group conducts its business by sourcing various raw materials and requires energy (electricity/steam) and water to operate its industrial site. If the Group and/or the industry have difficulty passing on higher raw material and energy prices to its selling prices, this could have an impact on the Group's margins, business, financial position, results and/or financial prospects.

The raw materials used by the Group, in particular plant-based and other raw material inputs, are naturally available and correspond to local agricultural residues that cannot be used directly in the human food chain and are usually treated as waste or low-value by-products. These by-products are therefore more generally used in the animal feed (livestock) sector or methanisation. Nevertheless, it cannot be ruled out that the Group could be exposed to (i) an excessive dependence on some of its raw material suppliers, or (ii) a shortage of raw materials in the event that the number of new entrants in the carboxylic acid sector or new companies using these raw materials for other purposes were to be greater than expected, increasing demand and reducing the supply of raw materials.

Moreover, as these raw materials are naturally available, they are potentially affected by any sudden climatic event and, more generally, by any climate change that could result in a drop in crop yields.

Accordingly, it cannot be ruled out that a specific type of material will become scarce in the area where a Group production site is located, forcing it to source supplies outside the regional supply chain, and therefore at higher prices. In such cases, the reduction in raw material supply would increase production costs, which could affect the Group's financial position, results and/or prospects.

In addition, the Group has developed a technology that allows it to use several raw materials. However, any change in inputs would require negotiating new contracts with suppliers and adapting production facilities. Such adaptation could lead to longer-than-expected delivery times to the Group's customers and could affect the profitability of production.

Lastly, in order to operate its industrial sites (including AFYREN NEOXY), the Group must also obtain energy supplies (electricity and steam) and its financial performance will depend in part on the prices charged by suppliers, partly in deregulated markets for its European activities, which have become far more volatile as a result of wars involving gas and/or oil exporting countries. A shortage of water could also have an impact on the Group's activities.

Risk management. Faced with these risks, the Group has several advantages. It has developed a technology that allows it to use several raw materials. Currently, its raw materials requirements represent only a fraction of available resources. It also works to negotiate and secure long-term raw materials supply contracts. AFYREN NEOXY has entered into an exclusive five-year fixed-term contract with German sugar group Südzucker AG to supply its molasses and beet pulp needs. This raw material is particularly resilient in a contained global warming scenario. In addition, the choice of location for each site is determined based on access to competitive and consistent energy and by the availability of raw materials in the regional supply chain in order to control the risk of scarcity of raw materials at controlled prices. The internationalisation of operations will also limit the impacts specific to Europe's energy situation. In the specific case of water resources, the process makes it possible to greatly limit water input after the fermentation cycle, since the water then circulates in a closed loop. Currently, the plants and planned plants are not located in areas particularly exposed to climatic risk (coastal, flood or seismic zones, for example).

Overall, the Group is more exposed to the risk of short- and medium-term price increases than to shortages. The Group’s ability to pass on certain cost increases to its selling prices should make it possible to limit the financial impact of such increases, in particular by including price renegotiation clauses linked to energy costs in contracts.

<u>Risks associated with the lack of commercial outlets or dependence on certain customers</u>

As the Group is in the start-up phase of large-scale production, it is not yet certain that its revenue projections will coincide with the market opportunities that will become available and be identified by the Group. In addition, some contracts signed to date with the Group's clients involve significant volumes.

If the Group were unable to secure sales of its production or sufficiently diversify its customer base, its business, financial position, results and/or financial prospects could be adversely affected.

Risk management. To limit this risk, the Group has an experienced international sales team and a positive track record in this area, with commercial commitments for acids and fertilisers totalling secured revenues of over €165 million[7] at the date of this Annual Financial Report. These contracts cover all of the Group's target markets. The commercial pipeline is also satisfactory, confirming the existence of a market for future international operations.

2.9.2 RISKS ASSOCIATED WITH THE "BUILD AND OPERATE" STRATEGY AND BUSINESS MODEL

Unlike other innovative companies whose business model is based on licensing their patents and/or know-how, AFYREN has opted for a "build and operate" model, with subsidiaries building and operating plants to manufacture products using intellectual property that the Company has created and also support services provided by the Company.

Risks associated with future development, including internationally

The regular start-up of new plants means that the Company must regularly deal with difficulties of the same nature: preparation of the administrative applications relating to the construction and start-up of the plant (building permit, administrative approvals, etc.), implementation of new quality processes, management of new internal procedures relating to the operation of the site, recruitment of new teams, and time to adapt to customer expectations. These constraints can be more or less significant depending on the country of operation.

The delays inherent in these different stages may impact a site's start-up schedule and therefore production, impacting the revenues generated by the site.

Furthermore, the efficiency and performance of any new plant depends in part on its location, especially since the Group favours an approach that makes it possible to achieve synergies by building its plants on existing industrial sites. This approach makes it possible to control start-up costs and benefit from synergies with partners, but may impose certain constraints related to sites (age of industrial sites, method of ownership and operation of the relevant site, etc.) or partners (options for the location of future plants, possible restrictions on activity, etc.).

Also, in the context of the Group's international expansion, it could face specific risks related to the country of establishment (political or regulatory instability causing, inter alia, fluctuations in the applicable tax framework, recruitment difficulties, currency risk, etc.), and it cannot be ruled out that the Group's profitability and prospects could be affected by a slowdown in its productivity caused by these difficulties.

If these risks materialise, they could adversely affect the Group's business, financial position, results and/or financial prospects.

[7] Total volumes x selling price over the contract period

Risk management. To limit this risk, the Group (i) systematises its internal processes so that they can be easily duplicated from site to site; (ii) recruits employees with international experience; (iii) implements a global HR policy and plans for upgrading the skills and training of future recruits at sites to be established abroad; (iv) ensures that the location of future sites is chosen in such a way as to limit as far as possible the constraints imposed by the site on the production schedule; (v) involves, where appropriate, the local partner in the ownership of the plant to align its long-term interests. The Group pays particular attention to the choice of its partners: due diligence work is carried out, sometimes with the support of third-party organisations, including on ethical issues.

Risks associated with building and start-up of plants

With the commissioning of its first plant, the Group is scaling up processes that have been proven in the pilot and pre-industrial stages. During both the construction and operating phases, the Group may encounter difficulties of various kinds, including (but not limited to) i) longer than expected construction times and therefore late start-up; ii) longer than expected plant start-up and ramp-up times, in particular due to equipment problems (necessary modifications, breakages, etc.); iii) lower yields than anticipated in the Group's projections and iv) other unforeseen difficulties, particularly in connection with its international expansion. Potential dependence on certain suppliers (of technologies, equipment, etc.) may exacerbate these difficulties. This risk, which is inherent in the transition to industrial scale, is expected to diminish as the Group's production and development progress. Such a risk could adversely affect the Group's business, financial position, results and/or financial prospects. In December 2023, AFYREN announced that it was postponing the target for achieving break-even at its AFYREN NEOXY plant, as certain stages were not at the expected level of stability to enable the plant to run continuously.

Risk management. To limit the risk, AFYREN carries out tests at the pilot and pre-industrial stages, in particular with certain suppliers. In addition, the Group has chosen to use equipment that has already been operated and industrially tested at significant sizes and scales. AFYREN's provisional budget also takes into account the ramp-up time for its plants, in particular for the first AFYREN NEOXY. Lastly, the Group's international expansion will benefit from the experience gained from the first plant, and from the recruitment of staff with experience in international project management.

2.9.3 FINANCIAL RISKS

Risks associated with liquidity, financing needs and debt

- Liquidity risk

As part of their day-to-day activities, AFYREN and its subsidiaries consume cash, particularly for fixed costs (salaries, maintenance, insurance, etc.). Liquidity risk is particularly acute for AFYREN's subsidiaries during the start-up period for new plants, since they have to make disbursements in the absence of cash inflows. If the financial budget for start-up has been poorly defined, or if the start-up requires more time and funds than anticipated, these subsidiaries must draw on the Group's financial support, as was the case in April 2023.

Risk management. To limit liquidity risk, the Group draws up a forecast of its needs and ensures that its funding is adequate at all times. As of 31 December 2023, AFYREN's cash and cash equivalents amounted to €50 million. On that date, the financial debt amounted to €4.8 million, including a current portion of €1.6 million. This very positive financial position is the result of a capital increase as part of AFYREN's IPO on Euronext Growth Paris in October 2021, in order to finance its strategic developments. For 2023, AFYREN consumed cash of €6.7 million, excluding any financing of subsidiaries or repayment of convertible bonds, of which more than €2 million attributable to R&D and development costs for future plants. AFYREN's annual cash requirements are therefore largely covered as of the date of the Annual Financial Report. The surplus cash also enables the Group to provide financial support to its subsidiaries in the start-up phase.

- Risks associated with financing requirements and debt

The business model chosen by AFYREN entails significant financing requirements to build new plants and finance product development and marketing. This model therefore assumes that the Group is able to (i) have access to various sources of financing (equity contributions, borrowing of all kinds, grants) and (ii) optimise its financial structure.

AFYREN is exposed to a number of risks in connection with its debt, including the unavailability of the necessary funds, and a deterioration in borrowing conditions, whether financial or in terms of the specific conditions attached to it (covenants, guarantees, etc.). This risk will evolve as the Group's overall debt level increases.

If the funds needed for its development are not available under satisfactory conditions, the Group may have to limit its production or development in new markets, which would affect its activities, financial position, results and/or financial prospects.

Risk management. To limit the risks associated with financing needs, the Group seeks to diversify its sources of financing. In addition to bank debt, AFYREN's initial public offering in October 2021 gave it access to new sources of financing. The Group is committed to maintaining strong relationships with its existing investors (shareholders, banking partners) and to developing new ones to prepare for the future. The Group pays particular attention to the distribution of its financing lines and to the specific conditions attached to them: the loan agreements currently in force do not contain any covenants or guarantees.

Foreign exchange risks

The Group's international expansion outside the Eurozone means that it is exposed to currencies other than the euro, AFYREN's reporting currency, in particular the US dollar and other currencies with varying degrees of correlation. Once its international subsidiaries are in operation, the Company will be exposed to operational transaction risk and translation risk.

Risk management: the Group will examine ways of establishing a natural hedge for its activities, for example by obtaining financing in local currency, and by establishing an appropriate hedging policy for the residual part.

2.9.4 REPUTATIONAL RISK

The Group conducts its business by emphasising its technology, which is as environmentally friendly as possible, and its concern to contribute to the global effort to reduce CO_2 emissions, and in particular the estimates showing that greenhouse gas emissions from its production are only one-fifth of those generated by equivalent petroleum-based acids on the market. This issue is of great interest to the new generations and generates considerable media attention. The dissemination of information is also amplified by the use of social media that allow real-time reactions and, consequently, immediate aggregation of information from multiple sources for a given audience.

In this context, the Group is naturally exposed to the risk of general criticism (in particular "greenwashing") affecting an entire industry and (i) based on erroneous, truncated or oversimplified information (ii) that concerns the Group's competitors to whom it is mistakenly compared. It should also be noted that the Group itself contributes to CO_2 emissions, due to its industrial activity (such emissions are nevertheless reduced by 80% compared to equivalent petroleum-based acids on the market).

In the normal development of its activities, the Group works closely with external stakeholders (customers, suppliers, partners). It cannot be ruled out that a reputational attack - whether justified or not - on one of these stakeholders could harm the Group's image.

Nor can it be ruled out that comments made by employees or former employees, particularly on social media, may also harm the Company's image.

Lastly, on the occasion of its IPO in October 2021, the Group unveiled medium-term objectives and a roadmap to achieve them. It cannot be ruled out that the Group may encounter difficulties in the execution of its strategy, exposing itself to criticism, particularly from the financial community and its representatives (specialised press, stock market forums, etc.).

Criticism or attacks could have a negative impact on the Group's image, with consequences for its business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group ensures that it regularly provides information and education on its activities. This work aims to ensure that the information published about the Group is accurate by relying, inter alia, on external expertise or reports. To this end, AFYREN has recruited a CSR, Communication and Public Affairs Director. In this way, the Group ensures that the markets it targets are aware of its approach and that it regularly provides relevant information on the nature of its business. The Group also uses social networks to communicate about its activities and therefore remains particularly vigilant about the nature of the information circulating about it, so that it can react quickly with the appropriate action plan. The Group is particularly committed to ensuring that all its employees respect its core values (commitment, agility, humility), thereby limiting the risk of criticism from dissatisfied employees. Lastly, AFYREN has established various reference documents (ethics charter, sustainable and responsible purchasing policy, supplier code of conduct) and set up a system for reporting and handling complaints. Employees were made aware of these tools during information sessions organised in the form of webinars in November and December 2023

2.9.5 HUMAN RESOURCES RISKS

<u>Risks associated with the management of the Group's recruitment needs</u>

Thanks to its growth, AFYREN is recruiting a large number of people, some of whom are considered crucial for the company. By way of illustration, the Group created around ten permanent jobs in 2023 and strengthened its management team at Group level.

The Group could find it difficult to attract the best talent and to get its new employees to adhere to the core values highlighted since its creation (commitment, agility, humility), which could have the effect of reducing the overall productivity and overall motivation of the Group's employees, as a result of a weakening of the link that enables employees to make a major contribution to the Group's project.

In such a case, the Group's results could be affected, which would have the effect of adversely affecting its business, financial position, results and/or financial prospects.

Risk management. To limit this risk, AFYREN is committed to a consistent and proactive human resources policy, based on strong internal communication. To strengthen this dialogue, in 2023 AFYREN organised its first internal barometer for all employees, with a participation rate of 97%. From the time of recruitment, the Group's core values are emphasised. The Group also wants to implement a policy to develop and retain talent, by working on the quality of life at work, benefits policies and skills development. In addition, the Group's highly innovative nature and the ambition of its model, which respects the planet and the environment, and the agility of its modes of governance are strong factors in enhancing the Group's employer brand and attracting highly qualified people who share this ambition. This effort on the Human Resources policy is also reflected in the recruitment of a Group Human Resources Director in December 2022, to structure the organisation and implement a global human resources policy within the Group, in line with the company's strong culture and values.

Risks associated with the need to retain key people

AFYREN's performance still relies heavily on the strategy developed by the Group's founding team (CEO and CTO) and its close colleagues. In this respect, in the event of a departure, the loss of skills could hinder the Company's ability to achieve its objectives and implement its strategic plan.

Risk management. To limit this risk, AFYREN has taken care to recruit a management team with diverse profiles that complement those of the founders, and to implement a dynamic compensation policy. In this context, AFYREN is gradually introducing a compensation policy to reward individual and collective performance and retain key talent with multi-year objectives. The Group is also working to develop the skills of its employees to secure the organisation's key skills and positions.

2.9.6 RISKS ASSOCIATED WITH CYBERCRIME AND INFORMATION SYSTEMS

AFYREN's information system is exposed to the risk of hacking, which may be aimed at obtaining a ransom or stealing AFYREN's sensitive data and, more generally, to attack the Group's digital security, as current events show that all business sectors are potential targets. Furthermore, the plant operated by AFYREN NEOXY and future plants operate automated systems, based on the use of data required for the steering and control of production, maintenance management, sales activity and finance. Incorrect use of the systems due to a lack of technical expertise or their failure due to obsolescence or lack of updating could have an impact on the proper functioning of the plant.

In the event of a cyber-attack on AFYREN or its plants, the Group could be exposed to the risk of paying a potentially significant ransom, losing sensitive data or disrupting automated systems, leading to a paralysis of production. Automated systems could also be subject to a breakdown, slowdown or interruption, which could have a significant impact on production. This would have the effect of adversely affecting the Group's business, financial position, results and/or financial prospects.

More generally and regardless of the means used, the Group is exposed to the risk of fraud, including, but not limited to "CEO Fraud" (an unknown third party impersonating the CEO making a request for an urgent payment), etc.

Risk management. To limit this risk, AFYREN has implemented measures to ensure the reliability and security of its IT systems, in particular by contracting out the design, maintenance and operation of the Information System to a specialist facilities management company. The industrial network used to control the plant's equipment is physically separate from the 'office' IT network, and the interface between these two networks is reduced and controlled by cybersecurity equipment.

In addition, all software and IT solutions (firewall, routers, Wi-Fi repeaters) hardware and software (antivirus, hard disk encryption solutions) used to manage the company's activities have been selected and integrated into the overall architecture by the facilities management company. Fake phishing campaigns are carried out at regular intervals to test the teams, and more generally, employee training on the security aspect is an integral part of the company's IT and cybersecurity policy. AFYREN also relies heavily on the recommendations of the ANSSI. Also, AFYREN has taken out a Group-wide cyber insurance policy with an international insurer covering the digital risks to which the Group may be exposed, and has prepared a remediation plan in the event of a cyber attack.

2.9.7 LEGAL AND REGULATORY RISKS

Risks related to the regulatory environment

As AFYREN operates in an emerging market (production of biobased carboxylic acids), it cannot rule out the risk of a change in regulations that would increase the constraints to which it is exposed in its production activity, in the operation of an industrial site dedicated to the manufacture of such products, and in the marketing with access to the market for its products.

The Company's performance therefore depends on its compliance with regulatory requirements in terms of product compliance (in the targeted market sectors), environmental protection, and public health and safety on an industrial site.

AFYREN targets the marketing of its products in highly regulated business sectors: flavours and fragrances (cosmetics), human and animal food, fine chemicals, etc.

Changes in existing regulations and the implementation of new regulations may have an impact on the Group's control over its product production and sales schedules, and therefore on its ability to meet deadlines with customers.

Risk management. To improve its understanding of the regulatory context in which it operates, AFYREN has set up an in-house working group under the responsibility of a regulatory affairs manager recruited in 2022, and also relies on external expertise (leading specialised consulting firms) and the Legal Department. AFYREN pays particular attention to provisions relating to regulatory obligations in commercial contracts.

Intellectual property risks

AFYREN's innovative and unique positioning is based on the patents and know-how it holds and the know-how it has developed. In this respect, the Company's intellectual property protection policy is essential to the achievement of its strategic plan.

AFYREN's success therefore depends, among other things, on its ability to obtain, retain and protect its patents, trademarks, logos and know-how. It cannot be ruled out that AFYREN may be unable to develop new patentable inventions, that the validity of its patents may be challenged, that it may not be granted patents for which it has filed applications (which constitute a significant part of its current protection portfolio), or that the patents filed will not provide it with sufficiently broad protection to secure its competitive position.

Furthermore, the Company cannot be certain that the confidentiality of its know-how (by definition non-patentable) or its industrial secrets will be effectively guaranteed by the protections put in place, and that in the event of a breach, satisfactory remedies may be exercised. The confidentiality of this know-how could also be affected in the event of theft or loss of computer data.

In addition, AFYREN's competitors could infringe its patents or other intellectual property rights or circumvent them through design innovations. To prevent counterfeiting, the Group could take actions that would be costly and mobilise its teams. AFYREN may not be able to prevent the misappropriation of its intellectual property rights, the unauthorised use of which is difficult to control.

It should also be noted that the process developed by AFYREN is based on the production of natural, non-genetically modified microorganisms that cannot, by their very nature, be patented. It cannot therefore be ruled out that competitors will incorporate the use of these natural microorganisms into their own processes.

Any exploitation of a new technology presents the risk of being faced with third-party rights that hold patents on key elements of the technology and hinder its development. To date, AFYREN has not identified any third party rights likely to oppose the use of its innovations. Technological monitoring of patent databases depends on the accuracy of the information in these databases, and there is always a risk that third-party patents may not have been identified. The occurrence of one of these events concerning intellectual property rights could have a significant adverse effect on AFYREN, its business, financial position, results, prospects or development.

Risk management. To limit this risk, AFYREN has entrusted the management of its patent portfolio, consisting of nine families published to date, to a firm of intellectual property advisors who ensure that they are filed in the relevant countries in order to provide the right level of protection and carry out and maintain regular watch on published patent applications in the field. The active policy pursued by the Company to protect its innovations creates a favourable context for minimising risks to potential patents and patent applications from third parties. The procedures for examining the various patent families and patent applications have not revealed any previous patents that could prevent AFYREN from exploiting its innovations.

AFYREN limits as much as possible the granting of licences on its know-how (in its model, these licences will only be granted within the Group) and ensures that its employees' employment contracts contain enforceable intellectual property rights assignment clauses and confidentiality clauses limiting the risk of disclosure of know-how. The actions taken to strengthen the IT security of AFYREN's system make it possible to prevent theft or loss of computer data.

2.10 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY AFYREN FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

AFYREN ensures that internal control and risk management measures relating to the preparation and processing of accounting and financial information are properly implemented. AFYREN gives priority to risk control at each stage of the preparation and processing of accounting and financial information.

2.11 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY AFYREN FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Company ensures that internal control and risk management measures relating to the preparation and processing of accounting and financial information are properly implemented. The Company gives priority to risk control at each stage of the preparation and processing of accounting and financial information.

2.12 ALTERNATIVE PERFORMANCE INDICATORS

In addition to accounting aggregates, management has identified several alternative performance indicators ("APIs") to monitor the performance of its activities, including two financial indicators, production revenues and EBITDA margin (current and current production). These financial indicators are not representative for the 2023 financial year as the Company has not recorded any significant net income, but they should eventually make it possible to monitor the economic performance of each of the production units, and the Group's overall development.

Production revenue indicator

Production revenues are understood to be at the level of the plants owned by the Company's subsidiaries or holdings, and are used to measure both the operational and commercial performance of production.

The Company's revenues, as an accounting aggregate, are based on a different logic since they also depend on the plant consolidation policy.

Current EBITDA margin indicator

The current EBITDA margin is measured in relation to revenues.

Current production EBITDA is defined at plant level and corresponds to current operating income adjusted for depreciation, amortisation and net impairment of property, plant and equipment and intangible assets and, where applicable, the annual fixed amount of royalties relating to the remuneration of a technology licence granted by AFYREN (including both the fixed and variable portions). This APM measures the asset's operating profitability, including all operating costs, regardless of its financing or investment policy.

Current EBITDA is understood to be at the Company level and corresponds to current operating profit restated for depreciation and amortisation and net impairment of property, plant and equipment and intangible assets. This API, which also depends on the plant consolidation policy, is also used to measure of the Company's ability to manage its structural costs to continue to develop technology and to develop and operate its plants.

Non-financial indicators

In addition to financial indicators, AFYREN publishes or plans to publish indicators of a more operational nature or relating to its ESG performance. These indicators are likely to change as the Group develops.

<u>Committed and installed capacity indicator</u>

This indicator tracks acid production capacity (in kilotonnes) according to two stages of progress: (i) committed capacity (for projects that have validated a certain number of stages (market study, feasibility, site selection, etc.) in the plant preparation process), and (ii) installed capacity (i.e. after industrial commissioning).

ESG performance monitoring indicator(s)

At the date of this Annual Financial Report, the Company is in the process of analysing its ESG (environmental, social and governance) performance indicators in the light of future CSRD requirements (Gap Analysis). A selection of non-financial indicators will be detailed in AFYREN's first CSR report, drawn up on a voluntary basis and scheduled for publication in the second quarter of 2024.

2.13 REVIEW OF FINANCIAL STATEMENTS AND RESULTS

The reader is invited to read the following information relating to the Company's financial position and results together with the Annual Financial Report as a whole and in particular the Company's annual financial statements (Appendix 1) prepared for the purposes of the Annual Financial Report for the financial years ended 31 December 2023 and 31 December 2022, which have been audited by the statutory auditor whose reports are presented in Appendix 2.

The comments on the financial statements below are based solely on these financial statements.

The Company has prepared financial statements in accordance with International Financial Reporting Standards (IFRS) for the purposes of the Annual Financial Report for the financial years ended 31 December 2023 and 31 December 2022.

In € thousands	2023.12	2022.12
Revenues	3,379	3,456
Other income	527	460
Purchases and external expenses	-3,053	(2,396)
Personnel costs	-5,835	(6,104)
Depreciation of fixed assets and rights of use	-814	(629)
Other expenses	-132	(158)
Current operating income	-5,928	(5,371)
Non-current operating income	-	-
Operating income	-5,928	(5,371)
Net financial income	1,142	(166)
Share in income of equity-accounted company (net of tax)	-4,800	(3,662)
Income tax	-	-
Net income for the year	-9,586	(9,200)

2.13.1 REVENUES

In € thousands	2023.12	2022.12
Licence and development of industrial know-how	1,417	1,417
Other services	1,962	2,039
Total revenues	**3,379**	**3,456**

The Company's revenue is stable overall, down from €3.5 million in 2022 to €3.4 million in 2023.

CHANGE IN REVENUES BY TYPE

Revenues are essentially made up of:

- income from patent and know-how licenses granted to AFYREN NEOXY since December 2018 for a total of €1.4 million, unchanged in 2023 compared with 2022; various contracts for the provision of services (technical, commercial, administrative, etc.) entered into with AFYREN NEOXY for a total of €2 million, down slightly compared with 2022. These contracts relate to various technical services provided as part of the start-up of the plant.

The accounting treatment and components of revenues are detailed in note 6.2 to the IFRS financial statements for the year ended 31 December 2023 in Appendix 2.

2.13.2 CURRENT OPERATING INCOME

OPERATING EXPENSES

Net current operating expenses[8] amounted to €9.3 million in 2023 compared with €8.8 million at the end of 2022, an increase of €0.5 million.

This increase was mainly attributable to:

- the increase in personnel costs (+€0.9 million) as a result of the increase in the workforce (average FTE: +8);
- the increase in external purchases and expenses (+€0.7 million), including development costs for the Group's future plants;
- these increases were partially offset by the decrease in non-cash expenses related to the recognition of long-term incentive plans for executives and employees compared with 2022 (-€1.1 million).

These expenses include €0.9 million related to development costs for the Group's future plants. In addition, research and development spending recognised as expenses remained stable at €1.8 million in 2022 and 2023.

These items are detailed in Note 6.5 to the IFRS financial statements for the year ended 31 December 2023 in Appendix 2.

CURRENT OPERATING INCOME

After recognition of other expenses[9] of €(0.1) million, current operating income therefore came to €(5.9) million, reflecting the good control of operating expenses.

2.13.3 FORMATION OF NET INCOME

NET FINANCIAL INCOME (EXPENSE)

Net financial income (expense) improved by €1.3 million, mainly due to financial income from cash investments, with financial expenses falling slightly.

[8] Net of other income, mainly operating grants including in particular the research tax credit. This item is detailed in Note 6.4 "Other income" of the IFRS financial statements for the year ended 31 December 2022 in Appendix
[9]Other expenses correspond to depreciation expenses on fixed assets and the right of use associated with leases as well as various expenses.

SHARE IN INCOME OF EQUITY-ACCOUNTED COMPANY (NET OF TAX)

The share accounted for in AFYREN NEOXY's net income was €(4.8) million at the end of 2023 compared with €(3.7) million at the end of 2022. This change is mainly related to the plant's operating expenses, in the absence of revenues. AFYREN NEOXY will recognise revenues when acid batches are delivered to its customers.

The reader is invited to refer to Note 5 of the IFRS financial statements for the year ended 31 December 2023 in Appendix 2.

In 2023, AFYREN NEOXY's overall net income was (€9.4) million compared with (€7.2) million in 2022.

At the end of 2023, AFYREN NEOXY's non-current assets amounted to €74.8 million, mainly including the plant's assets under construction as well as the know-how licence granted by AFYREN for €10.6 million. AFYREN NEOXY's cash and cash equivalents amounted to €7.5 million.

Current assets amounted to €4.8 million at the end of December 2023, and mainly comprised grant receivables, including the BBI grant for approximately €2.4 million.

NET INCOME

Net income was €(9.6) million at the end of 2023, compared with €(9.2) million at the end of 2022, reflecting a stable cost structure pending revenues from continuous production.

2.13.4 INFORMATION ON THE SHARE CAPITAL, CASH AND FUNDING SOURCES

AFYREN's sources of financing are mainly the capital increase carried out at the time of the Company's IPO in October 2021, and more generally the equity contributed by AFYREN's investors as well as bank loans taken out with credit institutions, repayable advances and loans from Bpifrance.

FINANCIAL DEBT AND CASH

In € thousands	**2023.12**
Convertible bonds	-
Other borrowings	4,354
Of which State guaranteed loan (PGE)	1,688
Of which repayable advances	303
Of which other borrowings	2,121
Of which accrued interest	242
Total borrowings	**4,354**
Lease liabilities (IFRS 16)	433
Total borrowings and financial liabilities	**4,787**
Total cash and cash equivalents	**49,559**

At the end of 2023, AFYREN's total financial debt was very limited, at €4.8 million including lease liabilities and €4.4 million excluding lease liabilities. The Group has a cash position of €49.6 million which enables it to meet its obligations and finance its future developments.

See Notes 13 (Cash and cash equivalents), 16 (Borrowings, financial liabilities and lease liabilities), and 18 (Financial instruments and risk management) to the IFRS Financial Statements for the year ended 31 December 2023 in Appendix 2.

2.13.5 CASH FLOW

SIMPLIFIED CASH FLOW STATEMENT

In € thousands	2023.12	2022.12
Net income for the year	**(9,586)**	**(9,200)**
Depreciation of fixed assets and rights of use	814	629
Net financial income	(1,142)	166
Share in income of equity-accounted company (net of tax)	4,800	3,662
Cost of share-based payments	1,270	2,412
Other	8	7
Cash flow	**(3,835)**	**(2,324)**
Net change in WCR	(1,206)	(973)
Net cash from operating activities	**(5,041)**	**(3,297)**
Net cash used in investing activities	**(3,078)**	**(361)**
Net cash used in financing activities	**(4,655)**	**(1,138)**
Net change in cash and cash equivalents	**(12,774)**	**(4,796)**

CHANGE IN WORKING CAPITAL REQUIREMENT (WCR)

In € thousands	2023.12	2022.12
Trade receivables	322	(167)
Customer contract liabilities	(1,319)	(1,272)
Trade payables	4	(126)
Provisions and employee benefits	(11)	38
Other current receivables/payables	(202)	554
Total changes	**(1,206)**	**(973)**

In 2023, the change in WCR deteriorated slightly compared to 2022, mainly due to "other receivables".

CASH FLOW FROM INVESTING ACTIVITIES

At 31 December 2023, the net cash used by investment activities corresponds mainly to AFYREN's subscription to the capital increase and the convertible bond issued by AFYREN NEOXY, partially offset by interest received from the investment of cash.

➢ CASH FLOW FROM FINANCING ACTIVITIES

At 31 December 2023, net cash used in financing activities mainly reflects repayments relating to borrowings (including lease liabilities) and in particular the repayment of convertible bonds subscribed in March 2020.

New borrowings and repayments are described in Note 16 (Borrowings, financial liabilities and lease liabilities) and Note 18.2.3 on liquidity risk in the notes to the IFRS financial statements in Appendix 2.

2.13.6 INFORMATION ON BORROWING CONDITIONS AND FUNDING STRUCTURE

➢ GROUP FINANCIAL LIABILITIES AS OF 31 DECEMBER 2023

In € thousands	2023.12	2022.12

	Currency	Variable/fixed interest rate	Maturity year	Nominal value	Carrying amount	Carrying amount
Convertible bonds	EUR	Fixed rate	2023	3,567	-	3,412
Total convertible bonds				**3,567**	**-**	**3,412**
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	2026	780	501	699
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	2026	300	206	281
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	2026	780	491	685
State guaranteed loan (PGE) - CA	EUR	Fixed rate	2026	780	490	683
Total state guaranteed loans (PGE)				**2,640**	**1,688**	**2,349**
BPI PAI 1 repayable advance	EUR	Average 3-month EURIBOR rate	2023	50	-	3
BPI PAI 2 repayable advance	EUR	Fixed rate	2024	150	15	45
BPI PAI 3 repayable advance	EUR	Fixed rate	2024	302	76	136
BPI PAI 3 repayable advance	EUR	Fixed rate	2025	198	79	119
BPI CMI2 repayable advance	EUR	Fixed rate	2024	573	134	302
Total repayable advances				**1,273**	**303**	**604**
BPI ADI Zero rate	EUR	Fixed rate	2024	690	138	276
Total equity loan	EUR	Fixed rate	2024	400	45	179
BPI R&D Innovation loan	EUR	Fixed rate	2027	750	638	750
BPI R&D Innovation loan	EUR	Fixed rate	2028	200	200	200
BPI R&D Innovation loan	EUR	Fixed rate	2030	1,000	1,000	
BPI Boehringer loan	EUR	Fixed rate	2027	75	49	64
BPI Prospecting insurance	EUR	Fixed rate	2029	52	52	52
Total other borrowings				**3,167**	**2,121**	**1,521**
Lease liability	EUR	Fixed rate		**432**	**432**	**411**
Accrued interest					**242**	**242**
Total				11,079	4,787	8,539

Convertible bond

In March 2020, the Company entered into an agreement to issue bonds convertible into shares for a total amount of €3,567 thousand. These convertible bonds were repaid in cash in March 2023.

State guaranteed loans

The Company has taken out four state-guaranteed loans (PGEs) with Banque Populaire, Crédit Agricole, BNP and BPI on similar terms. These loans were taken out in May 2020 with BNP, and in June 2020 for the other banks for a total amount of €2.6m.

When they were taken out, these loans were subject to the following conditions: 12-month grace period on principal and interest followed by an instalment in arrears comprising principal repayment and payment of interest and the cost of the State guarantee.

For the first year, the contractual financing rate corresponds only to the 25bp cost of the State guarantee.

In March 2021, the Company requested and obtained a five-year extension for the four PGEs, including an additional one-year deferral.

The instalments at the end of the grace period are quarterly (and monthly for Banque Populaire) at the end of the principal grace period, i.e. from July/August 2022. The interest rates applied over the repayment period corresponding to the bank's refinancing cost (annual rate between 0.25% and 1.5%) plus the cost of the State guarantee (0.25% per year).

REPAYABLE ADVANCES AND INTEREST-FREE LOANS

Repayable advances PAI 1, 2 and 3 benefit from deferred repayment of 12 quarters followed by repayment in 20 quarterly instalments in arrears.

- **PAI 1**: this repayable advance was taken out in July 2014 and has an annual interest rate of average 3-month EURIBOR. This advance was fully repaid in January 2023;
- **PAI 2**: this repayable advance was taken out in August 2015 and has an annual interest rate of 5.84%;
- **PAI 3** (€302 thousand): this repayable advance was taken out in May 2016 and has an annual interest rate of 4.40%;
- **PAI 3** (€198 thousand): this repayable advance was taken out in February 2017 and has an annual interest rate of 4.47%;
- **CMI 2**: this repayable advance taken out in August 2017 is repayable in quarterly instalments and bears no interest.

OTHER BORROWINGS

AFYREN has taken out various loans with BPI and other long-term partners:

- BPI ADI zero rate: taken out in 2016 with an annual interest rate of 0%;
- BPI CMI: two tranches with a repayable advance and a grant, taken out in 2017. The repayable advance bears interest at an annual rate of 0%;
- A Total equity loan: taken out in 2018 with an annual interest rate of 1%;
- BPI Innovation R&D: taken out in 2019 with an annual interest rate of 0.63%;
- BPI Innovation R&D: taken out in 2021 with an annual interest rate of 0.71%;
- BPI Innovation R&D: taken out in 2023 with an annual interest rate of 4.05%;
- A Banque Populaire AURA loan under the BOEHRINGER revitalisation scheme taken out in 2022 at an annual rate of 0%;
- A prospecting insurance with BPI with a repayable advance taken out in 2022.

LEASE LIABILITIES

Property leases and leases falling within the scope of IFRS 16 are restated as if the corresponding assets had been acquired and financed through loans. Non-current assets are recorded on the line "Right of use" in the balance sheet. The corresponding liabilities are recorded under "Lease liabilities".

2.13.7 INVESTMENTS

MAIN INVESTMENTS MADE

In 2023, the main investments made by AFYREN correspond to subscriptions to the capital increase and convertible bonds issued by AFYREN NEOXY in connection with the start-up of the first plant. The investments are made by AFYREN NEOXY, with the support of the parent company.

MAJOR INVESTMENTS UNDERWAY OR FIRMLY COMMITTED TO, AND HOW THEY WILL BE FINANCED

The main investments in progress corresponds to additional work in preparation for the continuous start-up of the AFYREN NEOXY plant. The additional investments considered are within the original construction budget for the plant.

2.14 INFORMATION ABOUT AFYREN

2.14.1 NEWS AND RESULTS

In € thousands	**2023.12**	**2022.12**
Revenues	1,015	860
Operating income	(6,158)	(4,143)
Net financial income (expense)	1,505	(121)
Non-current income	(130)	8
Corporate income tax	461	365
Net income	(4,322)	(3,892)
Equity	72,468	76,676
Of which share capital	*520*	*517*
Financial liabilities	4,354	8,618
Cash and cash equivalents	49,552	62,333

Revenues amounted to €1,015 thousand in 2023, slightly higher than in 2022.

Operating expenses increased, in particular wages and salaries and other external expenses, leading to a decrease in operating income to €(6,158) thousand in 2023.

The net loss was €(4,322) thousand, the increase compared with 2022 being attributable to higher operating expenses.

2.14.2 NON-TAX-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 quater of the French General Tax Code, we hereby inform you that no non-tax-deductible expenses were incurred during the past financial year.

In addition, none of the general operating expenses referred to in Articles 39-5 and 223 quinquies of the French General Tax Code that do not appear on the special statement were incurred.

2.14.3 AMOUNT OF OVERHEADS REINTEGRATED FOLLOWING A TAX ADJUSTMENT

None.

2.14.4 TABLE OF FINANCIAL RESULTS

	2023.12	2022.12	2021.12	2020.12	2019.12	2018.12	2017.12
I. Financial position at year-end (in thousands of euros)							
a) Share capital	520,452	517,371	515,240	349,513	195 146	193,896	142,440
b) Number of shares comprising the share capital	26,022,590	25,868,568	25,762,024	3,495,133	1,951,461	1,938,961	1,424,400
Number of shares issued with a nominal value of €0.02	26,022,590	25,868,568	25,762,024				
Number of shares issued with a nominal value of €0.10	-			3,495,133	1,951,461	1,938,961	1,424,400
c) Number of bonds convertible into shares	-	346,274	346,274	346,274			
II. Overall result of actual operations (in € thousands)							
a) Revenues excluding tax	1,015,369	859,999	882,264	1,870,966	363,491	14,859	4,506
b) Earnings before tax, depreciation, amortisation and provisions	-3,858,837	-3,552,660	-2,464,643	-751,166	-1,051,416	-898,468	-688,840
c) Corporate income tax	460,767	364,791	239,037	212,997	368,434	469,726	297,262
d) Earnings after tax, depreciation, amortisation and provisions	-4,321,755	-3,891,655	-2,695,004	-992,121	-1,139,419	-495,241	-481,504
e) Amount of distributed earnings	0	0	0	0	0	0	0
III. Earnings per share (in euros)							
a) Earnings after tax but before depreciation, amortisation and provisions	-0.13	-0.12	-0.09	-0.15	-0.35	-0.22	-0.27
b) Earnings after tax, depreciation, amortisation and provisions	-0.17	-0.15	-0.10	-0.28	-0.58	-0.26	-0.34
c) Dividend paid per share	0	0	0	0	0	0	0
IV. Personnel (in € thousands)							
a) Number of employees	40	32	30	20	14	11	8
b) Payroll costs	3,425,608	2,821,804	2,224,746	1,835,998	1,324,447	759,016	379,258
c) Amount paid in respect of employee benefits (social security, services, etc.)	1,444,394	1,108,075	841,780	731,209	367,911	166,025	54,297

2.14.5 ACQUISITIONS OF EQUITY INTERESTS AND CONTROLLING INTERESTS AT YEAR-END

The subsidiary 9478-2687 Québec Inc ("AFYREN Canada") was created during the 2022 financial year and is wholly owned by AFYREN. AFYREN subscribed to the capital in the amount of 7,000 euros during the first half of 2023. During the 2023 financial year, the subsidiary did not commence operations and its financial statements are not material.

2.14.6 REFERENCE TO PAYMENT TERMS FOR SUPPLIERS AND CUSTOMERS

Article D. 441-6, I-1°: Invoices received and due but not paid at year-end, by number of days overdue

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches						
Number of invoices concerned	58	0	0	1	2	4
Total amount of invoices concerned incl. VAT	€159,006	€0	€0	€1,157	€356	€1,513
Percentage of total purchases incl. VAT for the year	4.18%	0.00%	0.00%	0.03%	0.01%	0.04%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						
Total amount of invoices excluded						
(C) Reference payment terms used (contractual or legal - article L. 441-10 or Article L. 441-11 of the French Commercial Code)						
Payment terms used to calculate late payments	30 days from invoice date					

Article D. 441-6, I-2°: Invoices issued and due but not paid at year-end, by number of days overdue

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches						
Number of invoices concerned	4	2	0	0	1	3
Total amount of invoices concerned incl. VAT (1)	€362,797	€55,000	€0	€0	€3,000	€58,000
Percentage of total sales incl. VAT for the year	11.98%	1.82%	0.00%	0.00 %	0.10%	1.92%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						

Total amount of invoices excluded	
(C) Reference payment terms used (contractual or legal - article L. 441-10 or Article L. 441-11 of the French Commercial Code)	
Payment terms used to calculate late payments	30 days from invoice date

2.14.7 AMOUNT OF LOANS WITH A MATURITY OF LESS THAN THREE YEARS GRANTED BY THE COMPANY

None

2.14.8 INTERCOMPANY LOANS

During the 2023 financial year, AFYREN subscribed to €1,500,000 worth of convertible bonds issued by AFYREN NEOXY. At 31 December 2023, accrued interest on these convertible bonds amounted to €70,356.

2.15 FORESEEABLE DEVELOPMENTS AND OUTLOOK

2.15.1 BUSINESS TRENDS

AFYREN's ambition is to provide the market with a biobased alternative to organic acids, which are currently produced mainly from petroleum-based sources. The technology developed by AFYREN enables these molecules to be produced using biomass, with a carbon footprint divided by five compared to that of the petrochemical industry[10]. It therefore responds to the demand for naturalness and a reduced carbon footprint, two key trends for its industrial customers.

The Company's objective is to build and operate production capacity for these molecules, targeting regions that account for a significant share of the global market, including Europe (35% of global demand for C3 to C6[11]), Asia (25% of demand) and North America (27% of demand).

As of the date of this Annual Financial Report, AFYREN NEOXY, the first industrial-scale production unit using AFYREN technology, is making progress on improving the reliability of certain unit stages, with a view to launching the continuous production of its biobased organic acids. Once this stage has been completed, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids a year at full capacity, generating total annual revenues (including fertiliser sales) of around €35 million[12]. The target current production EBITDA margin for this plant at full capacity is 25%. AFYREN NEOXY's breakeven point (positive current production EBITDA margin) is expected to be reached during 2025 (compared with 2023 in the initial projections). The delays in the start-up of AFYREN NEOXY have an impact on the schedule for future plants, which must capitalise on the feedback from this first plant. In 2024, while maintaining the operational teams' priority on the start-up of continuous production of AFYREN NEOXY, the teams will continue to work on the industrial development of AFYREN worldwide.

AFYREN is involved in the preparation of a plant on the Asian continent. This project, launched in partnership with Mitr Phol, Thailand's leading group in the production of cane sugar and its derivatives, should lead to the construction of a second industrial-scale

[10] Environmental footprint of AFYREN's products via Life Cycle Assessment, Sphera, March 2021 (https://AFYREN.com/wp-content/uploads/2021/04/210402-AFYREN-LCA-analysis-April2021.pdf)
[11] Source: "Carbioxylic Acids Market: Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015-2023", Transparency Market Research.
[12] Before inflation-related price increases

production unit (28,000 tonnes of installed capacity), targeting production revenues of around €60 million and a current production EBITDA margin in the 30-35%[13] range at full capacity

At the same time, AFYREN is working on a scenario for extending AFYREN NEOXY and is analysing various scenarios in North America. AFYREN also continues to invest in R&D, in order to extend the product portfolio beyond the seven organic acids already developed.

2.15.2 FINANCIAL OUTLOOK AND OBJECTIVES

The anticipated delays in the start-up of AFYREN NEOXY have an impact on the schedule for future plants, which must capitalise on the feedback from the first plant.

The Company is maintaining its medium-term operating targets (three units) and the financial targets of the initial plans presented in 2021 (€150 million in annual revenues and 30% EBITDA margin), but envisages a sequence starting 18 to 24 months later.

AFYREN is therefore aiming for:

- three production units with an installed capacity of around 70,000 tonnes of acids (vs. 72,000 tonnes) in 2028, including at least two in continuous production (including the existing AFYREN NEOXY plant). These three units will also produce a high added-value fertiliser to ensure the circularity of the model;
- aggregate production revenues for the three units in excess of €150 million at full capacity;
- a target recurring EBITDA margin at Group level of around 30% at full capacity.

AFYREN also confirms that the timing differences have no impact on the volume of revenues secured by contracts, which is still estimated at over €165 million. Nor do they have any impact on the competitive environment: the Company has not identified any industrial-scale competitors in the biobased production of this portfolio of organic acids, an analysis confirmed by its customers, and believes it is several years ahead of the competition.

[13]Current production EBITDA is defined at the production unit level and corresponds to current operating income adjusted for depreciation, amortisation and net impairment of property, plant and equipment and intangible assets and, where applicable, the annual fixed part of royalties relating to the remuneration of a technology licence granted by AFYREN

2.16 SHARE CAPITAL AND SHARE OWNERSHIP

2.16.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

At 31 December 2023, the Company's share capital consisted of:

	Total shares	
Number of shares:	**31.12.2023**	**31.12.2022**
Outstanding at 1 January of the financial year	25,868,568	25,762,024
Capital decrease	-	-
Capital increase	154,022	106,544
Outstanding at 31 December - fully paid-up shares	**26,022,590**	**25,868,568**

In 2023, the Company's share capital was increased to €520,451.80 divided into 26,022,590 shares with a par value of €0.02 each (see 3.8 above).

In 2023, 51,524 shares were definitively vested under free share plans for which the Board of Directors made use of the delegation of authority granted by the combined general meeting of 11 June 2021.

In addition, 52,498 BSPCEs and 50,000 BSAs were exercised during the financial year ended 31 December 2023.

The Company's share capital and voting rights as of 31 December 2023 are distributed as follows:

	Number of shares	% of share capital on a non-diluted basis	Number of voting rights	% voting rights on a non-diluted basis
Nicolas Sordet	431,473	1.7%	806,767	1.9%
Jérémy Pessiot	754,388	2.9%	1,457,182	3.4%
Régis Nouaille	1,549,695	6.0%	3,098,945	7.2%
AFY partners	4,703,918	18.1%	9,116,343	21.2%
Sofinnova Industrial Biotech I	3,313,273	12.8%	6,127,793	14.2%
Hedgescope Ltd	2,819,950	10.9%	5,639,900	13.1%
Sofimac	1,219,415	4.7%	1,219,415	2.8%
BPI	1,657,271	6.4%	3,314,542	7.7%
Public	9,362,516	36.0%	12,274,772	28.5%
Treasury shares	160,691	0.6%		
Total	**26,022,590**	**100%**	**43,105,659**	**100%**

2.16.2 THRESHOLDS CROSSED AT THE END OF THE FINANCIAL YEAR

On 4 October 2023, Bpifrance Investissement (in its capacity as management company of the FPS Bpifrance Innovation I) declared that it had crossed the statutory threshold of 5% of AFYREN's voting rights. This threshold crossing on 1 October 2023 results from the activation of the Company's double voting rights.

2.16.3 NOTICE OF HOLDING OF MORE THAN 10% OF THE CAPITAL OF ANOTHER JOINT STOCK COMPANY. DISPOSAL OF CROSS-SHAREHOLDINGS

None.

2.16.4 TREASURY SHARES

At 31 December 2023, the Company held 160,691 shares, approximately half of which were bought back on the market by an investment service provider as part of a share buyback programme aimed at limiting the dilution of shareholders resulting from multi-year free share plans to corporate officers and employees. The share buyback programme implemented with Natixis Corporate & Investment Banking is described below in section 2.14.5.

The other half is made up of shares traded in order to stimulate the secondary market or ensure the liquidity of the share. These shares were purchased through an investment services provider under a liquidity contract that complies with accepted regulatory practice.

The liquidity agreement implemented with Natixis ODDO BHF is described below in paragraph 2.14.5.

A residual volume of shares comes from shares bought back in over-the-counter transactions.

2.16.5 MAIN CHARACTERISTICS OF THE COMPANY'S TRANSACTIONS IN ITS OWN SHARES

LIQUIDITY AGREEMENT ENTRUSTED TO NATIXIS ODDO BHF

AFYREN entrusted NATIXIS and ODDO BHF SCA, with effect from 1 November 2021, with the implementation of a liquidity and market surveillance agreement for its ordinary shares. The purpose of this contract is for ODDO BHF SCA to promote the AFYREN share on the organized market of Euronext Growth in Paris. At the start of the contract, the funds allocated to its implementation are €300,000. By an amendment to the current liquidity contract with NATIXIS and ODDO BHF SCA, dated 18 April 2023, AFYREN increased the funds made available under this liquidity contract by a further €150,000.

In accordance with the provisions of Article L.225-211 of the French Commercial Code, AFYREN discloses the details of the liquidity account of the share buyback programme as of 31 December 2023:

- 73,923 Company shares with a value of €257,474 valued at the average purchase price of the shares (€3.483);
- the amount of available cash is €57,857.

During the year ended 31 December 2023, 107,573 shares were purchased and 70,958 shares were sold under this liquidity contract. The average purchase price was €3.58 and the average sale price was €3.46.

SHARE BUYBACK PROGRAMME ENTRUSTED TO NATIXIS CORPORATE & INVESTMENT BANKING

In April 2023, AFYREN implemented a share buyback programme in accordance with the decision of the AFYREN Board of Directors at its meeting of 21 March 2023. It was then decided to extend the programme in October 2023.

In a context of low share prices, this programme made it possible to limit shareholder dilution resulting from multi-year free share plans, without any significant impact on cash, since it involved a maximum of 82,000 shares. At 31 December 2023, all 82,000 shares had been vested.

Share buybacks in over-the-counter transactions

In 2023, 20,188 shares were also bought back in over-the-counter transactions.

2.16.6 DISPOSALS OF SHARES IN THE CASE OF CROSS-SHAREHOLDINGS

None.

2.16.7 EMPLOYEE SHAREHOLDING

As of 31 December 2023, 838,971 registered Company shares were held by Company employees.

As of 31 December 2023, no BSPCE or BSA had been exercised by current employees. The exercises involved former employees of the Company.

Programmes aimed at opening up the capital to new employees have been launched, corresponding to a total of 23,758 shares, with effective grant dates in 2023 and 2024. The main grants to employees are detailed in Note 6.5.4 “share-based payments” of the IFRS financial statements in Appendix 2 of the Annual Financial Report.

Pursuant to Article L.225-102 of the French Commercial Code, it should be noted that at the end of the financial year, no shares in the Company's capital were held by employees as part of collective management.

2.16.8 TRANSACTIONS IN SECURITIES BY PERSONS WITH MANAGERIAL RESPONSIBILITIES

Summary statement of transactions referred to in Article L.621-18-2 of the French Monetary and Financial Code carried out during the last financial year:

Person concerned and position	Type of transaction	Date of the transaction	Amount of the transaction (in euros)	Number of shares
Nicolas Sordet, Chief Executive Officer	PURCHASE	20/04/2023	4,268	1,000
Christophe Calice, Director	PURCHASE	20/04/2023	4,141	1,000
Nicolas Sordet, Chief Executive Officer	PURCHASE	30/06/2023	5,680	1,000
Nicolas Sordet, Chief Executive Officer	PURCHASE	13/10/2023	18,160	4,500

2.16.9 AMOUNT OF DIVIDENDS DISTRIBUTED OVER THE LAST THREE YEARS

There are no plans to introduce a dividend payment policy in the short or medium term, given the Company's stage of development, in order to mobilise the resources available to finance its development plan.

The Company has not paid any dividends in respect of the last three financial years

2.16.10 PROPOSED APPROPRIATION OF 2023 NET INCOME

Noting that the Company's net income for the financial year ended 31 December 2023 amounts to €(4,321,754.58), the Board of Directors proposes that it be allocated in full to the "Retained earnings" account, which would be reduced from €(9,719,856) to €(14,041,610.63).

2.17 MAIN RELATED PARTY TRANSACTION

The main transactions entered into are detailed in Note 19 to the IFRS financial statements in Appendix 2 of the Annual Financial Report.

03 REPORT ON CORPORATE GOVERNANCE

3 CORPORATE GOVERNANCE REPORT

This section is presented in accordance with the provisions of Article L.225-37 paragraph 6 of the French Commercial Code.

To organise its governance, the Company's Board of Directors has decided to refer to the corporate governance code for small and mid-sized companies as published in its latest version in September 2021 by Middlenext (the "**Middlenext Code**") and approved as a reference code by the French Financial Markets Authority (AMF). This code is available on the MiddleNext website (https://www.middlenext.com). It includes recommendations and points of attention that the Compensation Committee and the Board of Directors will review each year.

Since its listing on Euronext Growth, the Company's objective has been to gradually comply with the relevant recommendations of the Middlenext Code regarding corporate governance, as it believes it is the most appropriate for its size and shareholder structure.

In accordance with the "comply or explain" principle, this Annual Financial Report sets out the Company's position in relation to the provisions of the Middlenext Code in the table below.

Middlenext Code recommendations	Applied	Not applied / Under consideration
1. "Supervisory" power		
R1: Ethics of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board - Presence of independent members on the Board	X	
R4: Information provided to Board members	X	
R5: Training of Board members		X
R6: Organisation of Board and Committee meetings	X	
R7: Establishment of Committees	X	
R8: Establishment of a specialised committee on corporate social responsibility (CSR)	X	
R9: Establishment of internal rules for the Board	X	
R10: Selection of each Board member	X	
R11: Term of office of Board members	X	
R12: Compensation of Board members in respect of their offices	X	
R13: Establishment of an assessment of the Board's work	X	
R14: Relationships with the shareholders	X	

Middlenext Code recommendations	Applied	Not applied / Under consideration
2. Executive power		
R15: Diversity and equity policy within the company	X	
R16: Definition and transparency of compensation of executive corporate officers	X	
R17: Preparation of management succession		X
R18: Combination of employment contract and corporate office	X	
R19: Severance pay	X	
R20: Supplementary pension schemes	X	
R21: Stock options and free share grants	X	
R22: Review of points of attention	X	

Comments:

ON RECOMMENDATIONS NOT YET IMPLEMENTED:

R5: The Company is supported by members of the Board of Directors who have first-rate experience and/or who have already held several directorships, particularly in the industry sector. The Company takes into account all the training needs expressed by members of the Board of Directors, particularly in the area of CSR. No specific training needs were identified in 2023.

R17: At its meeting on 9 December 2022, the Board of Directors indicated that a meeting would be held in 2023 to prepare for the succession of the CEO and the means to be implemented in the event of the CEO's total or partial inability to carry out his duties. This did not take place in 2023 and the Board of Directors is continuing to reflect on the subject.

3.1 BOARD OF DIRECTORS

3.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Last name, first name, and title or office of Board members	Independent "Board members" Specify (yes/no)	Year of first appointment	End of term of office	Committees			Experience and expertise provided
				Compensation Committee	CSR Committee	Audit Committee	
Stefan Borgas *Director and Chairman of the Board of Directors*	YES	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Member	N/A	Member	Executive management Industry
AFY Partners Represented by Christophe Calice *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Member	N/A	N/A	Executive management Digital
Valquest Partners Represented by Fadi Noureddine then Walid Sfeir from 16 February 2024 *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	N/A	N/A	Member	Finance Executive management International
Sofinnova Partners Represented by Michael Krel *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Chairman	N/A	N/A	Strategy Executive management Biotech
Nicolas Sordet *Chief Executive Officer and director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	N/A	Member	N/A	Finance Executive management International
Bpifrance [2] Represented by Caroline Lebel *Director*	NO	2022	General meeting to approve the financial statements for the year ended 31 December 2024	N/A	Chairman	N/A	CSR Finance Digital
Patrizia Marraghini *Director*	YES	2022	General meeting to approve the financial statements for the year ended 31 December 2024	N/A	Member	Chairman	Finance Legal International

[1] By decisions dated 18 September 2023, the Board of Directors decided to co-opt Bpifrance represented by Caroline Lebel, on a provisional basis and subject to ratification by the next ordinary general meeting of the Company's shareholders, to replace Caroline Lebel, as a director of the Company with effect from the end of this meeting and for the remainder of her predecessor's term of office, i.e. until the ordinary annual general meeting called to approve the financial statements for the year ended 31 December 2023.

3.1.2 EXPERTISE AND PROFESSIONAL EXPERIENCE OF BOARD MEMBERS

In accordance with recommendation No. 10 of the Middlenext Code, the biography including the experience and skills provided by each proposed member as well as the list of their offices are presented below and on the Company's website.

The Company also undertakes to provide a biography of a director upon appointment or reappointment.

Lastly, each appointment of a director, when applicable, will be the subject of a separate resolution submitted to the general meeting.

- **Stefan Borgas, Chairman of the Company's Board of Directors:**

Stefan Borgas started his career with BASF in Germany in 1990, holding several positions in various sectors (plastics, animal nutrition and vitamins) in different countries (Germany, USA, Ireland and China). He ended his career at BASF as Group Vice President, first for Europe and Africa, then for the Fine Chemicals and NAFTA division. He then became CEO of Lonza Group (a listed Swiss biotech company specialising in health, nutrition and ingredient manufacturing) until 2016, before becoming CEO of ICL (an Israeli company specialising in fertiliser production) for four years. Since 2016, he has been the CEO of RHI Magnesita, a listed Austrian company specialising in materials manufacturing. In parallel, he has held several directorships including at Syngenta, Sibelco and Yunnan Yuntianhua.

- **Nicolas Sordet: co-founder and CEO of AFYREN:**

Nicolas Sordet holds a Master's degree in Corporate Finance and Financial Markets from the Grenoble Management School. He has also obtained capital market trading qualifications from various financial markets (HK SFC License 1, 2 and 3, Eurex & Euronext Exam Trader). He put his financial knowledge into practice by working as a trader at Société Générale from 2000 to 2002, then as a sales trader at BNP Paribas from 2002 to 2006. He was Deputy Chief Executive Officer of Link Securities from 2006 to 2013 and Private Equity, Venture Capital and Financing Advisor from 2013 to 2014 and has been able to apply his expertise within the Company thanks to his training and experience. In 2023, he trained on the challenges of transforming business models by participating in the Business Convention for the Climate - CEC (Lyon area).

- **Christophe Calice, permanent representative of AFY Partners, member of the Company's Board of Directors:**

Christophe Calice began his professional career with commercial functions at the advertising agency of France Telecom's directories, Yellow Pages, allowing him very early on to understand the internet revolution to come. His motivation on the subject drove him into the path of entrepreneurship, with the creation in 1997 of a first digital publishing company, then in parallel the co-creation in 2008 of "Mister Auto" (an online company for car spare parts purchased in 2015 by the PSA group). These entrepreneurial successes led to the creation of the Ecilac Capital family office. Investment choices have been made over the years, in particular to support project owners in digital, education, automotive, real estate and chemicals companies, with a first investment in AFYREN in 2015.

- **Fadi Noureddine, permanent representative of Valquest Partners, member of the Company's Board of Directors until 16 February 2024:**

An investor, founder and managing partner (since March 2013) of Valquest Partners sal (holding company) and Valquest Partners Europe (Ltd.), venture and private equity investment management companies, mainly in the energy and industrial biotechnology sectors in Europe and the Gulf, Fadi Noureddine has 25 years of financial expertise in capital markets and in the field of mergers and acquisitions, acquired through investment banks Citi-Samba, Lehman Brothers and Morgan Stanley.

- **Walid Sfeir, permanent representative of Valquest Partners, member of the Company's Board of Directors with effect from 16 February 2024:**

An investor, founder and managing partner (since January 2014) of Valquest Partners and Valquest Partners Europe (Ltd.), venture and private equity investment management companies, mainly in the energy and industrial biotechnology sectors in Europe and the Gulf.

Walid Sfeir has 28 years' diversified experience in industry, strategy consulting, general management and growth equities, gained with companies such as Valeo and McKinsey & Company in Europe, Latin America and the Middle East.

He holds a degree in Industrial engineering from the University of Technology in Compiègne, a degree in Business Administration from ESSEC and an MBA from INSEAD.

- **Michael Krel, permanent representative of Sofinnova Partners, member of the Company's Board of Directors:**

Michael Krel joined Sofinnova Partners in 2013 and is a partner in Industrial Biotech investment strategy. He focuses primarily on identifying early-stage deals in Europe and North America with applications in the fields of chemistry, materials, agriculture, human and animal nutrition and synthetic biology. In addition to his role as a member of the AFYREN Board of Directors, Michael Krel is or has been a member of the Board of Directors of Bon Vivant, EnobraQ, Elicit Plant, EnginZyme, Meiogenix, Microphyt and Werewool. He is an observer on the Board of Directors of Comet Bio and GF Biochemicals. For two years he was also the CEO of EnobraQ, a Sofinnova Partners' Green Seed Fund portfolio company. Prior to joining Sofinnova, Michael spent six years at industrial biotech start-ups in business development management positions. He has also worked in a strategic R&D and organisational consulting firm. He is an engineer who graduated from Ecole Polytechnique in Paris and holds a Ph.D. in organic chemistry from Paris X Orsay University.

- **Caroline Lebel, permanent representative of Bpifrance, member of the Company's Board of Directors:**

Caroline Lebel has been Investment Director in Bpifrance Investissement’s Large Venture team since 2019 and joined Bpifrance in 2013 in the mid-cap (growth capital) teams. After starting her career at General Electric in the Finance Management Program and then in the Corporate Audit Staff (France - Ireland - USA), she joined strategy consulting firm L.EK. Consulting and notably worked on strategic due diligences for companies and investment funds including the Strategic Investment Fund. Caroline Lebel is a director of 360learning, Ringover and Virtuo Technologies and a non-voting director of Deepki, Fermentalg and iAdvize. She is a graduate of ESCP Europe. Caroline Lebel obtained Company Director certification from the French Institute of Directors (IFA) and professional certification from the French Financial Markets Authority (AMF). She has also attended France Invest's "Being an ESG Director" training course, and taken part in support workshops on the carbon footprint and the Climate and Biodiversity Fresk.

➢ Patrizia Marraghini, independent member of the Company's Board of Directors:

Patrizia Marraghini began her career as a lawyer in various large firms in Paris, where she worked on stock exchange listings and project financing. She then turned to international project development in the field of infrastructure and public service concessions within large French groups (water, waste, energy services, renewable energies and transport). After working for the EdF and Bouygues groups, she worked for Veolia from 2003 to 2006 in the international department of Veolia Eau, and then from 2007 to 2009 as head of legal affairs for Veolia Environnement's Major Projects. From 2009 to 2011, she held the position of legal director "new business lines" and corporate secretary of the group's renewable energy subsidiary (photovoltaic, wind and biomass) and member of its Management Board. From 2011 to 2022, she was in charge of the International Legal Department of Keolis (SNCF group) and the development of international projects for all legal-financial, commercial and contractual aspects. She was also a member of the International Board of Keolis and of the Dubai metro JV with Mitsubishi. Since 2016, she has also held a number of positions as an independent director and member of the Audit and Remuneration Committee of E.P.C. (an international group listed on the Paris stock exchange), and is currently a director and Chairwoman of the Audit and Compliance Committee of SAIPEM SA and SAIPEM Nigeria (since 2020) and an independent director of STOA (since June 2023) (JV between Caisse des Dépôts et Consignations and AFD).

3.1.3 PRESENCE OF INDEPENDENT MEMBERS ON THE BOARD

In accordance with recommendation No. 3 of the Middlenext Code, and since the general meeting on 15 June 2022, the Company’s Board of Directors has two independent directors, Stefan Borgas and Patrizia Marraghini, respectively Chairman of the Board of Directors and Chairman of the Audit Committee.

In accordance with the Middlenext Code, five (5) criteria are used to presume the independence of the members of the Board of Directors, which is characterised by the absence of a significant financial, contractual, family or close relationship that could affect the independence of their judgment.

At its meeting of 12 May 2021, the Board of Directors examined the situation of its members with regard to these independence criteria and considered that Stefan Borgas was independent. At its meeting of 7 December 2021, the Board of Directors considered, after a review, that Patrizia Marraghini could also be qualified as an independent member as from her appointment as director by the general meeting on 15 June 2022.

Company analysis	Independence criteria defined by the Middlenext Code				
	Not having been and not being an employee or executive corporate officer of the company or of a company in its group during the last five years	Not having been and not being in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.) during the last two years	Not being a reference shareholder in the company or holding a significant percentage of voting rights	Not having any close relationship or family ties with a corporate officer or reference shareholder	Not having been a statutory auditor of the company for the last six years
Stefan Borgas	✓	✓ (1)	✓ (2)	✓	✓
AFY Partners	✓	✓		✓	✓
Valquest Partners	✓	✓		✓	✓
Sofinnova Partners	✓	✓		✓	✓
Nicolas Sordet		✓		✓	✓
Patrizia Marraghini	✓	✓	✓ (3)	✓	✓
Bpifrance	✓			✓	✓

(1) Please refer to section 4.1.6 of the annual financial report.

(2) Stefan Borgas holds 192,500 founder share warrants, of which 175,000 were granted by the Board of Directors on 15 December 2020 and 17,500 were granted by the Board of Directors on 4 February 2022. As of 31 December 2023, he also held 25,000 ordinary shares. Given the low level of ownership that the ownership of these warrants is likely to represent in the event of exercise, Stefan Borgas is not considered to be a reference shareholder in the Company or to hold a significant percentage of voting rights.

(3) Patrizia Marraghini holds 7,500 founder share warrants granted by the Board of Directors on 5 July 2022. As of 31 December 2023, Patrizia Marraghini did not hold any ordinary shares. Given the low level of ownership that the ownership of these warrants is likely to represent in the event of exercise, Patrizia Marraghini is not considered to be a reference shareholder in the Company or to hold a significant percentage of voting rights.

There are no family ties between members of the Board of Directors.

The Company's ultimate goal is to increase the number of independent directors and to improve the gender balance of the Board of Directors.

3.1.4 ESTABLISHMENT OF INTERNAL RULES FOR THE BOARD

In accordance with recommendation no. 9 of the Middlenext Code, the Board of Directors has established internal rules, adopted on 12 May 2021, ratified at the meeting of the Company's Board of Directors on 28 September 2021 and amended at the meeting of the Company's Board of Directors on 27 September 2022 in order to incorporate the operating procedures of the CSR Committee (the "**Internal Rules**") and amended at the meeting of the Board of Directors on 13 March 2024 to reduce the number of members of the Remuneration Committee to two (the "Internal Regulations").

The Internal Regulations are available on the Company's website (https://AFYREN.com/investisseurs/).

3.1.5 TERM OF OFFICE OF BOARD MEMBERS

The term of office of directors is set at three (3) years. This term is adapted to the specific characteristics of the Company, within the limits set by law.

In this respect, recommendation No. 11 of the Middlenext Code has been applied, with the exception of the staggering of terms of office, which does not seem appropriate given the size of the Company.

3.1.6 ETHICS OF BOARD MEMBERS

The Internal Regulations set out the ethical obligations of the members as well as the operating procedures of the Board of Directors and its committees.

In accordance with recommendation no. 1 of the Middlenext Code, each director is made aware of his or her responsibilities at the time of appointment and is encouraged to comply with the ethics rules relating to his or her mandate.

3.1.7 ORGANISATION OF BOARD MEETINGS

In accordance with recommendations 6 and 17 of the Middlenext Code, the Board of Directors meets at least four (4) times a year.

The Board of Directors determines the Company's strategic policies, ensures that they are implemented in accordance with its corporate interest, taking into account the social and environmental challenges of its business, and also approves the corporate and consolidated financial statements, convenes shareholders to general meetings, sets the agenda and the text of resolutions.

Subject to the provisions of Article 4.2 of the Internal Regulations, the Board of Directors may use videoconferencing facilities for its meetings, by the transmission of the voice and image of each of the participants, or teleconferencing, by the transmission of the voice of each of the participants. In this case, the conditions set by the Company's Internal Regulations must be met.

Wherever possible, the Board of Directors will endeavour to give preference to the physical presence of directors and, if this is not possible, to the use of video-conferencing rather than telephone exchanges.

During the financial year ended 31 December 2023, the Board of Directors met seven (7) times on the days and months listed below:

Date of the Board of Directors' meeting	17 February 2023	10 March 2023	21 March 2023	20 June 2023	1 July 2023	18 September 2023	12 December 2023
Number of directors present	7 out of 7	7 out of 7	7 out of 7	7 out of 7	7 out of 7	7 out of 7	7 out of 7
Attendance rate	100%	100%	100%	100%	100%	100%	100%

The attendance rate for all directors is 100%.

In 2023, the topics discussed by the Board of Directors focused primarily on the Company's business and development priorities and the establishment of a CSR Committee.

3.1.8 CONFLICTS OF INTEREST

To the best of the Company's knowledge, as of the date of this Annual Financial Report, there is no actual or potential conflict of interest between the duties of each member of the Board of Directors and senior management with respect to the Company in their capacity as corporate officer and the private interests and/or duties of the persons making up the Board of Directors and the management bodies.

Their shareholdings in AFYREN's share capital are detailed in this section.

The Board of Directors reviews known conflicts of interest at least once a year.

3.1.9 ESTABLISHMENT OF COMMITTEES

In accordance with recommendations no. 7 and no. 8 of the Middlenext Code, the Company has a Compensation Committee, an Audit Committee and a CSR Committee.

Compensation Committee

The Company, then in the form of a société par actions simplifiée, had already set up a Compensation Committee on 22 January 2019, which made recommendations to the Company's Board of Directors regarding the compensation of the Company's senior executives and corporate officers. However, its existence had never been formalised.

Composition

At its meeting of 28 September 2021, the Board of Directors confirmed the creation of the Compensation Committee, whose members are:

Name, *Offices*	Date of appointment
Sofinnova Partners - *Director* Permanent representative: Michael Krel	Appointed as a member by the Board of Directors on 28 September 2021 Appointed as Chairman by the Compensation Committee Resignation with effect from 19 February 2024
AFY Partners - *Director* Permanent representative: Christophe Calice	Appointed as a member by the Board of Directors on 28 September 2021
Stefan Borgas - *Chairman of the Board of Directors, Independent Director*	Appointed as a member by the Board of Directors on 28 September 2021

No executive corporate officers are members of the Compensation Committee.

Operation

The Compensation Committee, whose operation is governed by the provisions of the Internal Regulations, meets as often as it deems necessary, and at least twice a year, before the Board of Directors' meeting to be held to approve the Company's annual financial statements, consolidated financial statements and half-yearly financial statements.

The Compensation Committee is responsible for:

- reviewing the compensation and the main performance objectives proposed by senior management for the compensation of the Company's non-executive directors, including free share plans and share subscription or purchase option plans;

- reviewing the compensation and the main performance objectives proposed by senior management for the compensation of the Company's corporate officers, including free share plans and share subscription or purchase option plans;

- reviewing the total amount of the compensation granted by the general meeting to the directors and the system for distributing it among the directors, as well as the conditions for reimbursing any expenses incurred by the members of the Board of Directors.

The Compensation Committee may assist the Board of Directors, at its request, in identifying, assessing and proposing the appointment of independent directors.

Audit Committee

Composition

At its meeting of 4 February 2022, the Board of Directors confirmed the creation of the Audit Committee, it being specified that all members of the Audit Committee were chosen from among the members of the Company's Board of Directors, excluding those holding management positions.

Name, *Offices*	Date of appointment
Patrizia Marraghini - *Independent Director*	Appointed as a member by the Board of Directors on 4 February 2022 Appointed as Chairman by the Audit Committee
Stefan Borgas - *Chairman of the Board of Directors, Independent Director*	Appointed as a member by the Board of Directors on 13 September 2021
Valquest Partners - *Director* Permanent representative: Fadi Noureddine (replaced by Walid Sfeir with effect from 16 February 2024)	Appointed as a member by the Board of Directors on 13 September 2021

Operation

The operation of the Audit Committee is governed by the provisions of the Internal Regulations and the Charter on the operation of the Audit Committee approved by the Board of Directors when it was set up.

The Audit Committee monitors matters relating to the preparation and control of accounting and financial information. In any event, the Audit Committee has only advisory powers.

The Audit Committee meets as often as it deems necessary and at least two (2) times a year before the Board of Directors' meeting called by its Chairman to approve the annual financial statements, the consolidated financial statements, the half-yearly financial statements and, where applicable, the quarterly financial statements.

CSR Committee

Composition

The Board of Directors, at its meeting of 5 July 2022, confirmed the creation of a CSR Committee composed of members of the Company's Board of Directors and a Company employee, Caroline Petigny, Director of CSR, Communication and Public Affairs.

Name - *Offices*	Date of appointment
Patrizia Marraghini - *Independent Director*	Appointed as a member by the Board of Directors on 5 July 2022
Caroline Lebel - Permanent representative of Bpifrance Investissement *Director*	Appointed as a member by the Board of Directors on 5 July 2022
Nicolas Sordet - *Chief Executive Officer, Director*	Appointed as a member by the Board of Directors on 5 July 2022
Caroline Petigny - *Director of CSR, Communication and Public Affairs*	Appointed as a member by the Board of Directors on 5 July 2022

Operation

The operation of the CSR Committee is governed by the provisions of the Internal Regulations and the Charter on the operation of the CSR Committee approved by the Board of Directors when it was set up.

The CSR Committee is responsible for the following tasks:

- reviewing the Company's CSR strategy and verifying its consistency with its overall strategy;
- providing critical analysis and recommendations and/or remediation plans;
- proposals on the direction of the Company's CSR strategy;
- review of CSR reporting and reporting procedures;
- monitoring of CSR performance;
- reporting to the Board on CSR strategy and performance and submitting proposals;
- supporting the Company's CSR manager on specific projects.

3.2 EXECUTIVE MANAGEMENT

3.2.1 CHOICE OF METHODS OF EXERCISING GENERAL MANAGEMENT

At its meeting of 13 September 2021, the Company's Board of Directors decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

Name, Offices	Date of appointment	Date of end of term of office
Stefan Borgas *Chairman of the Board of Directors* *Director*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023
Nicolas Sordet *Chief Executive Officer* *Director*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023
Jérémy Pessiot *Chief Operating Officer* *Director of Technology and Innovation (employee)*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023

3.2.2 OFFICES AND POSITIONS HELD IN ANY COMPANY BY EACH CORPORATE OFFICER DURING THE 2023 FINANCIAL YEAR

Name *Office*	Current office or position held outside the Company
Stefan Borgas *Chairman of the Board of Directors* *Independent director*	CEO of RHI Magnesita Founder of Borgas advisory GmbH
AFY Partners whose permanent representative is Christophe Calice *Director*	Manager of Ecilac Capital Manager of XL2C Invest Manager of AFY Partners
Valquest Partners	
whose permanent representative is Fadi Noureddine (until 16 February 2024) then Walid Sfeir (from 16 February 2024) *Director*	Offices held by Fadi Noureddine: Chairman of Valquest Partners S.à.l. (Holding company) Director of Valquest Partners Europe (Ltd) Managing Director of VQ One S.à.r.l. Managing Director of VQ Energy One S.C.A. Chairman of Valquest (VQ) One Power SAOC Chairman of VQ Biotech One s.a.l. Chairman of Al Jizzi Transformers & Switchgears Company SAOC Offices held by Walid Sfeir: Director of Valquest Partners s.a.l. (Holding company) Director of Valquest Partners Europe (Ltd) Director of VQ One S.à.r.l. Director of Valquest (VQ) One Power SAOC Director of VQ Biotech One s.a.l. Director of VQ Biotech One (Ltd) Director of Al Jizzi Transformers & Switchgears Company SAOC Chairman of OPP Holding s.a.l. (Holding company) Director of OPP s.a.l. Director of Primary Holding s.a.l. (Holding)

Name *Office*	Current office or position held outside the Company
Sofinnova Partners whose permanent representative is Michael Krel *Director*	Director of Bon VIvant SAS Director of Enginzyme AB Director of Elicit Plant SAS Director of Meiogenix SAS Director of Microphyt SA Director of Werewool Inc Non-voting member of GF BIochemicals SAS Non-voting board member of Comet Biorefining, Inc.
Caroline Lebel (until 18 September 2023) *Director*	Director at 360learning, Ringover and Virtuo Technologies and non-voting member of Deepki, Fermentalg and IAdvize
Bpifrance (from 18 September 2023) whose permanent representative is Caroline Lebel *Director*	Director at 360learning, Ringover and Virtuo Technologies and non-voting member of Deepki, Fermentalg and IAdvize
Patrizia Marraghini *Independent director*	Independent Director & Chairman of the Audit & Compliance Committee at SAIPEM SA and SCNL Independent Director of STOA (JV Caisse des Dépôts et Consignations and AFD)
Nicolas Sordet *Chief Executive Officer and director*	Permanent representative of AFYREN, itself Chairman of the Board of Directors of AFYREN Neoxy
Jérémy Pessiot *Chief Operating Officer*	Chairman of AFYREN Investment Chairman of AFYREN Neoxy and member of the Board of Directors of AFYREN Neoxy

In accordance with recommendation no. 1 of the Middlenext Code, executive directors do not hold more than two (2) other offices in listed companies, including foreign companies, outside their group.

3.2.3 COMBINATION OF EMPLOYMENT CONTRACT AND CORPORATE OFFICE

➢ Corporate office of Jérémy Pessiot

Jérémy Pessiot is bound to the Company by an employment contract entered into on 22 September 2019, amended by an amendment dated 19 February 2021, as Chief Technology and Innovation Officer of the Company.

In accordance with recommendation no. 18 of the Middlenext Code, on 28 September 2021 the Board of Directors authorised the combination of Jérémy Pessiot's employment contract with his corporate office.

This decision was motivated by the fact that Jérémy Pessiot's duties as an employee of the Company are technical, distinct from those related to his position as Chief Operating Officer, and consist in particular of defining the Company's innovation strategy (determination of the Company's development areas in terms of processes and innovation, initiation of all the Company's major research projects, organisation and management of laboratories, demonstrators and pilot sites, supervision of technological watch), management of processes and resources related to innovation (development of relations with academic partners, definition of the Company's intellectual property acquisition and development strategy, in particular), coordination of innovation projects and management of patents and innovations. These duties as an employee are performed under the supervision of the Company's Chief Executive Officer.

➢ Corporate office of Nicolas Sordet

In a decision dated 26 March 2019, the Company's Board of Directors decided that Nicolas Sordet's permanent employment contract dated 1 June 2015, as Chief Financial Officer and International Business Development Director, would be suspended from 1 January 2019 and during the performance of his term of office as Chief Executive Officer of the Company.

3.2.4 COMPANY DIVERSITY AND EQUITY POLICY

In accordance with recommendation no. 15 of the Middlenext Code, the Company implements the principles of equity and gender balance at each level of the Company's hierarchy.

3.2.5 COMPENSATION OF CORPORATE OFFICERS

The compensation of corporate officers is determined by the Board of Directors on the recommendation of the Compensation Committee.

➢ Compensation of non-executive corporate officers

None of the directors, with the exception of Stefan Borgas and Patrizia Marraghini (as specified in section 4), received any compensation for their duties. The total compensation of Stefan Borgas and Patrizia Marraghini for the 2023 financial year amounted to €55,000 out of a total compensation package of €100,000, as set by the combined general meeting of 11 June 2021.

➢ Compensation of executive corporate officers

On 13 September 2021, the Board of Directors appointed:

- Nicolas Sordet as the Company's first Chief Executive Officer;
- Jérémy Pessiot as the Company's Chief Operating Officer;
- Stefan Borgas, as the Company's Chairman of Board of Directors.

For the accounting period presented, the compensation of Nicolas Sordet, Jérémy Pessiot and Stefan Borgas for their respective terms of office was as follows.

➢ Compensation of Nicolas Sordet for the financial year ended 31 December 2023

Since 1 January 2023 and in accordance with the terms of the corporate office agreement entered into between Nicolas Sordet and the Company on 4 February 2022 and the decision of the Board of Directors on 21 March 2023, Nicolas Sordet receives gross fixed annual compensation of €180,000, annual variable compensation that may represent a maximum amount equal to 25% of his fixed annual compensation (i.e. a maximum amount of €45,000) and multi-annual variable compensation representing an amount equal to 50% of his annual compensation.

On 21 March 2023, the Board of Directors approved the recommendations made by the Compensation Committee on 6 March 2023 regarding the achievement of the performance criteria relating to the annual variable compensation and the payment to Nicolas Sordet of (i) the sum of €33,750 in respect of the annual variable compensation for the 2022 financial year and (ii) the sum of €27,000 in respect of the multi-year variable compensation.

Under the terms of this corporate officer agreement, Nicolas Sordet is also entitled to a non-competition indemnity equal to 50% of his gross monthly compensation during the last 12 months prior to the decision to terminate his contract as a corporate officer.

On 7 December 2021, the Board of Directors, on the proposal of the Compensation Committee meeting on December 2021, decided that the amount of severance pay to which the Chief Executive Officer will be entitled in the event of termination of his duties for any reason other than resignation, dismissal for serious misconduct or dismissal for gross misconduct will amount to 18 months of gross compensation. He also benefits from a GSC insurance policy taken out by the Company in the event of the loss of his corporate office.

➢ Compensation of Jérémy Pessiot for the financial year ended 31 December 2023

Jérémy Pessiot has been bound to the Company by an employment contract since 1 October 2012.

It should be noted that the Board of Directors on 28 September 2021 decided on the appropriateness of authorising the combination of Jérémy Pessiot's employment contract as Chief Technology and Innovation Officer of the Company and his corporate office as Chief Operating Officer, described in more detail in section 4.

In accordance with the terms of the employment contract entered into between Jérémy Pessiot and the Company on 22 September 2019 in replacement of the employment contract entered into with the Company on 1 October 2012, as amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021 and 4 February 2022, it is agreed that Jérémy Pessiot receives a gross fixed annual compensation of €160,000, an annual variable compensation that may represent a maximum amount equal to 25% of his annual fixed compensation (i.e. a maximum amount of €40,000) and a multi-year variable compensation representing an amount equal to 50% of his annual compensation. Jérémy Pessiot does not receive compensation for his duties as a corporate officer of the Company.

On 21 March 2023, the Board of Directors approved the recommendations made by the Compensation Committee on 6 March 2023 regarding the achievement of the performance criteria relating to the annual variable compensation and the payment to Jérémy Pessiot of (i) the sum of €30,000 in respect of the annual variable compensation for the 2022 financial year and (ii) the sum of €24,000 in respect of the multi-year variable compensation.

Under the terms of his contract as a corporate officer, Nicolas Sordet is also entitled to a non-competition indemnity equal to 50% of his gross monthly compensation as Chairman during the last 12 months preceding the decision to terminate his contract as a corporate officer.

On 7 December 2021, the Board of Directors, on the proposal of the Compensation Committee meeting on 3 December 2021, decided that the amount of severance pay to which the Chief Executive Officer will be entitled in the event of termination of his duties for any reason other than resignation, dismissal for serious misconduct or dismissal for gross misconduct will amount to 18 months of gross compensation.

➢ Compensation of Stefan Borgas for the year ended 31 December 2023

On 4 February 2022, Stefan Borgas and the Company entered into a corporate office agreement, which was authorised by the Board of Directors on 4 February 2022. Under the terms of this corporate officer agreement and the decisions of the Board of Directors dated 24 March 2022, Stefan Borgas receives an annual compensation of €30,000.

As of 31 December 2023, Stefan Borgas also held 192,500 founder share warrants.

The table shows both the compensation awarded and paid (i) in respect of and during the financial year ended 31 December 2022 and (ii) in respect of and during the financial year ended 31 December 2023 presented above.

Table 1: Summary of compensation paid to each executive corporate officer

	Financial year ended 31 December 2022		Financial year ended 31 December 2023	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Nicolas SORDET - *Chief Executive Officer*				
Fixed compensation[14]	€180,000	€180,000	€180,000	€180,000
Annual variable compensation[15]	€45,000	€40,500[16]	€45,000	€33,750[17]
Multi-year variable compensation[18]	€90,000	N/A	€90,000	€27,000[19]
Exceptional compensation	€1,664.56	N/A	N/A	N/A
Compensation granted for serving as a director	N/A	N/A	N/A	N/A

[14] Under the terms of the corporate mandate agreement entered into on 4 February 2022, Nicolas Sordet receives gross annual fixed compensation of €180,000 for the current financial year. On 21 March 2023, the Board of Directors approved the continuation of Nicolas Sordet's fixed compensation.
[15] Under the corporate office agreement entered into on 4 February 2022, Nicolas Sordet receives variable compensation equal to 25% of his fixed compensation (i.e. a maximum amount of €45,000 for fixed compensation of €180,000), subject to the achievement of the objectives set by the Board of Directors.
[16] On 4 February 2022, the Board of Directors approved the recommendations of the Compensation Committee on 1 February 2022 regarding the achievement of the performance criteria relating to annual variable compensation and the payment of the sum of €40,500 to Nicolas Sordet in respect of his annual variable compensation for the 2021 financial year.
[17] On 21 March 2023, the Board of Directors approved the recommendations made by the Compensation Committee on 6 March 2023 concerning the achievement of the performance criteria relating to variable annual compensation and the payment of the sum of €33,750 to Nicolas Sordet in respect of variable annual compensation for the 2022 financial year.
[18] Under the terms of the corporate officer agreement dated 4 February 2022 and in accordance with the decisions of the Company's Board of Directors on 21 March 2023, Nicolas Sordet may receive, as multi-year variable compensation, a maximum of 50% of his fixed compensation per year (i.e. up to €90,000 for fixed compensation of €180,000), subject to the achievement of the objectives set by the Board of Directors.
[19] On 21 March 2023, the Board of Directors approved the recommendations of the Compensation Committee of 6 March 2023 regarding the achievement of the performance criteria relating to the multi-year variable compensation and the payment of the sum of €27,000 to Nicolas Sordet, in respect of the multi-year variable compensation.

	Financial year ended 31 December 2022		Financial year ended 31 December 2023	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Benefits in kind[20]	€4,273.32	€4,273.32	€4,767	€4,767
TOTAL	**€320,937.88**	**€229,273.32**	**€319,767.00**	**€245,517.00**
Jérémy PESSIOT - *Chief Operating Officer*				
Fixed compensation[21]	€160,000	€159,999.96	€160,000	€160,000
Annual variable compensation[22]	€40,000	€36,000[23]	€40,000	€30,000[24]
Multi-year variable compensation[25]	€80,000	N/A	€80,000	€24,000[26]
Exceptional compensation and various bonuses	€1,664.56	€1,664.56	€1,664.56	€1,664.56
Compensation granted for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind[27]	€5,705.40	€5,705.40	€7,188.60	€7,188.60
TOTAL	**€287,369.96**	**€203,369.92**	**€288,853.16**	**€222,853.16**

[20] Provision of a company car.
[21] Under the terms of the employment contract entered into between Jérémy Pessiot and the Company on 22 September 2019, amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021, Jérémy Pessiot will receive gross annual fixed compensation of €160,000 during the 2022 financial year.
[22] Under the terms of the employment contract entered into between Jérémy Pessiot and the Company on 22 September 2019, amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021, Jérémy Pessiot receives annual variable compensation that may represent a maximum amount equal to 25% of his fixed annual compensation (i.e. a maximum amount of €40,000 for fixed compensation of €160,000).
[23] On 4 February 2022, the Board of Directors approved the recommendations of the Compensation Committee dated 1 February 2022 regarding the achievement of the performance criteria relating to annual variable compensation and the payment of the sum of €36,000 to Jérémy Pessiot, in respect of his annual variable compensation for the 2021 financial year.
[24] On 21 March 2023, the Board of Directors approved the recommendations made by the Compensation Committee on 6 March 2023 concerning the achievement of the performance criteria relating to variable annual compensation and the payment of the sum of €30,000 to Jérémy Pessiot in respect of variable annual compensation for the 2022 financial year.
[25] Pursuant to the decisions of the Company's Board of Directors on 4 February 2022, Jérémy Pessiot may receive, as multi-year variable compensation, a maximum of 50% of his fixed compensation per year (i.e. up to €80,000 for fixed compensation of €160,000), subject to the achievement of the objectives set by the Board of Directors.
[26] On 21 March 2023, the Board of Directors approved the recommendations of the Compensation Committee dated 6 March 2023 regarding the achievement of the performance criteria relating to multi-annual variable compensation and the payment of the sum of €24,000 to Jérémy Pessiot, in respect of multi-annual variable compensation.
[27] Provision of a company car.

	Financial year ended 31 December 2022		Financial year ended 31 December 2023	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Stefan BORGAS - *Chairman of the Board of Directors*				
Fixed compensation	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation granted for serving as a director	€30,000[28]	€30,000	€30,000[29]	€30,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**€30,000**	**€30,000**	**€30,000**	**€30,000**

Table 2: Summary table of allowances or benefits for corporate officers for the financial year ended 31 December 2023

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Nicolas Sordet *Chief Executive Officer*	Suspended[30]			X	X[31]		X[32]	

[28] In a decision taken on 24 March 2022, the Board of Directors decided to award €30,000 to Stefan Borgas in respect of his office as an independent director.
[29] In a decision taken on 21 March 2023, the Board of Directors decided to award €30,000 to Stefan Borgas in respect of his office as an independent director.
[30] In a decision dated 26 March 2019, the Company's Board of Directors decided that Nicolas Sordet's permanent employment contract dated 1 June 2015, as Chief Financial Officer and International Business Development Director, would be suspended from 1 January 2019 and during the performance of his term of office as Chief Executive Officer of the Company.
[31] Please refer to the section "Compensation of Nicolas Sordet for the financial year ended 31 December 2023".
[32] Compensation equal to 50% of his gross compensation over the last 12 months preceding the decision to terminate the corporate officer agreement entered into between Nicolas Sordet and the Company on 4 February 2022.

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Jérémy Pessiot *Deputy Chief Executive Officer*	X			X	X[33]		X[34]	
Stefan Borgas *Chairman of the Board of Directors*		X		X		X		X

Incentive programme

BSPCE[35] GRANTED TO EACH EXECUTIVE CORPORATE OFFICER DURING THEIR TERM OF OFFICE

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted[36]	Exercise price (€)	Exercise period
Nicolas SORDET - *Chief Executive Officer*					
BSPCE 2 3 June 2015	Founder share warrants	€41,400	103,500	€0.40	N/A
BSPCE 3 29 December 2015	Founder share warrants	€68,985	109,500	€0.63	N/A

[33] Please refer to the section "Compensation of Jérémy Pessiot for the financial year ended 31 December 2023".
[34] Compensation equal to 50% of his gross compensation over the last 12 months preceding the decision to terminate the employment contract entered into between Jérémy Pessiot and the Company on 22 September 2019.
[35] The Company has not granted any share subscription or purchase options or share purchase warrants to corporate officers.
[36] It should be noted that the general meeting of 11 June 2021, pursuant to its thirtieth resolution, approved the division of the nominal value of an ordinary share and, consequently, noted that the securities giving access to the share capital in force within the Company will henceforth give the right to the number of shares to which they previously gave right multiplied by five (5) as a result of the division of the of the nominal value of the shares by five (5). The exercise price was therefore divided by five (5).

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted[36]	Exercise price (€)	Exercise period
BSPCE 5 26 June 2019	Founder share warrants	€22,760	20,000	€2.06	6,666 BSPCE exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCE exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCE exercisable from 1 July 2022 and until 1 July 2029
Jérémy PESSIOT - *Chief Operating Officer*					
BSPCE 2 3 June 2015	Founder share warrants	€31,400	78,500	€0.40	N/A
BSPCE 3 29 December 2015	Founder share warrants	€22,760	110,000	€0.63	N/A
BSPCE 5 26 June 2019	Founder share warrants	€22,760	20.000[37]	€2.06	6,666 BSPCE exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCE exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCE exercisable from 1 July 2022 and until 1 July 2029
Stefan BORGAS - *Chairman of the Board of Directors*					
BSPCE 5 26 June 2019	Founder share warrants	€198,800	175,000	€2.06	58,333 BSPCE exercisable since 16 September 2021 until 16 September 2030 58,333 BSPCE exercisable since 16 September 2022 until 6 September 2030

[37] It should be noted that the general meeting of 11 June 2021, pursuant to its thirtieth resolution, approved the division of the nominal value of an ordinary share and, consequently, noted that the securities giving access to the share capital in force within the Company will henceforth give the right to the number of shares to which they previously gave right multiplied by five (5) as a result of the division of the of the nominal value of the shares by five (5).

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted[36]	Exercise price (€)	Exercise period
					58,334 BSPCEs exercisable since 16 September 2023 until 6 September 2030
BSPCE 2021 11 June 2021	Founder share warrants	€66,905	17,500	€8.02	5,833 BSPCEs exercisable from 4 February 2023 until 4 February 2032 5,833 BSPCEs exercisable from 4 February 2024 until 4 February 2032 5,834 BSPCEs exercisable from 4 February 2025 until 4 February 2032

No BSPCE granted to each executive corporate officer during their term of office were exercised during the year ended 31 December 2023.

➢ Stock options

The Company has not granted any share subscription or purchase options to executive corporate officers.

➢ Share subscription warrants

The Company has not granted any share purchase warrants to executive corporate officers.

➢ Free shares granted to each corporate officer during their term of office

2021 FREE SHARE GRANTS

By decisions dated 7 December 2021 and 24 March 2022, the Board of Directors implemented the delegation of authority granted by the twenty-ninth resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, 2021 free share grants as a bonus linked to the completion of the capital increase decided with a view to the admission to trading of the Company's shares on Euronext Growth.

The Board of Directors thus awarded 2021 free share grants to the following corporate officers:

Free shares granted to each corporate officer					
Free shares granted by the general meeting during the financial year to each corporate officer	plan number and date	Number of shares granted during the year	Valuation of the shares according to the method used for the consolidated financial statements	Vesting date	Availability date
Nicolas Sordet	No. 1 07/12/2021	22,444	€203,567	07/12/2022	07/12/2023
	No. 2 24/03/2022	257,620	€1,380,024	Tranche 1: 24/03/2023 Tranche 2: 24/03/2024 Tranche 3: 24/03/2025	Tranche 1: 24/03/2024 Tranche 2: 24/03/2025 Tranche 3: 24/03/2026
Jérémy Pessiot	No. 1 07/12/2021	19,951	€180,956	07/12/2022	07/12/2023
	No. 2 24/03/2022	257,620	€1,380,024	Tranche 1: 24/03/2023 Tranche 2: 24/03/2024 Tranche 3: 24/03/2025	Tranche 1: 24/03/2024 Tranche 2: 24/03/2025 Tranche 3: 24/03/2026

The 42,395 2021 free share grants awarded by the Board of Directors on 7 December 2021 to Nicolas Sordet and Jérémy Pessiot were, in accordance with plan No. 1, vested on 7 December 2022 and have been transferable since 7 December 2023.

The 51,524 2021 free share grants awarded under Tranche 1 by the Board of Directors on 24 March 2022 to Nicolas Sordet and Jérémy Pessiot were, in accordance with plan No. 2, vested on 24 March 2023.

All 2021 free share grants awarded under plan no. 2 are subject to a retention period as at the date of this report.

2023 free share grants

By decisions dated 18 December 2023, the Board of Directors implemented the delegation of authority granted by the eighteenth resolution of the combined general meeting of 21 June 2023, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to award, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, the 2023 free share grants under a long-term free share plan.

The Board of Directors thus awarded 2023 free share grants to the following corporate officers:

Free shares granted to each corporate officer					
Free shares granted by the general meeting during the financial year to each corporate officer	plan number and date	Number of shares granted during the year	Valuation of the shares according to the method used for the consolidated financial statements	Vesting date	Availability date
Nicolas Sordet	No. 1 18/09/2023	48,632	**€239,756**	31/03/2026	31/03/2026
Jérémy Pessiot		48,632	**€239,756**		

3.3 AGREEMENTS REFERRED TO IN ARTICLES L.225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

In its special report on the agreements referred to in Articles L.225-38 of the French Commercial Code, your statutory auditor examines the agreements entered into by the Company or performed by it during the past year. This report is available to you.

No new agreements were entered into during the year ended 31 December 2023 that had not already been approved by the ordinary general meeting.

3.4 AGREEMENTS ENTERED INTO BETWEEN A SUBSIDIARY OF THE COMPANY AND A CORPORATE OFFICER OR A SHAREHOLDER HOLDING MORE THAN 10% OF THE COMPANY'S SHARE CAPITAL

None.

3.5 SUMMARY TABLE OF CURRENT DELEGATIONS OF AUTHORITY AND POWERS TO INCREASE THE SHARE CAPITAL

Resolutions approved by the combined general meeting of 11 June 2021				
Purpose of the resolution	*Duration*	*Ceilings*	*Price determination procedures*	*Implementation*
Authorisation to be granted to the Board of Directors to grant options to subscribe for and/or purchase ordinary shares to employees and/or certain corporate officers (the "**2021 Options**")	38 months Expires 10 August 2024	1,619,853 2023 BSA giving rise to the issue of 1,619,853 ordinary shares representing a maximum nominal amount of €32,397.06 by way of a capital	The subscription and/or purchase price of the shares upon exercise of the 2021 Options will be set by the Board of Directors on the day on which the 2021 Options are granted, it being specified that:	X

Resolutions approved by the combined general meeting of 11 June 2021				
		increase (common ceiling for 2023 BSA, 2023 BSPCE, 2023 free share grants and 2021 Options)	The purchase or subscription price per share may not under any circumstances be less than 95% of the average price quoted over the 20 trading sessions preceding the day on which the Board decides to grant the options; When an option allows its beneficiary to purchase shares that have previously been purchased by the Company, its exercise price, without prejudice to the foregoing clauses and in accordance with the applicable legal provisions, may not, moreover, be less than 80% of the average price paid by the Company for all the shares that it has previously purchased.	

Resolutions approved by the combined general meeting of 15 June 2022				
Purpose of the resolution	*Duration*	*Ceilings*	*Price determination procedures*	*Implementation*
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or subsequent access to equity securities to be issued by the Company, **with cancellation of the shareholders' preferential subscription right** by public offering **(other than an offering**	26 months Expires 14 August 2024	Nominal amount of capital increases: €225,000 Nominal amount of debt securities: €80,000,000	The price in the context of a public offering will be set by the Board of Directors according to the following rules: - the issue price of the shares that may be issued pursuant to this delegation of powers shall be set by the Board of Directors and shall be at least equal to the weighted average price over the last five (5) trading	X

Resolutions approved by the combined general meeting of 15 June 2022				
referred to in Article L.411-2 (1) of the French Monetary and Financial Code)			sessions preceding its setting, which may be reduced by a maximum discount of 20%; - for securities giving access to the share capital, the issue price shall be set by the Board of Directors in such a way that the sums received immediately by the Company upon issue of the securities in question, plus any sums that may subsequently be received by the Company for each share attached to and/or underlying the securities issued, are at least equal to the minimum price provided for above; - the conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out, taking into account the nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above.	

Resolutions approved by the combined general meeting of 21 June 2023				
Purpose of the resolution	*Duration*	*Ceilings*	*Price determination procedures*	*Implementation*
Delegation of authority to the Board of Directors to decide to issue ordinary shares	26 months Expires 21 August 2025	Nominal amount of capital increases: €175,000[1]		X

Resolutions approved by the combined general meeting of 21 June 2023				
and/or securities giving immediate and/or future access to equity securities to be issued by the Company, **while maintaining shareholders' preferential subscription** rights		Nominal amount of debt securities: €80,000,000[2]		
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or future access to equity securities to be issued by the Company, **with cancellation of shareholders' preferential subscription rights** in favour of categories of beneficiaries	18 months Expires on 21 December 2024	Nominal amount of capital increases: €175,000[1] Nominal amount of debt securities: €80,000,000[2]	For capital increases, the issue price of the new shares shall be set by the Board of Directors and shall be at least equal to the weighted average price over the last five (5) trading sessions prior to its setting, which may be reduced by a maximum discount of 20%. For securities giving access to the share capital, including share subscription warrants, the issue price shall be set by the Board of Directors such that the amounts immediately received by the Company upon issue of the securities in question, plus any amounts that may subsequently be received by the Company for each share attached to and/or underlying the issued securities, shall be at least equal to the minimum price provided for above. The conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out,	X

Resolutions approved by the combined general meeting of 21 June 2023				
			taking into account the nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above.	
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or subsequent access to equity securities to be issued by the Company, **with cancellation of the shareholders' preferential subscription right**, to be issued **in the context of an offering** referred to in Article L.411-2 (1) of the French Monetary and Financial Code, and within the limit of 20% of the share capital per year	26 months Expires 21 August 2025	Nominal amount of capital increases: 20% of the share capital (as existing on the date of the transaction) per year and €175,000[1] Nominal amount of debt securities: €80,000,000[2]	For capital increases, the issue price of the new shares shall be set by the Board of Directors and shall be at least equal to the weighted average price over the last 5 trading sessions prior to its setting, which may be reduced by a maximum discount of 20%. For securities giving access to the share capital, including share subscription warrants, the issue price shall be set by the Board of Directors such that the amounts immediately received by the Company upon issue of the securities in question, plus any amounts that may subsequently be received by the Company for each share attached to and/or underlying the issued securities, shall be at least equal to the minimum price provided for above. The conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out,	X

Resolutions approved by the combined general meeting of 21 June 2023				
			taking into account the nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above.	
Authorisation to be granted to the Board of Directors to increase the number of securities issued in accordance with the provisions of Article L.225-135-1 of the French Commercial Code, in the event of the implementation of the delegations of authority referred to in the preceding resolutions, with cancellation of preferential subscription rights	26 months Expires 21 August 2025	15% of the amount of the initial issue under the above-mentioned delegations 1 to 3		X
Delegation of authority to the Board of Directors to decide to capitalise profits, reserves, premiums or other amounts whose capitalisation is permitted	26 months Expires 21 August 2025	Nominal amount of capital increases: €175,000[1]		X
Delegation of authority to be granted to the Board of Directors to decide to issue warrants to subscribe for ordinary shares ("**2023 BSA**") with cancellation of preferential subscription rights in favour of a category of persons	18 months Expires on 21 December 2024	1,619,853 2023 BSA giving rise to the issue of 1,619,853 ordinary shares representing a maximum nominal amount of €32,397.06 by way of a capital increase (common ceiling for 2023	The subscription price of the 2023 BSA will be determined by the Board of Directors on the date of issue, in accordance with the conclusions of the report of the expert appointed by the Company to value the subscription price of said 2023 BSA in accordance with the valuation methods	X

Resolutions approved by the combined general meeting of 21 June 2023				
		BSA, 2023 BSPCE, 2023 free share grants and 2021 Options)	applicable to this type of tool. The exercise price of the 2023 BSA will be determined by the Board at the time when the 2023 BSA are awarded and shall be equal to the weighted average price of the last twenty (20) trading sessions preceding the date of award of said 2023 BSA by the Board of Directors.	
Delegation of authority to be granted to the Board of Directors to decide to issue founder share warrants ("**2023 BSPCE**") with cancellation of preferential subscription to a category of persons	18 months Expires on 21 December 2024	1,619,853 2023 BSA giving rise to the issue of 1,619,853 ordinary shares representing a maximum nominal amount of €32,397.06 by way of a capital increase (common ceiling for 2023 BSA, 2023 BSPCE, 2023 free share grants and 2021 Options)	The 2023 BSPCE will be granted free of charge. The exercise price of the 2023 BSPCE will be set by the Board of Directors at the time when the 2023 BSPCE are granted, it being specified that this price must be at least equal to: (i) in the event of the completion of one or more capital increases in the six (6) months preceding the implementation of this delegation by the Board of Directors, at the subscription price of the ordinary share used in the most recent of said capital increases, assessed on the date of grant of each 2023 BSPCE, less, where applicable, a discount corresponding to the loss of economic value of the ordinary share since this issue; (ii) for any grant that takes place outside the cases referred to	X

Resolutions approved by the combined general meeting of 21 June 2023				
			in (i), at the weighted average price of the last twenty (20) trading sessions preceding the date on which the Board of Directors grants said 2023 BSPCE.	
Authorisation to the Board of Directors to grant ordinary Company shares free of charge to salaried employees and executive corporate officers (the "**2023 free share grants**")	38 months Expires 21 August 2026	The total number of free ordinary shares that may be granted under this authorisation may not exceed 10% of the share capital on the date of the decision by the Board of Directors to grant the shares, subject to a limit of 1,619,853 free shares, each with a par value of €0.02 per share.		Implemented by the Board of Directors on 1 July 2023, 18 September 2023 and 12 December.[38]

[1] The general meeting decided, pursuant to the seventh resolution of the general meeting of 21 June 2023 to set the overall ceiling applicable to authorisations and delegations for the purpose of issuing ordinary shares and/or securities giving immediate and/or future access to equity securities to be issued by the Company at €350,000.
[2] The general meeting decided, pursuant to the seventh resolution of the general meeting of 21 June 2023 to set the overall ceiling applicable to authorisations and delegations for the purpose of issuing debt securities to be issued by the Company at €80,000,000.

3.5.1 AWARDS OF FREE SHARE GRANTS IN FINANCIAL YEAR 2023

By decisions dated 17 February 2023, 21 March 2023 and 20 June 2023, the Board of Directors implemented the delegation of authority granted by the twenty-ninth resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, existing or new free Company shares (the "**2021 free share grants**").

[38] See Section 4.4.3.

History of free share grants			
Information on free shares granted			
	2021-4 FREE SHARE GRANTS	2021-5 FREE SHARE GRANTS	2021-6 FREE SHARE GRANTS
Date of the shareholders' meeting	11 June 2021		
Date of the Board of Directors	17 February 2023	21 March 2023	20 June 2023
Total number of free shares granted	3,589	10,386	2,546
Nominal value of a share	€0.02	€0.02	€0.02
Value of a share	**€6.24**	**€5.81**	**€5.52**
Total number of shares granted to corporate officers	-	-	-
Nicolas Sordet	-	-	-
Jérémy Pessiot	-	-	-
Share vesting date	17 February 2024	21 March 2024	20 June 2024
End of retention period	17 February 2025	21 March 2025	20 June 2025
Number of shares definitively granted as of the date of this Annual Financial Report	-	-	-
Total number of shares cancelled or lapsed as of the date of this Annual Financial Report	-	6,446	-
Free shares that may be granted as of the date of this Annual Financial Report	-[39]		

[39] By resolutions dated 21 June 2023, the combined general meeting set a common ceiling for the 2023 BSA, 2023 BSPCE, 2021 free share grants and 2021 Options, which was set at 1,679,297 in accordance with the seventeenth resolution of said meeting. The authorisation granted by the seventeenth resolution of the combined general meeting of 21 June 2023, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. et seq. of the French Commercial Code, to grant, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, existing or new free Company shares (the "**2023 free share grants**"), cancelled and replaced the authorisation granted by the twenty-ninth resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, existing or new free Company shares (the "**2021 free share grants**").

By decisions dated 1 July 2023, 18 September 2023 and 12 December 2023, the Board of Directors implemented the delegation of authority granted by the seventeenth resolution of the combined general meeting of 21 June 2023, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, existing or new free Company shares (the "**2023 free share grants**").

History of free share grants				
Information on free shares granted				
	2023-1 free share grants	2023-2 free share grants	2023-LTIP free share grants	2023-3 free share grants
Date of the shareholders' meeting	21 June 2023			
Date of the Board of Directors	1 July 2023	18 September 2023	18 September 2023	12 December 2023
Total number of free shares granted	815	5,455	190,207	13,208
Nominal value of a share	€0.02	€0.02	€0.02	€0.02
Value of a share	**€5.68**	**€4.93**	**€4.93**	**€2.11**
Total number of shares granted to corporate officers	-	-	-	
Nicolas Sordet	-	-	*48,632*	-
Jérémy Pessiot	-	-	*48,632*	-
Share vesting date	1 July 2024	18 September 2024	31 March 2026	12 December 2024
End of retention period	1 July 2025	18 September 2025	31 March 2026	12 December 2025
Number of shares definitively granted as of the date of this Annual Financial Report	-	-	-	-
Total number of shares cancelled or lapsed as of the date of this Annual Financial Report	-	-	-	-
Free shares that may be granted as of the date of this Annual Financial Report	1,202,731[40]			

In accordance with Article L.225-197-1 of the French Commercial Code, during the financial year ended 31 December 2023, the Board of Directors granted 141,810 free shares to 22 employees who were not corporate officers, it being specified that the ten employees who received the largest number of free shares received 102,808 free shares.

[40] By resolution dated 21 June 2023, the combined general meeting set a joint ceiling of 1,619,853 for the 2023 BSAs, 2023 BSPCEs, 2023 free share grants and 2021 Options. As a result of the award of 815 2023-4 free share grants by decision dated 1 July 2023, 190,207 2023-LTIP free share grants and 5,455 2023-2 free share grants by decision dated 18 September 2023, 13,208 2023-3 free share grants by decision dated 12 December 2023 and 12,868 2023-4 free share grants by decision dated 1 January 2024, the ceiling now stands at 1,397,300.

3.5.2 AWARDS OF STOCK OPTIONS IN FINANCIAL YEAR 2023

In accordance with Article L.225-184 of the French Commercial Code, no stock options were granted in 2023.

3.5.3 GRANTS OF BSPCE FOR THE CURRENT FINANCIAL YEAR

During the financial year ended 31 December 2023, the Board of Directors did not implement the delegation of authority granted by the sixteenth resolution of the combined general meeting of 15 June 2022 and the seventeenth resolution of the combined general meeting of 21 June 2023, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-138, L.225-129-2, L.228-91 and L.228-92 of the French Commercial Code, to issue, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, founder share warrants in the Company.

3.5.4 GRANTS OF SHARE SUBSCRIPTION WARRANTS FOR THE CURRENT FINANCIAL YEAR

During the financial year ended 31 December 2023, the Board of Directors did not implement the delegation of authority granted by the fifteenth resolution of the combined general meeting of 15 June 2022 and the sixteenth resolution of the combined general meeting of 21 June 2023, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-138 I, L.225-129-2, L.228-91 and L.228-92 of the French Commercial Code, to issue, on one or more occasions and at its sole discretion and in accordance with the terms and conditions that it shall determine in this resolution, share subscription warrants in the Company.

04 SUSTAINABILITY

4 SUSTAINABLE DEVELOPMENT

4.1 PREAMBLE AND METHODOLOGICAL NOTE

PREAMBLE

As AFYREN's industrial activities are in their start-up phase, the environmental, social and governance issues are part of a particular context. Nevertheless, the company has already taken many steps to ensure that ESG issues are at the heart of its business model, strategy and policies.
The company has been disclosing its CSR commitments in its annual Financial Report since 2021 (chapter 5) and now wishes to share these issues even more widely through a dedicated sustainability report, drawn up on a voluntary basis and scheduled for publication in the second quarter of 2024. **Chapter 5 of the company's Financial Report has therefore been adapted to this new context: most of the information will be shared in the sustainability report.**

METHODOLOGICAL NOTE ON THE FORTHCOMING REPORT

Under European Directive EU) 2022/2464 of the European Parliament of the Council of 14 December 2022 amending Regulation 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards the publication of sustainability information by companies, known as the CSRD Directive, companies listed on a regulated market are required to draw up a sustainability report.

As AFYREN is a company whose shares are admitted to trading on Euronext Growth, an organised market, and does not fall within the scope of large companies, AFYREN will not be subject to the obligations to publish a sustainability report.

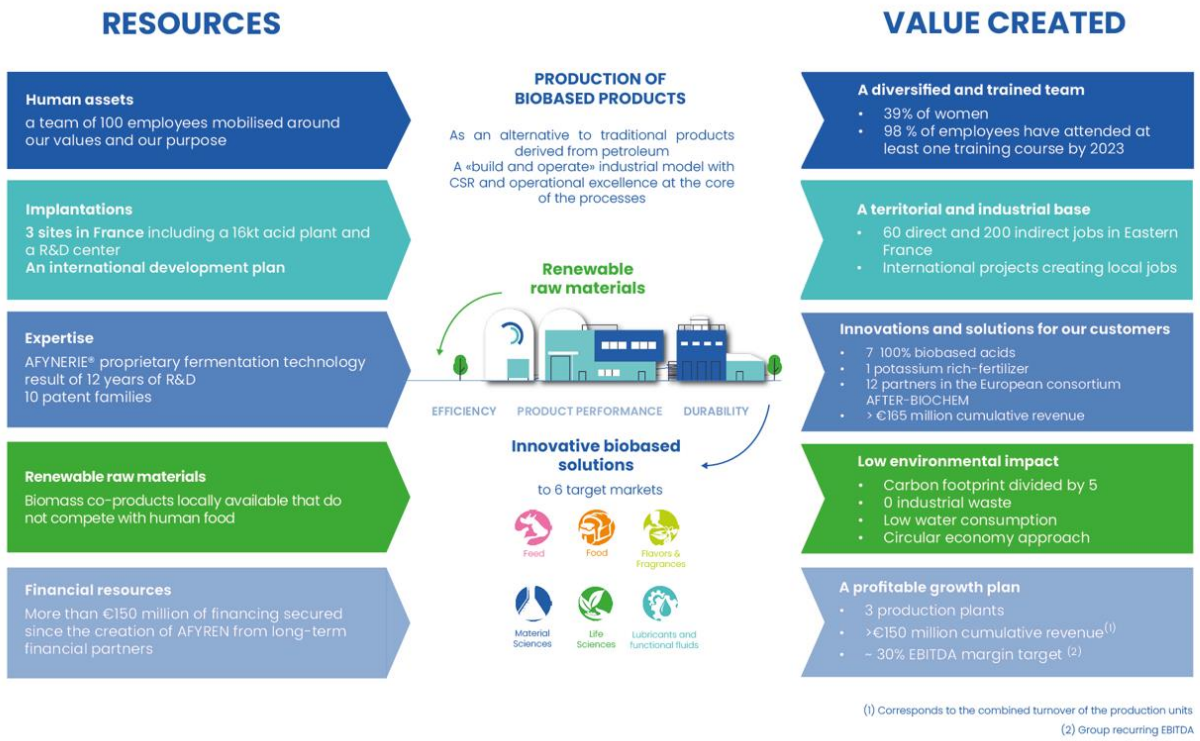
However, mindful of its impact, the Company has chosen to work on a sustainability report. This first sustainability report will be based on data for the 2023 financial year and drawn up on the basis of the working version of the ESRS for "Listed Small-and-Medium-sized Enterprises" (ESRS LSME).

4.2 SUSTAINABLE DEVELOPMENT AT THE HEART OF AFYREN'S VALUE CREATION MODEL

AFYREN has put sustainable development at the heart of its purpose:

“We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment”

The AFYREN business model is built around this purpose with unique resources and know-how, which allow us to create value for our economy and our environment, while relying on a clear mission, a well-defined strategy and strong values.



AFYREN Group fully adheres to the principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption and its business model also contributes to the achievement of several United Nations Sustainable Development Goals:

4.2.1 CSR GOVERNANCE

From the company's inception, AFYREN's managers have wanted to give sustainable development a central place. CSR was therefore integrated into the heart of the operational strategy at a very early stage, with a Chief Sustainability Officer on AFYREN's Executive Committee since 2021, in order to guarantee it maximum impact.

AFYREN continues to work on strengthening its CSR governance system with the establishment of a CSR committee within its Board of Directors in 2022. This committee supports the company in building its CSR strategy, using an ambitious approach adapted to its level of development, with a gradual roadmap:

- **2021- 2022: Vision, strategy and main CSR commitments; Policy and action plans**
- **2023-2024 - Implementation, certification, monitoring of stakeholder commitments**

Roles and responsibilities of the Board of Directors and the CSR Committee in monitoring the procedure for managing material impacts, risks and opportunities:

- The Board of Directors determines the Company's strategic guidelines and ensures that they are implemented in accordance with its corporate interest, taking into account the social and environmental challenges of its business.
- The CSR Committee deals with issues relating to the 5 pillars of CSR: governance, economic, social, societal and environmental.

It meets three or four times a year, and presents the identified ESG risks to AFYREN's Board of Directors twice a year, as well as the results and effectiveness of ESG policies, actions, metrics and targets.

The main ESG issues addressed by the company in 2023 and discussed by the Board of Directors during the 2023 financial year were:

- The first HR barometer (AFYREN Global People Survey) carried out in January 2023 among all employees
- AFYREN's participation in the Business Convention for the Climate - CEC (Lyon area) from February to November 2023;
- The introduction in September 2023 of a new long-term incentive plan for certain employees and corporate officers. It is based on performance objectives, including a non-financial component for 2025;
- AFYREN's first carbon footprint;
- The new code of ethics, the CSR reporting and communication strategy, and the definition of AFYREN's strategic and operational CSR KPIs in December 2023.

4.2.2 A CLEAR DEFINITION OF CSR COMMITMENTS AND OBJECTIVES

To ensure that the Group's commitments and ambitions are aligned with the main impacts of its business and the expectations of its stakeholders, AFYREN conducted a consultation with its internal and external stakeholders in 2021. This has enabled us to position the main CSR issues identified by AFYREN in relation to its value creation model. At the same time, a reflection process was initiated to define AFYREN's purpose and its outcome is the result of consultation between employees and external stakeholders, carried out in order to define the company's development course.

AFYREN's defined purpose is to ***enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment***. Three priority areas of commitment and nine CSR commitments are derived from this purpose and materiality analysis

	3 GENERAL COMMITMENTS	9 OPERATIONAL COMMITMENTS
PILLAR I	100% OF OUR SOLUTIONS OFFER A SUSTAINABILITY ADVANTAGE FOR INDUSTRY AND CONSUMERS	1.1 PLACING ECO-DESIGN AT THE HEART OF OUR INNOVATION
PRODUCTS AND INNOVATION		1.2 OFFERING LOW-CARBON ALTERNATIVES TO FOSSIL-BASED PRODUCTS
		1.3 BRING TO MARKET BIOBASED OR NATURAL PRODUCTS WITH HIGH SOCIETAL ADDED VALUE
PILLAR II	INDUSTRIAL DEVELOPMENT PERFECTLY SUITED TO THE "NET ZERO" TRAJECTORY AND TO THE OPTIMISATION OF CIRCULARITY	2.1 REDUCING OUR CARBON FOOTPRINT
OPERATIONS AND GOVERNANCE		2. 2 PRESERVING THE PLANET AND ITS RESOURCES BY MAKING OUR BUSINESS PART OF THE CIRCULAR ECONOMY
		2.3 STRIVING FOR EXCELLENCE IN ALL OUR OPERATIONS
PILLAR III	EMPLOYEES AND STAKEHOLDERS	3.1 ENSURING A SAFE ENVIRONMENT FOR ALL OUR EMPLOYEES AND NEIGHBOURS
A SAFE, COMMITTED AND CONNECTED TEAM		3.2 PROVIDING A MOTIVATING AND FULFILLING WORKING ENVIRONMENT FOR ALL OUR EMPLOYEES, WITHOUT DISTINCTION
		3.3 BEING FULLY COMMITTED TO OUR OPERATING REGIONS BY DEVELOPING THE BIOECONOMY SECTOR AND WORKING WITH OUR EXTERNAL STAKEHOLDERS.

By 2023, the company took major actions to deliver on its strong commitments to these three pillars. Examples include:

-structuring the pipeline of innovation projects by integrating formalised CSR criteria, thus placing eco-design at the heart of our innovation management.

-business ethics: updating AFYREN's code of ethics and its supplier code of conduct, with the introduction of a system for collecting alerts and an ethics referent

-carrying out its first scope 1, 2 and 3 corporate carbon footprint at an early stage in its industrial development. The carbon footprint was also estimated for a full-capacity production scenario, in order to identify possible areas for improvement as early as possible.

These elements and the associated KPIs will be described in more detail in the sustainability report. In addition, it should be noted that for the 2023 financial year, 15% of the variable compensation and long-term incentive plans of all employees with such a scheme (including members of the Executive Board) were determined by collective non-financial objectives linked to safety and the annual HR barometer.

4.3 AFYREN CORPORATE REPORTING

4.3.1 WORKFORCE

At the end of 2023, the AFYREN Group had 122 employees and is committed to maintaining a diverse and balanced team, in a spirit of equal opportunities between women and men, younger and older employees, and employees with a wide range of professional backgrounds and qualifications.

	2021	2022	2023
Total workforce (end-of-period FTE)[41]	70	114	122
Of which % women	33%	36%	39%
Of which % young people (<30 years old)	29%	32%	29%
Of which % seniors (>50 years old)	13%	14%	13%
Average age	36	37	38
Share of permanent contracts in the workforce (in %)	91%	90%	89.5%

4.3.2 ORGANISATION

The development of our teams, with the arrival of a Human Resources Director on AFYREN's Executive Committee, has enabled us to launch an HR policy tailored to the company's development.
AFYREN is committed to promoting the professional development of its employees by offering each of them a personalised training programme, and by providing them with career development opportunities that make the most of their skills, creativity, innovative potential and entrepreneurial energy. To this end, a Group training programme is currently being defined, with a number of initiatives already in place, particularly in the areas of QHSE and cybercrime. Climate Fresks will also be on display at two sites to give employees a shared understanding of environmental and social issues.
Raising the awareness of our teams on various subjects is also essential: for example, in 2023, AFYREN made all its employees aware of the challenges of business ethics.

4.3.3 ACCIDENTS

In 2023, AFYREN recorded six workplace accidents without lost time. Although not serious, these accidents were nevertheless analysed in depth in order to implement appropriate immediate corrective and preventive actions.

	2021	2022	2023
Number of lost-time accidents - AFYREN employees	0	0	0
Number of accidents without time off work - AFYREN employees	0	2	6

Developing a high-performance safety culture is one of AFYREN's main commitments. To this end, "safety talks" are organised on a very regular basis within the teams to observe work situations collectively, to remind people of the rules of behaviour and to reinforce best practices.

Furthermore, feedback of observations is strongly encouraged via a dedicated, easy-to-use tool: the number of observations is a KPI that is monitored on a monthly basis.

[41] including permanent contracts, fixed-term contracts and work-study contracts

4.4 NON-FINANCIAL ASSESSMENT AND REPORTING

Three years ago, AFYREN initiated a non-financial evaluation process by EthiFinance, to provide a working framework aligned with current best practices in the sector. This assessment enables the company to steer its CSR approach as part of a continuous improvement process, and has shown that its performance is well above the market and constantly improving:

	2020	2021	2022	2023
EthiFinance non-financial assessment	**55** (56 rebased)[42]	**66** (72 rebased)	**78** (79 rebased)	**83**

In 2024, EthiFinance rated AFYREN's CSR performance at 83/100 for the 2023 financial year, which corresponds to a PLATINUM level, the highest distinction awarded by EthiFinance. This 4-point increase on the previous year can be explained by AFYREN's efforts to document and constantly improve its processes, particularly in the areas of Governance (with significant work carried out on business ethics) and the Environment (thanks in particular to the completion of the first scope 1, 2 and 3 corporate carbon footprint).

For the first time in 2023, AFYREN undertook an assessment by the Ecovadis platform, and obtained a score of 61/100, placing it among the 21% best-performing companies on CSR issues, out of more than 85,000 companies assessed worldwide, and enabling it to obtain the silver medal. This assessment also enabled AFYREN's teams to identify a number of priority areas for improvement.

AFYREN also responds to the specific non-financial reporting requirements of all its investors, particularly its historical investors.

4.5 OUTLOOK

In 2024, AFYREN will publish its first sustainability report on a voluntary basis, marking a major step forward in the structuring of ESG data collection and the transparency of the publication of this information.

The company will continue to work on its climate strategy, monitor its CSR performance using the performance indicators approved by the Board of Directors, develop the commitment of its teams and work on concrete action plans in line with the regenerative roadmap resulting from the Business Convention for the Climate programme followed in 2023.

[42] Change in the reference framework between 2021 and 2022 leading to a revaluation of ratings

05

APPENDIX 1

AFYREN ANNUAL FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S REPORT

1 ANNEXE – APPENDIX 1 – AFYREN ANNUAL FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S REPORT

BALANCE SHEET- ASSETS

Assets			At 31/12/2023			At 31/12/2022
			Gross Amount	Depr. or Allow.	Net amount	
		Uncalled subscribed capital				
Fixed assets	Intangible fixed assets	Start up costs				
		Research and development costs	3 681 511	1 852 859	1 828 652	2 196 803
		Franchises, patents and similar assets	767 313	299 322	467 990	519 180
		Goodwill				
		Other intangible fixes assets				
		Intangible assets in progress	1 036 279		1 036 279	904 944
		Advance payments on intangible fixed assets				
		TOTAL	5 485 105	2 152 182	3 332 922	3 620 929
	Tangible fixed assets	Land				
		Buildings				
		Industrial fixtures and equipment	584 756	379 831	204 925	180 478
		Other tangible fixed assets	205 826	73 222	132 604	57 436
		Tangible fixed assets in progress				119 753
		Advance payments on tangible fixed assets				
		TOTAL	790 583	453 053	337 529	357 667
	Financial fixed assets	Investments measured using the equity method				
		Other investments	25 507 812		25 507 812	23 501 150
		Loans to group and related companies				
		Investments held in portfolio for the long term				
		Other investments	1 711 655	64 548	1 647 107	174 896
		Loans				
		Other financial assets	234 238		234 238	132 499
		TOTAL	27 453 706	64 548	27 389 158	23 808 546
		Total fixed assets	**33 729 394**	**2 669 784**	**31 059 610**	**27 787 143**
Current assets	Inventories	Raw materials and supplies				
		Work in progress (goods)				
		Work in progress (services)				
		Finished goods and by-production				
		Merchandise				
		TOTAL				
	Advances to suppliers					572
	Receivables	Trade accounts receivable	466 387		466 387	788 343
		Other receivables	649 282		649 282	538 483
		Unpaid called capital				
		TOTAL	1 115 669		1 115 669	1 326 826
	Other	Marketable securities	380 065		380 065	
		(of which own shares : 380 065)				
		Cash instruments				
		Available funds	49 552 186		49 552 186	62 332 680
		TOTAL	49 932 251		49 932 251	62 332 680
Prepaid expenses			197 261		197 261	113 860
		Total current assets	**51 245 182**		**51 245 182**	**63 773 940**
Deferred charges						
Premiums on redemption of borrowings						
Exchange rate differences assets						
		TOTAL ASSETS	84 974 577	2 669 784	82 304 793	91 561 084

BALANCE SHEET- LIABILITIES

	Liabilities	At 31/12/2023	At 31/12/2022
Shareholder's funds	Share capital (of which paid up : 520 451)	520 451	517 371
	Share premiums (mergers, contributions)	85 263 676	85 088 611
	Revaluation variance		
	Equity reserve		
	Reserves		
	Legal reserves	1 150	1 150
	Statutory reserves		
	Tax regulated reserves		
	Other reserves		
	Profit and loss account brought forward	-9 719 856	-5 828 201
	Previous results not yet alloted		
	Result for the financial year (profit or loss)	-4 321 754	-3 891 654
	Net worth before allocation	71 743 667	75 887 276
	Investment grants	724 697	788 836
	Special provision for tax purposes		
	Total	72 468 365	76 676 113
Other funds	Subordinated equity		
	Advances subject to covenants		
	Total		
Provisions	Provisions for risks	13 900	13 900
	Provisions for future costs	379 897	192 330
	Total	393 797	206 230
Liabilities	Financial liabilities		
	Convertible debenture loans		3 900 722
	Other debenture loans		
	Borrowing from credit institution	1 688 077	2 348 823
	Other borrowings	2 666 086	2 368 482
	Total	4 354 164	8 618 028
	Advances received on orders		
	Trade accounts payable and related liabilities	385 236	384 572
	Taxes and social debts	977 888	1 065 863
	Liabilities related to fixed assets		134 935
	Other debts		
	Cash instruments		
	Total	1 363 124	1 585 370
	Deferred income	3 725 342	4 475 342
	Total liabilities and income recorded in advance	9 442 630	14 678 741
	Exchange rate differences liabilities		
	TOTAL LIABILITIES	82 304 793	91 561 084
	Leasing for buildings		
	Leasing for other equipment	132 283	
	Non expired discounted notes receivable		

		France	Export	From 01/01/2023 At 31/12/2023 12 months	From 01/01/2022 At 31/12/2022 12 months
Operating income	Sales of purchased goods				
	Sales of manufactured goods				
	Sales of services	1 015 368		1 015 368	859 999
	Net sales	1 015 368		1 015 368	859 999
	Changes in stock of manufactured goods and work in progress				
	Production of fixed assets capitalised			131 335	226 798
	Partial profits on long term contracts				
	Trading incentive grants			14 502	37 093
	Write-back of depreciation, provisions and transferred charges			303 483	156 616
	Other income			1 702 276	1 929 457
	Total			3 166 966	3 209 966
Operating expenses	Goods – Purchases				
	Goods – Changes in inventory				
	Raw materials and other supplies – Purchases			130 028	155 640
	Raw materials and other supplies – Changes in inventory				
	Other purchases and expenses			3 357 702	2 471 078
	Taxes			51 146	45 784
	Wages and salaries			3 425 608	2 821 804
	Social security charges			1 444 393	1 108 075
	Depreciation and Provisions – on fixed assets – Depreciation			595 920	519 071
	Depreciation and Provisions – on fixed assets – Provisions				
	Depreciation and Provisions – on current assets: provisions				
	Depreciation and Provisions – for risks and future costs: provisions			263 216	184 715
	Other expenses			56 961	46 927
	Total			9 324 978	7 353 097
	Operating result A			-6 158 011	-4 143 131
Joint venture oper.	Profit attributed or loss transferred B				
	Loss attributed or profit transferred C				
Financial income	From shares in group companies				
	From other investments				
	Interests and similar incomes			1 406 778	178 954
	Write-back of provisions and transferred charges				
	Exchange gain			13 209	391
	Net profit on disposals of current financial investments				
	Total			1 419 987	179 346
Financial expenses	Increase of provisions against financial assets				
	Interests payable and similar charges			-103 948	299 831
	Exchange loss			18 814	641
	Net losses on disposals of current financial investments				
	Total			-85 133	300 472
	Net financial result D			1 505 121	-121 126
RESULT OF ORDINARY OPERATIONS BEFORE CORPORATE TAX ON PROFIT (±A+B-C±D) E				**-4 652 890**	**-4 264 257**
Exceptional income	On operating items				
	On capital items			114 995	138 080
	Write-back of provisions and transferred charges			67 544	
	Total			182 539	138 080
Exceptional expenses	On operating items			125	375
	On capital items			247 498	129 892
	Depreciation and provisions			64 548	
	Total			312 171	130 267
	Net exceptional result F			-129 631	7 812
Employees' profit sharing plan G					
Corporate tax on profit H				-460 767	-364 791
PROFIT OR LOSS (± E ± F - G - H)				**-4 321 754**	**-3 891 654**

1. EVENTS OF THE YEAR

1.1 EVÉNEMENTS PRINCIPAUX DE L'EXERCICE

The purpose of AFYREN, created in April 2012, is research and development in the field of environmental and industrial biotechnologies and ecotechnologies.

PARTNERSHIP:

In Asia, Afyren is in the process of setting up a joint venture in Thailand with Mitr Phol, the world's third largest sugar group. The aim of the project is to set up a biobased carboxylic acid plant near Bangkok. The project targets the Asian market, which accounts for 25% of the global carboxylic acid market. At 31 December 2023, Afyren was not a shareholder in this subsidiary.

Wholly-owned subsidiary in Quebec:

Afyren Canada was created during the 2022 financial year and is wholly owned by Afyren. Afyren subscribed to the capital for an amount of €7 thousand during the first half of 2023. The subsidiary has not yet begun operations.

FINANCING:

In April 2023, Afyren took out a €1 million Innovation Loan with Bpifrance. The loan is repayable in 31 quarterly instalments, including a deferred principal repayment on the first 11 instalments.

In May 2023, in accordance with existing financing agreements, Afyren subscribed to:

- a €2 million cash capital increase for Afyren Neoxy as part of a €3.5 million capital increase subscribed by its shareholders AFYREN and Bpifrance;
- a €1.5 million Afyren Neoxy convertible bond as part of a €3 million issue, again subscribed by its shareholders Afyren and Bpifrance;

At the end of March 2023, Afyren repaid in cash the convertible bonds issued in March 2020 for €3.6 million.

LIQUIDITY CONTRACT / SHARE BUYBACKS:

By an amendment to the current liquidity contract with NATIXIS and ODDO BHF SCA, dated 18 April 2023, Afyren increased the funds made available under this liquidity contract by an additional €0.15 million. As a reminder, €0.3 million was paid when the contract was implemented in November 2021.

As of 31 December 2023, the following resources were included in the liquidity account:

- Number of shares: 73,923 shares
- Cash balance of the liquidity account: €57,857

In April 2023, AFYREN implemented a share buyback programme in accordance with the decision of the AFYREN Board of Directors at its meeting of 21 March 2023. It was then decided to extend the programme in October 2023.

In a context of low share prices, this programme limits shareholder dilution resulting from multi-year share allotment plans, with no significant impact on cash, since it concerns a maximum of 82,000 shares. This programme ended on 6 December 2023.

20,188 shares were also bought back in over-the-counter transactions.

CAPITAL TRANSACTIONS LINKED TO FREE SHARE GRANTS AND BSPCE:

During 2023, capital increases linked to the exercise of BSPCEs and the vesting of free shares were recorded for a total amount of €3,080, corresponding to 154,022 shares with a nominal value of €0.02 each.

EQUITY INSTRUMENT PLANS:

During 2023, the Board of Directors decided to award free shares. Details of these transactions are provided in Note 4.5.

During 2023, 32,500 BSPCE 5 and 8,995 2021 free share grants were cancelled following the departure of employees.

LONG-TERM INCENTIVE PLAN:

In September 2023, Afyren introduced a new long-term incentive plan for certain employees and corporate officers. It is based on performance targets, including a non-financial component, to be achieved by 2025, provided that the beneficiary is still employed by the Company on that date. This plan corresponds to a total potential volume of 190,206 shares.

1.2 SUBSEQUENT EVENTS

In December 2023, the Board of Directors used the authorisation granted to it under the sixth resolution adopted by the general meeting of 21 June 2023 to launch a new share buyback programme. It began in January 2024 and is for a maximum amount of €300 000.

In January 2024, the Board of Directors used the authorisation granted to it under the eighteenth resolution adopted by the combined general meeting of 21 June 2023 to issue 12,868 2023 free shares to two employees of the Company.

1.3 ACCOUNTING PRINCIPLES, RULES AND METHODS

The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code and ANC Regulation 2014-03 of 5 June 2014, updated by ANC Regulation 2018-07 of 10 December 2019.

General accounting conventions have been applied in accordance with the principle of prudence, using the following standard assumptions: going concern, consistency of accounting methods from one year to the next, and independence of financial years, in accordance with the general rules for preparing and presenting annual financial statements.

2. BALANCE SHEET INFORMATION

2.1 ASSETS

2.1.1 INTANGIBLE ASSETS

Intangible assets are valued at their acquisition cost after deducting rebates, discounts and refunds, or at their production cost.

An impairment loss is recognised when the present value of an asset is less than the net carrying amount.

With the exception of trademarks, which are not amortised, amortisation of intangible assets is calculated using the straight-line method over 10 years.

R&D COSTS

The method used for research and development costs is to capitalise them. These expenses are thus amortised over a period of 10 years.

Intangible assets in progress correspond to R&D costs relating to the R&D Booster project.

Capitalised production comprises internal staff costs, valued at €358,133.

2.1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at their acquisition cost, consisting of directly attributable costs incurred to bring these assets into working order according to their intended uses.

Depreciation is calculated on a straight-line basis according to useful life or expected useful life:

- Industrial equipment and tools 3 years
- Equipment and tools 1 to 3 years
- Furniture 2 to 5 years

MAIN MOVEMENTS DURING THE FINANCIAL YEAR

	Start of year	Acquisitions	Disposal / scrapping	Gross value at end of year	Depreciation at the beginning of the year	Depreciation for the year	Accumulated depreciation at end of year	NBV at end of year
Development costs	3,681,512	-	-	3,681,512	-1,484,708	-368,151	-1,852,860	1,828,652
Concessions, patents	744,220	23,093		767,313	-225,039	-74,284	-299,323	467,991
Intangible assets in progress	904,945	131,336		1,036,280	-		-	1,036,280
Technical installations and industrial equipment and tools	450,906	133,850	-	584,757	-270,428	-109,403	-379,831	204,925
General fixtures and fittings	75,498	84,805	-26,044	134,259	-26,971	-12,137*	-39,108	95,151
Office and IT equipment, furniture	24,947	46,621	-	71,568	-16,037	-18,077	-34,114	37,453
Property, plant and equipment in progress	119,753	4,617	-124,370	-		-	-	-
TOTAL	**6,001,781**	**424,322**	**-150,415**	**6,275,689**	**-2,023,184**	**-595,921**	**-2,605,236**	**3,670,451**

*This amount includes a write-back of €13,869 following scrapping

2.1.3 FINANCIAL FIXED ASSETS

	Start of year	Acquisition of contributions Transfers	Decrease	End of financial year
Equity-accounted investments	23,501,150	2,006,812	-150	25,507,812
Convertible bonds	-	1,570,356	-	1,570,356
Receivables from equity investments	-	-	-	-
Treasury shares	174,897	36,758		211,655
Other fixed assets	71,038	191,124	163,181	98,981
Loans and other financial fixed assets	61,462	3,439		64,902

Equity investments are valued at their acquisition cost excluding incidental expenses.

The carrying amount of the securities corresponds to the value in use for the company. It is determined on the basis of the subsidiary's net assets, profitability and future prospects. When the carrying amount is lower than the acquisition cost, an impairment loss is recognised for the amount of the difference.

During the 2021 financial year, AFYREN signed a liquidity and market surveillance agreement to ensure the liquidity of transactions and regular trading of its shares. Afyren made €300,000 available to the co-contractor for the performance of this contract. During 2023, a cash contribution of €150,000 was made to this liquidity account. As of 31 December 2023, the value of this account was divided between "Treasury shares" for the portion invested in securities and "Other fixed assets" for the portion in cash available in the liquidity account.

An impairment loss of €64,548 was recognised on treasury shares during the year to reflect their real value.

INFORMATION ON SUBSIDIARIES AND AFFILIATES

Detailed information on subsidiaries and affiliates

Subsidiaries (+50% share capital held)	Share capital / Result and carryforwards before appropr.	Share % / Dividends	Carrying amount of securities held: Gross / Net	Revenues excl. taxes / Results	Loans/advances not repaid / Guarantees
SAS AFYREN NEOXY	49,600,999	50.62%	25,501,000	44,422	
841603 350	-14,739,746		25,501,000	-10,819,888	

2.1.4 ACCRUED INCOME

Headings	Amount
ACCRUED INTEREST	
Financial fixed assets	70,356
Group shareholdings	-
Non-Group shareholdings	-
Trade receivables	-
Associates	-
Marketable securities	197,391
OTHER INCOME	
Invoices to be issued	45,590
Discounts, rebates and reductions to be obtained, credit notes receivable	2,947
Staff	-
Social security	1,992
State	-
Other	32,500
TOTAL	350,777

2.1.5 RECEIVABLES

Receivables are measured at their nominal value and an impairment loss is recognised when the inventory value is lower than the book value.

	STATEMENT OF RECEIVABLES		Gross amount	Due within 1 year	Due in more than 1 year
OF FIXED ASSETS	Receivables from equity investments		-	-	-
	Loan		-	-	-
	Other financial fixed assets		64,902	11,993	52,908
	Treasury shares and related liquidity account		310,636	310,636	-
OF CURRENT ASSETS	Doubtful or disputed trade receivables		-	-	-
	Other trade receivables		466,387	466,387	-
	Employee-related payables		336	336	-
	Social security and other social bodies		1,992	1,992	-
	State and other public authorities	Corporate income tax	460,767	460,767	-
		Value added tax	134,760	134,760	-
		Other duties, taxes and similar payments	-	-	-
		Other	-	-	-
	Groups and associates		-	-	-
	Sundry debtors		51,427	41,527	9,900
Prepaid expenses			197,262	192,158	5,104
		TOTAL	1,741,104	1,673,192	67,912

2.2 LIABILITIES

2.2.1 EQUITY

STATEMENT OF CHANGES IN EQUITY

The share capital consists of 26,022,590 shares with a nominal value of €0.02 each.

Headings	N-1	+	-	N
Share capital	517,371	3,080	-	520,452
Premiums, reserves and differences	85,070,292	175,065	-	85,264,827
Retained earnings	-5,828,202	-3,891,654	-	-9,719,856
Result	-3,891,654	-4,321,755	-3,891,654	-4 321 755
Investment grants	788,837	-	64,139	724,698
Regulated provisions	-	-	-	-
TOTAL	**76,676,112**	**-8,035,264**	**-3,827,515**	**72,468,365**

Capital transactions during the 2023 financial year were as follows:

On 21 March 2023, a capital increase was recorded as a result of the exercise of 19,921 BSPCEs for a total amount of €398, through the issue of 19,921 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €41,037, representing an issue premium of €40,639.

On 24 March 2023, a capital increase was recorded following the vesting of free shares granted on 24 March 2022 for an amount of €1,030, by the issue of 51,524 new ordinary shares with a nominal value of €0.02 each. The capital increase was carried out by drawing on the Company's reserves.

On 20 June 2023, a capital increase was recorded as a result of the exercise of 23,411 BSPCEs for a total amount of €468, through the issue of 23,411 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €48,227, representing an issue premium of €47,758.

On 21 June 2023, a capital increase was recorded as a result of the exercise of 9,166 BSPCEs for a total amount of €183, through the issue of 9,166 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €18,882, representing an issue premium of €18,699.

On 1 January 2024, a capital increase was recorded as a result of the exercise of 50,000 BSAs for a total amount of €1,000, through the issue of 50,000 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €70,000, representing an issue premium of €69,000. As the rights were exercised on 17 December 2023, the capital increase is deemed to have been completed on that date.

Investment grants break down as follows:

	31/12/2023	31/12/2022
Ademe 2016 grant	68,390	68,390
- Of which share transferred to profit or loss	*-34,423*	*-27,584*
BPI-CMI grant phase 2 (1)	573,000	573,000
- Of which share transferred to profit or loss	*-288,410*	*-231,110*
a		
R&D Booster grant	€406,141	€ 406,141
Total	**724,697**	**788,837**

These grants will be reintegrated at the same rate as the depreciation of the related fixed assets.

2.2.2 TABLE OF PROVISIONS

Nature of Provisions	Amount at beginning of year	Increase: Charges for the year	Decrease: Reversal for the year	Amount at end of year
Provisions for disputes	13,900	-	-	13,900
Provisions for fines and penalties	-	-	-	-
Provisions for pensions and similar obligations	-	-	-	-
Provisions for taxes (1)	-	-	-	-
Provisions for renewal of fixed assets*	-	-	-	-
Provisions for social security and tax charges on paid leave*	192,330	263,216	75,649	379,897
Other provisions for risks and charges	-	-	-	-
TOTAL	206,230	263,216	75,649	393,797

	Breakdown of allocations		
	Operation	Financial	Exceptional
Charges for the year	263,216		
Reversal for the year	75,649		
TOTAL	184,715	-	-

2.2.3 FINANCIAL AND OTHER LIABILITIES

	Gross amount	Due within 1 year	More than 1 year and max. 5 years	Due in more than 5 years
Convertible bonds	-	-	-	-
Bank loans and borrowings	1,688,077	683,474	1,004 604	-
Other borrowings and other financial liabilities	2,666,087	960,537	1,153,550	552,000
Trade payables	385,236	385,236	-	-
Employee-related payables	453,316	453,316	-	-
Social security and other bodies	439,085	439,085	-	-
Corporate income tax	-	-	-	-
VAT	50,213	50,213	-	-
Guaranteed bonds	-	-	-	-
Income tax and other tax payables	35,274	35,274	-	-
Fixed asset liabilities and related accounts	-	-	-	-
Group and associates	-	-	-	-
Other liabilities	-	-	-	-
Deferred income	3,725,342	750,000	2,975,342	-
TOTAL	9,442,631	3,757,135	5,133,496	552,000

2.2.4 ACCRUED EXPENSES

Headings	Amount
LEAVE TO BE PAID	
Provisioned leave	220,551
Provisions for social security contributions	91,992
ACCRUED INTEREST	
Borrowings and similar liabilities	241,598
OTHER EXPENSES	
Invoices to be received	224,718
Staff	232,765
Social security bodies	97,761
Other tax expenses	4,359
TOTAL	**1,113,745**

2.2.5 DEFERRED INCOME

Deferred income consists of the deferral over 10 years, prorata temporis, of the advance payment of 10 years of fixed royalties (€7,500,000 excl. VAT) for the licence concession, amounting to €3,725,342.

3. INFORMATION ON THE INCOME STATEMENT

3.1 REVENUES

	France	Export and community	Total
Sales of goods	-	-	-
Production sold: - Goods - Services	- 1,015,369	- -	- 1,015,369
Net revenues	1,015,369	-	1,015,369

3.2 CAPITALISED PRODUCTION

Capitalised production amounts to €131 335 and consists of personnel costs related to the R&D project for a new solution during the financial year.

3.3 RESEARCH TAX CREDIT

The research tax credit item, i.e. €460,767, consists of the research tax credit (CIR) declared for 2023.

4. OTHER INFORMATION

4.1 PROVISIONS FOR RETIREMENT BENEFITS AND OTHER POST-EMPLOYMENT LIABILITIES

The company does not make provision for retirement benefits. The amount of the commitment is estimated in accordance with ANC Recommendation 2013-02, taking into account the changes made to this recommendation in 2021. These changes have no material impact on the amount of the commitment.

Pension liabilities	Provisioned	Not provisioned	Total
Retirement benefits	-	61,039	61,039

The main assumptions used are as follows:

- The discount rate used is: 3,34%
- The social security contribution rate used is: 42%
- The rate of salary change used is: 1,50%

4.2 LEASING COMMITMENTS

	Land	Buildings	Plant, machinery and equipment	Other	Total
Original value			94,500		94,500
Depreciation and amortisation: - Prior year totals			-		-
- Charge for the year			9,432		9,432
TOTAL			**9,432**		**9,432**
Royalties paid: - Prior year totals			-		-
- Financial year			14,698		14,698
TOTAL			**14,698**		
Outstanding royalties: - Due within 1 year	-	-	29,396	-	29,396
- Due in more than 1 year and less than 5 years	-	-	102,887	-	102,887
- Due in more than 5 years	-	-	-	-	-
TOTAL	**-**	**-**	**132,283**	**-**	**132,283**
Residual value: - Due within 1 year			-		-
- Due in more than 1 year and less than 5 years			945		945
- Due in more than 5 years			-		-
TOTAL			**945**		**945**

4.3 OFF-BALANCE SHEET COMMITMENTS

	N	N-1
Pledges given	32,500	32,500
Guarantee received: National guarantee fund - Equity loan for the start-up of SMEs and VSEs	57,880	111,880
Guarantee received: Auvergne PPA Fund	6,000	18,000
Guarantee received: AI/SI Intervention Guarantee Fund	0	500
Guarantee received: European Investment Fund	81,880	91,880
TOTAL	**178,260**	**254,760**

4.4 INFORMATION ON THE WORKFORCE

	Salaried staff
Managers	31
Non-managers	9
Total	**40**

4.5 INFORMATION ON WARRANTS AND FREE SHARE GRANTS

During the year ended 31 December 2023, the following grants were made:

Category of security	Date created	Validity deadline	At the beginning of the financial year	Granted during the year	Cancelled or exercised during the financial year	At the end of the financial year	Exercise value
BSPCE 2	03/06/2015	31/12/2025	182,000			182,000	0.40
BSPCE 3	29/12/2015	31/12/2025	257,000			257,000	0.63
BSPCE 4	14/06/2017	14/06/2022	0		-	-	N/A
BSPCE 5	26/06/2019	10 year from the grant date(1)	630,000		85,000	545,000	2.06
BSA	15/05/2018	31/12/2023	50,000		50,0000	-	1.40
2021 free share grants	11/06/2021	Minimum vesting period set at 1 year from the grant date(2)	533,209	16,521	60,519	489,211	N/A
2022 BSA	15/06/2022	1 year from the grant date(3)	20,000			20,000	7.19
2023 free share grants	21/06/2023	1 year from the grant date		19,479		19,479	N/A
2023 LTIP free share grants	21/06/2023	Until 31/03/2026		190,206		190,206	N/A

(1) *the BSPCE 5 were granted from 01/07/2019*

(2) *the 2021 free share grants were awarded from 07/12/2021*

(3) *the 2022 BSA were awarded from 27/09/2022*

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

This is a translation into English of the statutory auditor's' report on the financial statements of the French Company and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France...

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND

Limited company with a share capital of 520 451,8 euros

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

To the Afyren shareholders' meeting

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of AFYREN for the year ended December, 31th 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules provided for by the French Commercial Code and by the French Code of ethics for statutory auditors, for the period from January 1st, 2023 to the date of issue of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we have made, in our professional judgment, have been on the appropriateness of the accounting principles applied on the reasonableness of the significant estimates used and on the presentation overall accounts.

These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report of Board of Directors and in the other documents on the financial position and the annual accounts addressed to the shareholders.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in other documents on the financial situation and the annual accounts addressed to the shareholders.

We certify the fairness and consistency with the financial statements of the information relating to the payment periods mentioned in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest to the existence, in the report on corporate governance of board of directors, of the information required by Article L. 225-37-4 of the French Commercial Code.

In accordance with the law, we have ensured that the various information relating to the identity of the holders of the capital or voting rights have been communicated to you in the management report.

In accordance with the law, we have ensured that the various information relating to the acquisition of holdings and controls have been communicated to you in the management report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with French accounting principles as well as for the implementation of the internal control that management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue its activities as a going concern, for disclosing in the financial statements (if applicable) the necessary information related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in the Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. Furthermore, the statutory auditor:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as the related disclosures provided in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

• Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Lyon, March 29, 2024

The statutory auditor

RSM Rhône-Alpes

Gael DHALLUIN

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APPENDIX 2

AFYREN IFRS FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S AUDIT REPORT

2 APPENDIX 2 – AFYREN IFRS FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S AUDIT REPORT

INCOME STATEMENT

En k€	Notes	2023.12	2022.12
Chiffre d'affaires	6.2	3 379	3 456
Autres produits	6.3	527	460
Achats et charges externes	6.4	-3 053	-2 396
Charges du personnel	6.5	-5 835	-6 104
Amortissements des immobilisations et droits d'utilisation	9. & 10.	-814	-629
Autres charges	6.4	-132	-158
Résultat opérationnel courant		-5 928	-5 371
Résultat opérationnel		-5 928	-5 371
Produits financiers	7.	1 439	179
Charges financières	7.	-297	-345
Résultat financier net		1 142	-166
Quote-part dans le résultat de l'entreprise mise en équivalence (nette d'impôt)	5.	-4 800	-3 662
Résultat avant impôt		-9 586	-9 200
Impôts sur le résultat	8.1	-	-
Résultat net de l'exercice		-9 586	-9 200
Résultat par action			
Résultat de base par action (en euros)	14.3	- 0,37	- 0,36
Résultat dilué par action (en euros)	14.3	- 0,37	- 0,36

STATEMENT OF COMPREHENSIVE INCOME

In €k	Notes	2023.12	2022.12
Net income for the year		**-9,586**	**-9,200**
Other comprehensive income			
Revaluations of defined benefit liabilities (actuarial gains and losses)	6.5.3.	-4	44
Related tax		1	-11
Equity-accounted company - share of other comprehensive income (actuarial gains and losses, net of tax)			
Total items that will not be reclassified subsequently to profit or loss		**-3**	**33**
Total items that will be reclassified subsequently to profit or loss		**-**	**-**
Other comprehensive income for the period, net of tax		**-3**	**33**
Comprehensive income for the period		**-9,589**	**-9,166**

BALANCE SHEET

In €k	Note	2023.12	2022.12
Intangible assets	9.1.	3,333	3,621
Property, plant and equipment	9.2.	338	358
Rights of use	10.	441	446
Equity-accounted securities	5.	14,185	16,513
Non-current financial assets	11.	1,182	62
Non-current assets		**19,479**	**20,998**
Trade receivables	12.	466	788
Current financial assets	12.	99	71
Other current assets	12.	824	630
Cash and cash equivalents	13.	49,559	62,333
Current assets		**50,948**	**63,822**
Total assets		**70,427**	**84,821**

		2023.12	2022.12
Share capital	14.	520	517
Issue premiums	14.	85,264	85,089
Reserves	14.	-4,679	399
Retained earnings	14.	-9,720	-5,828
Net income for the year	14.	-9,586	-9,200
Equity attributable to the owners of the Company		**61,799**	**70,977**
Non-current borrowings and financial liabilities	16.	2,952	3,261
Non-current lease liabilities	16.	224	224
Defined benefit liabilities	6.5.3.	61	67
Non-current provisions	15.	14	14
Non-current deferred income (customer contract liabilities)	6.2.	0	1,321
Non-current deferred income (grant)	17.	962	997
Non-current liabilities		**4,213**	**5,885**
Current borrowings and financial liabilities	16.	1,402	4,867
Current lease liabilities	16.	208	187
Trade payables	17.	388	520
Current deferred income (customer contract liabilities)	6.2.	1,321	1,319
Other current liabilities	17.	1,095	1,066
Current liabilities		**4,414**	**7,958**
Total liabilities		**8,628**	**13,843**
Total equity and liabilities		**70,427**	**84,821**

STATEMENT OF CHANGES IN EQUITY

In €k	Note	Attributable to owners of the Company							
		Share capital	Issue premiums	Equity component of convertible bonds	Treasury share reserve	Other reserves	Retained earnings	Profit (loss) for the year	Total shareholders' equity
Position as of December 31, 2021		**515**	**85,069**	**227**	**-70**	**-1,143**	**-3,133**	**-3,609**	**77,856**
									-
Net income for the year								-9,201	-9,201
Other comprehensive income for the year						33			33
Comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**33**	**-**	**-9,201**	**-9,168**
Appropriation of earnings from previous year						-914	-2,695	3,609	-
Capital increase	14.	2	19						22
Share-based payments settled in equity instruments	6.5.2.					2,412			2,412
Purchases/sales of treasury shares					-103	-56			-159
Other items						11			11
Total transactions with the Company's owners		**2**	**19**	**-**	**-103**	**1,454**	**-2,695**	**3,609**	**2,285**
Position as of 31 December 2022		**517**	**85,089**	**227**	**-173**	**346**	**-5,828**	**-9,200**	**70,977**
									-
Net income for the year								-9,586	-9,586
Other comprehensive income for the year						-3			-3
Comprehensive income (loss) for the year		**-**	**-**	**-**		**-3**	**-**	**-9,586**	**-9,589**
Appropriation of earnings from previous year						-5,309	-3,892	9,200	-
Capital increase	14.	3	175						178
Repaid convertible bonds	16.			-227					-227
Share-based payments settled in equity instruments	6.5.2.					1,078			1,078
Purchases/sales of treasury shares					-419	-194			-613
Other items						-5			-5
Total transactions with the Company's owners		**3**	**175**	**-227**	**-419**	**-4,430**	**-3,892**	**9,200**	**412**
									-
Position as of 31 December 2023		**520**	**85,264**	**-**	**-592**	**-4,087**	**-9,720**	**-9,586**	**61,799**

CASH FLOW STATEMENT

In €k	Note	2023.12	2022.12
Net income for the year		**-9,586**	**-9,200**
Adjustments for:			
- Depreciation of fixed assets and rights of use	9.2 & 10	814	629
- Net financial income	7.	-1,142	166
- Share in income of equity-accounted company (net of tax)	5.	4,800	3,662
- Cost of share-based payments	6.5.2.	1,270	2,412
- Income tax	8.1	-	-
- Gains or losses on disposals of fixed assets		11	-
- Other items		-3	7
Total elimination of expenses and income with no impact on cash		**5,751**	**6,876**
Total cash flow		**-3,835**	**-2,324**
Changes in:			
- Trade receivables	12.	322	-167
- Customer contract liabilities	6.2	-1,319	-1,272
- Trade payables	17.	4	-126
- Provisions and employee benefits	6.5.3	-11	38
- Other current receivables/payables	12. & 17.	-202	554
Total changes		**-1,206**	**-973**
Cash flows from operating activities		**-5,041**	**-3,297**
Taxes paid	8.1	-	-
Net cash from operating activities		**-5,041**	**-3,297**
Acquisition of property, plant and equipment and intangible assets, excluding development costs	9.	-428	-286
Proceeds from the disposal of property, plant and equipment and intangible assets	9.	12	65
Capitalised development expenses	9.	-131	-245
Investment grants (incl. CIR offsetting capitalised expenses)	17.	-34	7
Subscription to Neoxy capital increases		-2,000	-
Increase in non-current financial assets	11.	-1,503	-34
Decrease in non-current financial assets	11.	-	-
Increase in current financial assets (liquidity contract)		-400	-47
Interest received	7.	1,407	179
Net cash used in investing activities		**-3,078**	**-361**
Capital increase	14.1.	178	-
Purchases/sales of treasury shares	16.	-419	-
Proceeds from new borrowings and financial liabilities	16.	1,000	127
Repayment of borrowings and financial liabilities	16.	-1,361	-779
Repayment of bonds	16.	-3,567	-
Payment of lease liabilities	16.	-209	-142
Interest paid on borrowings and financial liabilities	16.	-78	-162
Interest paid on bonds	16.	-178	-178
Interest paid on lease liabilities	16.	-21	-4
Net cash used in financing activities		**-4,655**	**-1,138**
Net change in cash and cash equivalents		**-12,774**	**-4,796**
Cash and cash equivalents as of 1 January		62,333	67,128
Effect of exchange rate changes on cash held			
Cash and cash equivalents at 31 December		**49,559**	**62,333**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY AND THE BUSINESS

Afyren S.A.S. ("the Company" or "Afyren") is a French company with its registered office in Clermont-Ferrand (63100).

Founded in 2012, Afyren is a sustainable chemicals company ("greentech") offering innovative solutions to replace petroleum-based ingredients with products derived from non-food biomass processed with innovative natural fermentation technology, in a zero industrial waste circular economy approach.

Afyren's solutions make it possible to produce a family of seven fully biobased organic acids, as well as a natural fertiliser.

Based on renewable raw materials such as the by-products of the sugar production process (in particular molasses and beetroot pulp), which do not compete with human food chains, Afyren's technological platform - AFYNERIE® - makes it possible to produce 100% biobased organic acids on an industrial scale and at a competitive cost, offering the same chemical properties as those produced from oil, but with a carbon footprint divided by 5.

On 1 October 2021, Afyren successfully completed its IPO on the unregulated Euronext Growth market in Paris, in order to accelerate its development, particularly internationally.

In 2022, Afyren inaugurated its first plant: Afyren Neoxy with a capacity of 16,000 tonnes of organic acids and 23,000 tonnes of fertilisers.

In 2023, Afyren continued its work on the continuous production of Afyren Neoxy and made progress on its industrial development in France and abroad

These IFRS consolidated financial statements include the financial statements of Afyren and its subsidiary Afyren Canada, as well as the equity-accounted shares of Afyren Neoxy, which was 51.08%-owned at

31 December 2023 (compared with 50.62% at 31 December 2022) and is jointly controlled by Afyren and Bpifrance.

Afyren's IFRS consolidated financial statements for the financial year ended 31 December 2023 were approved by the Board of Directors on 28/03/2024.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The Company's financial statements as of 31 December 2023 are presented in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

2.2 CHANGES IN THE ACCOUNTING FRAMEWORK

The following main new standards, amendments to standards and interpretations have been published and are mandatory as of 31 December 2023:

- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 1 and Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 12 - Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 - International tax reform — Pillar Two model rules.

The following main new standards, amendments to standards and interpretations have been published and are not mandatory as of 31 December 2023. The company does not apply them in advance:

- Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current/non-current (applicable to annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 - Lease liability in a sale and leaseback (applicable to annual periods beginning on or after 1 January 2024)
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024, subject to EU approval)
- Amendments to IAS 21 - Lack of exchangeability (applicable to annual periods beginning on or after 1 January 2025 subject to EU approval)

The expected impacts of these amendments are not considered significant.

In particular, the amendments to IAS 1 aim to clarify the principles for classifying liabilities as current or non-current, and require additional disclosures in the notes to the financial statements for non-current liabilities subject to future covenants. In this context, for the purposes of classifying a liability as current or non-current, an option to convert convertible bonds into shares is considered as a "settlement". However, by way of exception, a conversion option classified and recognised separately as the equity component of convertible bonds (compound instruments) has no impact on the classification of the convertible bond liability. In this case, the exception applies: the classification of the convertible bonds issued by Afyren and Afyren Neoxy in their financial statements is not affected by these amendments insofar as they are compound instruments whose conversion option corresponds to an equity component.

2.3 USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements and accounting estimates that may affect the application of the Company's accounting policies and the reported amounts of certain assets and liabilities and income and expenses during the year.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure they are reasonable in light of the Company's history. Estimates may be revised if the circumstances on which they were based change or as a result of new information. Actual values may differ from estimated values based on different assumptions or conditions. The impact of changes in estimates is recognised prospectively. As a result, changes in these conditions could result in different actual values in the Company's future financial statements.

JUDGMENTS

Information about the judgments made in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements is included in the following notes:

- Note 5 - Equity-accounted investments: determination of the level of control of Afyren Neoxy and determination of the classification of ABSAs as equity instruments
- Note 5 - Treatment of the increase in Afyren's percentage stake in Afyren Neoxy in accordance with IAS 28.
- Notes 5 and 11 - Recognition of convertible bonds issued by Afyren Neoxy and subscribed by Afyren and Bpifrance:
- Note 6.2 - Revenue recognition: determination of performance obligations and the timing of revenue recognition under the licence agreement granted to Afyren Neoxy.
- Note 10 - Lease term: determining whether the Company is reasonably certain to exercise its extension/termination options.
- Note 14 - Classification of attached PSs and BSAs as equity instruments.
- Note 16 - Classification of convertible bonds issued by Afyren as a compound instrument.

ASSUMPTIONS AND UNCERTAINTIES RELATED TO ESTIMATES

Information about assumptions and uncertainties related to estimates that involve a significant risk of material adjustment to the carrying amount of assets and liabilities for the year ended 31 December 2023 is provided in the following notes:

- Note 14 - Classification of attached PSs and BSAs as equity instruments.
- Notes 5, 11 and 16 - Convertible bonds: determination of assumptions for measuring the debt and equity components.
- Note 6.5.3 - Obligations related to defined benefit plans (retirement benefits): determination of the main actuarial assumptions
- Note 6.5.4 - Share-based remuneration: determination of the fair value of the BSPCEs and the BSAs
- Note 10.- Lease: determination of the main assumptions, mainly lease term and discount rate

2.4 BASIS OF ASSESSMENT

The financial statements are prepared on the historical cost basis.

Afyren's financial statements as of 31 December 2023 have been approved on a going concern basis for a period of at least 12 months from the date of approval of the financial statements, and the growth prospects reflected in the business plan produced.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euros, which is the Company's functional currency. Amounts are rounded to the nearest million euros unless otherwise stated.

Foreign currency transactions are translated into euros using the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros using the exchange rate on the balance sheet date. No exchange differences have been recorded to date in the financial statements for the years ended 31 December 2023 and 2022.

3. SIGNIFICANT EVENTS DURING THE PERIOD

AFYREN:

In 2023:

PARTNERSHIP(S)

In Asia, Afyren is in the process of setting up a joint venture in Thailand with Mitr Phol, the world's third largest sugar group. The aim of the project is to set up a biobased carboxylic acid plant near Bangkok. The project targets the Asian market, which accounts for 25% of the global carboxylic acid market. At 31 December 2023, Afyren was not a shareholder in this subsidiary and it is therefore not included in these financial statements.

WHOLLY-OWNED SUBSIDIARY IN QUEBEC

These financial statements include the accounts of the subsidiary 9478-2687 Québec Inc ("Afyren Canada"). Afyren Canada was created during the 2022 financial year and is wholly owned by Afyren. Afyren subscribed to the capital for an amount of €0.007m during the first half of 2023. The subsidiary has not commenced operations and its financial statements are not material to these financial statements.

FINANCING

In April 2023, Afyren took out a €1 million Innovation Loan with Bpifrance. The loan is repayable in 31 quarterly instalments, including a deferred principal repayment on the first 11 instalments.

In May 2023, in accordance with existing financing agreements, Afyren subscribed to:

- A €2 million cash capital increase for Afyren Nexoy as part of a €3.5m capital increase subscribed by its shareholders Afyren and Bpifrance;
- an Afyren Neoxy convertible bond for €1.5 million as part of a €3 million issue, again subscribed by its shareholders Afyren and Bpifrance.

At the end of March 2023, Afyren repaid in cash the convertible bonds issued in March 2020 for €3.6 million.

LIQUIDITY CONTRACT / SHARE BUYBACK AGREEMENT

By an amendment to the current liquidity contract with ODDO BHF SCA, dated 18 April 2023, Afyren increased the funds made available under this liquidity contract by an additional €0.15 million. As a reminder, €0.3 million was paid when the contract was implemented in November 2021.

As of 31 December 2023, the following resources were included in the liquidity account

- Number of shares: 73,923 shares
- Cash balance of the liquidity account: €57,857

In April 2023, Afyren implemented a share buyback programme with Natixis Corporate & Investment Banking in accordance with the decision of Afyren's Board of Directors at its meeting of 21 March 2023. It was then decided to extend the programme in October 2023.

In a context of low share prices, this programme limits shareholder dilution resulting from multi-year share allotment plans, with no significant impact on cash, since it concerns a maximum of 82,000 shares. This programme ended on 6 December 2023 following the buyback of 82,000 shares.

20,188 shares were also bought back in over-the-counter transactions.

CAPITAL TRANSACTIONS LINKED TO FREE SHARE GRANTS, BSPCES AND BSAS

During 2023, capital increases linked to the exercise of BSPCEs, BSAs and the vesting of free shares were recorded for a total amount of €3,080, corresponding to 154,022 shares with a nominal value of €0.02 each.

EQUITY INSTRUMENT PLANS

During 2023, the Board of Directors decided to award free shares. Details of these transactions are provided in Note 6.5.4.During 2023, 32,500 BSPCE 5 and 8,995 2021 free share grants were cancelled following the departure of employees.

LONG-TERM INCENTIVE PLAN

In September 2023, Afyren introduced a new long-term incentive plan, in the form of free shares,

for certain employees and corporate officers. It is based on performance targets, including a non-financial component, to be achieved by 2025, provided that the beneficiary is still employed by the Company on that date. This plan corresponds to a total potential volume of 190,206 shares.

Significant events for the 2022 period are set out in the company's 2022 Annual Financial Report, available here.

AFYREN NEOXY, ACCOUNTED FOR BY THE EQUITY METHOD:

In 2023:

OPERATIONS

In 2023, the operational teams focused on the start-up of production, with the manufacture of several tonnes of products and the delivery of the first batches in June 2023.

Afyren's priority objective is to start up continuous production in 2024, which should enable the plant to reach break-even in 2025.

As a reminder, once industrial production begins, Afyren plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity.

This production, which offers a unique, low-carbon, local alternative to petroleum-based competition,

has applications in markets as varied as varied as human and animal nutrition, flavourings and fragrances as well as lubricants and technical fluids.

Since the beginning of 2023, strategic customers have renewed their confidence in the project led by Afyren, confirming commercial commitments for cumulative contractual revenues of over €165 million.

Afyren Neoxy will recognise revenues when acid batches are delivered from continuous production.

As continuous production did not start on 31 December 2023,the fixed assets relating to buildings and production equipment have not yet been commissioned.

GOVERNANCE

To further strengthen the links between the parent company and its plant, Afyren co-founder Jérémy Pessiot took over from Jean Saint-Donat as Chairman of Afyren Neoxy in autumn 2023.

FINANCING

In March 2023, Afyren Neoxy secured a €5 million overdraft facility with BNP for 2023, reduced to €2.5 million in 2024, to cover possible short-term financing needs (e.g. pre-financing of grants).

In May 2023, Afyren Neoxy took out a €1 million Innovation Loan with Bpifrance. The loan is repayable in 31 quarterly instalments, including a deferred principal repayment on the first 11 instalments.

In August 2023, Afyren Neoxy took out a €6 million New Industry Loan with Bpifrance. The loan is repayable in 60 quarterly instalments, including a deferred principal repayment on the first 12 instalments.

In September 2023, Afyren Neoxy signed two factoring contracts with BPCE Factor for the assignment of receivables from French and foreign customers (European Union and United States). At 31 December 2023, the Company had not yet made use of assignments of receivables.

In December 2023, In recognition of the work carried out by Afyren Neoxy and its AFTER-BIOCHEM consortium partners and the industrial milestones achieved, Afyren Neoxy received a further payment of €3.4 million from CBE JU, a European Union entity.

BOND ISSUE

Afyren Neoxy's general meeting of 11 May 2023 decided to issue 3,000,000 bonds convertible into shares with a nominal value of €1, representing a total principal amount of €3 million. These bonds convertible into shares were subscribed in equal parts by the two shareholders of Afyren Neoxy, i.e. €1.5 million for Afyren and €1.5 million for Bpifrance.

The main characteristics of the loan are as follows:

- Term of the loan: 4 years
- Interest: Capitalised interest of 8.00% per annum
- Conversion ratio: one share in the company for one bond convertible into shares

The accounting treatment of these convertible bonds is set out in Note 5.

CAPITAL TRANSACTION

Afyren Neoxy's general meeting of 11 May 2023 approved a €3.5 million cash capital increase, raising the company's capital from €46.101 million to €49.601 million, through the creation of 3,500,000 shares with a nominal value of €1 each, issued at par. Afyren subscribed €2 million of this capital increase, with the balance being subscribed by Bpifrance.

Significant events for the 2022 period are set out in the company's 2022 Annual Financial Report, available here.

4. SUBSEQUENT EVENTS

In December 2023, the Board of Directors used the authorisation granted to it under the sixth resolution adopted by the general meeting of 21 June 2023 to launch a new share buyback programme. It began in January 2024 and is for a maximum amount of €0.3 million.

In January 2024, the Board of Directors used the authorisation granted to it by the combined general meeting of 21 June 2023 to issue 12,868 2023 free shares to two employees of the Company.

5. EQUITY-ACCOUNTED INVESTMENT IN AFYREN NEOXY

Under IFRS 11, a joint venture is a partnership that gives the Company joint control, whereby it has rights to the net assets of the partnership, and not rights to its assets and obligations for its liabilities.

Under IAS 28, the Company's interests in a joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Company's financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted company until the date on which joint control ceases.

Gains arising from transactions with the equity-accounted company are eliminated by the counterparty of equity-accounted securities in the amount of the Company's interest in the company. Losses are eliminated in the same way as gains, but only to the extent that they do not represent an impairment loss.

Convertible bonds issued by Afyren Neoxy and subscribed by Afyren and Bpifrance:

- Afyren Neoxy's compound financial instruments include a debt component (simple bonds excluding conversion options) and an equity component (conversion options). The debt component is measured at fair value on initial recognition, based on a market interest rate, and then at amortised cost. The equity component is calculated as the difference between the fair value of the convertible bonds (corresponding to their subscription price) and the fair value of the debt component.
- At Afyren level, subscribed convertible bonds are recognised as non-current financial assets and measured at fair value through profit or loss. This item also includes the consideration for Afyren's share of the equity component of the convertible bonds recognised in Afyren Neoxy's financial statements.

In December 2018, a partnership with Bpifrance was set up via the Afyren Neoxy joint venture under the joint control of both partners. The partnership provides that a number of decisions relating to activities with a potentially significant impact on returns, i.e. constituting substantive rights within the meaning of the standard, must be taken unanimously by the partners.

The following table summarises the financial information of Afyren Neoxy as prepared in its consolidated IFRS financial statements using the same accounting methods as Afyren. It also reconciles the summary financial information of the carrying amount of Afyren's holding in Afyren Neoxy:

In €k	2023.12	2022.12
Percentage of shares held	**51.08%**	**50.62%**
Non-current assets	74,559	69,847
Current assets excluding cash and cash equivalents	4,840	10,508
Cash and cash equivalents	7,450	8,440
Non-current liabilities	34,206	28,272
Current liabilities	25,039	27,903
Net assets (100%)	**27,604**	**32,620**
Net assets attributable to Afyren	14,100	16,513
Goodwill	85	
Carrying value of interests in the Neoxy joint venture	**14,185**	**16,513**
Operating income	-8,488	-6,628
Net financial income (expense)	-1,389	-601
Income tax	-	-
Net income	-9,397	-7,235
Other comprehensive income		
Comprehensive income (100%)	**-9,397**	**-7,235**
Afyren's share of Neoxy's comprehensive income	-4,800	-3,662
Dividends received by Afyren	-	-

CAPITAL TRANSACTIONS:

The general meeting of 11 May 2023 approved a €3.5 million cash capital increase, raising the company's capital from €46.101 million to €49.601 million, through the creation of 3,500,000 shares with a nominal value of €1 each, issued at par. Afyren subscribed €2 million of this capital increase, with the balance being subscribed by Bpifrance.

This additional investment increased Afyren's stake in Afyren Neoxy from 50.62% at 31 December 2022 to 51.08% at 31 December 2023. This additional investment resulted in the recognition of goodwill of €0.09 million, which is included in the value of investments in associates.

CONVERTIBLE BONDS:

Afyren Neoxy's annual general meeting of 11 May 2023 approved the issue of 3,000,000 bonds convertible into shares with a nominal value of €1, representing a total principal amount of €3 million. These bonds convertible into shares were subscribed in equal parts by the two shareholders of Afyren Neoxy, i.e. €1.5 million for Afyren and €1.5 million for Bpifrance.

The main characteristics of the loan are as follows:

- Term of the loan: 4 years.
- Interest: Capitalised interest of 8.00% per annum.
- Conversion ratio: one share in the company for one bond convertible into shares.

The accounting treatment of these convertible bonds is set out above.

BORROWINGS:

In 2021, Afyren Neoxy received a first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million). In the first half of 2022, it received the first €2.5 million tranche of this financing.

In April 2023, Afyren Neoxy took out a €1 million Innovation Loan with Bpifrance. In August 2023, Afyren Neoxy took out a €6 million New Industry Loan with Bpifrance. These two loans were disbursed in full during the year.

RECOGNITION OF KNOW-HOW LICENCE:

Afyren grants Afyren Neoxy a license to the technology consisting of patent rights and know-how to enable it to manufacture and market products. The rights of use start from the plant's industrialisation phase, which includes a design phase (carrying out studies and adapting the technology to the industrial level), a construction phase and then a start-up phase until the end of a ramp-up phase and the following twelve months. Afyren staff are made available to Afyren Neoxy during these phases and re-invoiced without any margin.

The plant design and construction phase ran from 2019 to 2021, i.e. a duration of three years, and Afyren Neoxy plans to use this licence as soon as it is granted and during the plant's production phase, which is expected to last 20 years.

The exclusivity of the licence agreement is granted until Afyren Neoxy reaches a production capacity of 50,000 tonnes. This license will have an initial duration of 10 years and will continue as long as Afyren Neoxy continues its production.

On the basis of these elements, Afyren Neoxy initially recorded an intangible asset with a present value of €10.6 million corresponding to 23 years of licence fees (3 years since its granting and 20 years of production), of which €7.5 million was paid in advance for the first 10 years. The outstanding balance is recorded as fixed asset liabilities for €4.5 million as of 31 December 2023 (compared with €4.2 million as of 31 December 2022).

The license is amortised over a period of 23 years, i.e. an annual expense of €0.5 million. In addition, an interest expense related to the accretion of this debt is recorded in financial expenses, i.e. €6.7 million over 23 years with insignificant annual amounts in 2023 and 2022.

BIO BASED INDUSTRIES (BBI) GRANT:

Since May 2020, Afyren Neoxy has led a consortium of several companies in an innovative industrial project that will last for four years with an estimated overall cost of €33m. The overall grant paid by the European Commission will amount to €20 million, of which €16 million will be allocated to Afyren Neoxy relating to a spending commitment of €27.6 million. If the level of spending is not reached, the Company will not be entitled to the planned level of grant, i.e. €16 million.

The total amount of this €16 million grant is divided into an operating grant of €13.5 million recognised at the rate of progress of expenditure and an investment grant of €2.4 million which will be recognised at the rate of depreciation of the asset once it is commissioned.

A first disbursement of €9.6m (i.e. 60%) was obtained in May 2020. On this first disbursement, a guarantee withholding of €0.8 million (i.e. 5% of the total amount to be paid) was taken by the financier and recorded as a non-current financial asset at fair value on the initial recognition date and then at amortised cost.
The company did not receive any payments in 2021.

A second payment of €1.7 million was made in the first half of 2022. A third payment of €3.4 million was made in the second half of 2023. The balance receivable is €2.1 million, including a €0.8 million security deposit.

ERDF GRANT:

Afyren Neoxy signed an agreement awarding European aid in 2019 under the European Regional Development Fund (ERDF) for €2 million. A payment of €1.6 million was made in the first half of 2022.

REGIONAL GRANT:

In 2019, Afyren Neoxy signed a financing agreement with the Grand Est Region to finance the installation of the production unit for a total amount of €1 million. A payment of €0.5 million was made in the first half of 2022. A payment of €0.5 million was then made in the second half of 2022.

6. OPERATIONAL DATA

6.1 SEGMENT REPORTING

Under IFRS 8, an operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses;
- Whose operating results are reviewed regularly by the entity's chief operating decision maker;

For which discrete financial information is available.

Afyren's activity is to carry out research and development, as well as industrialisation and marketing in order to develop processes for the production of molecules, extraction of molecules and metabolites, all from fermentable biomass. It has so far granted only one licence, to Afyren Neoxy. The Company therefore has only one operating segment. In addition, all of its activities and assets are located in France.

6.2 REVENUES

In accordance with IFRS 15 "Revenue from contracts with customers", revenue is recognised when each performance obligation is satisfied, i.e. when control of the good or service is transferred to the customer for the amount expected to be received.

Revenues are mainly made up of income from the various agreements entered into with Afyren Neoxy:

- Patent and know-how license ("the Technology") made available to Afyren Neoxy. The licence is accompanied by services related to the development of industrial know-how, including the provision of project team staff
- Services related to obtaining the BBI grant by Afyren Neoxy
- Sales and administrative support services.

LICENCE AND INDUSTRIAL KNOW-HOW DEVELOPMENT AGREEMENT

It was determined that the licence for the Technology and the development of industrial know-how constitute a single performance obligation insofar as, since it is a new innovative Technology that has never been industrialised, the license and the industrial know-how development service can only be used jointly to enable Afyren Neoxy to benefit from the licence. Accordingly, it can be considered that these are two "inputs", intrinsically linked, constituting a single promise to the customer Afyren Neoxy.

Revenues from this performance obligation must be recognised on an ongoing basis ("over time") until the end of the industrialisation phase in accordance with IFRS 15.35 a), as the resulting industrial know-how is made available to the customer as it is created and identified. In other words, the customer simultaneously receives and consumes the benefits provided by the service as it is provided. Lastly, even if the licence is granted for the entire lifetime of Afyren Neoxy, the deferral of income stops at the end of the industrialisation phase (engineering, plant construction and ramp-up phase overall) insofar as the licence is no longer intended to evolve after industrialisation.

The consideration to be received, namely a fixed annual royalty over the lifetime of Afyren Neoxy, is subject to variability in the event of termination of the agreement, cessation of production and/or of the company. At this stage, the Company believes that the amount of consideration to be taken into account which, in a highly probable manner, would not result in a significant fall in revenues, corresponds to the amount paid in advance for the first ten years, i.e. €7.5 million. Although some of this amount may have to be repaid if the agreement is terminated before 10 years, the Company believes that the conditions for termination, which are limited, are highly unlikely. As for the fixed royalties to be paid again from the eleventh year onwards, even though Afyren Neoxy plans to operate the plant over 20 years, the time horizon is too long at this stage to be considered highly likely, especially as production has not yet started.

The most relevant measure for determining the percentage of completion is considered to be the passage of time, involving a straight-line basis. Thus, during the industrialisation phase estimated at 6 years, the fixed remuneration of €7.5 million provided for in the agreement (corresponding to 10 years of royalties) as well as the personnel costs reinvoiced as part of the contract for the provision of project team staff are recognised on a straight-line basis.

Insofar as the 10-year Technology royalties were paid in advance at the date of signing of the agreement, the amount not yet recognised as revenues is recognised as a contract liability in the balance sheet (deferred income). In addition, this generates a financing component leading to the recognition of interest expenses separately from revenues.

The agreement also provides for the payment of royalties based on the EBITDA received by Afyren post-industrialisation, which will be recognised as revenues as they are incurred, in accordance with the exemption provided for in IFRS 15 for royalties.

Other service agreements

These administrative and sales assistance contracts meet the criteria for revenue recognition on an ongoing basis under IFRS 15.35 a). The fixed amounts provided for each year are spread on a straight-line basis insofar as the costs incurred by Afyren are relatively straight-line.

Revenues break down as follows:

In €k	2023.12	2022.12
Licence and development of industrial know-how	1,417	1,417
Other services	1,962	2,039
Total revenues	**3,379**	**3,456**

Changes in contract liabilities (deferred income) are explained as follows:

In €k	2023.12	2022.12
Contract liabilities as of 1 January	**2,640**	**3,912**
Increase in financial expenses for the year on the licence agreement	98	145

Revenues recognised during the period included in the opening	-1,417	-1,417
Contract liabilities as of 31 December	**1,322**	**2,640**
Of which current liabilities	1,321	1,319
Of which non-current liabilities	0	1,321

As of 31 December 2023, the remaining duration of the industrialisation phase was one year. Accordingly, the sum of the non-discounted services still to be performed at the balance sheet date under the license and industrialisation service agreement amounts to €1.3 million (vs. €2.6 million as of 31 December 2022), representing an income of approximately €1.3 million per year.

6.3 OTHER INCOME

Government operating grants that offset expenses incurred by the Company are systematically recognised in profit or loss under "Other income" in the period in which the expenses are recognised.

Government investment grants are recognised initially at fair value as deferred income if there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. They are then systematically recognised in profit or loss under other income over the useful life of the related asset.

The research tax credit is treated as a government grant by analogy. It is thus recognised as:

- an investment grant for the portion that offsets expenses capitalised as development costs,
- an operating grant for the portion of research expenses that are not capitalised.

Other income breaks down as follows:

In €k	2023.12	2022.12
Operating grant	445	331
Investment grant recognised under profit or loss	64	64
Proceeds from the disposal of fixed assets	12	65
Other	5	0
Total other income	**527**	**460**

6.4 OPERATING EXPENSES

Operating expenses break down as follows:

In €k	Note	2023.12	2022.12
Total employee benefits	**6.5**	**-5,835**	**-6,104**
Purchases of consumables and equipment		-249	-196
Rental expenses	10.	-212	-91
Maintenance and repairs		-38	-24
Remuneration of intermediaries and fees		-1,623	-1,329

Travel and assignment expenses		-487	-431
Advertising and communication		-106	-119
Other external expenses		-338	-206
Total purchases and external expenses		**-3,053**	**-2,396**
Total depreciation of fixed assets and rights of use	**9.**	**-814**	**-629**
Taxes		**-51**	**-46**
Other expenses		**-80**	**-112**
Total other expenses		**-132**	**-158**

The increase in the remuneration of intermediaries and fees as of 31 December 2023 is mainly due to an increase in financial intermediaries and fees related to the listing, as well as an increase in fees related to the analysis and preparation of the next plant (Thailand).

6.5 STAFF AND PERSONNEL

6.5.1 WORKFORCE

The workforce corresponds to the average workforce for the period comprising fixed-term and permanent contracts as full-time equivalents of the Company.

	2023.12	2022.12
Managers	31	25
Non-managers	9	7
Average workforce for the year ended 31 December	**40**	**32**

6.5.2 PERSONNEL COSTS

Personnel costs are recognised as services are rendered.

Personnel costs break down as follows:

In €k	2023.12	2022.12
Wages and salaries	-3,254	-2,586
Social security contributions	-1,036	-840
Expenses related to defined contribution post-employment plans	-286	-228
Expenses related to defined benefit post-employment benefit plans	11	-38
Share-based payments settled in equity instruments	-1,270	-2,412
Total	**-5,835**	**-6,104**

The increase in "Salaries and wages" and "Social security contributions" is mainly due to the increase in the workforce.

6.5.3 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised as an expense when the corresponding service is rendered. A liability is recognised for the amount the Company expects to pay if it has a present legal or constructive obligation to make such payments in return for past service by the employee and the obligation can be reliably estimated.

DEFINED BENEFIT PLANS

The Company's defined benefit plans correspond to retirement benefits paid to employees in France.

The Company's obligation under this plan is recognised as a liability and measured using an actuarial method that takes into account the employee turnover rate, life expectancy, salary increase rate and a discount rate. The calculation is made using the projected unit credit method with end-of-career salary.

The cost of the services is recorded under personnel expenses. It includes current service cost, past service cost resulting from the amendment or curtailment of a plan, which is fully recognised in profit or loss in the period in which it occurs, and gains and losses on settlements.

The interest expense, corresponding to the accretion effect of the commitments, is recognised in financial expenses.

Liability remeasurements (actuarial gains and losses) are recognised in other non-recyclable comprehensive income.

IFRS IC final agenda decision of 24 May 2021

The final IFRS IC agenda decision of 24 May 2021 regarding attributing benefit to periods of service does not have a material impact on the Company.

DEFINED CONTRIBUTION PLANS

Contributions payable to a defined contribution plan are recognised as an expense when the related service is rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is possible. These are the general social security pension scheme and supplementary schemes.

RETIREMENT ALLOWANCE (IDR)

The main actuarial assumptions used at the balance sheet date are as follows:

	2023.12	2022.12
Discount rate	3.34%	3.80%
Salary increase rate	1.50%	1.50%
Turnover	Dares R&D table	Dares R&D table
Retirement age	65	65
Mortality table	INSEE 2016-2018	INSEE 2016-2018

The change in the present value of the retirement benefit obligation is as follows:

In €k	2023.12	2022.12
Balance as of 1 January	**67**	**73**
Recognised in profit or loss		
Cost of services for the year	-13	35
Financial cost	2	3
Included in other comprehensive income		
Loss (gain) on revaluation of liabilities (actuarial gain and loss)	4	-43
Total	**-6**	**-6**
Other		
Benefits paid	-	-
Total	**-**	**-**
Balance as of 31 December	**61**	**67**

6.5.4 SHARE-BASED PAYMENTS

Grants of founder share warrants (BSPCE) and free share grants to Afyren employees are equity-settled share-based plans.

The fair value determined on the grant date of these plans is recognised as an expense, with a corresponding increase in equity, over the vesting period, using the gradual vesting method for BSPCE as they are vested in tranches, and on a straight-line basis for free share grants. The amount expensed is adjusted to reflect the number of rights for which it is estimated that the service conditions will be met, such that the amount ultimately recognised is based on the actual number of rights that meet the service conditions at the vesting date.

The fair value of the BSPCE is determined on the basis of the Black-Scholes valuation model.

The fair value of the free share grants corresponds to the fair value of the shares on the grant date (i.e. the share price) less the present value of any estimated future dividends over the vesting period.

In accordance with the IFRS 1 exemption relating to share-based compensation plans, the Company has not restated BSPCE plans that were vested on the date of transition to IFRS on 1 January 2019. Accordingly, only the BSPCE 5 have been restated at this date.

On 26 June 2019, the general meeting of Afyren authorised the Chairman to implement a plan to award BSPCE 5 to Afyren employees. The exercise of the warrants is subject to a condition of presence. The vesting period is three years (divided into three annual tranches of 1/3) from the grant date. The warrants expire after 10 years from their granting decided by the Chairman. Under this plan, the Company made several grants between 2019 and 2021.

In accordance with the terms of the combined general meeting of 11 June 2021, the following delegations of authority have been implemented:

- At its meeting of 4 February 2022, the Board of Directors decided to issue founder share warrants (the "2021 BSPCE"). This grant covers 17,500 2021 BSPCE to the Chairman of the Board of Directors. Vesting of the shares is subject to continued employment for a period of three years (33% after 12 months and then 1/24th per month).

- At its meeting of 24 March 2022, the Board of Directors decided to issue founder share warrants (the "2021 BSPCE"). This grant covers 15,000 2021 BSPCE to an Afyren employee. Vesting of the shares is subject to continued employment for a period of three years (33% after 12 months and then 1/24th per month).

- The Board of Directors decided on 24 March 2022 to grant 257,620 free shares to each of the two executives. Vesting of the shares is subject to continued employment for a period of three years and market performance (three 10% tranches subject to a condition of employment only and a final 70% tranche also subject to a market performance condition).

- At its meeting of 5 July 2022, the Board of Directors decided to issue founder share warrants (the "2022 BSPCE"). This grant covers 7,500 2022 BSPCE in favour of an Afyren director. Vesting of the shares is subject to continued employment for a period of three years (33% after 12 months and then 1/24th per month).

- On 3 October 2022, the Board of Directors decided to award 4,033 free shares to an Afyren employee. Vesting of the shares is subject to continued employment for a period of one year.

- The Board of Directors decided on 5 December 2022 to grant 13,936 free shares to employees of Afyren and Afyren Neoxy. Vesting of the shares is subject to continued employment for a period of one year.

- On 17 February 2023, the Board of Directors decided to grant 3,589 free shares (2021 free share grant) to an Afyren employee on 17 February 2023. Vesting of the shares is subject to continued employment for a period of one year.

- On 21 March 2023, the Board of Directors decided to grant 10,386 free shares (2021 free share grant) to an Afyren Neoxy executive and an Afyren employee on 6 March 2023. Vesting of the shares is subject to continued employment for a period of one year.

- On 20 June 2023, the Board of Directors decided to grant 2,546 free shares (2021 free share grant) to an Afyren employee on 12 June 2023. Vesting of the shares is subject to continued employment for a period of one year.

In accordance with the terms of the combined general meeting of 21 June 2023, the following delegations of authority have been implemented:

- On 1 July 2023, the Board of Directors decided to grant 815 free shares (2023 free share grant) to an Afyren employee on 1 July 2023. Vesting of the shares is subject to continued employment for a period of one year.

- On 18 September 2023, the Board of Directors decided to grant 5,455 free shares (2023 free share grant) to an Afyren employee on 18 September 2023. Vesting of the shares is subject to continued employment for a period of one year.

- On 18 September 2023, the Board of Directors decided to grant 190,206 free shares (2023-LTIP free share grants) to Afyren and Afyren Neoxy employees. Vesting of the shares is subject to continued employment until 31 March 2026. The vesting is also subject to financial and development performance conditions corresponding to non-market conditions. At 31 December 2023, in order to determine the corresponding compensation expense, it was estimated that 30% of these targets had been achieved.

- On 12 December 2023, the Board of Directors decided to grant 13,208 free shares (2023 free share grant) to an Afyren employee on 12 December 2023. Vesting of the shares is subject to continued employment for a period of one year.

The main characteristics and conditions relating to grants under these plans are as follows:

	Number of shares granted	Grant date	Vesting conditions	Contractual life of options	Average fair value (in €)
BSPCE 5	25,000	27/06/2019	Employment (3 years)	10 years	5.69
BSPCE 5	52,500	01/07/2019	Employment (3 years)	10 years	5.69
BSPCE 5	65,000	01/07/2019	Employment (3 years)	10 years	5.69
BSPCE 5	15,000	30/10/2019	Employment (3 years)	10 years	5.70
BSPCE 5	80,000	12/12/2019	Employment (3 years)	10 years	5.70
BSPCE 5	7,500	21/05/2020	Employment (3 years)	10 years	5.71
BSPCE 5	175,000	16/09/2020	Employment (3 years)	10 years	5.68
BSPCE 5	10,000	01/12/2020	Employment (3 years)	10 years	5.67
BSPCE 5	75,000	21/01/2021	Employment (3 years)	10 years	5.67
BSPCE 5	17,500	04/02/2022	Employment (3 years)	10 years	3.83
BSPCE 5	15,000	24/03/2022	Employment (3 years)	10 years	3.65
2021 free share grants	463,716	24/03/2022	Employment (3 years)	n.a.	5.36
2022 BSPCE	7,500	05/07/2022	Employment (3 years)	10 years	2.95
2021-2 free share grants	4,033	03/10/2022	Employment (1 year)	n.a.	6.01
2021-3 free share grants	11,387	05/12/2022	Employment (1 year)	n.a.	5.95
2021-4 free share grants	3,589	17/02/2023	Employment (1 year)	n.a.	6.24
2021-5 free share grants	3,940	06/03/2023	Employment (1 year)	n.a.	5.81
2021-6 free share grants	2,546	12/06/2023	Employment (1 year)	n.a.	5.52
2023-1 free share grants	815	01/01/2023	Employment (1 year)	n.a.	5.68
2023-2 free share grants	5,455	18/09/2023	Employment (1 year)	n.a.	4.93
2023-LTIP free share grants	190,206	18/09/2023	Employment (until 31/03/2026), performance and development	n.a.	4.93
2023-3 free share grants	13,208	03/12/2023	Employment (1 year)	n.a.	2.11
Total	**1,243,895**				

The data used to measure the fair values at the grant date of the BSPCEs and free share grants awarded in 2022 and 2023 are as follows:

	BSPCE 5 issued in 2022	2021 free share grants issued in 2022
Fair value at grant date (in €)	**From 2.95 to 3.83**	**From 5.36 to 6.01**
Share price on grant date (in €)	**From 7.91 to 8.22**	**7.91**
Option exercise price (in €)	**8.02**	**n.a.**

Expected volatility (weighted average)	53%	61%
Expected life (weighted average)	5 to 6 years	1 to 6 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	From -0.65% to 0.50%	From -0.56% to 0.50%

	2021 free share grants issued in 2023	2023 free share grants issued in 2023	2023-LTIP free share grants issued in 2023
Fair value at grant date (in €)	From 5.52 to 6.24	From 2.11 to 5.68	4.93
Share price on grant date (in €)	From 5.52 to 6.24	From 2.11 to 5.68	4.93
Option exercise price (in €)	N/A	N/A	N/A
Expected volatility (weighted average)	N/A	N/A	N/A
Expected life (weighted average)	1 year	1 year	3 years
Expected dividends	0%	0%	0%
Risk-free interest rate (based on government bonds)	n.a.	n.a.	n.a.

In 2022 and 2023, the change in the number of BSPCEs is as follows:

Number of BSPCEs	2023.12	Weighted average exercise price 2023 (in €)	2022.12	Weighted average exercise price 2022 (in €)
Outstanding as of 1 January	**630,000**	**2.02**	**590,000**	**2.06**
Lapsed during the period	-32,500	2.06		
Exercised during the period	-52,498	2.06		
Granted during the period			40,000	1.81
Outstanding as of 31 December	**545,000**	**2.01**	**630,000**	**2.02**
Exercisable as of 31 December	**493,333**		**454,168**	

In 2022 and 2023, the change in the number of free share grants is as follows:

Number of free share grants	2023.12	Weighted average exercise price 2023 (in €)	2022.12	Weighted average exercise price 2022 (in €)
Outstanding as of 1 January	**533,209**	**-**	**106,544**	**-**
Lapsed during the period	-8,995			
Exercised during the period	-51,524		-106,544	
Granted during the period	226,205	-	533,209	-
Outstanding as of 31 December	**698,895**	**-**	**533,209**	**-**
Exercisable as of 31 December	**-**		**-**	

6.5.5 COMPENSATION OF MAIN EXECUTIVES (RELATED PARTIES)

Compensation recognised as expenses for the main executives, corresponding to the members of the Executive Committee and the Board of Directors, is as follows:

In €k	2023.12	2022.12
Short-term employee benefits	1,473	1,033
Defined contribution post-employment benefits	114	108
Defined benefit post-employment benefits	5	30
Share-based payments	1,137	1,851
Total	**2,729**	**3,021**

The liability related to defined benefit post-employment benefits in respect of the main executives was €0.06 million as of 31 December 2023 and €0.04 million as of 31 December 2022.

7. NET FINANCIAL INCOME (EXPENSE)

INTEREST EXPENSE

Interest expenses on borrowings, financial liabilities and lease liabilities are recognised using the effective interest rate method.

The Company's financial income and expenses include:

In €k	2023.12	2022.12
Interest expense on borrowings	-42	-32
Interest expense on convertible bonds	-106	-146
Interest expense on repayable advances	-11	-17
Interest expense on lease liabilities - IFRS 16	-21	-4
Financing component on the license agreement	-98	-145
Foreign exchange losses	-19	-1
Total financial expenses	**-297**	**-345**
Other financial income	1,407	179
Currency gains	13	0
Change in fair value of financial assets	19	-
Total financial income	**1,439**	**179**
Net financial income (expense)	**1,142**	**-166**

The change in the fair value of financial assets corresponds to the change in the fair value of the convertible bonds issued by Afyren Neoxy and subscribed by Afyren.

Other financial income corresponds to interest income on term accounts.

8. INCOME TAX

INCOME TAX

Income taxes include current and deferred tax expense (income), calculated in accordance with
French tax laws. They are recognised in the income statement, unless they relate to items recognised in other comprehensive income, directly in equity or in business combinations. Tax assets and liabilities are offset provided they meet certain criteria.

The Company considered that, based on the analysis of the texts, the corporate value added contribution (CVAE) meets the definition of income tax as set out in IAS 12.2 ("Taxes due on the basis of taxable income").

TAX PAYABLE

Tax payable includes the estimated amount of tax due (or receivable) in respect of the taxable profit (or loss) for a period and any adjustment to the amount of tax due in respect of prior periods.
The amount of tax payable (or receivable) is determined on the basis of the best estimate of the amount of tax that the Company expects to pay (or receive) reflecting, where applicable, the related uncertainties. It is calculated based on the basis of tax rates that have been enacted or are likely to be enacted at the balance sheet date.

DEFERRED TAXES

Deferred tax is recognised on the temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses and tax credits only to the extent that it is probable that the Group will generate future taxable profits against which these can be utilised. Future taxable profits are measured against the reversal of taxable temporary differences. If the amount of the temporary differences is insufficient to recognise a deferred tax asset in full, future taxable profits, adjusted for the reversal of the temporary differences, are measured against the business plan of each of the Group's subsidiaries. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available. These reductions are reversed when the likelihood of future taxable profits increases.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised and the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date, and takes into account, where appropriate, income tax uncertainty.

8.1 INCOME TAX EXPENSE

In €k	2023.12	2022.12
Tax payable	-	-
Deferred tax	-	-
CVAE	-	-
TOTAL	**-**	**-**

8.2 INCOME TAX RECONCILIATION

The reconciliation between the effective tax rate and the theoretical tax rate is as follow:

In €k	2023.12	2022.12
Income before tax	-9,586	-9,200
Neutralisation of the share in income of equity-accounted company (net of tax)	4,800	3,662
Profit before tax and share in income of equity-accounted company (net of tax)	-4,786	-5,538
Normative tax rate	25.0%	25.0%
Theoretical tax (expense)/income	**1,196**	**1,384**
Reconciliation with effective interest rate		
- Research tax credit (CIR)	108	73
- Other tax credits		
- CVAE (corporate value added contribution) as tax expense		-
- Losses for the period not capitalised	-1,094	-903
- Share-based compensation expense	-318	-557
- Gains or losses on disposals of treasury shares	48	14
- Permanent differences	-5	-2
- Convertible bonds	57	-11
- Other differences	7	
Actual tax (expense)/income	**-**	**-**

8.3 BREAKDOWN OF NET DEFERRED TAX ASSETS (LIABILITIES)

The changes in deferred tax balances are as follows:

In €k	2023.12	Change in income statement	Change in other compre-hensive income	Change in share-holders' equity	2023.12		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	567	220	-1	-122	664	664	
Defined benefit liability	17	-3	1	-	15	15	

Leases	-3	6	-	-	3	3	
Convertible bonds	-122	-	-	122	-		
Neoxy license agreement	-459	-142	-	-	-601		-601
Other adjustments	-0	-82	-	-	-82		-82
TOTAL DEFERRED TAXES	**0**	**-0**	**-**	**-**	**-**	**683**	**-683**

In €k	2022.12	Change in income statement	Change in other compre-hensive income	Change in share-holders' equity	2022.12		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	407	149	11		567	567	
Defined benefit liability	18	9	-11		17	17	
Leases	-1	-2	-		-3		-3
Convertible bonds	-96	-26	-		-122		-122
Neoxy license agreement	-328	-130	-		-459		-459
Other adjustments	-1	0	-		-0		-0
					-		
TOTAL DEFERRED TAXES	**-**	**0**	**-**	**-**	**0**	**584**	**-584**

8.4 UNRECOGNISED DEFERRED TAX ASSETS

At this stage, the Company has not recognised any deferred tax asset relating to the unused tax losses detailed below as they are expected to be recoverable only in the long term.

Unrecognised deferred tax assets:

2023.12		2022.12		
Gross amounts (in €k)	Tax effect (in €k)	Gross amounts (in €k)	Tax effect (in €k)	Expiry date of the tax loss
19,100	4,775	14,725	3,681	n.a.

8.5 TAX UNCERTAINTIES

The Company has no significant tax uncertainties within the scope of IFRIC 23.

9. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

9.1 INTANGIBLE ASSETS

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred.

Development expenses are recognised as intangible assets if and only if the expenses can be measured reliably and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention as well as the availability of sufficient resources to complete development and use or sell the asset. Otherwise, they are expensed as incurred. Subsequent to initial recognition, development expenses are carried at cost less any accumulated depreciation and impairment losses.

Borrowing costs related to the financing of capitalised development costs are included in their cost. The Company has elected to use the IFRS 1 exemption to prospectively apply the borrowing cost capitalisation provisions of IAS 23 from the date of transition to IFRS on 1 January 2019.

OTHER INTANGIBLE ASSETS

Other intangible assets mainly correspond to patents and computer software. They have a finite useful life and are carried at cost less any accumulated depreciation and impairment losses.

DEPRECIATION

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- License developed in-house: 10 years
- Patents: 10 years
- Computer software: 2 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Intangible assets break down as follows:

In €k	2022.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2023.12
Technology developed in-house	3,682					3,682
Concessions, patents and similar rights	744	23				767
Ongoing development costs	905	131				1,036
Other intangible assets	-					-
Intangible assets (gross value)	**5,331**	**154**	**-**	**-**	**-**	**5,485**

Amortisation of technology developed in-house	-1,485			-368		-1,853
Amortisation of concessions, patents and similar rights	-225			-74		-299
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	**-1,710**	**-**	**-**	**-442**	**-**	**-2,152**
Total net value	**3,621**	**154**	**-**	**-442**	**-**	**3,333**

In €k	2021.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2022.12
Technology developed in-house	3,682	-				3,682
Concessions, patents and similar rights	685	59				744
Ongoing development costs	660	245				905
Other intangible assets	-	-				-
Intangible assets (gross value)	**5,027**	**304**	**-**	**-**	**-**	**5,331**
Amortisation of technology developed in-house	-1,117			-368		-1,485
Amortisation of concessions, patents and similar rights	-150			-75		-225
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	**-1,267**	**-**	**-**	**-443**	**-**	**-1,710**
Total net value	**3,760**	**304**	**-**	**-443**	**-**	**3,621**

Changes in concessions, patents and similar rights correspond to the acquisition of patents required for research and development (processes involving fertiliser, vinasse, etc.).

Changes in ongoing development costs correspond to expenses incurred in connection with the "R&D Booster" project which began in February 2019.

9.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The gain or loss on disposal of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful life.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

- Technical installations, equipment and tools: 3 to 5 years
- Computer hardware: 2 to 3 years
- Furniture: 3 to 5 years
- Fixtures and fittings: 3 to 5 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Property, plant and equipment breaks down as follows:

In €k	2022.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2023.12
Other technical facilities, equipment and tools	451	134				585
Fixtures and fittings	75	85	-26			134
Office furniture	17	45				63
Computer hardware	8	1	-			9
Other property, plant and equipment	-0					-57
Property, plant and equipment in progress	120	5	-124			-
Property, plant and equipment (gross value)	**671**	**270**	**-150**	**-**	**-**	**733**
Depreciation of other technical installations, equipment and tools	-270		-	-109		-380
Depreciation of fixtures and fittings	-27		14	-26		-39
Depreciation of office furniture	-12			-16		-28
Depreciation of computer equipment	-4			-2		-6
Depreciation of other property, plant and equipment	-0			-		58
Depreciation of property, plant and equipment	**-313**	**-**	**14**	**-153**	**-**	**-395**
Total net value	**358**	**270**	**-137**	**-153**	**-**	**338**

In €k	2021.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2022.12
Other technical facilities, equipment and tools	294	222	-65			451
Fixtures and fittings	57	18				75
Office furniture	17	-				17
Computer hardware	6	2				8
Other property, plant and equipment	0	-0				-0
Property, plant and equipment in progress	2	118				120
Property, plant and equipment (gross value)	**376**	**360**	**-65**	**-**	**-**	**671**
Depreciation of other technical installations, equipment and tools	-210		-	-60		-270
Depreciation of fixtures and fittings	-15			-12		-27
Depreciation of office furniture	-10			-2		-12
Depreciation of computer equipment	-3			-1		-4
Depreciation of other property, plant and equipment	0			-0		-0
Depreciation of property, plant and equipment	**-237**	**-**	**-**	**-76**	**-**	**-313**
Total net value	**139**	**360**	**-65**	**-76**	**-**	**358**

Changes in property, plant and equipment during the 2023 and 2022 financial years relate to equipment and improvements to new premises.

9.3 IMPAIRMENT TESTING

In accordance with IAS 36 "Impairment of Assets", the Company regularly examines whether there is any indication that intangible assets and property, plant and equipment with a definite useful life are impaired. If such evidence exists, the company performs an impairment test to assess whether the carrying amount of the assets (or groups of assets corresponding to the cash-generating units) does not exceed its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

No impairment was identified for 2023 and 2022.

1. Leases

10. LEASES

Upon signing a contract, the Company determines whether the agreement constitutes, or contains, a lease.

The contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for a consideration. In assessing whether a contract gives the right to control an identified asset throughout the period of use of the asset, the Company assesses whether: i) the contract involves the use of an identified asset, ii) the Company has the right to obtain substantially all the economic benefits of the use of the asset throughout the period of use, and iii) the Company has the right to decide on the use of the asset.

The Company recognises a 'right of use' asset and a lease liability at the date the leased asset is made available. The "right-of-use" asset is initially measured at cost, i.e. the initial amount of the lease liability plus any lease payments already made at the start date of the lease, any initial direct costs incurred and an estimate of the costs of dismantling and removing or restoring the underlying asset or the site where it is located, less any lease incentive benefit received.

The right-of-use asset is then amortised on a straight-line basis from the start to the end of the lease, unless the lease provides for a transfer of ownership of the underlying asset to the Company at the end of the lease term or the cost of the right-of-use asset reflects the fact that the Company will exercise a call option. In this case, the right-of-use asset will be amortised over the useful life of the underlying asset, determined on the same basis as that of property, plant and equipment. In addition, the value of the "right-of-use" asset will be regularly reduced in the event of impairment losses and will be adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments due but not yet paid at the start date of the lease. The discount rate used is the interest rate implicit in the lease or, if it cannot be easily determined, to the Company's incremental borrowing rate. The Company generally uses the latter rate as its discount rate.

The Company determines its incremental borrowing rate based on the interest rates offered by various external financing sources for a term equivalent to the lease term.

Lease payments included in the lease liability valuation include the following:

- Fixed rents, including substantive fixed rents;
- Variable rents indexed to an index or interest rate, initially measured on the basis of the index or interest rate in question on the contract start date;

- Amounts payable under the residual value guarantee; and
- The exercise price of a call option that the Company is reasonably certain to exercise, lease payments during the renewal period if the Company is reasonably certain to exercise an extension option and lease early termination penalties, unless the Company is reasonably certain not to terminate the lease early.
- Deduction of incentives granted by the lessor.

The lease liability is measured at amortised cost using the effective interest rate method. It is revalued in the event of a change in future lease payments due to a change in index or interest rate, in the event that the Company reassesses the amount expected under the residual value guarantee, if the Company revises its likelihood of exercising a call, extension or termination option, or in the event of a revision of a fixed lease payments in substance.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the amount of the right-of-use asset has been reduced to zero.

Lastly, the Company has elected not to recognise right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, as well as for low-value asset leases (less than €5,000). These lease payments are recognised as expenses.

The Company recognises deferred tax assets and liabilities on the lease liability and the right of use, respectively, on the basis that the tax deductions are attributable to the liability.

In the event of renegotiation of a lease (amount of rent and/or term) exceeding the initial provisions of the lease, amendments to leases generally result in the lessee recalculating the lease liability using a revised discount rate in return for a change in the right of use.

In connection with the recognition of leases under IFRS 16 on the date of transition to IFRS on 1 January 2019, the Company has elected to apply the exemption provided for in IFRS 1, which allows it to measure the lease liability at that date at the present value of the remaining lease payments based on the lessee's incremental borrowing rate at the transition date, and the right of use in the amount of the lease liability (adjusted for amounts of prepaid lease payments or benefits received, if any). In addition, contracts with a residual term of less than 12 months at the transition date and contracts for low-value assets have not been restated.

In the course of its business, the Company leases premises, vehicles and equipment.

The main contracts for the periods presented are:

- Amounts payable under the residual value guarantee; and
- The 3-6-9 contracts for the Clermont-Ferrand and Lyon offices signed in May and September 2020. The lease periods used correspond to the first three-year period insofar as an extension beyond that period is not reasonably certain given the growing needs for the premises. These are indexed fixed lease payments. The contract for the Lyon offices expired in June 2023.
- The 3-6-9 contract for the new Lyon offices signed in December 2022. The lease term corresponds to the first three-year period as an extension beyond that period is not reasonably certain given the growing needs for the premises. These are indexed fixed lease payments.

Vehicle leases have fixed lease payments and terms of approximately three years that do not contain any early termination or renewal options.

Short-term exempted contracts are mainly for temporary premises. Low-value exempt contracts are mainly for computer hardware.

The rights of use break down as follows:

In €k	Premises	Vehicles	Equipment	Total
Balance as of 31 December 2021	**118**	**30**	**0**	**148**
Depreciation charge for the year	-82	-28		-110
Reversal of depreciation for the year				-
Additions to the "rights of use" asset	344	64		408
Derecognition of the "rights of use" asset				-
Balance as of 31 December 2022	**380**	**65**	**0**	**446**
Depreciation charge for the year	-178	-40		-218
Reversal of depreciation for the year				-
Additions to the "rights of use" asset	120	13	92	225
Derecognition of the "rights of use" asset	-12			-12
Balance as of 31 December 2023	**310**	**38**	**92**	**441**

In addition, the related impacts on the income statement and in terms of cash flows are as follows:

AMOUNTS RECOGNISED IN NET INCOME:

In €k	2023.12	2022.12
Interest expense on lease liabilities	21	4
Expenses related to short-term leases	31	27
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	85	40
Balance as of 31 December 2023	**137**	**72**

AMOUNTS RECOGNISED IN CASH FLOWS:

In €k	2023.12	2022.12
Total cash outflows from leases	423	250

11. NON-CURRENT FINANCIAL ASSETS

Loans and guarantees given mainly under leases are initially recognised at fair value and subsequently at amortised cost.

Convertible bonds issued by Afyren Neoxy and subscribed by Afyren and Bpifrance: see Note 5.

In €k	2023.12	2022.12
Convertible bonds	1,117	-
Deposits and guarantees paid	65	61
Non-current financial assets	**1,182**	**62**

Non-current financial assets correspond to:

- At 31 December 2023 and 31 December 2022, €0.06 million in guarantees paid under lease contracts;
- At 31 December 2023, convertible bonds issued by Afyren Neoxy and subscribed by Afyren during the first half of 2023 for €1.1 million, corresponding to the fair value of the instruments of €1.6 million, to which €0.5 million was charged corresponding to Afyren's share of the equity component of the convertible bonds recognised in Afyren Neoxy's financial statements.

12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade and other operating receivables are initially recognised at fair value and subsequently at amortised cost, which generally corresponds to their nominal value.

In accordance with IFRS 9, the Company applies the simplified method in measuring trade receivables and recognises expected impairment losses over their lifetime.

Trade receivables and other current assets break down as follows:

In €k	2023.12	2022.12
Trade receivables	466	788
Impairment of receivables in respect of expected losses	-	-
Total trade receivables	**466**	**788**
Current financial assets	**99**	**71**
Prepaid expenses	175	91
Tax receivables	135	96
Shareholder loans - assets	-	6
Research tax credit receivable	461	365
Other current assets	54	73
Total other current assets	**824**	**630**

Trade receivables correspond to receivables from Afyren Neoxy under service agreements entered into with the latter.

The "Current financial assets" item amounting to €0.1 million at 31 December 2023 and €0.07 million at 31 December 2022, relates to:

- The liquidity account subscribed on 1 November 2021. When signing this 12-month liquidity agreement (with tacit renewal) with ODDO BHF SCA, the Company made a payment of €0.3 million. This sum is intended to finance the purchase and sale of treasury shares on the market. During the first half of 2023, AFYREN increased the resources made available under the liquidity contract by €0.15 million.

- The share buyback account subscribed in April 2023, as part of a share buyback programme to be used for multi-year free share grant plans. When it signed the share buyback contract with Natixis Corporate & Investment Banking, the Company made a payment of €0.25 million. During the second half of 2023, Afyren increased the funds made available under the share buyback agreement by €0.15 million. In a context of low share prices, this programme limits shareholder dilution resulting from multi-year free share plans.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held with other banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

In the cash flow statement, this item corresponds to cash and cash equivalents after deducting bank overdrafts.

In €k	2023.12	2022.12
Bank accounts	5,844	8,168
Cash equivalents	43,715	54,164
Cash and cash equivalents in the statement of financial position	**49,559**	**62,333**
Bank overdrafts repayable on demand and used for cash management purposes	-	-
Cash and cash equivalents in the cash flow statement	**49,559**	**62,333**

The "Cash equivalents" item corresponds to term accounts. As of 31 December 2023, these term accounts are open for a period ranging from 3 months to 5 years and are redeemable at any time early subject to 32 days notice.

14. EQUITY

14.1 SHARE CAPITAL

The issue costs of capital increases are recognised in equity.

The A preferred shares ("A PS") are equity instruments in that they are non-redeemable, entitled to discretionary dividends and have no obligation to deliver a variable number of common shares.

The share subscription warrants (Tranche 2 and Tranche 3 BSAs) attached to the A PS are equity instruments in that they are non-redeemable and give entitlement to a fixed number of ordinary shares.

If the Company buys back its own equity instruments, the amount of consideration paid including directly attributable costs is recognised as a reduction of equity. Shares bought back are classified as treasury shares in the reserve for treasury shares. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the positive or negative balance of the transaction is presented as an issue premium.

The Company's share capital consists of:

	Ordinary shares		A preference shares		Total	
Number of shares:	**2023.12**	**2022.12**	**2023.12**	**2022.12**	**2023.12**	**2022.12**
Outstanding as of 1 January	15,577,403	15,470,859	10,291,165	10,291,165	25,868,568	25,762,024
Capital decrease	-	-	-	-	-	-
Capital increase	154,022	106,544			154,022	106,544
Outstanding as of 31 December - fully paid-up shares	**15,731,425**	**15,577,403**	**10,291,165**	**10,291,165**	**26,022,590**	**25,868,568**

2023 CAPITAL TRANSACTIONS

Capital transactions during the 2023 financial year were as follows:

- At 31 December 2023 and 31 December 2022, €0.06 million in guarantees paid under lease contracts;
- On 21 March 2023, a capital increase was recorded as a result of the exercise of 19,921 BSPCEs for a total amount of €398, through the issue of 19,921 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €41,037, representing an issue premium of €40,639.
- On 24 March 2023, a capital increase was recorded following the vesting of free shares granted on 24 March 2022 for an amount of €1,030, by the issue of 51,524 new ordinary shares with a nominal value of €0.02 each. The capital increase was carried out by drawing on the Company's reserves.
- On 20 June 2023, a capital increase was recorded as a result of the exercise of 23,411 BSPCEs for a total amount of €468, through the issue of 23,411 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €48,227, representing an issue premium of €47,758.
- On 21 June 2023, a capital increase was recorded as a result of the exercise of 9,166 BSPCEs for a total amount of €183, through the issue of 9,166 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €18,882, representing an issue premium of €18,699.
- On 1 January 2024, a capital increase was recorded as a result of the exercise of 50,000 BSAs for a total amount of €1,000, through the issue of 50,000 new ordinary shares with a nominal value of €0.02 each. The total exercise price was €70,000, representing an issue premium of €69,000. As the rights were exercised on 17 December 2023, the capital increase is deemed to have been completed on that date.

At 31 December 2023, the share capital was €520,452, divided into 26,022,590 shares.

2022 CAPITAL TRANSACTIONS

On 9 December 2022, the Board of Directors noted a capital increase on 7 December 2022 resulting from the definitive vesting of the free share plan of 7 December 2021 for an amount of €2,130.88 by the issue of 106,544 new ordinary shares with a nominal value of €0.02 each. The capital increase brings the share capital to €517,371.36, divided into 25,868,568 shares.

14.2 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to support development activities.

Furthermore, the Company's activities are currently financed mainly by obtaining loans, grants, repayable advances and capital increases.

14.3 EARNINGS PER SHARE

Basic earnings per share base are calculated using earnings attributable to holders of ordinary shares and the following weighted average number of ordinary shares outstanding.

Diluted earnings per share are calculated using earnings attributable to holders of ordinary shares and the following weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Net income attributable to holders of ordinary (basic) shares	2023.12	2022.12
In €k		
Net income for the period attributable to owners of the Company	-9,586	-9,200
Net income attributable to holders of ordinary shares	**-9,586**	**-9,200**

Weighted average number of ordinary (basic) shares	2023.12	2022.12
Number of ordinary shares as of 1 January	25,868,568	25,762,024
Capital decrease		-
Capital increase (in number of shares)	154,022	106,544
Weighted average number of ordinary shares as of 31 December	**25,941,220**	**25,769,030**
Basic earnings per share (in €)	**-0.37**	**-0.36**
Diluted earnings per share (in €)	**-0.37**	**-0.36**

Diluted earnings per share correspond to basic earnings insofar as the BSPCE issued are anti-dilutive given the Company's negative net income.

15. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event, which is likely to result in an outflow of resources and the amount of which can be reliably estimated.

The amount recognised as a provision is the best estimate of the spending required to settle the present obligation at the balance sheet date.

As of 31 December 2023 and 2022, the provision of €0.01 million relates to a labour dispute.

Furthermore, the Company has not identified any contingent liabilities.

16. BORROWINGS, FINANCIAL LIABILITIES AND LEASE LIABILITIES

16.1 MAIN TERMS AND CONDITIONS OF BORROWINGS AND FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

The convertible bonds issued by Afyren are compound instruments including:

- a debt component (excluding the conversion option) initially recognised in the balance sheet at fair value less transaction costs and subsequently at amortised cost using the effective interest method;
- an equity component corresponding to the conversion option, the value of which is calculated as the difference between the fair value of the convertible bonds (their nominal value) and the fair value of the debt component.

In addition, in accordance with the IFRS 1 exemption for government loans, the Company has elected to apply IFRS 9 and IAS 20 prospectively from the transition date of 14 January 2019 to interest-free BPI loans taken out prior to the transition date. Thus, these loans are maintained at their nominal value, without being revalued to their fair value on the initial recognition date and without recognition of a grant component.

The terms and conditions of outstanding loans are as follows:

In €k	Currency	Variable/fixed interest rate	Maturity year	Nominal value	2023.12 Carrying amount	2022.12 Carrying amount
Convertible bonds	EUR	Fixed rate	2023	3,567	-	3,412
Total convertible bonds				**3,567**	**-**	**3,412**
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	2026	780	501	699
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	2026	300	206	281
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	2026	780	491	685
State guaranteed loan (PGE) - CA	EUR	Fixed rate	2026	780	490	683
Total state guaranteed loans (PGE)				**2,640**	**1,688**	**2,349**
BPI PAI 1 repayable advance	EUR	Average 3-month EURIBOR rate	2023	50	-	3
BPI PAI 2 repayable advance	EUR	Fixed rate	2024	150	15	45
BPI PAI 3 repayable advance	EUR	Fixed rate	2024	302	76	136
BPI PAI 3 repayable advance	EUR	Fixed rate	2025	198	79	119
BPI CMI2 repayable advance	EUR	Fixed rate	2024	573	134	302
Total repayable advances				**1,273**	**303**	**604**
BPI ADI Zero rate	EUR	Fixed rate	2024	690	138	276
Total equity loan	EUR	Fixed rate	2024	400	45	179
BPI R&D Innovation loan 1	EUR	Fixed rate	2027	750	638	750
BPI R&D Innovation loan 2	EUR	Fixed rate	2028	200	200	200
BPI R&D Innovation loan 3	EUR	Fixed rate	2030	1,000	1,000	-
BP Boehringer loan	EUR	Fixed rate	2027	75	49	64
BPI Prospecting insurance	EUR	Fixed rate	2029	52	52	52
Total other borrowings				**3,167**	**2,121**	**1,521**
Lease liability	EUR	Fixed rate		**432**	**432**	**411**
Accrued interest					**242**	**242**
Total				**11,079**	**4,787**	**8,539**

Current portion		**1,611**	**5,054**
Non-current portion		**3,176**	**3,485**

16.2 TABLE SHOWING CHANGES IN BORROWINGS, FINANCIAL LIABILITIES AND LEASE LIABILITIES, DISTINGUISHING BETWEEN CASH FLOWS AND OTHER FLOWS

Changes in borrowings and financial liabilities as well as lease liabilities break down as follows:

In €k	2022.12	Cash flow			Non-monetary changes			2023.12
		Proceeds from new borrowings	Interest flows paid	Debt repayment	Interest expenses	Impact of IFRS 16 - Leases	Reclassification	
Convertible bonds	-						-	-
Other borrowings	3,259				1		-309	2,951
Non-current lease liabilities	226			-209		229	-21	225
Total non-current borrowings and liabilities	**3,485**	**-**	**-**	**-209**	**1**	**229**	**-330**	**3,176**
Convertible bonds	3,412		-178	-3,567	333			0
Other borrowings	1,455	1,000	-53	-1,361	53		309	1,402
Current lease liabilities	187		-21			21	21	208
Total current borrowings and financial liabilities	**5,054**	**1,000**	**-253**	**-4,928**	**386**	**21**	**330**	**1,611**

In €k	2021.12	Cash flow			Non-monetary changes			2022.12
		Proceeds from new borrowings	Interest flows paid	Debt repayment	Interest expenses	Impact of IFRS 16 - Leases	Reclassification	
Convertible bonds	3,340						-3,340	-
Other borrowings	4,617	127			5		-1,491	3,259
Non-current lease liabilities	43			-142		408	-85	226
Total non-current borrowings and liabilities	**8,000**	**127**	**-**	**-142**	**5**	**408**	**-4,916**	**3,485**
Convertible bonds	104		-178		146		3,340	3,412
Other borrowings	743		-50	-779	50		1,491	1,455
Current lease liabilities	103		-4			4	85	187
Total current borrowings and financial liabilities	**950**	**-**	**-232**	**-779**	**196**	**4**	**4,916**	**5,054**

At 31 December 2022, the reclassification of €3,340 thousand between current and non-current convertible bonds relates to the bond that matured in 2023.

At the end of March 2023, Afyren repaid in cash the convertible bonds issued in March 2020 for €3.6 million.

In 2022, the Company took out:

- A Boehringer revitalisation loan from Banque Populaire for €0.075 million;

- An export prospecting insurance with BPI for an amount of €0.1 million, of which €0.05 million was received during the 2022 financial year.

In 2023, the Company took out an innovation R&D loan from Bpifrance for €1 million.

17. CURRENT AND NON-CURRENT TRADE AND OTHER LIABILITIES

Trade payables are initially recognised at fair value and subsequently at amortised cost, which generally corresponds to their nominal value.

Trade payables and other liabilities break down as follows:

In €k	2023.12	2022.12
Total trade payables	**388**	**520**
Current deferred income (customer contract liabilities)	**1,321**	**1,319**
Social security liabilities	1,009	919
Tax liabilities	85	147
Total other current liabilities	**1,095**	**1,066**
Non-current deferred income (customer contract liabilities)	0	1,321
Non-current deferred income (grant)	962	997
Total	**3,767**	**5,222**

Regarding current and non-current deferred income relating to customer contract liabilities - see Note 6.2.

Other non-current deferred income relates to investment grants received and mainly includes two grants:

- CMI 2 grant for €0.6 million received as part of Bpifrance's innovation support programme;
- Booster R&D grant of €0.4 million received as part of the project to demonstrate the semi-industrial production of natural products in the Auvergne-Rhône-Alpes region.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

18.1 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The levels in the fair value hierarchy are as follows:

- Level 1: fair value based on quoted prices of the instrument in an active market;
- Level 2: fair value measured using observable market data (other than the instrument's quoted prices included in level 1);
- Level 3: fair value is determined using valuation methods based on unobservable market data.

In €k	Accounting category	Level in the fair value hierarchy	2023.12 Total net carrying amount	2023.12 Fair value	2022.12 Total net carrying amount	2022.12 Fair value
Convertible bonds	Fair value per income statement	Level 3 - Note 6	1,117	1,117	-	-
Deposits and guarantees	Fair value	Level 2 - Note 2	65	65	62	62
Total non-current financial assets			**1,182**	**1,182**	**62**	**62**
Trade receivables	Amortised cost	Note 1	466	466	788	788
Current financial assets	Amortised cost	Note 1	99	99	71	71
Other current financial assets	Amortised cost	Note 1	33	33	38	38
Cash and cash equivalents	Amortised cost	Note 1	49,559	49,559	62,333	62,333
Total current financial assets			**50,157**	**50,157**	**63,230**	**63,230**
Total assets			**51,339**	**51,339**	**63,292**	**63,292**
Convertible bonds	Fair value	Level 2 - Note 5	-	-		-
Borrowings and financial liabilities	Amortised cost	Level 2 - Note 5	2,951	2,951	3,261	3,261
Total non-current financial liabilities			**2,951**	**2,951**	**3,261**	**3,261**
Non-current lease liability	Amortised cost	Level 2 - Note 3	**224**	**224**	**224**	**224**
Convertible bonds	Fair value	Level 2 - Note 5	0	0	3,412	3,412
Borrowings and financial liabilities	Amortised cost	Level 2 - Note 5	1,402	1,402	1,455	1,455
Trade payables	Amortised cost	Note 1	388	388	520	520
Total current financial liabilities			**1,791**	**1,791**	**5,387**	**5,387**
Current lease liability	Amortised cost	Note 3	**208**	**208**	**187**	**187**
Total liabilities			**5,174**	**5,174**	**9,059**	**9,059**

Note 1 - The net carrying amount of current financial assets and liabilities is considered to be an approximation of their fair value.

Note 2 - The difference between the carrying amount and the fair value of borrowings and guarantees is not considered significant.

Note 3 - As permitted by IFRS, the fair value of the lease liability and its level in the fair value hierarchy is not provided.

Note 5 - The fair value of borrowings and financial liabilities has been estimated using the discounted future cash flow method at a market rate. However, the difference with the carrying amount of the instruments is not significant given the slight change in the Company's risk-free interest rates and credit spread.

Note 6 - The fair value of the convertible bonds issued by Afyren Neoxy and subscribed by Afyren was estimated using a Black-Scholes model.

The main assumptions are as follows:

	11/05/2023	31/12/2023
Fair value of the share (in €)	1.00	1.00
Risk-free rate	2.74%	2.28%
Dividend rate	0.00%	0.00%
Expected equity volatility	48.06%	43.86%

Credit spread (basis points)	1,567 bp	1,383 bp

At 31 December 2023, a change of+/- 0.5% in the share price would lead to a change in fair value of +€1 million /-€0.6 million. A change in volatility of +/- 10% would lead to a change in fair value of +/-€0.2 million. A change in the credit spread of +/- 1% would lead to a change in the fair value of -/+€0.07 million.

At 31 May 2023, a change of +/- 0.5% in the share price would lead to a change in fair value of +€1 million / -€0.7 million. A change in volatility of +/- 10% would lead to a change in fair value of +/-€0.2 million. A change in the credit spread of +/- 1% would lead to a change in the fair value of -/+€0.07 million.

18.2 RISK MANAGEMENT

The Company is exposed to interest rate risk, credit risk and liquidity risk.

18.2.1 INTEREST RATE RISK

The Company's interest rate risk is limited as its main borrowings are at fixed rates, including the convertible bonds issued by Afyren Neoxy and subscribed by Afyren. The Company does not use any derivative financial instruments to hedge its interest rate risk.

18.2.2 CREDIT RISK

Credit risk represents the risk of financial loss for the Company in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets represent the maximum exposure to credit risk.

CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are held with leading banking and financial institution counterparties.

The Company believes that its cash and cash equivalents present a very low credit risk given the external credit ratings of its counterparties.

TRADE RECEIVABLES AND CONTRACT ASSETS

The Company has limited exposure to credit risk related to trade receivables. Trade receivables consist only of receivables with its Afyren Neoxy joint venture.

At 31 December 2023 and 2022, no impairment of receivables or proven losses had been recognised.

18.2.3 LIQUIDITY RISKS

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations related to financial liabilities that will be settled by delivery of cash or other financial assets. The

Company's objective in managing liquidity risk is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities as they fall due, under normal or "stressed" conditions, without incurring unacceptable losses or damaging the Company's reputation.

The residual contractual maturities of financial liabilities at the balance sheet date are as follows. Amounts are expressed on a gross, undiscounted basis and include contractual interest payments.

	In €k	Contractual financial flows				
2023.12	**Carrying amount**	**Total**	**less than one year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
Convertible bonds	0	-	-	-	-	-
Other borrowings and financial liabilities	4,354	4,586	1,571	1,018	1,579	418
Lease liabilities	432	432	203	155	74	-
Trade payables	-	-	-	-	-	-
Total financial liabilities	**4,786**	**5,018**	**1,774**	**1,172**	**1,653**	**418**

	In €k	Contractual financial flows				
2022.12	**Carrying amount**	**Total**	**less than one year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
Convertible bonds	3,412	3,745	3,745		-	-
Other borrowings and financial liabilities	4,714	4,801	1,773	1,286	1,659	82
Lease liabilities	411	445	199	141	105	-
Trade payables	520	520	520	-	-	-
Total financial liabilities	**9,057**	**9,510**	**6,236**	**1,427**	**1,764**	**82**

19. RELATED PARTY TRANSACTION

The compensation of the main corporate officers is provided in note 7.5.5.

Transactions with Afyren Neoxy are as follows:

€k	2023.12	2022.12
Non-current financial assets	1,117	-
Trade receivable	463	788
Customer contract liabilities (deferred income)	1,321	2,640
Financial expenses	-98	-145
Financial income	70	-
Other purchases and external expenses	185	-
Revenues	3,379	3,456
- Licensing income and development of industrial know-how	*1,417*	1,417
- Other services	*1,962*	2,039

20. OFF-BALANCE SHEET COMMITMENT

In €k	2023.12	2022.12
Guarantees given (related to BPI advances)	33	33
Guarantees received:		
BPI guarantee received: National guarantee fund - Equity loan for the start-up of SMEs and VSEs.	38	122
BPI guarantee received: Auvergne PPA Fund	6	18
BPI guarantee received: AI/SI Intervention Guarantee Fund	1	1
BPI guarantee received: European Investment Fund	30	102

21. STATUTORY AUDITOR'S FEES

The fees paid by the Company to its statutory auditor for 2023 and 2022 are as follows:

€k	RSM	
	2023.12	2022.12
Certification of individual financial statements	82	76
Other work and services directly related to the statutory audit	4	6
Statutory audit fees	**86**	**82**

STATUTORY AUDITOR'S REPORT ON THE IFRS FINANCIAL STATEMENTS

For the year ended 31 December 2023

This is a translation into English of the statutory auditor's report on the IFRS financial statements of the French Company and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND

Limited company with a share capital of 520 451,8 euros

STATUTORY AUDITOR'S REPORT ON THE IFRS FINANCIAL STATEMENTS

For the year ended 31 December 2023

To the Board of Directors of AFYREN

In our capacity as statutory auditor of the company AFYREN S.A, and in the context of the annual financial report on the multilateral trading facility Euronext Growth market, we have audited, upon your request, the accompanying IFRS financial statements prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union for the year ended December 31, 2023.

These financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these IFRS financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selections, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements, present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at December 31, 2023, and the results of its operations for the years then ended in accordance with IFRS as adopted by the European Union.

Lyon, March 29, 2024

The statutory auditor

RSM Rhône-Alpes

Gael DHALLUIN

AFYREN

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