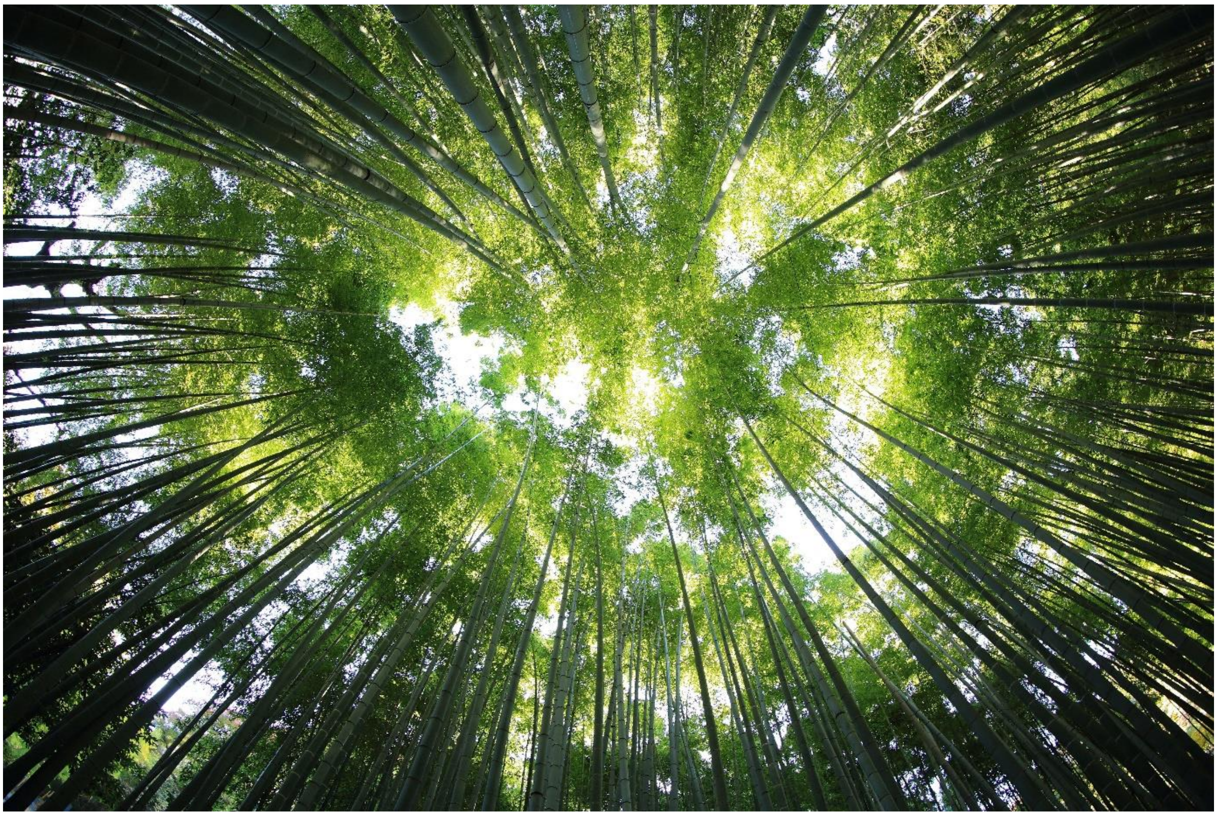
AFYREN

2021 ANNUAL FINANCIAL REPORT



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1. DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

"I certify that, to the best 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 the company, and that the management report in section 3 presents a true and fair view of changes in the business, results and financial position of the company and describes the main risks and uncertainties to which they relate. "

Nicolas Sordet, Chief Executive Officer

Signed in Lyon, France, on April 14, 2022

2. MESSAGE FROM THE CHAIRMAN AND FROM THE CHIEF EXECUTIVE OFFICER

To the Shareholders,

This year 2021 will remain a very special year in the development of Afyren. A real catalyst, which will have seen, in such a short time, the doubling of our workforce (via Afyren Neoxy in particular), the groundbreaking of our factory and the arrival of new customers and shareholders combined with funding through our IPO.

This year was therefore very intense for the teams who accomplished a considerable amount of work, but also very rich in terms of the diversity of the topics that we dealt with. Afyren evolved significantly during these twelve months, and is preparing for a new stage of its development.

The construction of our first plant required a lot of hard work on the construction project itself in order to reach our financial and timetable objectives. But such a project goes far beyond that for a start-up of our size and maturity. Supporting the rollout of our technology and structuring the organisation of tomorrow, that of an industrial company, capable of meeting the requirements of its customers, in terms of quality and certification. This requires us to hire a team with varied skills and talents, ranging from production to finance to maintenance and digitalisation. Building such a plant, which will enable us to meet tomorrow's climate and societal challenges, also requires us to establish a strong safety culture to protect our teams and our environment.

Around fifty people have joined this adventure, as many as in the last eight years combined. This is major integration challenge, facilitated by a common objective: to develop a clean, waste-free industry that helps preserve the planet's resources and limit global warming, notably by controlling water consumption and greatly reducing greenhouse gas emissions. Global warming is now a reality. The Covid-19 crisis that we have been going through since 2020 and that our teams have successfully managed in "construction" mode, with all the difficulties that this entails, has probably accelerated the pace of change and the awareness of the fragility of humanity in the face of such significant challenges.

In fact, commitments to carbon neutrality have since become more widespread, opening up new prospects for providers of solutions of the kind that Afyren is developing. Reducing the impact and sourcing locally, for example to avoid emissions caused by transport while limiting supply risks, has prompted new partners to join us. New customers are looking for committed suppliers and biobased molecules with environmentally friendly production methods, but also committed investors who want to contribute to a greener, low-carbon economy. It is for this purpose that our research and development (R&D) team has continued its work during a year rich in improvements and diversification.

2021 was therefore a year of real acceleration, punctuated by many successes, which enabled us to continue our structuring to achieve our short- and medium-term objectives.

This year's accomplishments were the result of the commitment of the Afyren and Afyren Neoxy teams, whom we wish to thank sincerely. But they were also possible thanks to the conviction of all our stakeholders, existing and new (co)shareholders, as well as all of our business and industrial partners whom we would also like to thank.

It was certainly a great year that perfectly reflects our values: commitment, agility and humility.

Stefan Borgas, Chairman of the Board of Directors and Nicolas Sordet, Chief Executive Officer

3. Management report

3. MANAGEMENT REPORT

3.1 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 of shareholders in accordance with the law and the articles of association.

Company's registered office and legal form

By resolutions of the Company's general meeting of shareholders dated 11 June 2021, it was decided to convert the Company, formerly a société par actions simplifiée (simplified joint stock company) into a société anonyme à conseil d'administration (public limited liability 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 was incorporated as a société par actions simplifiée (simplified joint stock company) on 4 April 2012.

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

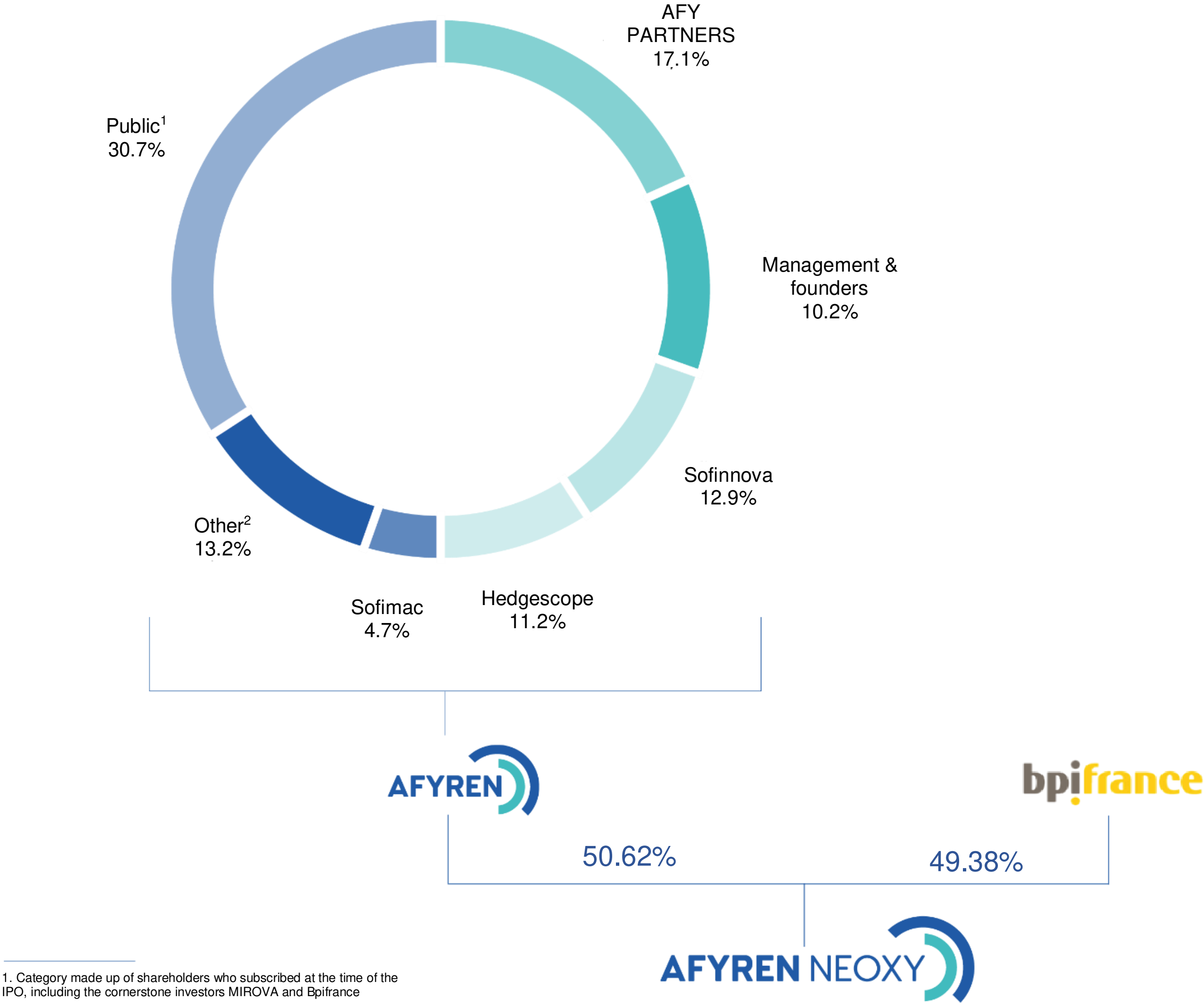
The Company's contact details are as follows:

Telephone: +33 (0)4 73 90 51 16

Email address: contact@afyren.com

Website: www.afyren.com

3.1.1 LEGAL ORGANISATION CHART



1. Category made up of shareholders who subscribed at the time of the IPO, including the cornerstone investors MIROVA and Bpifrance

2. Other: category made up of shareholders present when the company was still unlisted ("Pre-IPO shareholders")

Afyren holds a non-significant stake (0.16% of the share capital and voting rights) in Bio-Valo (Registered with the Clermont-Ferrand Trade and Companies Register under number 823 722 855), an independent technical consulting firm, analysis and demonstration platform for biogas and methanisation.

3.1.2 LIST OF SUBSIDIARIES

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 50.62% of its share capital and Bpifrance 49.38%).

3.1.3 BRANCHES

None.

3.2 GENERAL PRESENTATION

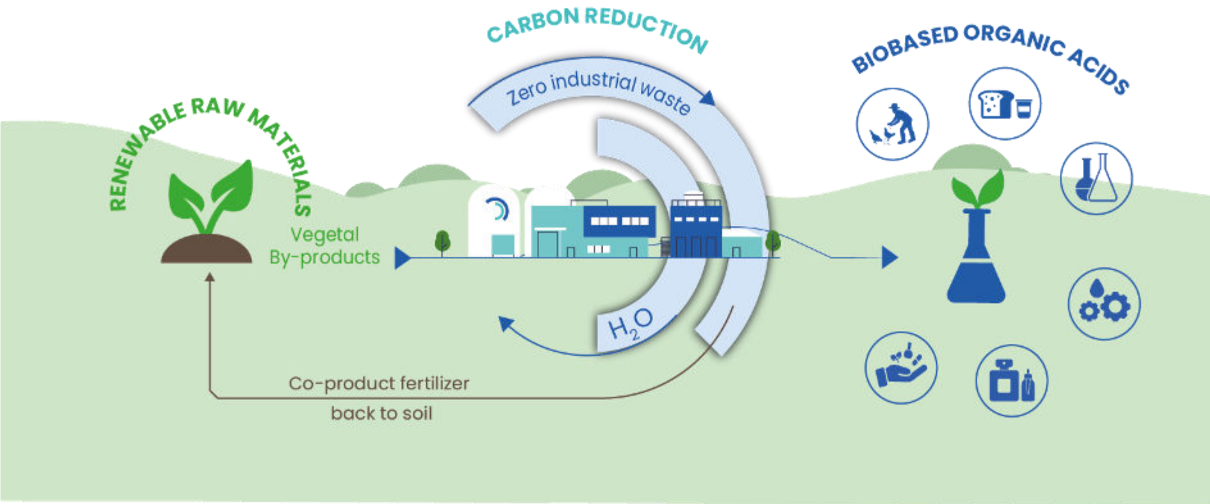
3.2.1 ACTIVITY

Founded in 2012 and led by Nicolas Sordet and Jérémy Pessiot, Afyren is a sustainable chemical company ("greentech") offering innovative solutions to replace petroleum-based ingredients with products derived from natural microorganisms, in a zero industrial waste circular economy approach.

The solutions offered by Afyren make it possible to produce a family of seven fully biobased organic acids and a natural fertiliser from non-food biomass.

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 80% lower carbon footprint[1].

On 1 October 2021, Afyren successfully completed its IPO on the unregulated Euronext



A circular bioeconomy approach with a carbon footprint reduced by - 80 % (1)

Figure: The Afyren model: biobased ingredients from renewable by-products obtained by fermentation

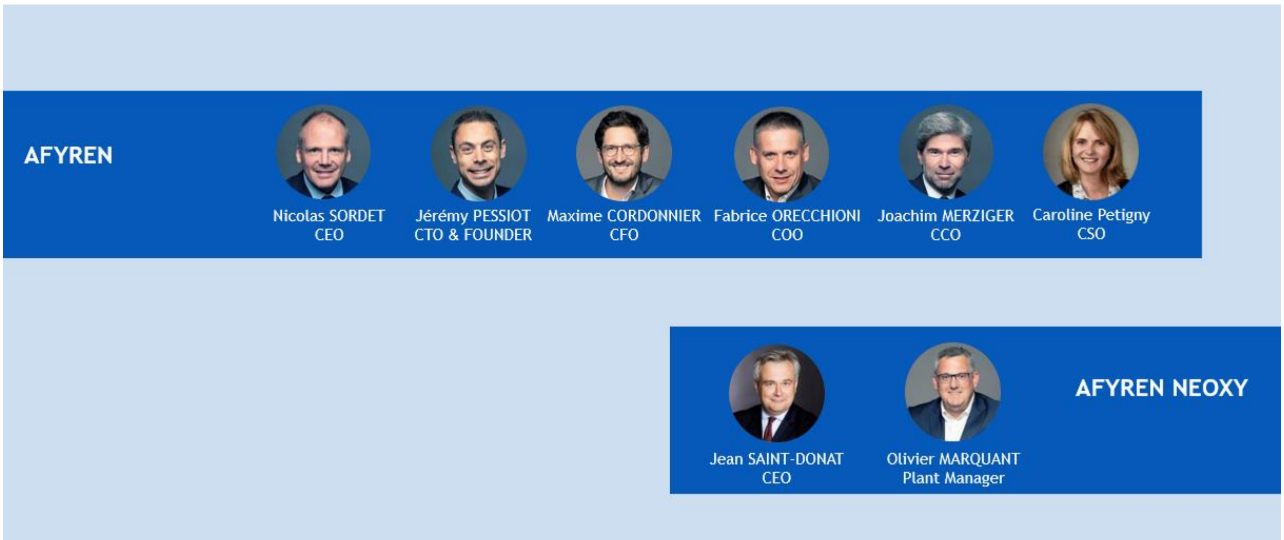
[1] Environmental footprint of Afyren's products via Life Cycle Assessment, Sphera, March 2021 (https://AFYREN.com/wp-content/uploads/2021/04/210402-AFYREN-LCA-analysis-April2021.pdf)

AFYREN in 2021

Note: [1] in 2021; [2] of which one is currently being published; [3] incl. Afyren Neoxy employees

Afyren has twice won the 2030 Global Innovation Competition in the "Plant proteins and plant chemistry" category. Winner of the 2015 Cleantech competition, it was named ambassador of French Tech - Green Chemistry at COP21. It is also supported in its development by the Auvergne Rhône-Alpes and Grand Est regions, as well as by Bpifrance and the European Investment Bank. Afyren was selected in the FT120 (the 120 most promising start-ups in France) in January 2020 and again in February 2021 and received the "Efficient Solution" label from the Solar Impulse Foundation in November 2019.

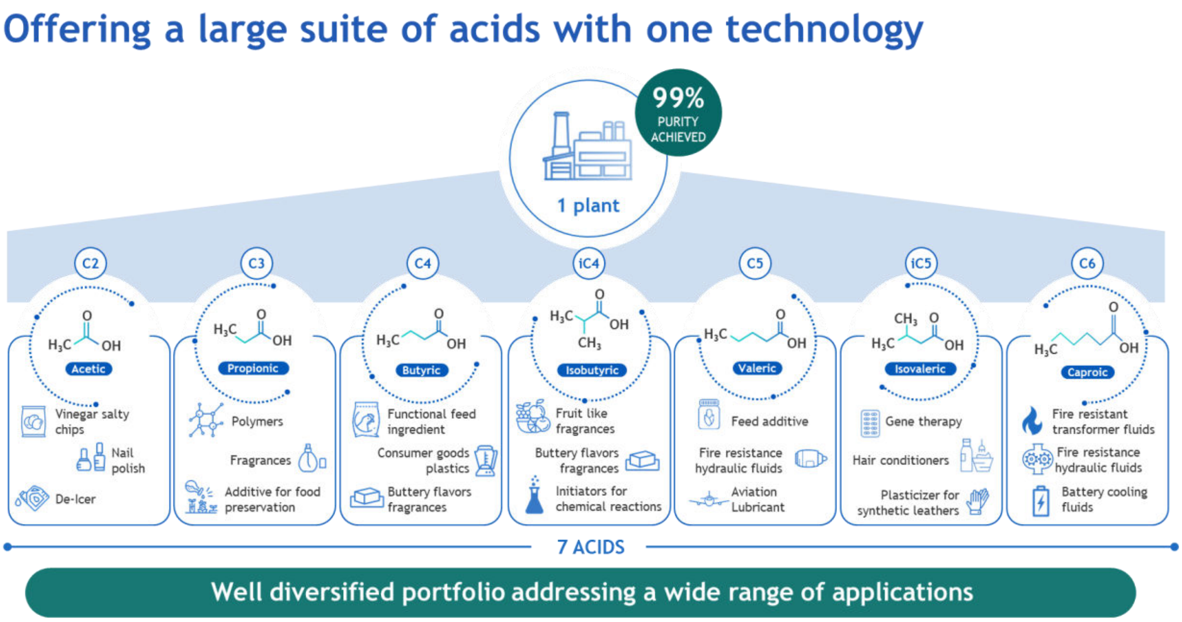
3.2.2 MANAGEMENT TEAM



3.3 BUSINESS OVERVIEW

3.3.1 BIOBASED PRODUCTS DEVELOPED BY AFYREN

The seven organic acids produced by Afyren



This wide range of organic acids allows Afyren to address large, diversified markets with significant potential worldwide.

Among all organic acids, Afyren 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 $13 billion in 2021, is expected to grow to $21.3 billion in 2030, representing an annual growth rate (CAGR) of 5.8%[2]. Within this market, which is currently 99% petroleum-sourced, the percentage of biobased alternatives is expected to grow substantially in the coming years, driven by consumer demand for more sustainable products and government policies aimed at combating global warming, ensuring the transition to a circular economy and reducing dependence on petroleum-sourced products. Afyren's biomolecules therefore meet strong demand from the human food, animal feed, flavour and fragrance, life science and material sciences industries, which are looking for sustainable ingredients with performances equivalent to their petroleum-sourced equivalents.

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

The fertiliser produced by Afyren

In addition to the seven acids mentioned above, Afyren's manufacturing process automatically leads to the production of a potash-rich fertiliser for use 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 could in the future consider producing other products, in order to create additional value to that obtained through 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 considering producing these derivatives, allowing it to move further down the value chain. This work is done, among other things, thanks to a grant from the Regional Council of the Auvergne Rhône Alpes Region as part of the R&D Booster programme. This project, initiated in 2018, enables Afyren to develop its know-how and to develop a laboratory and pilot scale production process that will serve as a basis for future industrial developments that the Company may consider in a few years.

Complementary products based on Afyren's know-how in natural fermentation and bioprocesses

In addition to these derivatives, Afyren's R&D team is therefore 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.

3.3.2 THE AFYNERIE® TECHNOLOGICAL PLATFORM

The Company directly uses non-food biomass to produce chemical molecules that are an alternative to petroleum-based acids thanks to the use of renewable raw materials by the Company's flagship technology, the AFYNERIE® process. Based on natural microorganisms and protected worldwide, through ten families of patents and patent applications[3], this biomimetic technology, the result of more than ten years of R&D, transforms non-food biomass from by-products and agro-industrial waste into biobased carboxylic acids and fertiliser.

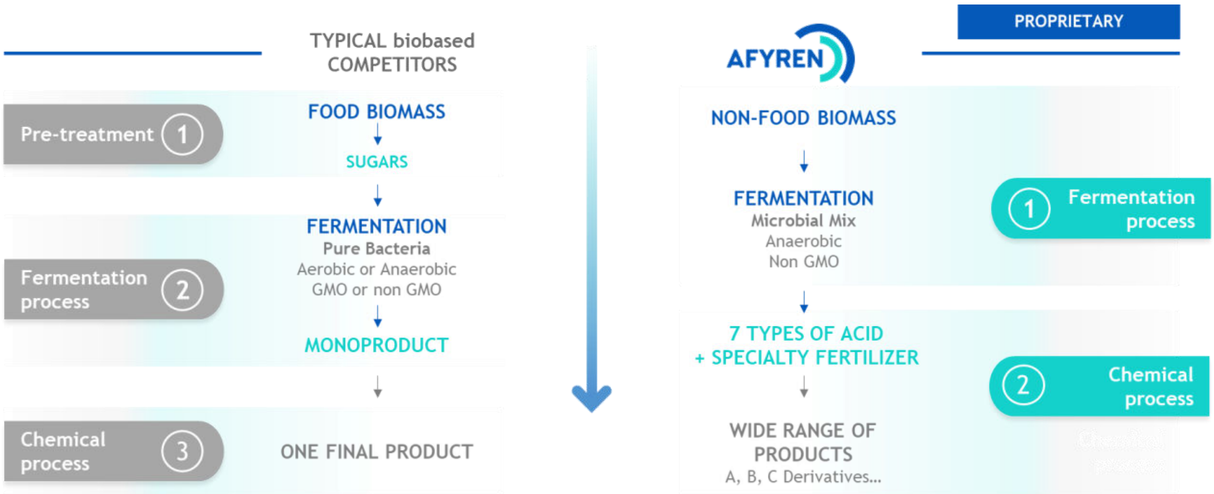
As indicated above, potential raw materials for Afyren include by-products from the sugar industry (beetroot and cane) and other organic by-products (soya, cane, corn, beer production) or even municipal waste (organic household waste).

The Company's biorefinery technology is based on the control of natural microbial mixtures capable of using a wide variety of complex biomasses (agricultural by-products, agro-industrial products, household waste, etc.), which could otherwise not be used as substrates, without prior treatment and sterilisation. Unlike other technologies, Afyren's approach is based on the use of non-food biomass, and on non-GMO fermentation, enabling the production of biobased organic acids without competing with food resources.

[3] See paragraph 3.7.1 - Intellectual property

Unlike biotechnology industry standards, Afyren has opted for natural fermentation, without any modification of the microorganisms' DNA. Afyren's approach is based on a mixture of natural and non-GMO microorganisms avoiding any sterilisation step. This fermentation, which does not require pre-treatment, will allow the production of several molecules via a single process. Afyren produces seven natural organic acids, from C2 (acetic acid) to C6 (caproic acid). Lastly, via an additional step, for example esterification or hydrogenation, these platform molecules can be converted into derivatives, by means of an additional transformation step that requires specific facilities.

There are many applications linked to the use of these acids and their derivatives (human and animal nutrition, flavours and fragrances, life sciences, materials sciences).



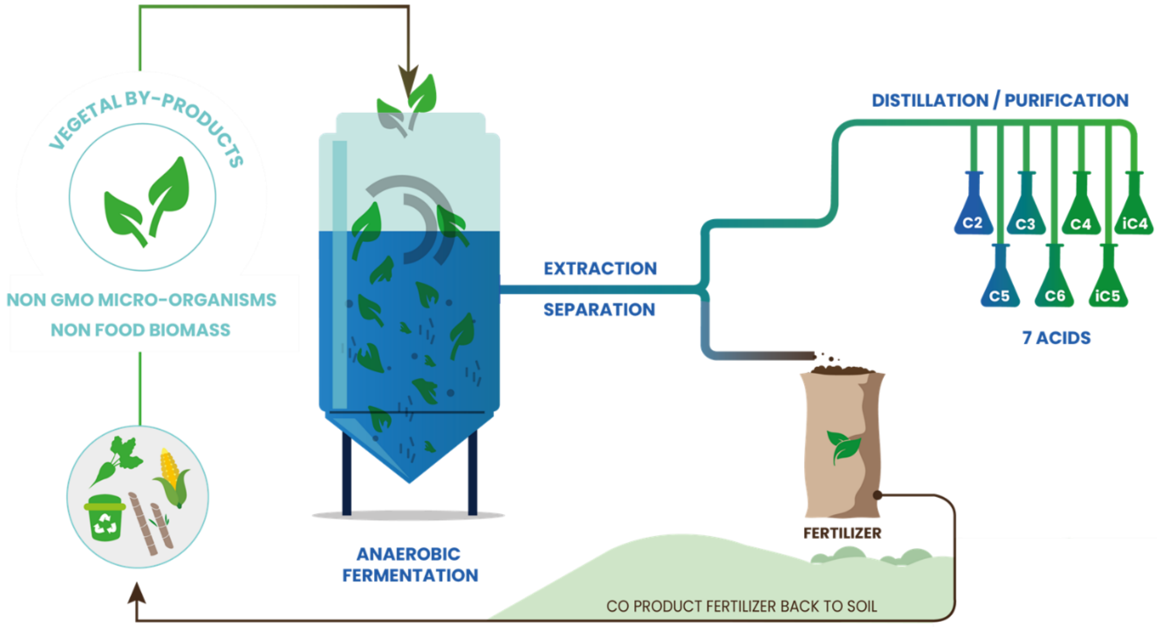
All products generated by the Afyren process are valorized. The by-products from fermentation are used as fertiliser, with a logic of complete circularity insofar as this fertiliser, usable in organic agriculture, promotes the growth of biomass, which is the key raw material of the Afyren process. This 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.

As a result, this integrated process reduces the carbon footprint[4] of these molecules produced by Afyren by 80%, compared to those produced from oil.

The Afyren production process is summarised in the chart below.

[4] 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)

AFYNERIE® process



The integration of these steps (fermentation, extraction and synthesis) aims to create an all-in-one process perfectly suited to the sugar and ethanol industry processes: from beet by-products (molasses and pulp) to the production of pure molecules of interest.

For example, Afyren Neoxy, the first industrial unit using technology developed by Afyren, will use raw materials (molasses and pulp) secured from Südzucker AG, a world leader in the sugar industry, thanks to a long-term agreement signed in March 2021. The latter aims to secure a green chemicals sector that replaces a molecule generally manufactured from oil derivatives with a biobased molecule whose manufacturing drastically limits CO_2 emissions. It is part of Südzucker AG's commitment to the use of sustainable resource and its goal of being climate neutral by 2050 (this agreement is described in detail in paragraph 3.6 "Significant events of the year" of this document).

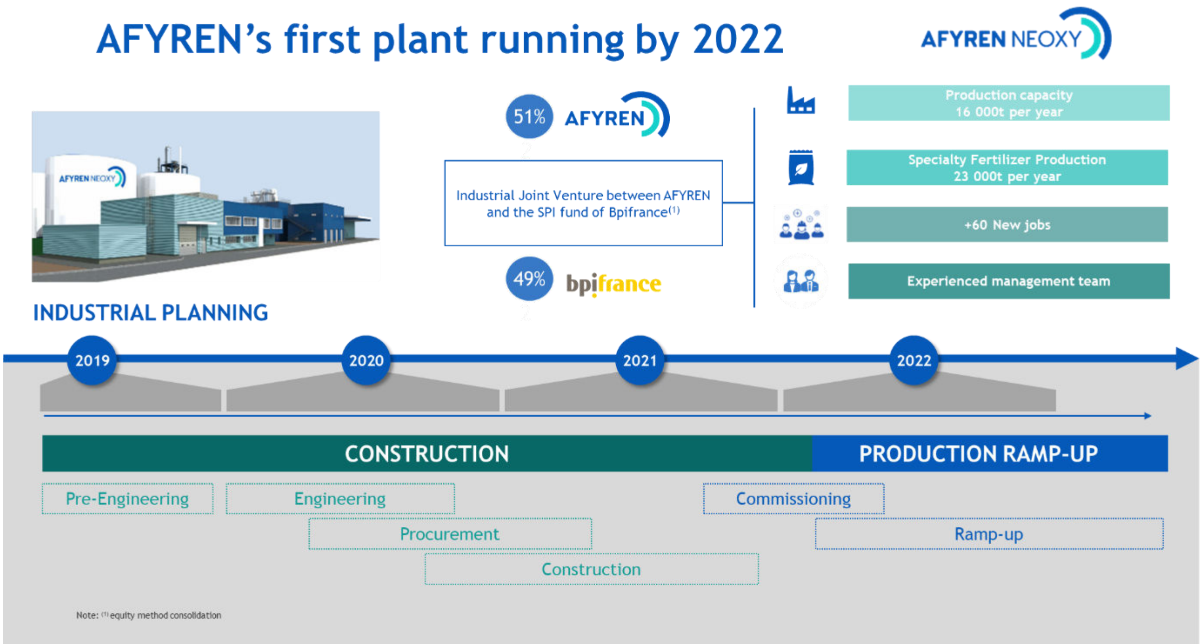
3.3.3 THE AFYREN NEOXY PLANT: THE FIRST INDUSTRIAL PLANT OF THE AFYREN TECHNOLOGY

Building on the successful development of its technology, in November 2020 Afyren launched the construction of Afyren Neoxy, its first large-scale plant, located in Carling-Saint Avold, in the Grand Est region. Dedicated to the recycling of local raw materials and the production of its seven natural organic acids, it will provide its customers with a European offering derived from French production.

During the first quarter of 2022, the construction site of this plant is coming to an end: all the equipment has been delivered and the acceptance and start-up process is underway in accordance with the planned schedule. These tests will be spread over several weeks for a gradual commissioning of the various equipment, a preparatory phase for the launch of production.

The construction site took place in good conditions and on time, despite the health crisis (more than 200,000 hours worked, with a strong mobilization of our teams and our partners, increasing the number of people present simultaneously on the site up to more than 150 at the peak of the construction site). The construction project was completed within the allocated budget, including provisions for any adjustments to be made during the start-up phase. The operational team is now recruited.

Afyren Neoxy will launch the production of its seven biobased organic acids with the aim of delivering the first batches in 2022.



Afyren has thus chosen 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 CO_2 impact of transport, and to contribute to the region's economic activity. For example, the Afyren Neoxy sourcing contract provides for the use of sugar by-products from crops grown within a maximum radius of a few hundred kilometres around the plant;

- with regard to Afyren's customers, who will be able to benefit from a regional, French production source located in the heart of Europe. Due to the recent health crisis, as well as recent weather phenomena, particularly in the United States (cold waves), some players have had to face significant price pressure, or even shortages in their sourcing of organic acids, which tends to demonstrate 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 between France, Germany and the Benelux, where the use of acids that Afyren plans to sell is very significant. Afyren's commercial approach is based on a direct approach, and through distributors to a lesser extent depending on opportunities, particularly for small volumes (e.g. flavours and fragrances), requiring logistical know-how, allowing in these specific cases to capture the value of very specific and dispersed markets.

In accordance with this strategy, Afyren has worked very quickly to secure part of Afyren Neoxy's production via a first long-term framework contract (ten years) with a leading player in the food and animal feed ingredients market, based on the take or pay model and covering the production of propionic and butyric acids. This contract provides Afyren Neoxy with commercial outlets for the production of these acids and minimum annual revenues while leaving the flexibility to capture premium outlets for a certain share of its production of these propionic and butyric acids.

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.
A number of additional contracts were signed in 2021 and are detailed in paragraph 3.6 "Significant events of the year".

Thanks to the signing of these different contracts, more than 60% of the target acid volume of the Afyren Neoxy plant, at full capacity, is secured, together with 100% of the fertilisers, allowing Afyren Neoxy to serenely start its production ramp-up, which is scheduled to last two years.

On the partnership aspect, and in particular thanks to the awards won in competitions supported by Bpifrance, public investors and financiers identify the Company 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 has invested, through its funds SPI - Sociétés de Projets Industriels, and EIB - Sociétés de Projets Industriels[5] alongside the Company, in Afyren Neoxy.

As part of its "Total Regional Development" programme, TotalEnergies has been supporting the Company'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 TotalEnergies 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, to facilitate the establishment of the Afyren Neoxy plant and its proper integration on the site.

[5] Underwritten by the European Investment Bank

In April 2020, Afyren brought together twelve key players in the bioeconomy around AFTER-BIOCHEM[6], 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. The twelve partners of Afyren Neoxy in this project, which will last until May 2024, are Südzucker AG, Technip Energies, Kemin Europa NV, Omya International AG, Sphera, Association Industries et Agro-Ressources, PNO Consultants, Firmenich SA, Fiabila, Suez Groupe and Celanese Europe BV.

Afyren Neoxy is also supported by the Grand Est Region and the CASAS urban community through grants.

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

3.4 COMPETITIVE ENVIRONMENT

Afyren will produce and market seven carboxylic acids (acetic acid, propionic acid, butyric and isobutyric acids, valeric and iso-valeric acids and caproic acid).

These carboxylic acids are used in a wide range of applications including human and animal food, flavours and fragrances, life sciences, materials sciences and lubricants.

[6] Anaerobic Fermentation & EsteRification of BIOmass for producing fine chemicals

The current global market for all carboxylic acids is estimated at $13 billion in 2021, and is forecast to reach $21.3 billion in 2030, i.e. an overall annual growth rate[7] of 5.8%.

Within this market, which is currently 99% petroleum-sourced, the percentage of biobased alternatives is expected to grow substantially in the coming years, driven by consumer demand for more sustainable products and government policies to combat global warming, ensure transition to a more circular economy and reduce dependence on fossil fuels.

Most carboxylic acid producers are petrochemical companies (Eastman Chemical Company, The Dow Chemical Company, Ineos, BASF SE, Celanese Corporation, Jiangsu Sopo (Group) Co) as well as companies such as Pertsorp and OQ, which are also present in these markets and more particularly in the molecules C3 to C5.

The European market, Afyren Neoxy's main target, represents an estimated cumulative business volume of around $4 billion, a very substantial amount in relation to Afyren Neoxy's production capacity[8].

There are currently very few players in the biobased carboxylic acids sector who can compete directly with Afyren in terms of technology and manufacturing processes. A potential competitor today in the biobased carboxylic acid segment has been identified in the Netherlands: Chaincraft (Netherlands). However, Afyren is significantly different from its competitors, notably by the diversity of its range of acids produced as well as by the manufacturing processes used, giving it a unique positioning in its market. The technological choices adopted by Afyren resulted in a more economical and environmentally friendly manufacturing process.

3.5 ACTIVITY AND KEY FIGURES

Key figures

in € thousands	2021.12	2020.12	Change
Revenues	**3,036**	3,991	-955
Of which license and development of industrial know-how	**1,417**	1,417	0
Of which other services	**1,619**	2,575	-956
Current operating income	**-2,176**	-172	-2,004
Operating income	**-2,176**	158	-2,334
Net financial income (expense)	**-403**	-608	205
Net income	**-3,609**	-2,133	-1,476

Readers are invited to refer to the review of the financial statements and results in paragraph 3.11 of this document.

[8] "Carboxylic Acids Market : Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015-2023", Transparency Market Research

Simplified balance sheet

in € thousands	2021.12	2020.12	Change
Non-current assets	**24,246**	25,582	-1,336
Of which equity-accounted securities	**20,171**	21,200	-1,029
Current assets	**68,903**	10,306	58,597
Of which cash and cash equivalents	**67,128**	9,508	57,620
Total assets	**93,149**	35,888	57,261
Equity	**77,856**	19,573	58,283
Non-current liabilities	**11,717**	10,714	1,003
Of which borrowings and financial liabilities	**7,957**	5,680	2,277
Current liabilities	**3,576**	5,601	-2,025
Of which borrowings and financial liabilities	**847**	3,454	-2,607
Total liabilities	**93,149**	35,888	57,261

The Company had cash and cash equivalents of €67,128 thousand at the end of the financial year and additional funding obtained during the first months of 2021, mainly comprising funds raised during the capital increase through a public offering for a net amount of €66.5 million. The Company can thus finance its growth through the financing of two industrial projects as well as research and development work.

3.6 SIGNIFICANT EVENTS OF THE YEAR

3.6.1 AFYREN IPO ON THE EURONEXT GROWTH MARKET

On 1 October 2021, Afyren successfully completed its IPO on the unregulated Euronext Growth market in Paris. Details of the Company's transformation are set out in chapter 4 of this document.

The offer price was set at €8.02 per share, valuing the Company at nearly €206.6 million (capital raise included). In particular, this operation enabled it to raise €66.5 million through the issue of new ordinary shares, an amount that will be allocated to the Company's growth through the financing of two industrial projects as well as the financing of Research & Development work.

On 1 November 2021, AFYREN appointed NATIXIS and ODDO BHF SCA to implement a liquidity contract. This contract was drawn up in accordance with the regulations in force, and in particular AMF Decision no. 2021-01 of 22 June 2021 and complies with the code of ethics of the French Financial Markets Association (AMAFI).

3.6.2 CHANGES IN GOVERNANCE

As part of its IPO, Afyren became a société anonyme à conseil d'administration (public limited company with a board of directors), while it was previously a société par actions simplifiée (simplified joint stock company - SAS).

This change of corporate form also changed the mandate of Nicolas Sordet, formerly Chairman of the SAS and appointed Chief Executive Officer, as well as that of Jérémy Pessiot, now Deputy CEO.

Afyren's Board of Directors now consists of five directors:

- Stefan Borgas, Chairman of the Board of Directors and independent director
- AFY Partners, represented by Christophe Calice
- Valquest Partners, represented by Fadi Noureddine
- Sofinnova Partners, represented by Michael Krel
- Nicolas Sordet, Chief Executive Officer

In addition, the Board of Directors will propose the appointment of two new members at the next general meeting, a representative of Bpifrance and Ms Patrizia Marraghini. Further details on these candidates can be found in chapter 4 of this document.

3.6.3 INFORMATION ON THE IMPACT OF THE COVID-19 EPIDEMIC ON THE COMPANY'S BUSINESS

Due to the Covid-19 epidemic and the lockdown measures decided by the government from 17 March 2020, the Company had to make arrangements to maintain its operations during the various waves and lockdown periods.

Most of the teams have been working from home during these episodes, enabling the activities to continue. For the R&D teams, an organisation has been set up to allow on-site operation in compliance with the prevention measures deemed necessary.

With regard to AFYREN NEOXY and the construction of the plant, preventive measures were implemented to allow the teams to continue this construction without having to stop it.

In this context, the Company implemented the various regulatory and financial measures available to it in order to continue its business, in particular by taking out state-guaranteed loans. This situation has not had a significant impact on the Company, which is noteworthy given the objective of building a plant during this epidemic period.

3.6.4 CONSTRUCTION AND PREPARATION OF THE START-UP OF THE AFYREN NEOXY PLANT

Construction of the plant continued throughout 2021, with industrial commissioning achieved for the first quarter of 2022, in line with the total budgeted installation cost at start-up. Despite the constraints related to the Covid-19 epidemic, Afyren Neoxy was able to carry out the construction of this plant within the budget and the target schedule.

In parallel with construction, Afyren Neoxy is also preparing for its start-up, with the implementation of the tools and processes required for its proper functioning, as well as the continued recruitment of all staff. Thus, at the end of 2021, almost the entire staff was recruited or identified.

3.6.5 SECURING THE SOURCING OF RAW MATERIALS FOR THE AFYREN NEOXY PLANT

In March 2020, Afyren signed an unprecedented agreement with Südzucker to supply raw materials for its plant, securing its supply of sugar beet by-products, key ingredients for the industrial production of its biobased organic acids. Afyren and Südzucker announced an unprecedented long-term agreement for the supply of sugar beet by-products. For Afyren Neoxy, a zero-waste, low-carbon biorefinery, these by-products represent the raw material for the production of its seven 100% biobased organic acids.

This partnership is in line with the respective sustainable development strategies of both companies. The use of these by-products to produce biobased organic acids allows for optimal recycling of beet by-products without competing with the food market for this raw material.

Südzucker, Europe's leading sugar producer and a leading global food company, will supply the biorefinery with these sugar beet by-products.

3.6.6 SIGNING OF SALES CONTRACTS FOR THE SALE OF AFYREN NEOXY'S PRODUCTION

In 2021, several sales contracts were signed for the production of Afyren Neoxy, in addition to those signed previously and described above:

- A sales contract for fertiliser production was signed in February 2021 for Afyren Neoxy's entire fertiliser production;
- A valeric acid sales contract was signed in June 2021.
- In November 2021, Afyren also announced an agreement with ENNOLYS by Lesaffre for the distribution of Afyren Neoxy's natural acids in the strategic flavours and fragrances market;
- Lastly, in December 2021, Afyren announced the signing of two additional contracts for the nutrition and health markets.

Thanks to the signing of these different contracts, more than 60% of the target acid volume of the Afyren Neoxy plant, at full capacity, is secured, together with 100% of the fertilisers, allowing Afyren Neoxy to serenely start its production ramp-up, which is scheduled to last two years.

3.6.7 SIGNING OF FINANCING FOR THE CONSTRUCTION OF AFYREN NEOXY

In 2021, Afyren Neoxy set up and signed a certain number of financing agreements committed since its creation in 2018, detailed below.

- **Bank financing:**

  In 2021, BNP Paribas, Banque Populaire and Crédit Agricole banks confirmed to Afyren Neoxy their commitment to a joint lease for a total amount of €11 million.

  In addition, in 2021 Afyren Neoxy Afyren Neoxy received the first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million).

- **Grants:**

  The payment of the grant, obtained on 19 July 2019 from the Carling Saint-Avold urban community, as part of the support for the completion of the project led by Afyren Neoxy was finalised in May 2021 as well as the payment of the first part of the regional planning grant (PAT) to support the creation of jobs within Afyren Neoxy.

  Lastly, as part of the agreement to support Afyren Neoxy in its project to set up a plant at the Carling Saint-Avold platform, TotalEnergies provided Afyren Neoxy with financial support in the form of both a grant and a loan.

3.7 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 a 2021 budget of around €1.7 million, i.e. one-third of Afyren's total budgeted spending, and with more than ten years of experience in fermentation and bioprocesses, thousands of hours of testing and a significant database, the R&D platform developed by Afyren is focused on developing the Group's business.

As of 31 December 2021, these costs amounted to €1,394 thousand. These costs, together with those of the previous two years, amount to €2,705 thousand.

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 €239 thousand research tax credit was recognised for this year in connection with the same research and development work.

3.7.1 INTELLECTUAL PROPERTY

Afyren has a patent portfolio consisting of nine published patent families and a tenth unpublished family, representing 88 patent applications in 13 jurisdictions. 31 patents are derived from these 88 applications, including four US and three 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.

The first family involves the preservation of the fermentation potential of a biomass and associated installations.

The second family involves a process of preparing molecules by fermentation of a biomass by continuous removal of organic molecules while preserving the population of microorganisms responsible for fermentation.

The third family involves a process for extracting volatile fatty acids obtained by anaerobic fermentation of a biomass by continuous extraction with a solvent.

The fourth family involves a process for the production of polyhydroxyalcanoates from volatile fatty acids obtained by anaerobic fermentation of a biomass.

The fifth family is a process of producing amino acids from volatile amino acids obtained by anaerobic fermentation of a biomass.

The sixth family involves a process of extracting carboxylic acids from molecules obtained by fermentation of a biomass by liquid/liquid extraction and distillation.

The seventh family involves a process for extracting carbonic acids and use of potassium salts co-produced in a biomass fermentation process by precipitation and drying, without requiring extraction solvents.

The eighth family involves the use of vinasse as a fermentation product.

The ninth family involves a process for preparing organic molecules by anaerobic biomass fermentation, including a step of aeration of the fermentation juice to improve the extraction of organic molecules.

The tenth family involves the treatment of effluents from the production of vegetable oils, in particular palm oils, making it possible to limit the impact of these industries on the environment and the use of said effluents. An initial patent application was filed with the European Patent Office on 23 December 2020 as a priority application for this family. The extension of the protection to a wider area has not been decided yet.

Also, the Company has registered four 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 filed for the Afyren Neoxy trademark in France.

All this information is contained in the Afyren Registration Document, approved by the AMF on 25 August 2021 under number I. 21-042, which is available free of charge and upon request from the Company, at the Company's registered office at 9-11 rue Gutenberg, 63000 Clermont-Ferrand, as well as on the Company's website (www.afyren.com) and the AMF website (www.amf-france.org).

3.7.2 SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

Please refer to note 4 of the IFRS financial statements in Appendix 2 of this document.

Regarding the conflict in Ukraine, Afyren anticipates two potential impacts:

- on the increase in energy costs, in particular the price of oil and gas per barrel may have an impact on the cost of energy and cost of transportation for the Afyren Neoxy plant, but in a more limited way than in the rest of the petroleum-based acid ecosystem. Indeed, unlike the other players, the raw material of the Afyren Neoxy plant does not come from oil, but from agricultural co-products. In addition, since Afyren's production process is less energy-intensive, the impact on production cost would be more limited at Afyren than in the rest of the petroleum-based ecosystem. It should be noted that in general, a high oil price environment is rather favorable to Afyren, further improving the competitiveness of our biobased molecules.

- on the increase in cyber-attack risks, Afyren has always had a proactive approach to anticipate possible risks. Two recent actions can be highlighted: a complete audit of of Afyren’s IT security system, in order to identify areas for improvement, as well as phishing campaigns with the teams, in order to provide training to those who need it.

3.8 RISK FACTORS

At the time of the admission of the Company's shares to trading on the Euronext Growth Paris market, the Company presented the risk factors that may affect it in the Prospectus approved by the AMF on 25 August 2021 under number I. 21-042. in particular in Chapter 3 "Risk Factors" and Chapter 3 "Risk Factors" of the Securities Note.

To the Company's knowledge, there are no new major risks other than those identified in this document, with the exception of financial risks related to the effects of climate change.

Indeed, Afyren using residues of agricultural materials may be subject to drought phenomena due to global warming. These phenomena could result in lower crop yields. For example, this phenomenon has been observed in Asia over the last two years, impacting sugarcane harvests and, in turn, pushing up the price of by-products.

The risk of shortage remains very limited, however. Only a rise in the price of the raw material could be feared in the short and medium term.

3.9 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.

3.10 ALTERNATIVE PERFORMANCE INDICATORS

As of the date of this Registration Document, as the industrial capacity is being installed, no operating performance indicators are yet available for the 2021 financial year.

The indicators currently monitored by management are:

- At the level of Afyren, the level of monthly spending with reference to the budget;
- At the level of Afyren Neoxy, the cost of the construction project, including the total installed cost, as well as cash consumption in reference to the budget.

In addition to the accounting aggregates, management has already identified four alternative performance indicators ("APIs") to monitor the performance of the Company, its holding and its future subsidiaries on a regular and ongoing basis, including two financial indicators, i.e. revenues and current EBITDA margin, by production unit (i.e. subsidiary or holding of the Company) and also at the Company level. These two indicators provide information on the economic performance of each of the production units, and on the overall development of the Company, its holding and its future subsidiaries. These indicators are not available for the 2020 and 2021 financial years, because they are either not calculable (which is the case for Afyren Neoxy, for example, which does not yet generate revenues), or are not relevant to the progress of the Company's project (which is the case, for example, for the Company's recurrent EBITDA margin, which was close to 0% already in 2020, but which will increase with the acceleration of expenses before - according to the Company's forecasts - returning to breakeven).

(I) Revenue indicator

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 (volume and price)

At the Company level, revenues are used to measure the overall sales performance.

(II) Current EBITDA margin indicator

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.

Restated current EBITDA is understood to be 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 (including both the fixed and variable portions).

The current EBITDA margin is measured in relation to revenues.

This API is used to measure:

- the asset's operating profitability, including all operating costs, regardless of its financing or investment policy;

- the Company's ability to manage its structural costs to continue developing the technology, and to develop and operate its plants.

(III) Committed and installed capacity indicator

This indicator tracks acid production capacity (in kilotonnes) at two stages of completion: committed capacity (i.e. having passed the "FEL3"[9] stage in the Company's plant preparation process) and installed capacity (i.e. after production has started).

(IV) ESG performance monitoring indicator

As of the date of this Annual Financial Report, the company is considering introducing a fourth indicator that could be based on a non-financial rating such as the Gaïa index to monitor ESG (environmental, social and governance) performance. The Company inherently provides an efficient solution from an environmental point of view (including an 80% reduction in CO_2 emissions compared with petroleum-based products). The Company wishes to manage its ESG performance in a more comprehensive way, not only in terms of the environment but also in terms of social and governance issues. The Company believes that this type of rating will allow it to monitor the Company's overall ESG performance, beyond its initial environmental strengths

Information on ESG performance is detailed in chapter 5 "sustainable development" of this document.

3.11 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 prepared for the purposes of the Annual Financial Report for the financial years ended 31 December 2021 and 31 December 2020, 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.

[9] Finalisation of baseline studies

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 2021 and 31 December 2020.

IN € THOUSANDS	2021.12	2020.12
REVENUES	3,036	3,991
OTHER INCOME	410	244
PURCHASES AND EXTERNAL EXPENSES	-1,565	-1,086
PAYROLL COSTS	-3,364	-2,717
DEPRECIATION OF FIXED ASSETS AND RIGHTS OF USE	-612	-552
OTHER EXPENSES	-81	-53
CURRENT OPERATING INCOME	-2,176	-172
NON-CURRENT OPERATING INCOME	-	329
OPERATING INCOME	-2,176	158
NET FINANCIAL INCOME	-403	-608
SHARE IN INCOME OF EQUITY-ACCOUNTED COMPANY (NET OF TAX)	-1,029	-1,674
INCOME TAX	-0	-9
NET INCOME FOR THE YEAR	-3,609	-2,133

3.11.1 REVENUES

The accounting treatment and components of revenues are also detailed in note 6.2 to the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2.

IN € THOUSANDS	2021.12	2020.12
LICENCE AND DEVELOPMENT OF INDUSTRIAL KNOW-HOW	1,417	1,417
OTHER SERVICES	1,619	2,575
TOTAL REVENUES	3,036	3,991

The Company's revenues fell by 24% from €3,991 thousand in 2020 to €3,036 thousand in 2021. This decrease is due exclusively to the decline in services invoiced to Afyren Neoxy, explained by the recognition of exceptional invoicing in 2020, which was not renewed in 2021 (see change in revenues by type below).

Change in revenues by type

- Licence and development of industrial know-how

Revenues generated by the license agreement was €1,417 thousand in 2021, unchanged from 2020. It corresponds exclusively to the fixed part of the know-how licence granted to Afyren Neoxy in December 2018.

- Provision of technical staff and other services:

Revenues from this item amounted to €1,619 thousand in 2021 compared with €2,575 thousand in 2020. It corresponds to the services invoiced by the Company to Afyren Neoxy under the agreements signed between the two companies, mainly including:

- the provision of technical staff by Afyren, as provided for in the licence agreement. Revenues generated by this service is stable and amounts to €0.7 million in 2021;
- administrative services amounting to €0.1 million in 2021 (stable compared to 2020); and
- commercial services amounting to €0.5 million in 2021 compared with €0.3 million in 2020, as a result of the increase in sales prospecting activity on behalf of the Afyren Neoxy plant.
- the support service for the AFTER-BIOCHEM project provided for under Afyren Neoxy's BBI grant in the amount of €0.3 million, compared to €1.4 million in 2020, including an exceptional non-renewable portion over the following years. The terms of this grant are described in Note 5 "BioBased Industries Grant" of the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2 of this document.

3.11.2 CURRENT OPERATING INCOME

Other income

In € thousands	2021.12	2020.12
Operating grant	**203**	176
Investment grant recognised under profit or loss	**64**	64
Proceeds from the disposal of fixed assets	**128**	-
Other	**15**	5
Total other income	**410**	**244**

Other income amounted to €410 thousand in 2021 compared with €244 thousand in 2020. It mainly includes operating grants (including the research tax credit) and investment grants received.

This item is detailed in Note 6.3 "Other income" of the IFRS financial statements for the year ended 31 December 2021 in Appendix 2.

Operating expenses

in € thousands	2021.12	2020.12
Total employee benefits	**-3,364**	-2,717
Purchases of consumables and equipment	**-143**	-71
Rental expenses	**-87**	-118
Maintenance and repairs	**-24**	-33
Remuneration of intermediaries and fees	**-862**	-571
Travel and assignment expenses	**-164**	-84
Advertising and communication	**-79**	-70
Other external expenses	**-205**	-138
Total purchases and external expenses	**-1,565**	-1,086
Total depreciation of fixed assets and rights of use	**-612**	-552
Taxes	**-33**	-26
Other expenses	**-48**	-27
Total other expenses	**-81**	-53
Total operating expenses	**-5,622**	-4,408

As of 31 December 2021, current operating expenses totalled €5,622 thousand compared with €4,408 thousand as of 31 December 2020, an increase of €1,214 thousand or 28%, resulting mainly from the increase in personnel expenses (+€647 thousand) and purchases and external charges (+€479 thousand).

In addition, research and development expenses recognised as expenses increased from €654 thousand in 2020 to €1,394 thousand in 2021.

This item is detailed in Note 6.4 "Operating expenses" of the IFRS financial statements for the year ended 31 December 2021 in Appendix 2.

Payroll costs

in € thousands	2021.12	2020.12
Wages and salaries	-2,161	-1,769
Social security contributions	-663	-580
Expenses related to defined contribution post-employment plans	-181	-150
Expenses related to defined benefit post-employment benefit plans	-30	-15
Share-based payments settled in equity instruments	-329	-202
Other personnel expenses	-	-1
Total	-3,364	**-2,717**

Personnel expenses amounted to €3,364 thousand for the 2021 financial year compared with €2,717 thousand for the 2020 financial year. The increase in these expenses resulted mainly from:

- the increase in the average number of full-time equivalents (FTE) from 22 in 2020 to 30 in 2021 (excluding the Afyren Neoxy workforce);

- the recognition of an IFRS 2 expense of €0.2 million in 2020 following the award of founder share warrants (BSPCE) as part of the BSPCE 5 plan.

Other expenses

Other expenses correspond to depreciation expenses on fixed assets and the right of use associated with leases as well as various expenses.

3.11.3 NON-CURRENT OPERATING INCOME

The successive capital increases carried out in 2019 and 2020 at Afyren Neoxy had the effect of diluting the Company's stake. The result of these transactions was a gain of €0.3 million in 2020, which was recognised in non-recurring operating income. The reader is invited to refer to Note 6.6 of the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2.

3.11.4 FORMATION OF NET INCOME

Operating income

After taking into account non-recurring operating income, operating income amounted to €(2,176) thousand as of 31 December 2021 compared to €158 thousand as of 31 December 2020.

Net financial income (expense)

in € thousands	2021.12	2020.12
Interest expense on borrowings	**-28**	-10
Interest expense on convertible bonds	**-158**	-124
Interest expense on repayable advances	**-25**	-236
Interest expense on lease liabilities - IFRS 16	**-5**	-3
Financing component on the license agreement	**-190**	-234
Total financial expenses	**-405**	**-608**
Total financial income	**3**	**-**
Net financial income (expense)	**-403**	**-608**

Financial income mainly includes interest expenses related to the Company's financial debt and interest related to IFRS restatements (on convertible bonds and licence agreements).

Share in income of equity-accounted company (net of tax)

The share of Afyren Neoxy's net income was €(1.0) million as of 31 December 2021 compared to €(1.7) million as of 31 December 2020.

This improvement in the result is mainly due to the recognition of operating income related to the Afyren Neoxy BBI grant and the absence of an exceptional re-invoicing in 2021 to Afyren related to the Afyren Neoxy BBI grant programme. These items were partially offset by the increase in external and personnel expenses related to the ramp-up, in anticipation of the start-up of the production unit. As a result, Afyren Neoxy's overall profit/loss improved from a loss of €3.3 million in 2020 to a loss of €2.0 million in 2021.

As of 31 December 2021, Afyren Neoxy's non-current assets amounted to €57.4 million, mainly comprising the current non-current assets of the plant under construction as well as the know-how licence granted by Afyren for €10.6 million, and Afyren Neoxy's cash and cash equivalents amounted to €15.3 million. This cash comes mainly from equity raised; non-dilutive financing (borrowings and grants) will mainly be used in 2022. As of the date of this document, the construction site for this plant is complete. Please refer to paragraph 3.3.3 of this document for detailed information.

Current assets, which amounted to €14.6 million at the end of December 2021, mainly include receivables for grants receivable, including the BBI grant for €8 million.

The reader is invited to refer to Note 5 of the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2.

Net income

Net income amounted to €(3.6) million as of 31 December 2021 compared to €(2.1) million as of 31 December 2020.

3.11.5 INFORMATION ON THE SHARE CAPITAL, CASH AND FUNDING SOURCES

The sources of financing from which the Company has benefited include the capital increase (see "Significant events of the year" in paragraph 3.6 of this document), the equity contributed by Afyren's investors as well as bank loans taken out with credit institutions, repayable advances and loans from Bpifrance.

Financial liabilities

in € thousands	
Financial liabilities as of 1 January 2020	**2,773**
Taking out new loans	6,460
Repayment of loans	-226
Financial liabilities as of 31 December 2020	**9,007**
Taking out new loans	200
Repayment of loans	**-528**
Financial liabilities as of 31 December 2021	**8,479**

Refer to note 16 (Borrowings, financial liabilities and lease liabilities) and note 18 (Financial instruments and risk management) of the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2.

Convertible bond

In March 2020, the Company entered into an agreement to issue bonds convertible into shares with five financial investors under the following conditions:

- issue of 346,274 convertible bonds for a total amount of €3,567 thousand;
- nominal value of €10.30, fully paid up at the time of subscription;
- maturity at 31 March 2023;
- at maturity, repayment in cash or in a fixed number of shares;
- early repayment of principal and interest by the Company without penalties.

In respect of these convertible bonds, the portion recognised as borrowings and financial liabilities was €3,340 thousand and the portion recognised as equity was €227 thousand.

During the 2021 financial year, the Company paid €178 thousand in interest to investors, corresponding to interest due in respect of the first year.

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 0.55% and 0.75%) plus the cost of the State guarantee (0.25% per year).

Repayable advances and interest-free loans

Repayable advances PAI 1, 2 and 2 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;
- 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 4.67%;

CMI 2: this repayable advance taken out in August 2017 is repayable in quarterly instalments and bears no interest.

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".

3.11.6 CASH FLOW

in € thousands	2021.12	2020.12
Net cash from operating activities	**-2,715**	-387
Net cash used in investing activities	**-436**	-13,549
Net cash from financing activities	**60,770**	21,652
Net change in cash and cash equivalents	**57,619**	**7,716**

Cash flow from operating activities

in € thousands	2021.12	2020.12
Net income for the year	**-3,609**	-2,133
Depreciation of fixed assets and rights of use	**612**	552
Net financial income	**403**	608
Share in income of equity-accounted company (net of tax)	**1,029**	1,674
Cost of share-based payments	**329**	202
Income tax	**0**	9
Dilution result	**-**	-329
Gains or losses on disposals of fixed assets	**-87**	-
Other items	-	14
Cash flow	-1,322	**596**
Net change in WCR	-1,393	-974
Taxes paid	-0	-9
Net cash from operating activities	-2,715	**-387**

Change in working capital requirement (WCR)

In € thousands	2021.12	2020.12
Trade receivables	-314	-175
Customer contract liabilities	-1,227	-1,183
Trade payables	365	88
Provisions and employee benefits	30	15
Other current receivables/payables	-248	281
Total changes	**-1,393**	**-974**

The change in WCR between 2020 and 2021 is mainly due to an increase in trade payables of €277 thousand. (refer to Note 17 of the IFRS Financial Statements for the year ended 31 December 2021 in Appendix 2).

Cash flow from investing activities

in € thousands	2021.12	2020.12
Acquisition of property, plant and equipment and intangible assets	-185	-205
Proceeds from the disposal of property, plant and equipment and intangible assets	128	-
Capitalised development expenses	-160	-280
Investment grants (incl. CIR offsetting capitalised expenses)	79	150
Stake in the equity-accounted company	-	-13,200
Increase in financial assets	-0	-24
Decrease in financial assets	-	9
Increase in current financial assets (liquidity contract)	-300	-
Interest received	3	-
Net cash used in investing activities	**-436**	**-13,549**

As of 31 December 2020, the net cash used by investing activities mainly corresponded to Afyren's participation in the capital increase of Afyren Neoxy for €13.2 million. As of 31 December 2021, it mainly corresponds to the €300 thousand payment made by the Company in connection with the implementation of its liquidity contract with NATIXIS and ODDO BHF SCA (see paragraph 3.14.4 of this document).

Cash flow from financing activities

in € thousands	2021.12	2020.12
Capital increase	61,625	15,772
Proceeds from the convertible bond issue	-0	3,567
Proceeds from new borrowings and financial liabilities	200	2,893
Repayment of borrowings and financial liabilities	-528	-226
Payment of lease liabilities	-118	-77
Interest paid on borrowings and financial liabilities	-227	-273
Interest paid on bonds	-178	
Interest paid on lease liabilities	-5	-3
Net cash from financing activities	**60,770**	**21,652**

New borrowings and repayments are described in note 16 on 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.

The increase in net cash used in financing activities is mainly due to the capital increase resulting from the IPO (see paragraph 3.6.1 of this document).

3.11.7 INFORMATION ON BORROWING CONDITIONS AND FUNDING STRUCTURE

As of 31 December 2021

	Currency	Variable/fixed interest rate	Maturity year	Nominal value	2021.12 Carrying amount	2020.12 Carrying amount
Convertible bonds	EUR	Fixed rate	2023	3,567	**3,567**	**3,340**
Total convertible bonds				3,567	**3,567**	**3,340**
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	2026	780	**797**	780
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	2026	300	**300**	300
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	2026	780	**782**	780
State guaranteed loan (PGE) - CA	EUR	Fixed rate	2026	780	**780**	780
Total state guaranteed loans (PGE)				2,640	**2,659**	**2,640**
BPI PAI 1 repayable advance	EUR	Average 3-month EURIBOR rate	2023	50	**13**	23
BPI PAI 2 repayable advance	EUR	Fixed rate	2024	150	**75**	105
BPI PAI 3 repayable advance	EUR	Fixed rate	2024	302	**181**	242
BPI PAI 3 repayable advance	EUR	Fixed rate	2025	198	**149**	188
BPI CMI2 repayable advance	EUR	Fixed rate	2024	573	**408**	523
Total repayable advances				1,273	**825**	**1,080**
FIAD Zero rate	EUR	Fixed rate	2021	234	**-**	47
BPI ADI Zero rate	EUR	Fixed rate	2024	690	**380**	518
Total equity loan	EUR	Fixed rate	2024	400	**312**	400
BPI R&D Innovation loan	EUR	Fixed rate	2027	750	**750**	750
BPI R&D Innovation loan	EUR	Fixed rate	2028	200	**200**	-
Total other borrowings				2,274	1,642	**1,714**
Lease liability	EUR	Fixed rate		295	145	**265**
Accrued interest					112	**133**
Total				10,048	8,949	**9,400**

As of 31 December 2020:

In € thousands	Currency	Variable/fixed interest rate	Contractual rate	Maturity year	Nominal value	2020.12 Carrying amount	2019.12 Carrying amount
Convertible bonds	EUR	Fixed rate	7.00%	2023	3,567	3,340	-
Total convertible bonds					3,567	3,340	-
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	0.25%	2021	780	780	-
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	0.25%	2021	300	300	-
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	0.25%	2021	780	780	-
State guaranteed loan (PGE) - CA	EUR	Fixed rate	0.25%	2021	780	780	-
Total state guaranteed loans (PGE)					2,640	2,640	-
BPI PAI 1 repayable advance	EUR	Fixed rate	5.33%	2022	50	23	28
BPI PAI 2 repayable advance	EUR	Fixed rate	5.84%	2023	150	105	120
BPI PAI 3 repayable advance	EUR	Fixed rate	4.40%	2024	302	242	272
BPI PAI 3 repayable advance	EUR	Fixed rate	4.67%	2026	198	188	198
BPI CMI2 repayable advance	EUR	Fixed rate	0.00%	2022	573	523	573
Total repayable advances					1,273	1,080	1,190
FIAD Zero rate	EUR	Fixed rate	0.00%	2021	234	47	94
BPI ADI Zero rate	EUR	Fixed rate	0.00%	2023	690	518	587
Total equity loan	EUR	Fixed rate	1.00%	2024	400	400	150
BPI R&D Innovation loan	EUR	Fixed rate	0.63%	2027	750	750	750
Total other borrowings					2,074	1,714	1,580
Lease liability	EUR	Fixed rate			502	265	89
Total					10,055	9,040	2,859

3.11.8 INVESTMENTS

Main investments made

The Company did not make any significant additional investments during the past financial year. It is executing its budget, which includes improving the equipment of its production pilot, for which investments have not yet been made.

Among its expenses, part of its teams are involved, under the various contracts between Afyren and Afyren Neoxy, in carrying out the construction of the Afyren Neoxy production unit and in preparing for the start-up of operations (including the marketing of the remaining available volumes). The plant is scheduled to be delivered and commissioned in the first quarter of 2022, with a target installed capacity of 16,000 tonnes of carboxylic acids per year.

Thus, as of 31 December 2021, Afyren Neoxy has committed an additional €30.9 million related to the construction of the plant and the implementation of the total installed capacity, bringing the total amount committed since the start of the project in 2019 for this first plant to €47.1 million.

Reminder:

- these installation costs are fully financed to date, thanks to secured financing for Afyren Neoxy including equity, debt and grants, allowing it to meet all its needs (construction, production start-up and working capital);

- Afyren Neoxy has obtained his building permit and operating permit (DDAE), which have been cleared of all appeals.

This first industrial project is fully financed, independently of the amounts raised in Afyren's IPO.

The Afyren teams are working in parallel to prepare for the next plants, for which investments have not yet been made.

Major investments underway or firmly committed to, and how they will be financed

The main investments under way correspond to the construction works for the Afyren Neoxy plant. This concerns all the Capex of this first plant, including the purchase of the equipment needed for production, roads, the plant's electrical system, control and command systems as well as all the services related to construction and mainly engineering.

3.12 INFORMATION ABOUT THE PARENT COMPANY

3.12.1 NEWS AND RESULTS

in € thousands	2021.12	2020.12
Revenues	**882**	1,871
Operating income	**-2,811**	**-837**
Net financial income (expense)	**-299**	-430
Extraordinary income	**175**	63
Corporate income tax	**-239**	-212
Net income	**-2,695**	**-992**
Share capital	**515**	350
Financial liabilities	**9,191**	9,430
Cash and cash equivalents	**67,128**	9,508

Revenues

Revenues were €882 thousand in 2021, compared to €1,871 thousand in 2020, a decrease of €989 thousand. This decrease was mainly due to a €1,100 thousand decrease in administrative services provided to support the BBI grant project, partially offset by a €160 thousand increase in sales services over the period.

Operating income

Operating income was €(2,811) thousand in 2021, compared with €(837) thousand in 2020, a decrease of €1,974 thousand. This decrease is mainly due to the decrease in revenues over the period, as well as a +€389 thousand increase in wages and salaries and a +€472 thousand increase in external expenses.

Net financial income (expense)

Financial income amounted to €(299) thousand in 2021 compared with €(430) thousand in 2020. The €131 thousand change was due in particular to a nearly 30% decrease in interest expenses over the period, from €430 thousand to €301 thousand.

Extraordinary income

Extraordinary income amounted to €175 thousand in 2021 compared with €63 thousand in 2020. In 2021, it corresponds mainly to the resale of certain equipment from the research & development pilot that is no longer needed for the teams' work.

Net income

Net income thus amounted to €(2,695) thousand, down by €1,703 thousand compared with 2020.

3.12.2 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.

3.12.3 AMOUNT OF OVERHEADS REINTEGRATED FOLLOWING A TAX ADJUSTMENT

None.

3.12.4 TABLE OF FINANCIAL RESULTS

	2021.12	2020.12	2019.12	2018.12	2017.12
I. Financial position at year-end (in thousands of euros)					
a) Share capital	**515,240**	349,513	195,146	193,896	142,440
b) Number of shares comprising the share capital	**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	**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			
II. Overall result of actual operations (in € thousands)					
a) Revenues excluding tax	**882,264**	1,870,966	363,491	14,859	4,506
b) Profit before tax, depreciation, amortisation and provisions	**-2,464,643**	-751,166	-1,051,416	-898,468	-688,840
c) Corporate income tax	**239,037**	212,997	368,434	469,726	297,262
d) Income after tax, depreciation, amortisation and provisions	**-2,695,004**	-992,121	-1,139,419	-495,241	-481,504
e) Amount of distributed earnings	**0**	0	0	0	0
III. Earnings per share (in euros)					
a) Profit after tax but before depreciation, amortisation and provisions	**-0.09**	-0.15	-0.35	-0.22	-0.27
b) Income after tax, depreciation, amortisation and provisions	**-0.10**	-0.28	-0.58	-0.26	-0.34
c) Dividend paid per share	**0**	0	0	0	0
IV. Personnel (in € thousands)					
a) Number of employees	**30**	20	14	11	8
b) Payroll costs	**2,224,746**	1,835,998	1,324,447	759,016	379,258
c) Amount paid for social benefits (social security, works, etc.)	**841,780**	731,209	367,911	166,025	54,297

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

None.

3.12.6 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 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	45	1	1	1	1	4
Total amount of invoices concerned incl. VAT	136,622	27,855	11,834	246	6,000	45,935
Percentage of total purchases incl. VAT for the year	2.50%	0.51%	0.22%	0.00%	0.11%	0.84%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded	0	0	0	0	0	0
Total amount of invoices excluded	0	0	0	0	0	0
(C) Reference payment terms used (contractual or legal - Article L.441-6 or Article L.443-1 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 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment tranches						
Number of invoices concerned	4	0	0	0	0	0
Total amount of invoices concerned incl. VAT (1)	521,298	0	0	0	0	0
Percentage of total sales incl. VAT for the year	25.21%	0.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded	0	0	0	0	0	0
Total amount of invoices excluded	0	0	0	0	0	0
(C) Reference payment terms used (contractual or legal - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments		30 days from invoice date				

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

None.

3.12.8 INTERCOMPANY LOANS

None.

3.13 FORESEEABLE DEVELOPMENTS AND OUTLOOK

3.13.1 BUSINESS TRENDS

The Company aims to provide the market with an alternative to the organic acids that are currently produced mainly from petroleum-based sources. The technology developed by Afyren offers a biobased alternative, with a carbon footprint 80% lower than that of products from petrochemical industry production cycles[10].

To this end, the Company's objective is to construct and operate production capacity for these biobased molecules based on its technology, thereby increasing the production capacity available to the market, while at the same time expanding its range of molecules.

With an annual production capacity of 16 kilotonnes and a total budgeted installation cost of €62 million, Afyren Neoxy will be the first industrial-scale production unit using Afyren technology. With industrial commissioning achieved for the first quarter of 2022, and a two-year ramp-up of production for this first unit, it will aim to generate full-capacity revenues[11] of around €35 million and a full-capacity current EBITDA margin[12] of more than 25%. The Company's objective is to achieve break even (positive current EBITDA margin) for Afyren Neoxy in 2023.

Capitalising on this first industrial project, in terms of technological, industrial and operational knowledge, the Company aims to deploy new production capacity. The Company is already working on preparing the next two units. The Company's continuous improvement work should lead to improved economic performance in future units.

As of the date of this document, the Company is working on:

- developing these two plants in two main areas under consideration: North America and South-East Asia. In this respect, the achievement of these economic performance objectives will be based in particular on the choice of production sites, raw materials used, and the engineering processes on which the Company is currently working, and;

- securing the sale of all the production capacity of the plant operated by Afyren Neoxy and these future plants. The sales discussions regarding the production from the first unit operated by Afyren Neoxy already exceed its capacity (all the sales discussions undertaken to date represent 20 times the future installed capacity of Afyren Neoxy).

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[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] 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 (volume and price)

[12] Restated current EBITDA is understood to be 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

Thus, the Company's ambition is to start construction of:

- the second unit in 2023, with commissioning in 2024; and
- the third plant in 2024, for start-up in 2026.

The combined revenues of all production units would therefore amount to more than €150 million by 2027.

At the same time, Afyren continues to invest in its research & development, in order to extend the portfolio of products offered beyond the seven organic acids already developed.

3.13.2 FINANCIAL OUTLOOK AND OBJECTIVES

As part of its growth strategy, the Company's objective is to (i) have an installed production capacity[13] of 72 kilotonnes by 2026, (ii) achieve a positive current EBITDA margin[14] by 2025 (iii) achieve a current EBITDA margin[15] at Group level of around 30% by 2027[16]. It should be noted that Afyren Neoxy had no revenues in 2020.

These objectives do not include the possible impact of the Company's ambition to continue to prepare for the deployment of future plants, in Europe or elsewhere, over a longer timeframe. Alongside its partner Bpifrance in Afyren Neoxy, the Company may also consider increasing Afyren Neoxy's capacity or adding additional assets to the site, which would allow it to expand its portfolio by producing derivatives from these organic acids.

The Company's growth strategy, aimed at enabling it to achieve these objectives, is therefore based mainly on (i) the construction and start-up of the two upcoming industrial units and (ii) the preparation of the next industrial units (including the R&D work associated with these plants as well as the development of new products).

3.14 SHARE CAPITAL AND SHARE OWNERSHIP

3.14.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The Company's share capital consists of:

	Total	
Number of shares:	**2021.12.31**	**2020.12.31[1]**
Outstanding as of 1 January	**17,475,665**	9,757,305
Capital decrease	**-**	-
Capital increase	**8,286,359**	7,718,360
Outstanding as of 31 December - fully paid-up shares	**25,762,024**	**17,475,665**

[1] For greater clarity, the number of shares already takes into account the division of the nominal value by five as specified below.

[13] Aggregate defined in paragraph 3.10
[14] Current EBITDA is understood to be at the Company level and corresponds to current operating income restated for depreciation and amortisation and net impairment of property, plant and equipment and intangible assets
[15] Aggregate defined in paragraph 3.10
[16] This margin level is determined by assuming that Afyren Neoxy continues to be accounted for using the equity method in the financial statements, in accordance with the analysis carried out for the financial statements for the year ended 31 December 2021.

The Combined general meeting of 11 June 2021 decided to divide the nominal value of the Company's shares by five, reducing it from €0.10 to €0.02. The number of shares thus increased from 3,495,133 to 17,475,665.

On 1 October 2021, Afyren completed its IPO on the unregulated Euronext Growth market in Paris. In connection with this transaction, on 28 September 2021 the Board of Directors:
- decided to make use of the delegation of authority granted by the combined general meeting of 11 June 2021;
- recorded a capital increase of €165,727.18 by the issue of 8,286,359 ordinary shares with a nominal value of €0.02, plus a total issue premium of €66,290,872 (i.e. an issue premium of €8 per ordinary share).

The Company's share capital and voting rights as of 31 December 2021 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	375,294	1.46%	750,588	2.24%
Jérémy Pessiot	702,794	2.73%	1,405,588	4.19%
Régis Nouaille	1,558,250	6.05%	3,116,500	9.29%
AFY Partners	4,412,425	17.13%	5,974,293	17.81%
Sofinnova Industrial Biotech I	3,313,273	12.86%	3,943,333	11.76%
Hedgescope Ltd	2,879,950	11.18%	2,879,950	8.59%
Sofimac	1,219,415	4.73%	2,001,950	5.97%
Other	3,388,232	13.15%	5,559,596	16.57%
Public	7,912,391	30.71%	7,912,391	23.59%
Total	**25,762,024**	**100.00%**	**33,544,189**	**100%**

3.14.2 CROSSING OF THRESHOLDS AT THE END OF THE FINANCIAL YEAR

None.

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

None.

3.14.4 TREASURY SHARES

As of 31 December 2021, the Company does not hold any treasury shares and no shares in the Company are held by a third party on its behalf, other than shares traded for the purpose of stabilising the secondary market or the liquidity of the share through an investment service provider through a liquidity contract in accordance with the practice permitted by the regulations.

The liquidity agreement implemented with Natixis ODDO BHF is described below in paragraph 3.14.5.

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

Implementation of a liquidity contract with Natixis ODDO BHF

Afyren appointed NATIXIS and ODDO BHF SCA, with effect from 1 November 2021 and for a period of one year, with tacit renewal, to implement a liquidity and market surveillance contract for its ordinary shares.

The purpose of this contract is for ODDO BHF SCA to promote the Afyren share on the regulated market of Euronext in Paris. The amount allocated to its implementation is €300,000. The volume of own shares purchased during the year was €0.07 million.

3.14.6 DISPOSALS OF SHARES IN THE CASE OF CROSS-SHAREHOLDINGS

None.

3.14.7 EMPLOYEE SHAREHOLDING

As of 31 December 2021, 702,794 registered Company shares were held by Company employees.

In addition, the Company has issued 646,000 founder share warrants to Company employees. No BSPCEs had been exercised as of 31 December 2021 by current employees.

By decision of the Board of Directors of 7 December 2021, the Company granted 78,769 free ordinary shares to the Company’s employees and 5,331 free ordinary shares to Afyren Neoxy’s employees. These free shares will finally vest on 7 December 2022. Information on awards of 2021 free share grants during the 2021 financial year is specified in section 4 of this document.

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.

3.14.8 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.

In the financial year ended on 31 December 2021, the members of the Board of Directors made no disclosures pursuant to Article L. 621-18-2 of the French Monetary and Financial Code.

3.14.9 AMOUNT OF DIVIDENDS DISTRIBUTED IN 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.

3.15 MAIN RELATED PARTY TRANSACTION

The main transactions entered into are detailed in note 19 to the IFRS financial statements in Appendix 2 of this document.

The agreements entered into between the Company and Afyren Neoxy are described in the special report of the auditor voted on by the shareholders.

4. Corporate governance report

4. 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 validated 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 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 implemented / 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	
2. Executive power		
R15: Diversity and equity policy within the company	X	

Middlenext Code recommendations	Applied	Not implemented / Under consideration
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 have already held several directorships, particularly in the chemical sector. The Company will take into consideration all technical training needs expressed by the members of the Board of Directors in the performance of their duties.

R8: This recommendation has not yet been implemented, but is currently being considered. The Board of Directors may meet to address CSR issues or consider creating a CSR committee. Early in its development, the Company recruited a person in charge of CSR and public affairs, Ms Caroline Petigny, Director of CSR, Communication and Public Affairs[17], with the ambition of an active and ambitious CSR policy, described in more detail in section 5. It was agreed that the Board of Directors would invite the person responsible for CSR within the Company on a quarterly basis to work on the issues and discuss areas for improvement.

R13: This recommendation has not yet been implemented, but consideration is being given to the introduction of a system for assessing the work of the Board of Directors.

[17] The presentation of which is specified in section 5.

4.1 BOARD OF DIRECTORS

4.1.1. COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES WITH EFFECT FROM THE TRANSFORMATION OF THE COMPANY INTO A SOCIÉTÉ ANONYME (PUBLIC LIMITED COMPANY)

Last name, first name, title or office of Board members	Independent Board members specify (Yes/No)	Year of first appointmen t	End of term Office	of office		Experience and expertise provided
				Compensati on 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	Member Chairman (temporary)	General Management
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	Digital General Management
Valquest Partners Represented by Fadi Noureddine *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	N/A	Member	Finance General 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	Strategy General Management Engineering
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	N/A	Finance General Management

4.1.1.1 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 also specified in the report presenting the resolutions to the general meeting and on the Company's website.

The Company also undertakes to implement this recommendation when appointing or renewing each director.

Lastly, each appointment of a director is the subject of a separate resolution submitted to the general meeting.

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

Mr 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.

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

Mr 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

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, Mr. Fadi Noureddine has 22 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.

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

Mr 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, he is or has been a member of the Board of Directors of EnobraQ, Meiogenix, Elicit Plant and EnginZyme. He is an observer on the Board of Directors of Comet Bio. 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, member of the Company's Board of Directors whose appointment for a term of three (3) years expiring at the end of the annual ordinary general meeting to be held to approve the financial statements for the financial year ending 31 December 2024 will be submitted for approval to the annual ordinary general meeting to be held to approve the financial statements for the financial year ending 31 December 2021:

Investment Director within the Large Venture team of Bpifrance Investissement since 2019, Ms. Caroline Lebel joined Bpifrance in 2013 in the Mid Cap teams (capital development). After starting her career with General Electric as part of the Finance Management Program then in Corporate Audit Staff (France – Ireland – United States), she joined the strategy consulting firm L.EK. Consulting and has notably worked on strategic due diligence for companies and investment funds including the Strategic Investment Fund. Mrs. Caroline Lebel holds the position of administrator within Virtuo Technologies and censor within Fermentalg and iAdvize. Ms. Caroline LEBEL is a graduate of ESCP Europe.

- Patrizia Marraghini, independent member of the Company's Board of Directors whose appointment for a term of three (3) years expiring at the end of the annual ordinary general meeting to be held to approve the financial statements for the financial year ending 31 December 2024 will be submitted for approval to the annual ordinary general meeting to be held to approve the financial statements for the financial year ending 31 December 2021:

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 director of international legal affairs at Keolis (SNCF group) and director of international projects for all legal-financial, commercial and contractual aspects. She was also a member of the Keolis International Board. In parallel, since 2016, she has held several positions as director, member of the audit and compensation committee in E.P.C. (international group listed on the Paris stock exchange), director in KMHI (a joint venture between Keolis and Mitsubishi in Dubai) and currently holds the position of director and chairman of the audit and compliance committee for SAIPEM SA and SAIPEM Nigeria.

4.1.1.2 PRESENCE OF INDEPENDENT MEMBERS ON THE BOARD

In accordance with recommendation No. 3 of the Middlenext Code, and since 13 September 2021, the Company's Board of Directors has been had at least one independent member, Mr Stefan Borgas. The Company's objective is to submit the appointment of a second independent member to the annual ordinary general meeting to be held to approve the financial statements for the financial year ending 31 December 2021, and then to organise the appointment of a third independent member.

In accordance with the Middlenext Code, five (5) criteria are used to presume the independence of Board members, 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 Mr Stefan Borgas was independent. At its meeting of 7 December 2021, the Board of Directors considered, after a review, that Ms Patrizia Marraghini could also be qualified as an independent member in the event that her appointment is ratified by the general meeting that will be held to approve the financial statements for the financial year ending 31 December 2021.

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)	✓	✓	✓	✓	✓
Caroline Lebel(4)	✓			✓	✓

(1) Mr Borgas was linked to the Company, through Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, by a service agreement dated 1 September 2020, under which Borgas Advisory Gmbh receives a gross monthly fixed compensation of €2,500 in consideration for the provision of services to the Company. Given the level of compensation, this agreement is not considered to represent a material business relationship with the Company. This agreement was terminated on 4 February 2022. Since 4 February 2022, Mr Stefan Borgas has been bound to the Company by a corporate officer agreement, the conclusion of which was authorised by the Board of Directors on 4 February 2022.

(2) Mr 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 2021, Mr Stefan Borgas 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, Mr Borgas is not considered to be a reference shareholder in the Company or to hold a significant percentage of voting rights.

(3) Appointment subject to the approval of the ordinary annual general meeting called to approve the financial statements for the financial year ended 31 December 2021;

(4) Appointment subject to the approval of the ordinary annual general meeting called to approve the financial statements for the financial year ended 31 December 2021;

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

The appointment of an eighth member, who would be independent, is being considered but the process and timetable for recruitment has not yet been determined.

4.1.2 ESTABLISHMENT OF INTERNAL RULES FOR THE BOARD

In accordance with recommendation no. 9 of the Middlenext Code, the Board of Directors has established internal regulations, adopted on 12 May 2021 and ratified at the meeting of the Company's Board of Directors on 28 September 2021 (the "**Internal Regulations**").

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

4.1.3 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.

4.1.4 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.

4.1.5 ORGANISATION OF BOARD MEETINGS

In accordance with Recommendations No. 6 and No. 17 of the Middlenext Code, the Board of Directors meets at least four (4) times a year, including a meeting to prepare for the CEO's succession and the means to be implemented in the event that the CEO is unable to perform his or her duties, in whole or in part.

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 2021, the Board of Directors met seven (7) times on the days and months listed below:

Date of the Board of Directors' meeting	21 January 2021	12 May 2021	24 August 2021	12 September 2021	13 September 2021	28 September 2021	07 December 2021
Number of directors present	6	6	5[18]	6	4	5	5
Attendance rate	100%	100%	100%	100%	80%	100%	100%

The general meeting of 11 June 2021, subject to the condition precedent of the transformation of the Company into a public limited company, decided not to renew the term of office of UI Investissement, co-opted by the Board of Directors on 24 August 2021 due to the removal of Sofimac Régions, as director of the Company. At its meeting of 13 September 2021, the Board of Directors noted the lifting of this condition precedent.

On average, the attendance rate of the members of the Board of Directors was 97.62%.

During financial year 2021, the topics discussed by the Board of Directors focused mainly (beyond the usual management of the Company) on the organisation and management of the Company's IPO, its transformation and governance topics relating to the Company's transformation.

Following the IPO, the Board of Directors met on 7 December 2021, in particular to review the Company's business and to present the Company's organisation and management after the IPO.

4.1.6 CONFLICTS OF INTEREST

As of 31 December 2021, Mr Nicolas Sordet held 1.5% of the share capital and 2.2% of the exercisable voting rights in the Company and Mr Jérémy Pessiot held 2.7% of the share capital and 4.2% of the exercisable voting rights in the Company.

As of 31 December 2021, Mr Stefan Borgas held 175,000 founder share warrants and did not hold any ordinary shares in the Company. It should be noted that by decision of the Board of Directors on 4 February 2022, Mr Stefan Borgas was granted 17,500 founder share warrants, the terms and conditions of which are described in section 4.1.1.2.

Mr Stefan Borgas was linked to the Company, through Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, by a service agreement dated 1 September 2020, under which Borgas Advisory Gmbh received a gross monthly fixed compensation of €2,500 in consideration for the provision of services to the Company. This agreement was terminated on 4 February 2022. Given the level of compensation, this agreement was not considered a material business relationship with the Company.

Subject to this reservation, to the best of the Company's knowledge, as of the date of this Annual 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.

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

[18] As Sofimac Régions was removed, the Board of Directors meeting of 24 August 2021 was composed of five members.

4.1.7 ESTABLISHMENT OF COMMITTEES

In accordance with recommendations No. 7 and No. 8 of the Middlenext Code, we hereby report to you on the Company's choice of specialised committees. The Company has a Compensation Committee and an Audit Committee.

Since September 2021, the Middlenext Code recommends, pursuant to its recommendation No. 8, that companies wishing to comply with this Code set up a Corporate Social/Societal and Environmental Responsibility Committee.

As this recommendation was recently adopted by MiddleNext, the Board of Directors has begun to consider this matter. Nevertheless, the Company wanted to address this issue early on in its development and thus recruited a CSR director, Ms Caroline Petigny, whose mission is to implement and deploy a CSR policy adopted by the management and the Board of Directors. In this respect, the Board of Directors, which is committed to Corporate Social Responsibility, approved, at its meeting of 4 February 2022, the introduction of a quarterly update on this subject to be presented by Ms Caroline Petigny.

4.1.7.1 COMPENSATION COMMITTEE

The Company, 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 Permanent representative: Mr Michael Krel *Chairman*	Member: Board of Directors' meeting of 28 September 2021 Chairman: Compensation Committee meeting of 3 December 2021
AFY Partners Permanent representative: Mr Christophe Calice *Member*	Member: Board of Directors' meeting of 28 September 2021
Mr Stefan Borgas	Member: Board of Directors' meeting of 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.

4.1.7.2 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
Stefan Borgas *Independent director in accordance with recommendation no. 7 of the MiddleNext Code*	Member: Board of Directors' meeting of 13 September 2021 Chairman: Audit Committee of 16 march 2022
Valquest Partners Permanent representative: Mr Fadi Noureddine *Member*	Member: Board of Directors' meeting of 13 September 2021

The chairmanship of the Audit Committee was temporarily entrusted to Mr Stefan Borgas, an independent director with particular expertise in financial and accounting matters. This temporary appointment is justified by the fact that there are no other independent directors on the Board of Directors.

For this reason, the Board of Directors having met on 7 December 2021, proposes to the ordinary general meeting to appoint Ms Patrizia Marraghini.

➢ *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.

4.2 GENERAL MANAGEMENT

4.2.1 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	General meeting Annual ordinary 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	General meeting Annual ordinary meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023
Jérémy Pessiot *Deputy CEO* *Director of Technology and Innovation (employee)*	Board of Directors' meeting of 13 September 2021	General meeting Annual ordinary meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023

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

Name Office	Current office or position held outside the Company
Stefan Borgas *Chairman of the Board of Directors* *Director*	CEO of RHI Magnesita Founder of Borgas advisory GmbH
AFY Partners whose permanent representative is Mr Christophe Calice *Director*	Manager of Ecilac Capital Manager of XL2C Invest Manager of AFY Partners
Valquest Partners whose permanent representative is Fadi Noureddine *Director*	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
Sofinnova Partners whose permanent representative is Mr Michael Krel *Director*	Member of the Board of Directors of EnobraQ Member of the Board of Directors of Enginzyme AB Non-voting board member of Comet Biorefining, Inc.
Nicolas Sordet *Chief Executive Officer and director*	Permanent representative of Afyren, Chairman of the Board of Directors of Afyren Neoxy[19]
Jérémy Pessiot *Deputy CEO*	Chairman of Afyren Investment Member of the Board of Directors of Afyren Neoxy[20]

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.

4.2.3 COMBINATION OF EMPLOYMENT CONTRACT AND CORPORATE OFFICE

4.2.3.1 CORPORATE OFFICE OF MR JÉRÉMY PESSIOT

Mr 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 Mr Jérémy Pessiot's employment contract with his corporate office.

This decision was motivated by the fact that Mr Jérémy Pessiot's duties as an employee of the Company are technical, distinct from those related to his position as Deputy CEO, 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.

4.2.3.2 CORPORATE OFFICE OF MR NICOLAS SORDET

In addition, by a decision dated 26 March 2019, the Company's Board of Directors decided that Mr 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 Chairman of the Company.

[19] This mandate does not give rise to the payment of compensation.
[20] This mandate does not give rise to the payment of compensation.

4.2.4 DIVERSITY AND EQUITY POLICY WITHIN THE COMPANY

In accordance with recommendation No. 15 of the Middlenext Code, the Company implements the principles of equity and respect for gender balance at each level of the Company's hierarchy. To this end, the Company submits to the vote of the general meeting to be held to approve the financial statements for the financial year ended 31 December 2021, the appointment of two women as members of the Board of Directors, Ms Caroline Lebel and Ms Patrizia Marraghini, and the latter is also proposed for appointment as Chair of the Audit Committee.

4.2.5 COMPENSATION OF CORPORATE OFFICERS

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

4.2.5.1 COMPENSATION OF NON-EXECUTIVE CORPORATE OFFICERS

None of the directors, with the exception of Mr Stefan Borgas (as specified in section 4), received any compensation for their duties.

4.2.5.2 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

The Company was incorporated as a société par actions simplifiée (simplified joint stock company) with Mr Nicolas Sordet as Chairman, Mr Jérémy Pessiot as Chief Executive Officer and Mr Stefan Borgas as Chairman of the Board of Directors.

By resolutions dated 11 June 2021, the Company's general meeting of shareholders resolved to convert the Company into a société anonyme (public limited company) with a Board of Directors and adopted new governance rules.

Thus, on 13 September 2021, the Board of Directors noted the completion of the transformation of the Company into a société anonyme (public limited company) and appointed:

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

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

➢ **Compensation of Mr Nicolas Sordet for the financial year ended 31 December 2021**

Since 1 January 2021 and in accordance with (i) the terms of the corporate officer agreement entered into between Mr Nicolas Sordet and the Company on 30 May 2019, as amended by an amendment dated 22 February 2021, and (ii) the decisions of the Board of Directors on 21 January 2021, Mr Nicolas Sordet receives gross annual fixed compensation of €180,000 and annual variable compensation that may be equal to a maximum of 25% of his annual fixed compensation (i.e. a maximum amount of €45,000).

Under the terms of his contract as a corporate officer, Mr 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.

This corporate officer agreement was terminated on 4 February 2022.

On 7 December 2021, the Board of Directors, on the proposal of the Compensation Committee meeting of 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 Mr Jérémy Pessiot for the financial year ended 31 December 2021**

Mr 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 Mr Jérémy Pessiot's employment contract as Chief Technology and Innovation Officer of the Company and his corporate office as Deputy CEO, described in more detail in section 4.

In accordance with the terms of the employment contract entered into between Mr 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, Mr Jérémy Pessiot received, during the 2021 financial year, a gross annual fixed compensation of €160,000 and 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). Mr Jérémy Pessiot does not receive compensation for his duties as a corporate officer of the Company.

Under the terms of his contract as a corporate officer, Mr 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 of 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 Mr Stefan Borgas for the year ended 31 December 2021**

Through a service agreement entered into between the Company and Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, dated 1 September 2020, Borgas Advisory Gmbh received a gross monthly fixed compensation of €2,500 in consideration for performing services for the Company, i.e. a total annual amount of €30,589 for the year ended 31 December 2021.

This agreement was terminated on 4 February 2022. On that date, Mr Stefan Borgas and the Company entered into a corporate office agreement, which was authorised by the Board of Directors on 4 February 2022.

As of 31 December 2021, Mr Stefan Borgas also held 175,000 founder share warrants. In addition, on 4 February 2022, the Board of Directors granted 17,500 founder share warrants to Mr Stefan Borgas.

The table shows both the compensation awarded and paid in respect of and during the financial year ended 31 December 2021, as presented above, and the compensation awarded and paid in respect of and during the current financial year.

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

	Financial year ended 31 December 2021		Current financial year	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Nicolas Sordet - ***Chief Executive Officer***				
Fixed remuneration	€180,000	€179,166.67	€180,000[21]	€30,000
Annual variable remuneration	€45,000[22]	€22,950	€45,000[23]	€40,500
Multi-year variable compensation[24]	€90,000	N/A	€90,000	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation granted for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind[25]	€3,924.72	€3,924.72	€3,924.72	€654,12
TOTAL	**€318,924.72**	**€206,041.39**	**€318,924.72**	**€71,154.04**
Jérémy Pessiot - ***Deputy CEO***				

[21] Under the terms of the corporate officer agreement dated 4 February 2022, Mr Nicolas Sordet receives gross annual fixed compensation of €180,000 for the current financial year.
[22] Under the corporate officer agreement dated 30 May 2019, amended by an amendment dated 22 February 2021, this variable compensation is set at 25% of the fixed compensation (i.e. a maximum amount of €45,000 for the 2021 financial year, the achievement of which was reviewed by the Board of Directors on 4 February 2022).
[23]Under the corporate officer agreement dated 30 May 2019, as amended by an amendment dated 22 February 2021, Mr Nicolas Sordet receives variable compensation equal to 25% of his fixed compensation (i.e. a maximum amount of €45,000 for the 2022 financial year, the achievement of which will be reviewed by the Board of Directors during the 2023 financial year).

[24] 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 4 February 2022, Mr 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 the 2021 and 2022 financial years), to be paid in 2023 subject to the achievement of the objectives set by the Board of Directors.
[25] Provision of a company car.

Fixed remuneration	€160,000	€159,166.63	€160,000[26]	€26,666.67
Annual variable remuneration	€40,000[27]	€22,500	€40,000[28]	€36,000
Multi-year variable compensation[29]	€80,000	N/A	€80,000	N/A
Exceptional remuneration	N/A	N/A	N/A	N/A
Compensation granted for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind[30]	€3,953.16	€3,953.16	€3,953.16	€658.86
TOTAL	**€203,953.16**	**€185,619.79**	**€203,953.16**	**€63,325.53**
Stefan Borgas - ***Chairman of the Board of Directors***				
Fixed remuneration	€30,000	€30,589	€2,500[31]	- €
Annual variable remuneration	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional remuneration	N/A	N/A	N/A	N/A

[26] Under the terms of the employment contract entered into between Mr 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, Mr Jérémy Pessiot will receive gross annual fixed compensation of €160,000 during the 2022 financial year.
[27] Under the terms of the employment contract entered into between Mr 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, Mr Jérémy Pessiot receives annual variable compensation that may represent a maximum of 25% of his annual fixed compensation (i.e. a maximum amount of €40,000 for the 2021 financial year, the achievement of which was reviewed by the Board of Directors on 4 February 2022).
[28] Under the terms of the employment contract entered into between Mr 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, Mr Jérémy Pessiot receives annual variable compensation that may represent a maximum of 25% of his annual fixed compensation (i.e. a maximum amount of €40,000 for the 2022 financial year, the achievement of which will be reviewed by the Board of Directors during the 2023 financial year).
[29] Pursuant to the decisions of the Company's Board of Directors on 4 February 2022, Mr 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 the 2021 and 2022 financial years), to be paid in 2023 subject to the achievement of the objectives set by the Board of Directors.
[30] Provision of a company car.
[31] Through a service agreement entered into between the Company and Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, dated 1 September 2020, Borgas Advisory Gmbh received a gross monthly fixed compensation of €2,500 in consideration for performing services for the Company. This agreement was terminated on 4 February 2022.

Compensation granted for serving as a director	N/A	N/A	€27,500[32]	- €
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**€30,000**	**€30,000**	**€30,000**	**- €**

Table 3: Summary table of allowances or benefits for corporate officers for the financial year ended 31 December 2021

Executive corporate officers	Employment contract		Supplementary pension scheme		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[33]			X	X[34]		X[35]	
Jérémy Pessiot *Deputy Chief Executive Officer*	X			X	X[36]		X[37]	
Stefan Borgas *Chairman of the Board of Directors*		X		X		X		X

4.2.5.3 INCENTIVE PROGRAMME

By resolutions dated 12 May 2021, the Board of Directors of the Company, in its form as a société par actions simplifiée (simplified joint stock company) and subsequently as a société anonyme (public limited company), approved the principle of an incentive programme.

[32] Under the terms of a corporate officer agreement entered into between the Company and Mr Stefan Borgas, dated 4 February 2022, Mr Stefan Borgas may receive annual compensation in an amount determined by the Board of Directors.
[33] In a decision dated 26 March 2019, the Company's Board of Directors decided that Mr 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 Chairman of the Company.
[34] See section "Compensation of Mr Nicolas Sordet for the year ended 31 December 2021".
[35] 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 Mr Nicolas Sordet and the Company on 4 February 2022.
[36] See section "Compensation of Mr Jérémy Pessiot for the year ended 31 December 2021".
[37] Compensation equal to 50% of his gross compensation over the last 12 months preceding the decision to terminate the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019.

➢ **BSPCEs[38] granted to each executive corporate officer during their term of office**

Plan number and date	Type of options	Value of options according to the method used for the financial statements	Number of options granted[39]	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 September 2015	Founder share warrants	€68,985	109,500	€0.63	N/A
BSPCE 5 26 June 2019	Founder share warrants	€22,760	20,000	€2.06	6,666 BSPCEs exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCEs exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCEs exercisable from 1 July 2022 and until 1 July 2029
Jérémy Pessiot - *Deputy CEO*					
BSPCE 2 3 June 2015	Founder share warrants	€31,400	78,500	€0.40	N/A
BSPCE 3 29 September 2015	Founder share warrants	€22,760	110,000	€0.63	N/A

[38] The Company has not granted any share subscription or purchase options or share purchase warrants to corporate officers.

[39] 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).

BSPCE 5 26 June 2019	Founder share warrants	€22,760	20,000[40]	€2.06	6,666 BSPCEs exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCEs exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCEs 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 BSPCEs exercisable from 16 September 2021 and until 16 September 2030 58,333 BSPCEs exercisable from 16 September 2022 and until 16 September 2030 58,334 BSPCEs exercisable from 16 September 2023 and until 16 September 2030
BSPCE 2021 11 June 2021	Founder share warrants	not valued in the financial statements as of December 31, 2021	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 BSPCEs were exercised during the financial year ended 31 December 2021.

No BSPCEs were granted during the financial year ended 31 December 2021 to the top ten non-corporate officer employees and no warrants were exercised by them.

- **Stock options[41]**

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

- **Share subscription warrants[42]**

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**

[40] 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).

[41] The Company has not granted any share subscription or purchase options or share purchase warrants to corporate officers.

[42] The Company has not granted any share subscription or purchase options or share purchase warrants to corporate officers.

By decisions dated 7 December 2021, 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, existing or new free Company shares (the "**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	Acquisition Date	Availability date
Nicolas Sordet	No. 1 07/12/2021	22,444	€203,567	7/12/2022	7/12/2023
Jérémy Pessiot		19,951	€180,956		

No 2021 free share grant has become available (due to an expiration of the grant period) as of the date of this report.

4.3 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.

4.4 SUMMARY TABLE OF DELEGATIONS OF AUTHORITY AND POWERS REGARDING CAPITAL INCREASES

Resolutions approved by the combined general meeting of 11 June 2021				
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 marketable securities giving immediate and/or future access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, by way of a public offering (other than an offering referred to in Article L.411-2, paragraph 1, of the French Monetary and Financial Code) (in connection with the admission of the Company's shares to trading on Euronext Growth as well as after the admission of the Company's shares to trading)	26 months	Nominal amount of capital increases: €225,000[1] Nominal amount of debt securities: €80,000,000[2]	In respect of the Company's capital increase that will be carried out in connection with the admission of its shares to trading on Euronext Growth: The issue price of the new ordinary shares will be set by the Board of Directors in accordance with usual market practices at the end of the placement period and will result from comparing the number of shares offered for subscription with the subscription requests received from investors in the context of the Global Offering, using the "book building" method as developed by professional practice. For any capital increase carried out after the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth: 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 5 trading sessions preceding its setting, which may be reduced by a maximum discount of 20%. For securities giving access to the share	On the occasion of the Company's IPO

Resolutions approved by the combined general meeting of 11 June 2021				
			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.	
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, while maintaining shareholders' preferential subscription rights	26 months	Nominal amount of capital increases: €175,000[1] Nominal amount of debt securities: €80,000,000[2]		X
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	18 months	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 5 trading sessions prior to its setting, which may be reduced by a maximum discount of 20%. For securities giving access to the share	X

Resolutions approved by the combined general meeting of 11 June 2021				
categories of beneficiaries[3]			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, 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 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	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	X

Resolutions approved by the combined general meeting of 11 June 2021				
			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, 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 four previous resolutions, with maintenance or cancellation of preferential subscription rights, as the case may be	26 months (it being specified that this authorisation must be implemented within 30 days of the closing of the subscription for the relevant initial issue)	15% of the amount of the initial issue and 1 and 2	Same price as for the initial issue	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	Nominal amount of capital increases: €175,000[1]		X
Authorisation to be given to the Board of Directors to purchase the Company's own shares	18 months	10% of the share capital	Maximum unit purchase price per share (excluding fees and commissions): 300% of the price of the shares offered to the	X

Resolutions approved by the combined general meeting of 11 June 2021				
			public in connection with the admission to trading on Euronext Growth Maximum amount of funds allocated: €5,000,000	
Authorisation to be given to the Board of Directors to reduce the Company's share capital by cancelling shares	18 months	10% of the share capital in each 24-month period		X
Delegation of authority to be granted to the Board of Directors to decide to issue warrants to subscribe for ordinary shares ("**2021 free share grants**") with cancellation of preferential subscription rights in favour of a category of persons[4]	18 months	Nominal amount of capital increases: 7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth) and €40,215[5]	The issue price of a 2021 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 2021 BSA in accordance with the valuation methods applicable to this type of tool. The issue price of one ordinary share to be subscribed by exercising a 2021 BSA will be determined by the Board at the time when the 2021 BSAs are granted and must be equal to the weighted average price of the last 20 trading sessions preceding the date of grant of said 2021 BSA by the Board of Directors.	X
Delegation of authority to be granted to the Board of Directors to decide to issue founder share warrants ("**2021 BSPCE**") with cancellation of preferential subscription rights in favour of a category of persons[6]	18 months Or the date on which the Company no longer meets the conditions of Article 163 bis G of the French General Tax Code to award BSPCEs	Nominal amount of capital increases: 7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext	The issue price of one ordinary share to be subscribed by exercising a 2021 BSPCE will be set by the Board of Directors at the time when the 2021 BSPCEs are granted, it being specified that this price must be at least equal to: The listing price of the Company's shares on Euronext Growth as determined by the Board of Directors at the end of	Implemented by the Board of Directors on 4 February 2022

Resolutions approved by the combined general meeting of 11 June 2021				
		Growth) and €40,215[5]	the placement period and resulting from the comparison of the number of shares offered for subscription and the subscription requests from investors in the context of the global placement, using the "book building" method, for any grant occurring within 6 months of the completion of the Company's capital increase that will be carried out in the context of the admission of its shares to trading on Euronext Growth and subject to the provisions set out for in the point below in the event of a capital increase occurring within 6 months of the implementation of this delegation by the Board of Directors; If one or more capital increases are completed in the 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 2021 BSPCE, less, where applicable, a discount corresponding to the loss of economic value of the ordinary share since this issue; For any grant that takes place outside the cases referred to in the two points above, at the weighted average price of the last 20 trading sessions preceding the date on which the Board of Directors grants said 2021 BSPCE.	
Authorisation to be granted to the Board of Directors to grant options to subscribe for	38 months	Nominal amount of capital increases:	The subscription and/or purchase price of the shares upon exercise of the 2021 Options will be	X

Resolutions approved by the combined general meeting of 11 June 2021				
and/or purchase ordinary shares to employees and/or certain corporate officers (the "**2021 Options**")		7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth) and €40,215[5]	set by the Board of Directors on the day on which the 2021 Options are granted, it being specified that: 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.	
Authorisation to the Board of Directors to grant ordinary Company shares free of charge to salaried employees and executive corporate officers (the "**2021 free share grants** ")	38 months	Nominal amount of capital increases: 10% of the share capital (as existing on the date of the transaction) and 7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth) and €40,215[5]		Implemented by the Board of Directors on 7 December 2021[43]

[43] See section 4.4.3.

4.4.1 GRANTS OF 2021 FREE SHARE GRANTS IN FINANCIAL YEAR 2021

By decisions dated 7 December 2021, 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, existing or new free Company shares (the "**2021 free share grants**").

History of free share grants	
Information on free shares granted	
	2021 free share grants plan
Date of the shareholders' meeting	11 June 2021
Date of the Board of Directors	7 December 2021
Total number of free shares granted	106,544
Nominal value	€0.02
Total number of shares granted to corporate officers	42,395
Nicolas Sordet	*22,444*
Jérémy Pessiot	*19,951*
Share vesting date	7 December 2022
End of holding period	7 December 2023
Number of shares definitively granted as of the date of this report	-
Total number of shares cancelled or lapsed as of the date of this report	-
Remaining free shares as of the date of this report	1,679,297[44]

4.4.2 GRANTS OF STOCK OPTIONS IN FINANCIAL YEAR 2021

In accordance with Article L. 225-184 of the French Commercial Code, no stock options were granted during the 2021 financial year.

4.4.3 GRANTS OF 2021 BSPCES FOR THE CURRENT FINANCIAL YEAR

[44] The ceiling takes into account the issue of 17,500 BSPCEs decided by the Board of Directors on 4 February 2022. It should be noted that this ceiling is common to the issues and grants of 2021 BSAs, 2021 BSPCEs, 2021 free share grants and 2021 Options that may be carried out pursuant to the delegations and authorisations covered by the twenty-sixth to twenty-ninth resolutions of the combined general meeting and may not exceed 7% of the Company's share capital as resulting from the capital increase carried out in connection with the admission of the Company's shares to trading on Euronext Growth, i.e. 1,803,341.

By decisions dated 4 February 2022, the Board of Directors implemented the delegation of authority granted by the twenty-seventh 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 issue, 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, founder share warrants (the "**2021 BSPCEs**").

History of the 2021 BSPCEs:	
Information on the 2021 BSPCEs	
	2021 BSPCE issue plan
Date of the shareholders' meeting	11 June 2021
Date of grant by the Board of Directors	4 February 2022
Total number of free shares granted	17,500
Total number of shares granted to corporate officers	17,500
Stefan Borgas	*17,500*
Starting point for the exercise of the 2021 BSPCEs	4 February 2022
Exercise terms and conditions	one-third (33.33%) of the 2021 BSPCEs will be exercisable as from the expiration of a twelve (12) month waiting period as from the Grant Date, the remaining two-thirds (66.66%) of the 2021 BSCPEs will be exercisable at a rate of 1/24th per month from the anniversary date of the Grant Date, with each month elapsed counted from the anniversary date of the Grant Date.
Number of shares subscribed as of the date of this report	-
Cumulative number of 2021 BSPCEs cancelled or lapsed as of the date of this report	-
Number of BSPCEs still to be issued at the end of the year	1,679,297[45]

[45] The ceiling takes into account the award of 106,544 2021 free share grants decided by the Board of Directors on 7 December 2021. It should be noted that this ceiling is common to the issues and grants of 2021 BSAs, 2021 BSPCEs, 2021 free share grants and 2021 Options that may be carried out pursuant to the delegations and authorisations covered by the twenty-sixth to twenty-ninth resolutions of the combined general meeting and may not exceed 7% of the Company's share capital as resulting from the capital increase carried out in connection with the admission of the Company's shares to trading on Euronext Growth, i.e. 1,803,341.

5. SUSTAINABLE DEVELOPMENT

Afyren, an innovative player in green chemistry

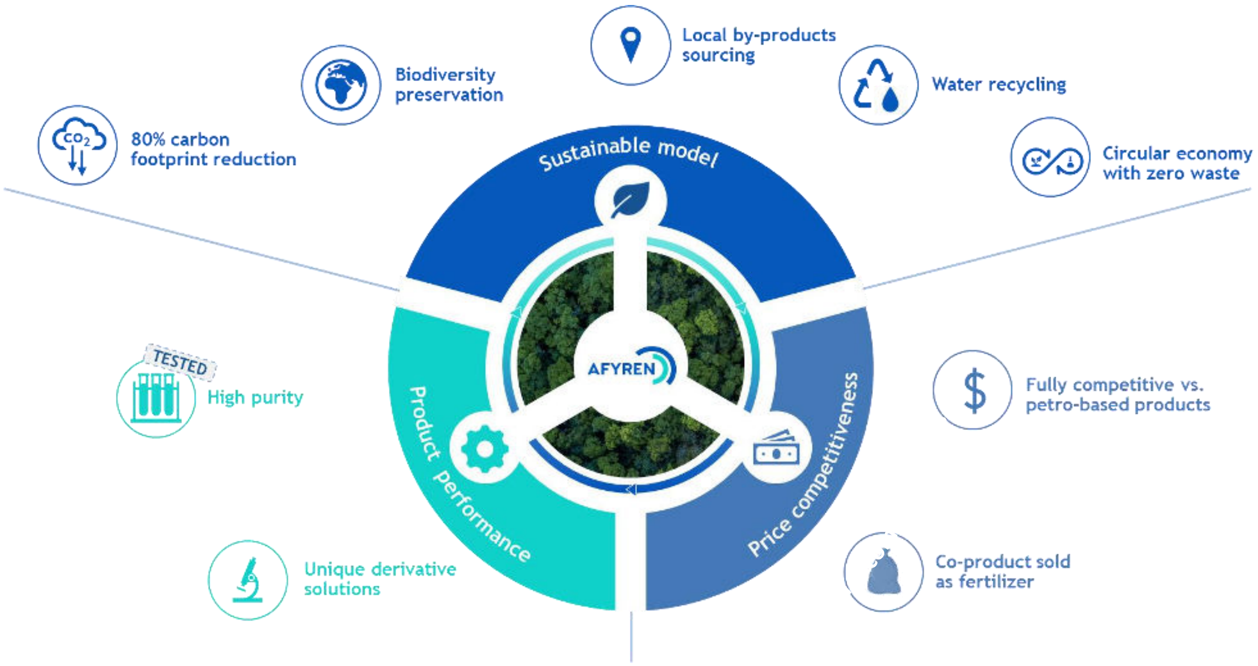
An industrial model based on a circular bioeconomy approach

Faced with the environmental challenges of climate change and the degradation of biodiversity, more and more citizens are seeking a healthier lifestyle and have rethought the way they consume. They are looking for more sustainable products that respect the environment and our ecosystems. 83% of French people say they pay attention to the naturalness of the products they buy, according to a Mediaprism survey.

Afyren offers sustainable, competitive and biobased ingredients that can replace conventional petroleum-based products. These biomolecules - produced on an industrial scale - offer the same performance as existing conventional products, but with a much smaller carbon footprint. They are also derived from renewable by-products obtained by fermentation.

"Afyren's value is to combine a scientific approach with strong human relations, in the service of the common interest. It is an ambitious and meaningful project for a more sustainable industry."

Caroline PETIGNY, Director of CSR, Communication and Public Affairs



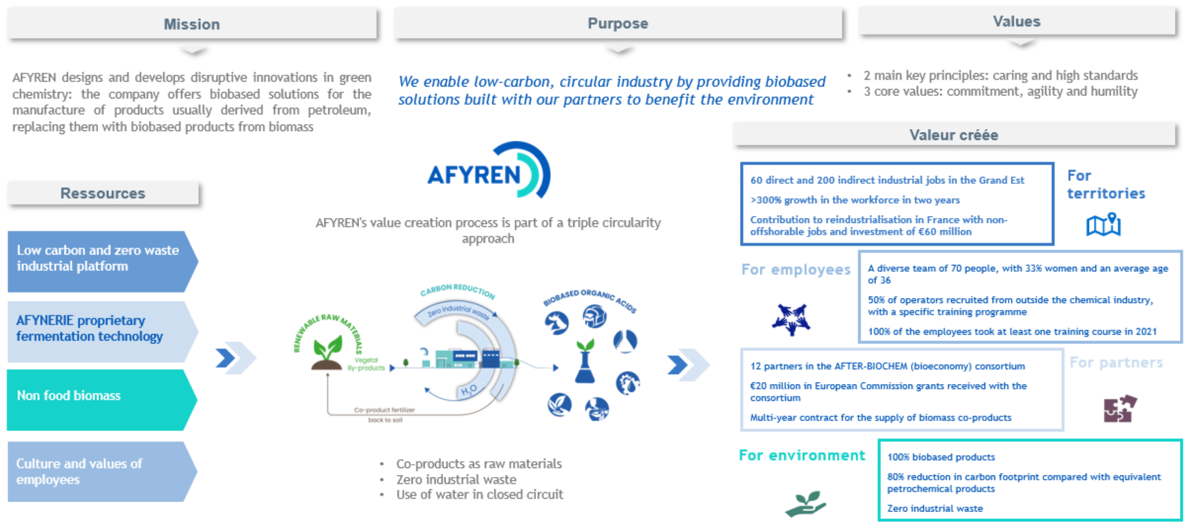
A positive contribution to sustainable development in a few facts

5.1 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.



The Afyren business model also contributes to the achievement of several United Nations Sustainable Development Goals:

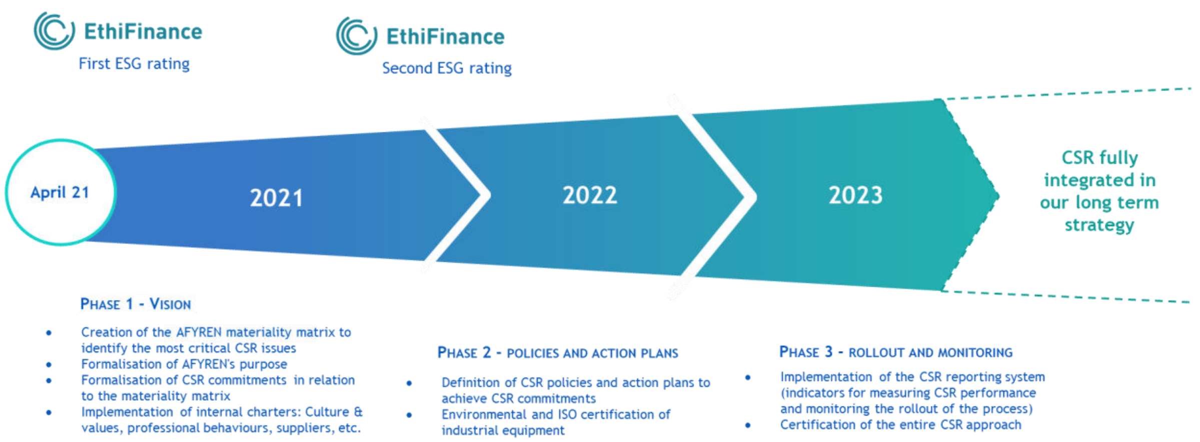
5.2 CSR GOVERNANCE

From the very beginning of the company, the managers wanted to give a very important place to sustainable development, which is at the heart of the project's value proposition. CSR was therefore integrated into the company's operational strategy very early on, even while the industrial platform was still under construction. A Chief Sustainability Officer was recruited in 2020 to bring ambition and consistency to the overall process. In 2021, this function was integrated into Afyren's Executive Committee, to ensure maximum impact.

In 2021, Afyren initiated an external assessment of its CSR maturity by EthiFinance, to provide a working framework aligned with best market practices. The Group thus obtained an "advanced" score of 66/100 for its 2021 activities (compared to 55/100 for its 2020 activities), compared to an average of 34/100 for the benchmark ("Industry" sector with fewer than 100 employees). This exercise also allowed the company to focus its CSR approach, currently under construction, according to the recommendations relating to its areas for improvement.

The Group continues to work on strengthening its CSR governance system and building its CSR approach, using a gradual approach and building on the recommendations of the external assessment carried out:

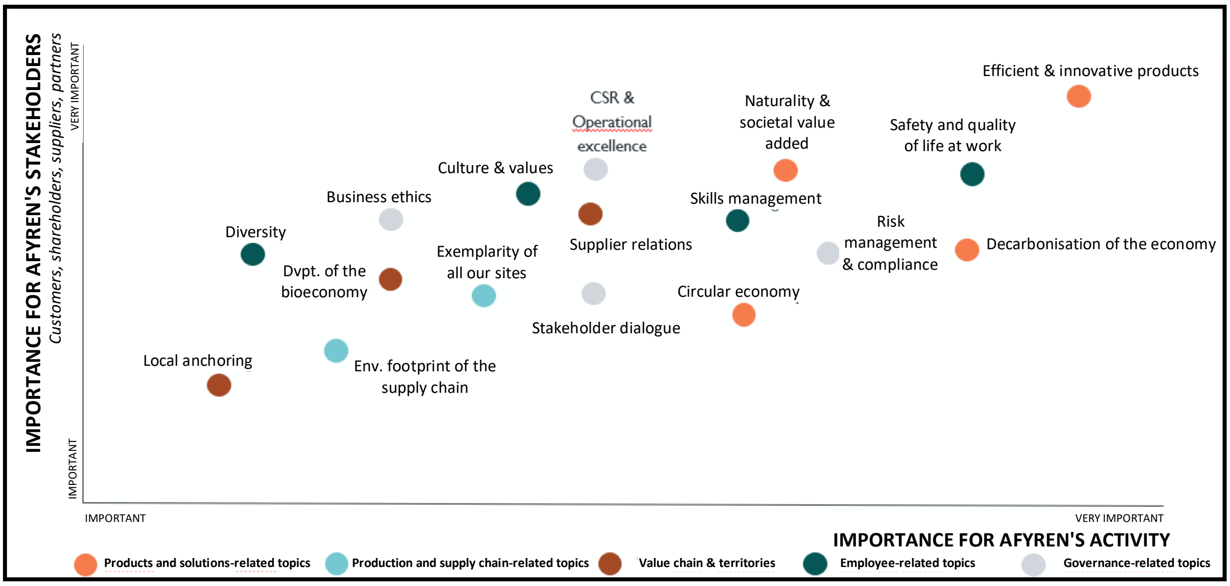
- Phase 1 (2021) - Vision: identification of material issues, definition of Afyren's purpose, its vision and the main CSR commitments;
- Phase 2 (2022) - Policy and action plans: definition of CSR policies aimed at achieving the CSR commitments made;
- Phase 3 (2023) - Rollout and monitoring: certification of the approach and setting up the CSR reporting system, to measure CSR performance.



5.3 A CLEAR DEFINITION OF AFYREN'S CSR OBJECTIVES AND COMMITMENTS

To ensure that the Group's CSR commitments and ambitions are aligned with the main impacts of its business and the expectations of its stakeholders, Afyren has consulted its internal and external stakeholders, with the support of the specialist firm Des Enjeux et des Hommes. This mapping of issues positions the main CSR issues identified by Afyren, with regard to its value creation model, according to the expectations of a selection of internal and external stakeholders. All Afyren employees were consulted either via an online questionnaire or via qualitative interviews conducted by Des Enjeux et des Hommes (15 interviews). As for the external stakeholders, Afyren conducted some 15 interviews with suppliers, customers, institutions and partners.

This analysis led to the prioritisation of the 17 CSR issues divided into 5 categories: product-related issues, production/distribution-related issues, sector and region-related issues, employee-related issues and governance-related issues.



In parallel, at the time of the transition to industrial scale production in 2021, it seemed appropriate to take the time to formulate Afyren's purpose Discussions were held over several months, and the outcome is the result of consultation between employees and external stakeholders, carried out in order to define the development direction of Afyren.

Afyren's defined purpose is to enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment. The following CSR commitments and objectives are derived from this purpose and materiality analysis:

Three priority pillars of commitment and nine CSR objectives

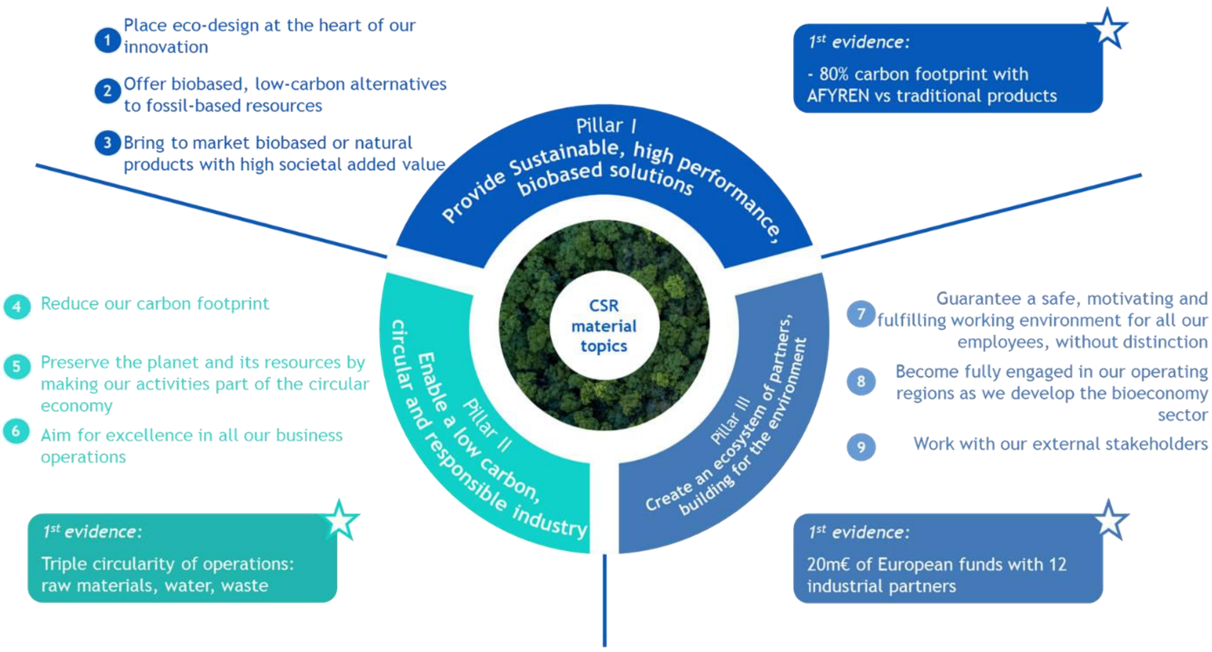
In line with the work on CSR issues and the purpose, three priority pillars of commitment have been defined and validated by Afyren's highest level of governance. These pillars are Afyren's CSR compass for the coming years. They take into account the 17 selected CSR issues and reflect their prioritisation as a result of the materiality analysis.

- Pillar I - Products & innovation:
  Provide sustainable, high-performance, biobased solutions

- Pillar II - Operations & governance:
  Enable a low carbon, circular, and responsible industry

- Pillar III - Employees & stakeholders:
  Create an ecosystem of partners, building for the environment

Nine major objectives have already been defined and give an operational dimension to the three pillars of commitment. In the coming year, these objectives will be developed and refined in order to lead to concrete policies with quantified performance objectives and monitoring indicators by the end of 2022.



5.4 PROVIDE SUSTAINABLE, HIGH-PERFORMANCE, BIOBASED SOLUTIONS

Afyren aims to contribute to a decarbonised world by replacing petroleum-based products with biobased products. This ambition goes beyond the carbon issue: the Afyren teams innovate to develop eco-designed solutions that meet the needs and expectations of society.

Objective 1: place eco-design at the heart of our innovation

Afyren incorporates sustainability criteria in the management of its research and development activities.

The social and environmental impact of Afyren's products is systematically assessed throughout their life cycle to improve them.

In this respect, Afyren has already carried out several life cycle analyses (LCA) to quantify the sustainability of its products using a standardised method (ISO 14040-14044). LCA is the most advanced tool for a comprehensive and multi-criteria assessment of the environmental impact of products, goods and/or services, in that it quantifies the physical flows of matter and energy associated with human activities throughout the product life cycle. Its robustness is based on a multi-criteria approach analysing the incoming and outgoing flows of each product: energy, raw materials, waste, emissions, etc.

Based on the cradle-to-gate LCAs performed, the carbon footprint of Afyren's acids is on average 80% lower than the equivalent petroleum-based acids on the market. Detailed results are available here.

Objective 2: offer biobased, low-carbon alternatives to fossil-based resources

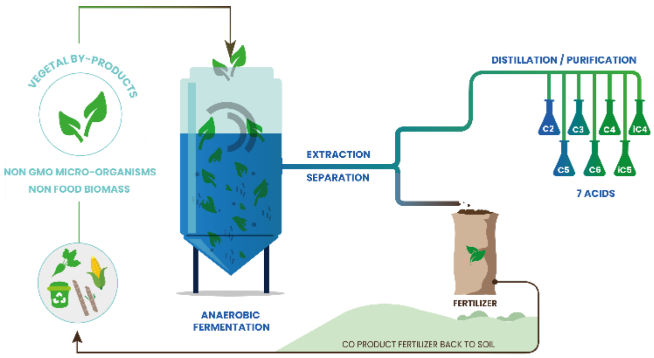
Afyren has developed an industrial platform (Afyren Neoxy) enabling biobased solutions to be produced in industrial quantities from 2022, and is focusing its efforts on developing solutions whose carbon footprint is greatly reduced compared with market standards.

From 2024, Afyren Neoxy will supply a volume of 16,000 tonnes per year in a global market worth more than €10 billion. According to the life cycle analyses conducted, this industrial production will save more than 30,000 tonnes of greenhouse gas emissions per year (CO2 equivalent) compared to traditional products.

Objective 3: bring to market biobased or natural products with high societal added value

Afyren guarantees that the use of raw materials does not directly compete with human food.

Afyren also ensures that the technology used makes it possible to manufacture products that respect the health and safety of consumers and are as close as possible to their requirements. To this end, the Company is aiming for GMP+ and FSSC22000 certification in 2022.



The unique biotechnological approach developed by Afyren uses a mixture of natural micro-organisms to ferment biomass substrates, such as sugar beet by-products, in order to produce seven carboxylic acids, from acetic acid to caproic acid. The whole process is biomimetic - a true industrial-scale reproduction of an ancient transformation that has always been present in nature. After the fermentation stage, acids are processed by distillation and other purification stages to obtain pure molecules that meet market specifications

Illustration: The biomimetic process developed by Afyren

Afyren obtained ECOCERT and COSMOS approvals in 2016 for all acids produced by the Company in its cosmetic and detergent benchmarks. Such certifications are decisive for accessing high value-added markets, such as cosmetics, where many leading players aim to use only biobased and certified products. Afyren acids also comply with EU Natural 1334/2008 and ISO 16128 standards.

5.5 ENABLE A LOW CARBON, CIRCULAR, AND RESPONSIBLE INDUSTRY

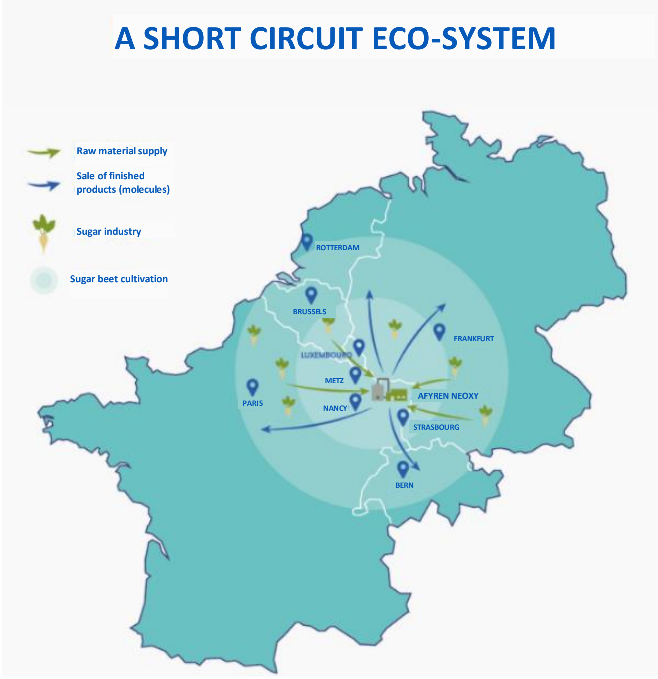
Afyren wants to demonstrate that it is possible to combine efficient industry with a positive impact on society. In addition to the solutions that Afyren brings to the market, the Group is committed to conducting and developing its activities in an exemplary manner. The Company is constantly looking for pragmatic and innovative solutions to reduce its negative impacts on the environment and society and maximise its positive impacts. This is taken into account throughout its industrial development, in France and internationally.

Objective 4: reduce our carbon footprint

Afyren is currently working on an environmental policy that will aim to implement ambitious actions to optimise the energy efficiency of production sites and administrative buildings.

Moreover, Afyren's sourcing policy is based on the principle of sourcing raw materials in its territories and using local service providers. The Afyren Neoxy plant is located close to supply sources and operates in a short circuit.

Lastly, the Group's international development will be based on the optimisation of its carbon footprint, via appropriate location choices and the use of local low-carbon solutions.



Objective 5: preserve the planet and its resources by making our activities part of the circular economy

To achieve this objective, Afyren works in three areas:

- Sourcing of raw materials from organic residues or biomass by-products.
- Adopting a circular economy approach at our industrial sites, based on waste reduction, re-use, recycling and recovery.
- Implementing a certified environmental management system at each of our industrial sites; moreover, the Company is working on the processes required to obtain environmental and industrial excellence certifications such as ISO 9001, ISO 14001, ISO 45001.

Objective 6: aim for excellence in all our business operations

Corporate Social Responsibility and operational excellence are at the heart of Afyren's strategy and processes. Led by a CSR director, positioned at Executive Committee level and by a sustainable, open and ethically focused responsible governance system.

Afyren's governance system is detailed in chapter 4 of this report. It has been strengthened to address specific CSR issues in recent years. Afyren has therefore put in place a number of charters to ensure that such governance is implemented, including the professional conduct charter and a Code of Conduct for suppliers.

Afyren has also rolled out its Afyren Global Performance operational excellence programme, based on a coherent whole that brings together an effective management system, continuous improvement, reliable data and the behavioural aspect of its teams. Human capital is at the heart of this programme, which focuses on the principles of caring and high standards, which are concretely translated into the empowerment of each individual.

5.6 CREATE AN ECOSYSTEM OF PARTNERS, BUILDING FOR THE ENVIRONMENT

Afyren's project was made possible thanks to the mobilisation and commitment, over time, of our internal and external stakeholders. Through active dialogue, Afyren is working to strengthen its ability to bring partners together and to create a force for attraction to develop an industry that places respect for the environment, in the broadest sense, at the heart of its concerns. With this in mind, particular attention is paid to its employees, to whom we are committed to creating conditions conducive to innovation and shared well-being.

Objective 7: guarantee a safe, motivating and fulfilling working environment for all our employees, without distinction

Afyren's HR policy is currently being formalised and is built around the following three guidelines:

- Taking care of our employees, creating the conditions for their safety and well-being.
- Building a competent and diverse team through training and career paths that value the talents and aspirations of each individual.
- Bringing the Company's values to life on a daily basis through a managerial culture based on employees' goodwill and participation.

In particular, safety is at the heart of the Afyren approach, which promotes a zero accident culture and a safe and sustainable working environment. To achieve this, the Company has developed a structural framework with an occupational health and safety policy based on awareness, communication and team involvement. 100% of employees have been trained in safety issues and rules (golden rules, workstation safety, single document, etc.). The Chemesis industrial platform also offers tools to better manage the health and safety of employees and local residents (safety drills, fire-fighting team, shared occupational health service).

	2021
Number of workplace accidents - Afyren employees	0
Number of workplace accidents - subcontractors	0
Accident severity rate - Afyren employees	0
Accident severity rate - subcontractors	0

At the end of 2021, Afyren has 70 employees and is committed to maintaining a diversified and balanced team, in a spirit of equal opportunities between women and men, younger and older people, and employees with very different professional backgrounds and qualifications.

	2021
Total workforce (end-of-period FTE)	**70**
Of which % women	**33%**
Of which % young people (<30 years old)	**29%**
Of which % seniors (>50 years old)	**13%**
Average age	**36**
Share of permanent contracts in the workforce (in %)	**91%**

Lastly, Afyren works to develop a strong corporate culture, based on two key principles: caring and high standards and three strong values, the real glue of our business model: commitment, agility, humility. These values have been developed jointly with all employees and have been the subject of ownership seminars attended by the entire Group.

Objective 8: become fully engaged in developing the bioeconomy in our territories

Afyren's development is based on collaboration with players across the bioeconomy, from the agricultural upstream to various downstream sectors, in an effort to develop a new biomass value chain. Its short-circuit industrial ecosystem promotes employability at the local level and by supporting players involved in common issues.

In this sense, Afyren has already forged several strategic partnerships with players in its value chain, in particular upstream with Südzucker (Europe's leading sugar producer) for sourcing of raw materials (sugar beet by-products), and downstream with Terrial (France's number 1 in organic fertilisation) for the supply of potassium, a major component of fertilisation. In a logic of zero waste use, the potassium sold comes from the sole residue of Afyren's activity, and is compatible with organic agriculture.

In addition, Afyren is fully committed to developing the local employment area, targeting 60 direct jobs and 200 indirect jobs created by the end of 2022 in the Grand Est region - to be related to the still early stage of development of the industrial activity. With this in mind, partnerships have been established with local players, in particular IUT Moselle-Est (Saint-Avold) and the job centre, and the MRS method has been used by Afyren Neoxy to promote rapid professionalisation of candidates.

Afyren is also anchored in the regions where it operates via platforms such as the biopole in Clermont Ferrand and the Chemesis industrial platform in Carling Saint Avold. The Company has received support from many local and national partners and institutional players (AURA Region, Grand Est Region, French Tech 120, IAR division, Axelera hub).

Objective 9: cooperate with our external stakeholders

Afyren works to consolidate its relationships based on dialogue and trust with its stakeholders and sets up innovative partnerships to develop new solutions.

The first major achievement of this ambition is the implementation, at the initiative of Afyren, of an innovative European project to develop the first biorefinery of its kind in Europe around 12 key players in the bioeconomy. AFTER-BIOCHEM (Anaerobic Fermentation & EsteRification of BIOmass for producing fine CHEMicals) will focus on creating new sustainable value chains, which will help bring a range of new high value-added products to the market. The project is supported by the European Commission and the European Joint Undertaking Bio Based Industry (BBI-JU), which will provide a €20 million grant for the project.

In addition, the materiality analysis conducted in 2021 has allowed Afyren to map its stakeholders and to launch a dialogue process that will be pursued on a regular and enhanced basis.

Lastly, Afyren is present in various professional organisations aiming to advance the industrial consideration of sustainability issues, and in particular in several competitiveness hubs, the Association of Plant Chemistry (ACDV) or the Bioeconomy working group set up under the Business Act of the Grand Est region.

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

Balance sheet - assets

AFYREN

Assets			Financial year ended 31/12/2021			At 31/12/2020
			Gross amount	Deprec., amort. or prov.	Net amount	
Subscribed uncalled capital						
Fixed assets	Intangible assets	Start-up costs				
		Development costs	3,681,511	1,116,557	2,564,954	2,933,105
		Concessions, patents and similar rights	685,109	150,420	534,688	532,980
		Goodwill (1)				
		Other intangible assets Intangible assets in progress	659,956		659,956	500,337
		Advances and payments on account				
		TOTAL	5,026,577	1,266,977	3,759,600	3,966,424
	Property, plant and equipment	Land				
		Buildings				
		Plant, machinery and equipment	293,576	209,946	83,630	6,355
		Other property, plant and equipment	80,750	27,188	53,562	59,360
		Assets under construction	1,957		1,957	
		Advances and payments on account				
		TOTAL	376,284	237,135	139,149	65,715
	Financial fixed assets	Equity-accounted investments				
		Other investments	23,501,150		23,501,150	23,501,150
		Receivables from equity investments				
		Portfolio securities				
		Other long-term investments	71,483		71,483	
		Loans				
		Other financial fixed assets	258,200		258,200	27,565
		TOTAL	23,830,833		23,830,833	23,528,715
Total fixed assets			29,233,695	1,504,112	27,729,582	27,560,855
Current assets	Inventories	Raw materials and supplies				
		Work in progress - goods				
		Work in progress - services				
		Intermediate and finished products				
		Goods				
		TOTAL				
	Advances and deposits paid on orders					
	Receivables	Trade receivables	621,744		621,744	308,082
		Other receivables	848,947		848,947	460,539
		Subscribed capital called but not paid				
		TOTAL	1,470,691		1,470,691	768,621
	Other	Marketable securities (of which treasury shares:)				
		Cash instruments				
		Cash and cash equivalents	67,128,050		67,128,050	9,508,292
		TOTAL	67,128,050		67,128,050	9,508,292
Prepaid expenses			74,192		74,192	29,209
Total current assets			68,672,934		68,672,934	10,306,122
Borrowing costs to be deferred Loan repayment premiums Foreign currency translation - assets						
TOTAL ASSETS			97,906,630	1,504,112	96,402,517	37,866,977
References	(1) Including leasehold rights (2) Of which current portion (gross) of financial fixed assets (3) Of which receivables due in more than one year (gross)				230,402	
Retention of title clause	Fixed assets		Inventories		- Trade receivables	

Balance sheet - liabilities

AFYREN

	Liabilities	At 31/12/2021	At 31/12/2020
Equity	Share capital (of which paid up: 515,240)	515,240	349,513
	Issue, merger and contribution premiums	85,069,142	23,609,491
	Revaluation adjustments		
	Equity accounting adjustments		
	Reserves		
	Legal reserve	1,150	1,150
	Statutory reserves		
	Regulated reserves		
	Other reserves		
	Retained earnings	-3,133,197	-2,141,075
	Previous results pending appropriation		
	Profit (loss) for the period	-2,695,004	-992,121
	Net position before appropriation	79,757,330	20,826,957
	Investment grant	852,975	819,412
	Regulated provisions		
	Total	**80,610,306**	**21,646,369**
Other equity	Equity securities		
	Conditional advances		
	Total		
Provisions	Provisions for risks	13,900	13,900
	Provisions for charges	7,615	
	Total	**21,515**	**13,900**
Liabilities	Borrowings and similar liabilities		
	Convertible bonds	3,826,867	3,753,869
	Other bonds		
	Bank loans and borrowings (2)	2,658,963	2,640,000
	Other borrowings and financial liabilities (3)	2,705,092	3,035,985
	Total	**9,190,923**	**9,429,855**
	Advances and deposits received on orders (1)		
	Trade payables	510,917	145,880
	Tax and social security liabilities	841,165	655,631
	Fixed asset liabilities	2,348	
	Other liabilities		
	Cash instruments		
	Total	**1,354,431**	**801,511**
	Deferred income	5,225,342	5,975,342
	Total liabilities and deferred income	15,770,696	16,206,708
	Foreign currency translation - liabilities		
	TOTAL LIABILITIES AND EQUITY	**96,402,517**	**37,866,977**
	Real estate leasing		
	Equipment leasing	3,727	34,176
	Discounted bills not yet due		
	Liabilities and deferred income, except (1), one year or less	12,785,870	13,901,664
	more than one year	2,984,826	2,305,044
	References: (2) of which bank overdrafts and bank credit balances		
	(3) of which equity loans		

Income statement

AFYREN

			France	Export	01/01-31/12/2021 12 months	01/01-31/12/2020 12 months
Operating income (1)	Sales of goods					
	Production sold	- Goods				
		- Services	882,264		882,264	1,870,966
	Net revenues		882,264		882,264	1,870,966
	Production transferred to stocks					
	Capitalised production				49,262	55,928
	Partial net income on long-term transactions					
	Operating grants				9,657	600
	Reversals of depreciation and provisions, expense transfers				27,023	12,058
	Other income				1,486,749	1,457,279
				Total	2,454,957	3,396,833
Operating expenses (2)	Goods	Purchases				
		Change in inventories				
	Raw materials and other supplies		Purchases		88,269	39,340
			Change in inventories			
	Other purchases and external expenses (3)				1,598,878	1,126,959
	Duties, taxes and similar payments				33,213	34,894
	Wages and salaries				2,224,746	1,835,997
	Social security contributions				841,780	731,209
	Operating provisions	+ on fixed assets	depreciation provisions		461,783	440,052
		+ on current assets				
		+ for risks and charges			7,615	13,900
	Other expenses				9,543	11,906
				Total	5,265,830	4,234,258
	Operating income			A	-2,810,873	-837,425
Common oper.	Profit allocated or loss transferred			B		
	Loss incurred or profit transferred			C		
Financial income	Financial income from investments(4)					
	Financial income from other marketable securities and receivables from fixed assets (4)					
	Other interest and similar income (4)				2,668	276
	Reversals of provisions, transfers of expenses					
	Foreign exchange gains					
	Net income from sales of marketable securities					
				Total	2,668	276
Financial expenses	Financial depreciation, amortisation and provisions					
	Interest and similar expense (5)				301,374	430,311
	Foreign exchange losses				265	297
	Net expenses on disposals of marketable securities					
				Total	301,640	430,609
	Net financial income (expense)			D	-298,972	-430,332
	CURRENT INCOME BEFORE TAX (± A ± B - C ± D)			E	-3,109,845	-1,267,757

Income statement

AFYREN

			01/01-31/12/2021 12 months	01/01-31/12/2020 12 months
Extraordinary income	Extraordinary income on management operations			
	Extraordinary income on capital transactions		195,882	64,139
	Reversals of provisions and expense transfers			
	Total		195,882	64,139
Extraordinary expenses	Extraordinary expenses on management transactions		-2,075	1,500
	Extraordinary expenses on capital transactions		22,153	
	Extraordinary depreciation, amortisation and provisions			
	Total		20,078	1,500
Extraordinary income		F	175,803	62,639
Employee profit sharing		G		
Corporate income tax		H	-239,037	-212,997
PROFIT OR LOSS (± E ± F - G - H)			-2,695,004	-992,121
References				
(1) Of which	operating income relating to previous financial years after-tax impact of error corrections			3,454
(2) Of which	operating income relating to previous financial years after-tax impact of error corrections			
(3) Including	- equipment leasing fees - real estate lease fees		19,308	34,637
(4) Of which income from related entities				
(5) Of which interest on related entities				

1. Significant events of the year

1.1. Main events

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

The subsidiary AFYREN NEOXY, 50.62% owned by AFYREN, was awarded a grant in the amount of €15,500k as part of a European financing call for projects managed by BBI (Biobased Industry). It was agreed between the two entities to redistribute 8% (i.e. €1,240k) of the subsidiary's share to the parent company, spread over four payments until June 2023.

1.1.1. Afyren IPO on the Euronext Growth market

On October 1st, 2021, Afyren successfully completed its IPO on the unregulated Euronext Growth market in Paris.

The offer price was set at €8.02 per share, valuing the Company at nearly €206.6 million. In particular, this operation enabled it to raise €66.5 million through the issue of new ordinary shares (out of a total of 72.8 million euros, including the over-allotment option), an amount that will be allocated to the Company's growth through the financing of two industrial projects as well as the financing of Research & Development work.

On November 1st, 2021, AFYREN appointed NATIXIS and ODDO BHF SCA to implement a liquidity contract. This contract was drawn up in accordance with the regulations in force, and in particular AMF Decision no. 2021-01 of June 22nd, 2021 and complies with the code of ethics of the French Financial Markets Association (AMAFI).

1.1.2. Information on the impact of the COVID-19 epidemic on the business

Due to the Covid-19 epidemic and the lockdown measures decided by the government from March 17th, 2020, the Company had to make arrangements to maintain its operations during the various waves and lockdown periods.

Most of the teams have been working from home during these episodes, enabling the activities to continue. For the R&D teams, an organisation has been set up to allow on-site operation in compliance with the prevention measures deemed necessary.

With regard to AFYREN NEOXY and the construction of the plant, preventive measures were implemented to allow the teams to continue this construction without having to stop it.

In this context, the Company implemented the various regulatory and financial measures available to it in order to continue its business, in particular by taking out state-guaranteed loans. This situation has not had a significant impact on the Company, which is noteworthy given the objective of building a plant during this epidemic period.

1.1.3. Changes in governance

Following its IPO, Afyren became a société anonyme à conseil d'administration (public limited company with a board of directors), while it was previously a société par actions simplifiée (simplified joint stock company - SAS). This change of corporate form also changed the status of Nicolas Sordet, formerly

Chairman of the SAS and appointed Chief Executive Officer, as well as that of Jérémy Pessiot, now Deputy CEO.

1.2. Subsequent events

1.2.1. Conflict in Ukraine

Afyren anticipates two potential impacts of the conflict in Ukraine:

- **Increase of energy costs:**

The increase in energy costs, in particular, the price of oil and gas per barrel, may have an impact on the cost of energy and the cost of transportation for the Afyren Neoxy plant, but in a more limited way than in the rest of the petroleum-based acid ecosystem.

This is because, unlike the other players, the raw material for the Afyren Neoxy plant does not come from oil, but from agricultural co-products. In addition, since Afyren's production process is less energy intensive, the impact on production cost would be more limited at Afyren than in the rest of the petroleum-based acid ecosystem.

It should be noted that in general, a high oil price environment is rather favourable to Afyren, further improving the competitiveness of our biobased molecules.

- **Increased risk of cyber-attacks:**

Afyren has always had a proactive approach to anticipate possible cyber-attack risks. Two recent actions can be highlighted: a complete audit of Afyren's IT security system, in order to identify areas for improvement, as well as phishing campaigns among the teams, in order to provide training to those who need it.

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

Excluding brands that are not amortised, amortisation of intangible assets is calculated using the straight-line method over 10 years

2.1.1.1- 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 €49,262.

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

2.1.2.1. 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	3,681,511	-	-	3,681,511	-748,406	-368,151	-1,116,557	2,555,497
Concessions, patents	615,774	69,336	-	685,109	-82,792	-67,628	-150,420	532,982
Intangible assets in progress	500,338	161,576	-	661,914	-	-	-	659,957
Technical installations and industrial equipment and tools	330,729	107,801	-144,954	293,576	-324,374	114,428*	-209,946	83,630
General fixtures and fittings	53,109	4,250	-	57,359	-3,416	-11,355	-14,771	42,588
Office and IT equipment, furniture	18,166	5,226	-	23,392	-8,499	-3,920	-12,418	10,974
TOTAL	5,199,627	348,189	-144,954	5,402,862	-1,167,487	-336,626	-1,504,113	3,898,749

*Of which disposal of fixed assets for -€125,157.

2.1.3. Financial fixed assets

	Start of year	Acquisition of contributions Transfers	Item to item transfer	End of financial year
Equity-accounted investments	23,501,150	-	-	23,501,150
Equity investments (including those measured using the equity method above)	-	-	-	-
Receivables from equity investments	-	-	-	-
Treasury shares	-	71,483	-	-
Other fixed assets	-	230,403	-	-
Loans and other financial assets	27,565	232	-	27,797

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 financial year, Afyren signed a liquidity and market surveillance agreement to ensure the liquidity of transactions and regular trading of its shares. For the performance of this contract, Afyren made available to the co-contractor a sum of €300,000 in cash to this liquidity account. As of December 31st, 2021, 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.

2.1.3.1. Information on subsidiaries and affiliates

2.1.3.1.1. 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	46,100,999	50.62%	23,501,000	-	
841 603 350	- 4,574,676		23,501,000	- 2,270,198	

2.1.4. Accrued income

Headings	Amount
Customers - Invoices to be issued	100,446
Social security bodies	1,491
State	5,103
Other	32,500
Accrued interest	2,438
TOTAL	141,978

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		27,798	-	27,798
	Treasury shares and related liquidity account		301,886	301,886	-
OF CURRENT ASSETS	Doubtful or disputed trade receivables		-	-	-
	Other trade receivables		621,745	621,745	-
	Employee related payables		1,291	1,291	-
	Social security and other social bodies		1,491	1,491	-
	State and other public authorities	Corporate income tax	227,612	227,612	-
		Value added tax	467,081	467,081	-
		Other duties, taxes and similar payments	-	-	-
		Other	111,265	111,265	-
	Groups and associates		5,000	5,000	-
	Sundry debtors		35,207	35,207	-
Prepaid expenses			74,192	74,192	-
		TOTAL	1,874,568	1,846,770	27,798

2.2. Liabilities

2.2.1. Equity

2.2.1.1. Statement of changes in equity

The share capital consists of 25,762,024 shares with a nominal value of €0.02 each The combined general meeting of June 11th, 2021 decided to split the nominal value of the Company's shares by five, bringing it to €0.02.

Headings	N-1	+	-	N
Share capital	349,513	165,727	-	515,240
Premiums, reserves and differences	23,610,641	66,290,872	-4,831,222	85,070,292
Retained earnings	-2,141,076	-992,122	-	-3,133,197
Result	-992,122	-2,695,005	992,122	-2,695,005
Investment grants	819,412	97,703	-64,139	852,976
Regulated provisions	-	-	-	-
TOTAL	21,646,370	62,867,175	-3,903,239	80,610,306

During the financial year, Afyren completed its IPO on the unregulated Euronext Growth market in Paris. The result of this operation was:

- An issue of 8,286,359 shares with a nominal value of €0.02, i.e. a capital increase of €165,727.18;
- Together with an issue premium of €8.00 per share, i.e. a total issue premium of €66,290,872.

Investment grants break down as follows:

	31/12/2021	**31/12/2020**
Ademe 2016 grant	68,390	68,390
- Of which share transferred to profit or loss	*- 20,745*	*- 13,906*
BPI-CMI grant phase 2 (1)	573,000	573,000
- Of which share transferred to profit or loss	*- 173,810*	*- 116,510*
R&D Booster grant	€406,141	€308,438
Total	**852,976**	**819,412**

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

2.2.2. Table of provisions

Headings	N-1	+	-	N
Regulated provisions	-	-	-	-
Provision for risks	13,900	-	-	13,900
Provisions for charges	-	7,615	-	7,615
Provisions for impairment	-	-	-	-
TOTAL	13,900	7,615	-	21,515

	Breakdown of allocations		
	Operation	Financial	Exceptional
Charges for the year	7,615	-	-
Reversal for the year	-	-	-
TOTAL	7,615	-	-

2.2.3. Financial and other liabilities

	Gross amount	Due within 1 year	More than 1 year and 5 years or less	Due in more than 5 years
Convertible bonds	3,826,867	134,359	3,692,508	-
Bank loans and borrowings	-	-	-	-
- 1 year or less at outset	-	-	-	-
- More than 1 year at outset	2,658,964	332,903	2,324,111	1,950
Other borrowings and other financial liabilities	2,705,092	413,133	1,427,959	864,000
Trade payables	510,917	510,917	-	-
Employee related payables	369,208	369,208	-	-
Social security and other bodies	338,587	338,587	-	-
Corporate income tax	-	-	-	-
VAT	103,624	103,624	-	-
Guaranteed bonds	-	-	-	-
Income tax and other tax payables	29,747	29,747	-	-
Fixed asset liabilities and related accounts	-	-	-	-
Group and associates	-	-	-	-
Other liabilities	2,348	2,348	-	-
Liabilities for securities borrowed or lent Guarantor	-	-	-	-
Deferred income	5,225,342	750,000	3,000,000	1,475,342
TOTAL	15,770,696	2,984,826	10,444,578	2,341,292

2.2.4. Accrued expenses

Headings	Amount
LEAVE TO BE PAID	
Provisioned leave	146,513
Provisions for social security contributions	93,532
ACCRUED INTEREST	
Borrowings and similar liabilities	238,248
OTHER EXPENSES	
Invoices to be received	337,147
Staff	222,695
Social security bodies	61,775
Other tax expenses	3,691
TOTAL	1,103,600

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 €5,225,342.

3. Information on the income statement

3.1. Revenue

	France	Export and community	Total
Sales of goods	-	-	-
Production sold: - Goods - Services	- 882,264	- -	- 882,264
Net revenues	882,264	-	882,264

3.2. Capitalised production

Capitalised production amounts to €49,262 and consists of personnel costs related to the Booster R&D project over the financial year.

3.3. Research tax credit

The research tax credit item, i.e. €239,037, mainly consists of the Research Tax Credit (CIR) declared for 2021.

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	-	72,993	72,993

The main assumptions used are as follows:

- The discount rate used is: 0.96%
- The social security contribution rate used is: 42%
- The rate of salary change used is: 1.50%

4.2. Leasing commitments

The machine tool lease ended during the year.

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.	171,880	231,880
Guarantee received: Auvergne PPA Fund	30,000	42,000
Guarantee received: AI/SI Intervention Guarantee Fund	2,500	4,500
Guarantee received: European Investment Fund	131,880	171,880
TOTAL	2,744,760	2,858,760

4.4 Information on the workforce

	Salaried staff
Technicians and supervisors	3
Managers	20
Technician	1
Total	**25**

4.5 Information on warrants and free share grants

In accordance with the terms of the combined general meeting of 11 June 2021, the Board of Directors decided on December 7th, 2021 to grant 106,544 free shares (hereinafter the "2021 free share grants") to employees and corporate officers of Afyren and Afyren Neoxy.

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	87,500			87,500	1.12
BSPCE 5	26/06/2019	10 years from date of grant(1)	487,500	102,500		590,000	2.06
BSA	15/05/2018	31/12/2023	50,000			50,000	1.40
AGA 2021	11/06/2021	Minimum vesting period set at 1 year from the grant date(2)		106,544		106,544	

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

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

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Limited company with a share capital of 515 240,48 euros

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 515 240,48 euros

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 31 December 2021.

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 2021 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 1, 2021 to the date of issue of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 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.

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.823-10-1 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 24, 2022

The statutory auditor

RSM Rhône-Alpes

GAEL DHALLUIN

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

AFYREN
IFRS financial statements

INCOME STATEMENT

In €k	Notes	2021.12	2020.12
Revenues	6.2	3,036	3,991
Other income	6.3	410	244
Purchases and external expenses	6.4	-1,565	-1,086
Payroll costs	6.5	-3,364	-2,717
Depreciation of fixed assets and rights of use	9. & 10.	-612	-552
Other expenses	6.4	-81	-53
Current operating income		**-2,176**	**-172**
Non-current operating income	6.6	-	329
Operating income		**-2,176**	**158**
Financial income	7.	3	0
Financial expenses	7.	-405	-608
Net financial income		**-403**	**-608**
Share in income of equity-accounted company (net of tax)	5.	-1,029	-1,674
Income before tax		**-3,608**	**-2,124**
Income tax	8.1	-0	-9
Net income for the year		**-3,609**	**-2,133**
Earnings per share			
Basic earnings per share (in euros)	14.3	-0.18	-0.13
Diluted earnings per share (in euros)	14.3	-0.18	-0.13

STATEMENT OF COMPREHENSIVE INCOME

In €k	Notes	2021.12	2020.12
Net income for the year		**-3,609**	**-2,133**
Other comprehensive income			
Revaluations of defined benefit liabilities (actuarial gains and losses)	6.52.	7	-5
Related tax		-2	1
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		**6**	**-4**
Total items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		**6**	**-4**
Comprehensive income for the period		**-3,603**	**-2,137**

BALANCE SHEET

In €k	Note	2021.12	2020.12
Intangible assets	9.1.	3,760	3,966
Property, plant and equipment	9.2.	139	66
Rights of use	10.	148	322
Equity-accounted securities	5.	20,171	21,200
Non-current financial assets	11.	28	28
Non-current assets		**24,246**	**25,582**
Trade receivables	12.	622	308
Current financial assets	12.	230	-
Other current assets	12.	923	490
Cash and cash equivalents	13.	67,128	9,508
Current assets		**68,903**	**10,306**
Total assets		**93,149**	**35,888**

		2021.12	2020.12
Share capital	14.	515	350
Issue premiums	14.	85,069	23,609
Reserves	14.	-986	-112
Retained earnings	14.	-3,133	-2,141
Net income for the year	14.	- 3,609	-2,133
Equity attributable to the owners of the Company		**77,856**	**19,573**
Non-current borrowings and financial liabilities	16.	7,957	5,680
Non-current lease liabilities	16.	42	147
Defined benefit liabilities	6.5.3.	73	50
Non-current provisions	15.	14	14
Non-current deferred income (customer contract liabilities)	6.2.	2,640	3,912
Non-current deferred income (grant)	17.	990	911
Non-current liabilities		**11,717**	**10,714**
Current borrowings and financial liabilities	16.	847	3,454
Current lease liabilities	16.	103	118
Trade payables	17.	513	146
Current deferred income (customer contract liabilities)	6.2.	1,272	1,227
Other current liabilities	17.	841	656
Current liabilities		**3,576**	**5,601**
Total liabilities		**15,293**	**16,315**
Total equity and liabilities		**93,149**	**35,888**

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 31 December 2019		**195**	**7,992**	**-**	**-**	**110**	**-1,002**	**-1,784**	**5,511**
									-
Net income for the year								-2,133	-2,133
Other comprehensive income for the year						-4			-4
Comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**-4**	**-**	**-2,133**	**-2,137**
Appropriation of earnings from previous year						-645	-1,139	1,784	-
Capital increase	14.	154	15,618						15,772
Convertible bond issue	16.			227					227
Share-based payments settled in equity instruments	6.5.2.					202			202
Total transactions with the Company's owners		**154**	**15,618**	**227**	**-**	**-443**	**-1,139**	**1,784**	**16,201**
Position as of 31 December 2020		**350**	**23,609**	**227**		**-339**	**-2,141**	**-2,133**	**19,573**
Net income for the year								-3,609	-3,609
Other comprehensive income for the year						7			7
Comprehensive income (loss) for the year		**-**	**-**	**-**		**7**	**-**	**-3,609**	**-3,601**
Appropriation of earnings from previous year						-1,141	-992	2,133	-
Capital increase	14.	166	61,460						61,625
Share-based payments settled in equity instruments	6.5.2.					329			329
Purchases/sales of treasury shares					-70				-70
Total transactions with the Company's owners		**166**	**61,460**	**-**	**-70**	**-812**	**-992**	**2,133**	**61,885**
Position as of 31 December 2021		**515**	**85,069**	**227**	**-70**	**-1,143**	**-3,133**	**-3,609**	**77,856**

CASH FLOW STATEMENT

In €k	Note	2021.12	2020.12
Net income for the year		**-3,609**	**- 2,133**
Adjustments for:			
- Depreciation of fixed assets and rights of use	9.2 & 10	612	552
- Net financial income	7.	403	608
- Share in income of equity-accounted company (net of tax)	5.	1,029	1,674
- Cost of share-based payments	6.5.2.	329	202
- Income tax	8.1	0	9
- Dilution result	6.6	-	-329
- Gains or losses on disposals of fixed assets		-87	-
- Other items		-	14
Total elimination of expenses and income with no impact on cash		**2,286**	**2,729**
Total cash flow		**-1,322**	**596**
Changes in:			
- Trade receivables	12	-314	-175
- Customer contract liabilities	6.2	-1,227	- 1,183
- Trade payables	17.	365	88
- Provisions and employee benefits	6.5.3	30	15
- Other current receivables/payables	12. &17.	-248	281
Total changes		-1,393	-974
Cash flows from operating activities		**-2,715**	**-378**
Tax paid	8.1	-0	-9
Net cash from operating activities		**-2,715**	**-387**
Acquisition of property, plant and equipment and intangible assets, excluding development costs	9.	-185	-205
Proceeds from disposal of property, plant and equipment and intangible assets	9.	128	
Capitalised development expenses	9.	-160	-280
Investment grants (incl. CIR offsetting capitalised expenses)	17.	79	150
Subscription to Neoxy capital increases		-	-13,200
Increase in non-current financial assets	11.	-0	-24
Decrease in non-current financial assets	11.	-	9
Increase in current financial assets (liquidity contract)		-300	
Interest received	7.	3	
Net cash used in investing activities		**-436**	**-13,549**
Capital increase	14.1.	61,625	15,772
Proceeds from the convertible bond issue	16.	-0	3,567
Proceeds from new borrowings and financial liabilities	16.	200	2,893
Repayment of borrowings and financial liabilities	16.	-528	-226
Payment of lease liabilities	16.2.	-118	-77
Interest paid on borrowings and financial liabilities	16.	-227	-273
Interest paid on bonds	16.2.	-178	
Interest paid on lease liabilities	16.	-5	-3
Net cash used in financing activities		**60,770**	**21,652**
Net change in cash and cash equivalents		57,619	7,716
Cash and cash equivalents as of January 1st		9,508	1,792
Effect of exchange rate changes on cash held			
Cash and cash equivalents as of December 31st		**67,128**	**9,508**

NOTES TO THE 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).

Afyren is an innovative company specialising in microbiology and process engineering for the recycling of biomass in "green" bioenergy and chemistry. It has developed processes for the production and extraction of molecules and metabolites, all from fermentable biomass. These processes enable the production of carboxylic acids and are different from the dominant petroleum-sourced offering on the market. These processes have been tested inter alia on the Company's pilot site and have enabled the production of molecules. These molecules are commonly used in applications such as human food, animal food, flavours and fragrances, industrial lubricants, etc.

Afyren offers manufacturers alternative biobased molecules, thanks to its environmentally-friendly technology based on natural microorganisms. In this respect, Afyren has developed in-house patents and know-how ("the Technology").

In December 2018, Afyren set up a partnership with two Bpifrance SPI (Sociétés de Projets Industriels) funds led by Afyren Neoxy in order to carry out the project to develop the first industrial-scale plant for the production of biobased carboxylic acids from sugar beet by-products (molasses, pulp, vinasse) and, where applicable, from biomass using exclusively the technology developed by Afyren. To do so, Afyren has granted Afyren Neoxy a licence to use its Technology in a given territory, namely the European Union, Great Britain, Norway, Switzerland and the USA mainly.

Afyren Neoxy is based on the Carling Chemisis platform in Saint-Avold, Moselle. It is dedicated to the production of a family of seven organic acids. This plant is currently under construction and is expected to be operational in May 2022. This location is at the heart of Europe, close to the targeted geographical markets while maintaining large export capacity for specialty acids.

In this context, Afyren Neoxy has raised more than €86 million in financing to go to industrial scale.

These IFRS financial statements include the financial statements of Afyren as well as the equity-accounted securities of Afyren Neoxy, which was 50.62%-owned as of 31 December 2021 and was jointly controlled by Afyren and Bpifrance.

Afyren's IFRS financial statements for the financial year ended 31 December 2021 were approved by the Board of Directors on 24 March 2022.

2. Basis of preparation

2.1. Statement of compliance

The Company's financial statements as of 31 December 2021 are presented in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

All texts adopted by the European Union can be consulted on the European Commission's website at the following address:https://eur-lex.europa.eu/eli/reg/2008/1126/2016-01-01.

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 2021.

- Amendments to IAS 39, IFRS 7, IFRS 9, IFRS 4 and IFRS 2: IBOR reform - Phase II
- Amendments to IFRS 16 - Rent concessions beyond 30 June 2021.

The following main new standards, amendments to standards and interpretations have been published and are not mandatory as of 31 December 2021. The company does not apply them in advance:

- Amendments to IAS 37 - Onerous contracts: costs of fulfilling a contract (applicable to annual periods beginning on or after 1 January 2022)
- Amendments to IAS 16 - Property, plant and equipment: income prior to intended use (applicable to annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 - Updated references to the conceptual framework (applicable to annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS- 2018-2020 cycle (applicable to annual periods beginning on or after 1 January 2022)
- Amendments to IAS 12 - Income taxes: Deferred taxes relating to assets and liabilities arising from the same transaction (applicable to financial years beginning on or after 1 January 2023 subject to EU approval)
- Amendments to IAS 1 and Practice Statement 2 - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023 subject to EU approval)
- Amendments to IAS 8 - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023 subject to EU approval)
- 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 - proposed amendment pending - subject to EU approval).

The expected impacts of these amendments are not considered significant.

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, liabilities, 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 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 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 2021 is provided in the following notes:

- 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
- Note 16 - Convertible bonds: determination of assumptions for measuring the debt and equity components.

2.4. Basis of assessment

The financial statements are prepared on the historical cost basis.

Afyren's financial statements as of 31 December 2021 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 2021 and 2020.

3. Significant events during the period

Afyren:

In 2021:

- *Reduction in the nominal value of the share:*

The Combined general meeting of 11 June 2021 decided to divide the nominal value of the Company's shares by five, reducing it from €0.10 to €0.02. The number of shares was thus increased from 3,495,133 to 17,475,665.

- *Afyren's IPO on Euronext Growth market:*

On 1 October 2021, Afyren successfully completed its IPO on the unregulated Euronext Growth market in Paris.

The offer price was set at €8.02 per share, valuing the Company at nearly €206.6 million. In particular, this operation enabled it to raise €66.5 million through the issue of new ordinary shares (out of a total of 72.8 million euros, including the over-allotment option), an amount that will be allocated to the Company's growth through the financing of two industrial projects as well as the financing of research and development work.

- *Liquidity agreement*

On 1 November 2021, AFYREN appointed NATIXIS and ODDO BHF SCA to implement a liquidity contract. This contract was drawn up in accordance with the regulations in force, and in particular AMF Decision no. 2021-01 of 22 June 2021, and complies with the code of ethics of the French Financial Markets Association (AMAFI). The Company paid €300 thousand when the liquidity account was opened. The volume of treasury shares purchased during the year was €0.07 million.

- *Change in governance:*

Following its IPO, Afyren became a société anonyme à conseil d'administration (public limited company with a board of directors), while it was previously a société par actions simplifiée (simplified joint stock company - SAS).

This change of corporate form also changed the status of Nicolas Sordet, formerly Chairman of the SAS and appointed Chief Executive Officer, as well as that of Jérémy Pessiot, now Deputy CEO.

- *Issue of free shares:*

In accordance with the terms of the combined general meeting of 11 June 2021, the Board of Directors decided on 7 December 2021 to grant 106,544 free shares (hereinafter the "2021 free share grants") to employees and corporate officers of Afyren and Afyren Neoxy. See Note 6.5 for more details.

- *Research and development activities:*

Following the finalisation of the research and development (R&D) phase leading to the granting of a license at the end of 2018 (based on a development up to the pre-industrial stage of the AFYREN technology enabling the production of organic acids from plant by-products), the Company's R&D work has since focused on three main areas:

- development work to continue improving the process and its performance (optimisation of fermentation, etc.), on the production of organic acids;
- new development work on new molecules that the Company could produce. This involves development work enabling the production of derivatives (products from organic acids), such as esters (mainly the "R&D booster" project). It also concerns work to develop new ways of recycling biomass for the production of biobased compounds or solutions, based on the company's know-how in fermentation and bioprocesses;
- work to support the identification and definition of new plants. This mainly concerns the qualification of new raw materials that would be used by these future plants, as well as the adjustment of the process related to these raw materials.

In 2020:

Capital increases

On 4 February 2020, following the lapse of tranche 2 of the BSAs issued under the investment agreement signed on 14 December 2018, the Company cancelled the tranche 3 BSAs and these cancellations were replaced by a capital increase of €15.8 million at the same prices and conditions as the initially planned tranche 2 and 3 BSAs (see Note 15.1).

Convertible bond issue

In March 2020, the Company entered into an agreement to issue bonds convertible into shares for an amount of €3.6 million (see note 17.1).

State-guaranteed loans (PGE)

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 €2.6 million (see Note 17.1).

Covid-19 impacts

Due to the Covid-19 epidemic and the lockdown measures decided by the government from 17 March 2020, the Company had to make arrangements to maintain its operations.
Most of the teams have been working from home, enabling the activities to continue. For the R&D teams, an organisation has been set up to allow on-site operation in compliance with the prevention measures deemed necessary.
In this context, the Company implemented the various regulatory and financial measures available to it in order to continue its business, in particular by taking out state-guaranteed loans. This situation had no material impact on the Company.

Afyren Neoxy, accounted for by the equity method:

In 2021:

- *Construction and preparation of the start-up of the Afyren Neoxy plant:*

Construction of the plant continued throughout 2021, with a target production start-up in May 2022, and in line with the total start-up cost. Despite the constraints related to Covid, Afyren Neoxy was able to execute the construction of this plant in accordance with the budget and the target schedule.

In parallel with construction, Afyren Neoxy is also preparing for its start-up, with the implementation of the tools and processes required for its proper functioning, as well as the continued recruitment of all staff. Thus, by the end of 2021, almost the entire workforce was recruited or identified.

- *Securing raw material sourcing for the Afyren Neoxy plant:*

In March 2020, Afyren Neoxy entered into a long-term agreement with Südzucker to supply raw materials for its plant, securing its supply of sugar beet co-products, key ingredients for the industrial production of its biobased organic acids.

- *Signing of commercial contracts for the sale of Afyren Neoxy's production:*

In addition to the natural acids sales contract signed in 2018, Afyren Neoxy entered into several production sales contracts in 2021:

- A contract for the sale of the entire fertiliser production of Afyren Neoxy was entered into in February 2021;
- A contract for the sale of valeric acid was entered into in June 2021;
- A distribution agreement for Afyren Neoxy's natural acids in the strategic Flavours and Fragrances market, signed in November 2021, with effect from 2022;
- Two additional contracts for the nutrition and health markets, signed in December 2021, with effect from 2022.

Thanks to the signing of these different contracts, more than 60% of the target acid volume of the Afyren Neoxy plant, at full capacity, is secured, together with 100% of the fertilisers, allowing Afyren Neoxy to serenely start its production ramp-up, which is scheduled to last two years.

- *Bank financing:*

On 30 June 2021, Afyren Neoxy received the first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million).

- *Grants and other financial support:*

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. As of 31 December 2021, this grant was recorded as a liability for the same amount since it now meets all the conditions relating to its payment.

Finally, as part of the agreement to support Afyren Neoxy in its project to set up a plant at the Carling Saint-Avold platform, TotalEnergies provided Afyren Neoxy with financial support in the form of a grant and a loan for €3.4 million and €3 million, respectively, on 31 December 2021.

In 2020:

Dilution

On 11 March 2020, Afyren and the Bpifrance funds participated in the capital increase of Afyren Neoxy through the exercise of the 4 million BSA warrants for a total amount of €32 million. This capital increase diluted Afyren's shareholding by 21% (see Note 6).

Obtaining a Bio Based Industries (BBI) grant for Afyren Neoxy

Afyren Neoxy received a BBI grant of €16 million (see Note 6).

Obtaining a €4 million loan for Afyren Neoxy

Afyren Neoxy took out a €4 million loan from BPI in September 2020 to strengthen its financial structure (see Note 6).

4. Subsequent events

- *Publication of Afyren's Purpose and CSR ambition*

Following several months of reflection and consultation with its internal and external stakeholders, AFYREN consulted, with the support of a specialised independent firm, all of its employees, through an online questionnaire or qualitative interviews, and conducted some fifteen interviews with suppliers, customers, institutions and partners. This analysis led to the definition of a materiality matrix, which ensures that the group's ESG commitments and ambitions are aligned with the main aspects of its activity and the expectations of its stakeholders. This stakeholder consultation work 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".

As a reminder, in 2021, Afyren initiated a first external rating with Gaïa Rating, a subsidiary of EthiFinance and obtained an "advanced" score of 55/100 (compared with an average of 34/100 for the benchmark "Industry" sector with less than 100 employees). After the numerous projects carried out in 2021, including the implementation of Purpose and materiality, the integration of a person in charge of CSR into Afyren's Executive Committee, as well as the creation of a code of conduct for its suppliers, Afyren obtained a score of 66/100 in early 2022. This 11-point increase compared to the previous year allows it to expect the "Advanced +" level on the EthiFinance scale, which highlights a significantly higher level of ESG maturity (+33 pts) than that observed for comparable companies (in terms of workforce and business sector).

- *Allocation of 2021 BSPCE:*

By decisions dated 4 February 2022, the Board of Directors implemented the delegation of authority granted by the twenty-seventh resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors to issue Company founder share warrants (the "2021 BSPCEs"). This grant covers 17,500 2021 BSPCEs in favour of the Chairman of the Board of Directors.

- *Completion of AFYREN NEOXY financing*

Since 1 January 2022, AFYREN NEOXY has continued to complete its financing, namely:

- Disbursement of the remaining €2.5 million of the Banque Populaire loan (for a total amount of €5 million)
- Signing in December 2021 of a leasing contract with BNP, Banque Populaire and Crédit Agricole for a total amount of €11 million for industrial equipment, with effect from 1 January 2022.

- *Conflict in Ukraine*

Afyren anticipates two potential impacts of the conflict in Ukraine:

- **Increase of energy costs:**

The increase in energy costs, in particular, the price of oil and gas per barrel, may have an impact on the cost of energy and the cost of transportation for the Afyren Neoxy plant, but in a more limited way than in the rest of the petroleum-based acid ecosystem.

This is because, unlike the other players, the raw material for the Afyren Neoxy plant does not come from oil, but from agricultural co-products. In addition, since Afyren's production process is less energy intensive, the impact on production cost would be more limited at Afyren than in the rest of the petroleum-based acid ecosystem.

It should be noted that in general, a high oil price environment is rather favourable to Afyren, further improving the competitiveness of our biobased molecules.

- **Increased risk of cyber-attacks:**

Afyren has always had a proactive approach to anticipate possible cyber-attack risks. Two recent actions can be highlighted: a complete audit of Afyren's IT security system, in order to identify areas for improvement, as well as phishing campaigns among the teams, in order to provide training to those who need it.

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.

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 partnership provided for several successive capital increases over time. Thus, on 11 March 2020, Afyren and Bpifrance's SPI funds participated in Afyren Neoxy's capital increase through the exercise of 4 million BSAs, for a total amount of €32 million. This capital increase resulted in the issue of 32 million ordinary shares (conversion ratio of 1 BSA for 8 shares) - 13,200,000 new shares for Afyren and 18,800,000 new shares for Bpifrance. The capital was thus increased to €46.1 million. This capital increase diluted Afyren's stake by 21%, i.e. from 72% to 51%.

This change in the percentage stake led to the recognition of a dilution gain of €0.3 million for the 2020 financial year, within non-current operating income, corresponding to the difference between the percentage stake in the cash received by Afyren Neoxy following the subscription of the capital increases and the reduction in the percentage stake of the previous net book value of the latter's assets.

The following table summarises the financial information of Afyren Neoxy as prepared in its 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	2021.12	2020.12
Percentage of shares held	**51%**	**51%**
Non-current assets	57,442	26,735
Current assets excluding cash and cash equivalents	14,627	9,974
Cash and cash equivalents	15,301	33,642
Non-current liabilities	15,709	7,608
Current liabilities	31,812	20,863
Net assets (100%)	**39,849**	**41,881**
Net assets attributable to Afyren	20,171	21,200
Carrying value of interests in the Neoxy joint venture	**20,171**	**21,200**
Operating income	-2,088	-3,056
Net financial income (expense)	70	-252
Income tax	-15	2
Net income	-2,034	-3,306
Other comprehensive income		
Comprehensive income (100%)	**-2,034**	**-3,306**
Afyren's share of Neoxy's comprehensive income	-1,029	-1,674
Dividends received by Afyren	-	-

- *Construction of the production unit:*

In December 2018, Afyren Neoxy obtained from Afyren a license to operate in a defined territory (mainly EU, UK, Norway and Switzerland) for patents and know-how (the "AFYREN Technology") developed by the latter. This licence generated an initial payment of €7.5 million for the advance payment of 10 years of fixed royalties, and this amount was converted into share capital by Afyren in Afyren Neoxy by offsetting the €7.5 million receivable. Furthermore, the agreement includes the provision by Afyren of an industrial know-how development service to adapt the Technology to industrial scale. This consisted mainly of finalising detailed engineering studies, the choice of equipment to be industrialised, process parameters, etc.

In November 2020, Afyren Neoxy began construction of its production unit at the Carling site in Saint-Avold on land made available by Total Petrochemicals France. In this respect, Afyren Neoxy spent €30.9 million in the 2021 financial year. Construction is expected to be completed in early 2022 for production start-up in May 2022.

The plant is located on the site of the Chemisis platform in Carling, Saint-Avold in Moselle. The land was made available to Afyren Neoxy by Total free of charge (with the exception of the re-invoicing of maintenance and security services, etc.) for a period of 35 years (renewable for an additional 25 years) from

1 January 2021. Ancillary services invoiced annually do not result in the recognition of a right-of-use asset under IFRS 16 given their variable nature. Moreover, the market value of the land made available by Total is not significant.

- *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 runs 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 start-up of production at its plant, 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 recorded an intangible asset with a present value of €10.6 million corresponding to 23 years of licence fees (3 years since its granting + 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 €3.8 million as of 31 December 2021 (compared with €3.5 million as of 31 December 2020).

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 2021 and 2020.

- *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.

- Total grant and loan:

In 2021, Afyren Neoxy received a €3.4 million grant from Total Développement Régional. This grant is part of the support agreement signed between the parties in December 2018.

This agreement reaffirms Total's full commitment to the economic and industrial life of the region, by supporting future projects, particularly in Moselle, the department where Afyren Neoxy is based.

In 2021, Afyren Neoxy received a €3.0 million loan from Total Développement Régional. The loan has a 24-month grace period and a 120-month repayment period at 1% interest.

- ERDF grant:

Afyren Neoxy signed an agreement awarding European aid in 2019 under the European Regional Development Fund (ERDF) for €2 million. As of 31 December 2021, a receivable is recognised in respect of this investment grant, with a corresponding deferred income in liabilities, since it now meets all the conditions relating to its payment (expenses incurred).

- 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. As of 31 December 2021, a receivable is recognised in respect of this investment grant, with a corresponding deferred income in liabilities, since it now meets all the conditions relating to its payment (expenses incurred).

- Banque Populaire loan:

On 30 June 2021, Afyren Neoxy received the first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million). The loan was taken out for a period of 120 months at an interest rate of 0.95%.

- BPI loan of €4 million:

In September 2020, Afyren Neoxy took out a of €4.0 million loan from BPI France at a contractual interest rate of 4.66% and an annual EIR of 4.15% to strengthen its financial structure.

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	2021.12	2020.12
Licence and development of industrial know-how	1,417	1,417
Other services	1,619	2,575
Total revenues	**3,036**	**3,991**

The €956 thousand decrease in other services was due to a decrease in administrative services to Afyren Neoxy for the BBI grant.

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

In €k	2021.12	2020.12
Contract liabilities as of January 1st	**5,139**	**6,322**
Increase in financial expenses for the year on the licence agreement	190	234
Revenues recognised during the period included in the opening	-1,417	-1,417
Contract liabilities as of December 31st	**3,912**	**5,139**
Of which current liabilities	1,272	1,227
Of which non-current liabilities	2,640	3,912

As of 31 December 2021, the remaining duration of the industrialisation phase was three years. 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 €3.9 million (vs. €5.1 million as of 31 December 2020), 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	2021.12	2020.12
Operating grant	203	176
Investment grant recognised under profit or loss	64	64
Proceeds from the disposal of fixed assets	128	-
Other	15	5
Total other income	**410**	**244**

6.4. Operating expenses

Operating expenses break down as follows:

In €k	Note	2021.12	2020.12
Total employee benefits	**6.5**	**-3,364**	**-2,717**
Purchases of consumables and equipment		-143	-71
Rental expenses	10.	-87	-118
Maintenance and repairs		-24	-33
Remuneration of intermediaries and fees		-862	-571
Travel and assignment expenses		-164	-84
Advertising and communication		-79	-70
Other external expenses		-205	-138
Total purchases and external expenses		**-1,565**	**-1,086**
Total depreciation of fixed assets and rights of use	**9.**	**-612**	**-552**
Taxes		**-33**	**-26**
Other expenses		**-48**	**-27**
Total other expenses		**-81**	**-53**

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.

	2021.12	2020.12
Managers	20	15
Non-managers	6	4
Average workforce for the year ended December 31st	**26**	**20**

6.5.2. Payroll costs

Personnel costs are recognised as services are rendered.

Personnel costs break down as follows:

In €k	2021.12	2020.12
Wages and salaries	-2,161	-1,770
Social security contributions	-663	-580
Expenses related to defined contribution post-employment plans	-181	-150
Expenses related to defined benefit post-employment benefit plans	-30	-15
Share-based payments settled in equity instruments	-329	-202
Total	-3,364	**-2,717**

The increase in payroll costs is linked 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:

	2021.12	2020.12
Discount rate	0.96%	0.50%
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	2021.12	2020.12
Balance as of January 1st	**50**	**30**
Recognised in net profit or loss		
Cost of services for the year	29	14
Financial cost	0	0
Included in other comprehensive income		
Loss (gain) on remeasurement of liabilities (actuarial gain and loss)	-7	5
Total	**23**	**20**
Other		
Benefits paid	-	-
Total	**-**	**-**
Balance as of December 31st	**73**	**50**

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 BSPCEs 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 BSPCEs 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 at the transition date of 1 January 2019. Accordingly, only the BSPCE 5 have been restated at this date.

BSPCE 5:

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.

AGA 2021:

In accordance with the terms of the combined general meeting of 11 June 2021, the Board of Directors of 7 December 2021 granted 106,544 free shares to employees and corporate officers of Afyren and Afyren Neoxy. These free shares will vest after the expiry of the 12-month period following the grant date.

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 of the three tranches (in €)
BSPCE 5	25,000	27/06/2019	Presence (3 years)	10 years	5.69
BSPCE 5	52,500	01/07/2019	Presence (3 years)	10 years	5.69
BSPCE 5	87,500	01/07/2019	Presence (3 years)	10 years	5.69
BSPCE 5	10,000	22/10/2019	Presence (3 years)	10 years	5.70
BSPCE 5	15,000	30/10/2019	Presence (3 years)	10 years	5.70
BSPCE 5	95,000	12/12/2019	Presence (3 years)	10 years	5.70
BSPCE 5	7,500	21/05/2020	Presence (3 years)	10 years	5.71
BSPCE 5	175,000	16/09/2020	Presence (3 years)	10 years	5.68
BSPCE 5	10,000	01/11/2020	Presence (3 years)	10 years	5.67
BSPCE 5	10,000	01/12/2020	Presence (3 years)	10 years	5.67
BSPCE 5	102,500	21/01/2021	Presence (3 years)	10 years	5.67
AGA 2021	106,544	07/12/2021	Presence (1 year)	n.a.	9.07
Total	696,544				

The data used to measure the fair values at the grant date of the BSPCE 5 granted in 2019, 2020 and 2021 are as follows:

Fair value at grant date (in €)	**From 5.69 to 5.71**
Share price on grant date (in €)	**2.06**
Option exercise price (in €)	**2.06**
Expected volatility (weighted average)	**63%**
Expected life (weighted average)	**6 years**
Expected dividends	**0%**
Risk-free interest rate (based on government bonds)	**From -0.68% to -0.39%**

In 2020 and 2021, the change in the number of BSPCE 5 is as follows:

Number of options	2021.12	Weighted average exercise price 2021 (in €)	2020.12	Weighted average exercise price 2020 (in €)
Outstanding as of January 1st	**487,500**	**2.06**	**285,000**	
Lapsed during the period			-	
Exercised during the period			-	
Granted during the period	102,500	1.81	202,500	2.06
Outstanding as of December 31st	**590,000**	**2.02**	**487,500**	**2.06**
Exercisable as of December 31st	**340,062**		**177,430**	

In 2021, the change in the number of BSPCE 2, BSPCE 3 and BSPCE 4 is as follows:

	BSPCE 2		BSPCE 3		BSPCE 4	
	Number of warrants	Weighted average exercise price 2021 (in €)	Number of warrants	Weighted average exercise price 2021 (in €)	Number of warrants	Weighted average exercise price 2021 (in €)
Outstanding as of January 1st	**182,000**	**0.40**	**257,000**	**0.63**	**87,500**	**1.12**
Lapsed during the period	-		-		-	
Exercised during the period	-		-		-	
Granted during the period	-		-		-	
Outstanding as of December 31st	**182,000**	**0.40**	**257,000**	**0.63**	**87,500**	**1.12**
Exercisable as of December 31st	**182,000**		**257,000**		**87,500**	

The fair value of the free share grants corresponds to the closing price on the date of grant, i.e. €9.07, since the present value of estimated future dividends over the vesting period is zero.

In 2020, the change in the number of BSPCE 2, BSPCE 3 and BSPCE 4 is as follows:

	BSPCE 2		BSPCE 3		BSPCE 4	
	Number of warrants	Weighted average exercise price 2020 (in €)	Number of warrants	Weighted average exercise price 2020 (in €)	Number of warrants	Weighted average exercise price 2020 (in €)
Outstanding as of January 1st	**182,000**	**0.40**	**257,000**	**0.63**	**87,500**	**1.12**
Lapsed during the period	-		-		-	
Exercised during the period	-		-		-	
Granted during the period	-		-		-	
Outstanding as of December 31st	**182,000**	**0.40**	**257,000**	**0.63**	**87,500**	**1.12**
Exercisable as of December 31st	**182,000**		**257,000**		**87,500**	

The number of BSCPE 2, BSPCE 3, BSPCE 4 and BSPCE 5 has been adjusted retrospectively to take into account the division by five of the nominal value of the Company's shares. This resulted in a fivefold increase in the number of warrants and a division by five of the strike price.

The change in the number of free share granted in 2021 is as follows:

Number of 2021 free share grants:	2021.12	Weighted average exercise price in 2021 (in €)
Outstanding as of January 1st	**-**	**-**
Lapsed during the period		
Exercised during the period		
Granted during the period	106,544	-
Outstanding as of December 31st	**106,544**	**-**
Exercisable as of December 31st	**-**	

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	2021.12	2020.12
Short-term employee benefits	1,275	1,093
Defined contribution post-employment benefits	104	90
Defined benefit post-employment benefits	47	32
Share-based payments	228	149
Total	**1,654**	**1,364**

The liability related to defined benefit post-employment benefits in respect of the main executives was €0.05 million as of 31 December 2021 and €0.03 million as of 31 December 2020.

6.6. Non-current operating income

The capital increase of 2 April 2020 had the effect of diluting Afyren's stake in Afyren Neoxy from 72% to 51%. This dilution of the share held generated a gain of €0.3 million (see Note 5) recognised in non-current operating income in 2020.

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	2021.12	2020.12
Interest expense on borrowings	-28	-10
Interest expense on convertible bonds	-158	-124
Interest expense on repayable advances	-25	-236
Interest expense on lease liabilities - IFRS 16	-5	-3
Financing component on the license agreement	-190	-234
Total financial expenses	**-405**	**-608**
Total financial income	**3**	**0**
Net financial income (expense)	**-403**	**-608**

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	2021.12	2020.12
Tax payable	-	-
Deferred tax	0	0
CVAE	-0	-9
TOTAL	**-0**	**-9**

8.2. Income tax reconciliation

The reconciliation between the effective tax rate and the theoretical tax rate is as follow:

In €k	2021.12	2020.12
Income before tax	-3,608	-2,124
Neutralisation of the share in income of equity-accounted company (net of tax)	1,029	1,674
Profit before tax and share in income of equity-accounted company (net of tax)	-2,579	-450
Normative tax rate	25.0%	25.0%
Theoretical tax (expense)/income	**645**	**113**
Reconciliation with effective tax rate		
- Research tax credit (CIR)	48	44
- Other tax credits		
- CVAE (corporate value added contribution) as tax expense	-0	-9
- Losses for the period not capitalised	-1,815	-105
- Share-based compensation expense	-80	-50
- Dilution result	-0	82
- Permanent differences	1,204	-30
- Convertible bonds	-2	-55
- Other differences		2
Actual tax (expense)/income	**-0**	**-9**

The permanent differences in 2021 correspond mainly to issue costs related to the capital increase carried out in the context of the IPO, which are recognised in equity.

8.3. Breakdown of net deferred tax assets (liabilities)

The changes in deferred tax balances are as follows:

In €k	2020.12	Change in income statement	Change in other comprehensive income	Change in shareholders' equity	2021.12		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	285	121	2		407	407	
Defined benefit liability	13	7	-2		18	18	
Leases	-14	13	-		-1		-1
Convertible bonds	-72	-23	-		-96		-96
Neoxy license agreement	-209	-119	-		-328		-328
Other adjustments	-2	1	-		-1		-1
	-						
TOTAL DEFERRED TAXES	-	-	-	-	-	426	-426

In €k	2019.12	Change in income statement	Change in other comprehensive income	Change in shareholders' equity	2020.12		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	118	103	63		285	285	
Defined benefit liability	8	11	-6		13	13	
Leases	-23	9	-		-14		-14
Convertible bonds	-	-16	-57		-72		-72
Neoxy license agreement	-101	-108	-		-209		-209
Other adjustments	-2	1	-		-2		-2
	-	-	-		-		
TOTAL DEFERRED TAXES	-	-	-	-	-	297	-297

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 very long term.

Unrecognised deferred tax assets:

2021.12		2020.12		
Gross amounts (in €k)	Tax effect (in €k)	Gross amounts (in €k)	Tax effect (in €k)	Expiry date of the tax loss
11,115	2,779	3,854	964	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	2020.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2021.12
Technology developed in-house	3,682	-				3,682
Concessions, patents and similar rights	616	69				685
Ongoing development costs	500	160				660
Other intangible assets	-	-				-
Intangible assets (gross value)	**4,798**	**229**	**-**	**-**	**-**	**5,027**
Amortisation of technology developed in-house	-748			-368		-1,117
Amortisation of concessions, patents and similar rights	-83			-68		-150
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	**-831**	**-**	**-**	**-436**	**-**	**-1,267**
Total net value	**3,966**	**229**	**-**	**-436**	**-**	**3,760**

In €k	2019.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2020.12
Technology developed in-house	3,682	-				3,682
Concessions, patents and similar rights	474	141				616
Ongoing development costs	221	280				500
Other intangible assets	-	-				-
Intangible assets (gross value)	**4,377**	**421**	**-**	**-**	**-**	**4,798**
Amortisation of technology developed in-house	-380			-368		-748
Amortisation of concessions, patents and similar rights	-36			-47		-83
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	**-416**	**-**	**-**	**-415**	**-**	**-831**
Total net value	**3,960**	**421**	**-**	**-415**	**-**	**3,966**

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	2020.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2021.12
Other technical facilities, equipment and tools	331	109	-146			294
Fixtures and fittings	53	4				57
Office furniture	15	2				17
Computer hardware	3	3				6
Other property, plant and equipment	0	0				0
Property, plant and equipment (gross value)	**402**	**118**	**-146**	**-**	**-**	**374**
Depreciation of other technical installations, equipment and tools	-324		125	-11		-210
Depreciation of fixtures and fittings	-3			-11		-15
Depreciation of office furniture	-6			-3		-10
Depreciation of computer equipment	-2			-1		-3
Depreciation of other property, plant and equipment	0			-0		0
Depreciation of property, plant and equipment	**-336**	**-**	**125**	**-26**	**-**	**-237**
Total net value	**66**	**118**	**-21**	**-26**	**-**	**137**

In €k	2020.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2020.12
Other technical facilities, equipment and tools	326	5				331
Fixtures and fittings	2	51				53
Office furniture	8	7				15
Computer hardware	3	1				3
Other property, plant and equipment	-0	0				0
Property, plant and equipment (gross value)	**339**	**63**	**-**	**-**	**-**	**402**
Depreciation of other technical installations, equipment and tools	-305			-20		-324
Depreciation of fixtures and fittings	-0			-3		-3
Depreciation of office furniture	-4			-2		-6
Depreciation of computer equipment	-2			-0		-2
Depreciation of other property, plant and equipment	0			-0		0
Depreciation of property, plant and equipment	**-311**	**-**		**-25**	**-**	**-336**
Total net value	**28**	**63**		**-25**	**-**	**66**

Changes in property, plant and equipment during the 2021 financial year do not include any significant acquisition/disposal.

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 indications of impairment were identified for 2021 and 2020.

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 payment 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 are:

- The lease agreement for equipment at the Pilot site, which was amended in January 2020 in order to extend the term of 28 months from February 2020, was redeemed early on 1 October 2021, in return for payment of the remaining lease payments due (i.e. €0.02 million).
- 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.

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 2020	**191**	**35**	**96**	**322**
Depreciation charge for the year	-73	-23	-55	-151
Reversal of depreciation for the year				-
Additions to the "rights of use" asset				-
Derecognition of "rights of use" assets		17	-41	-23
Balance as of 31 December 2021	**118**	**30**	**0**	**148**

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	2021.12	2020.12
Interest expense on lease liabilities	5	3
Expenses related to short-term leases	19	55
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	37	33
Balance as of 31 December 2020	**60**	**91**

- Amounts recognised in cash flows:

In €k	2021.12	2020.12
Total cash outflows from leases	210	199

11. Non-current financial assets

Loans and guarantees given mainly under leases are initially recognised at fair value and subsequently at amortised cost.

Non-current financial assets correspond to guarantees paid under leases. They amounted to €0.02 million as of 31 December 2021 and 2020.

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	2021.12	2020.12
Trade receivables	622	308
Impairment of receivables in respect of expected losses	-	-
Total trade receivables	**622**	**308**
Current financial assets	**230**	**-**
Prepaid expenses	74	29
Tax receivables	474	20
Shareholder loans - assets	5	22
Research tax credit receivable	228	213
Other current assets	142	205
Total other current assets	**923**	**490**

Trade receivables correspond to receivables from Afyren Neoxy under service agreements entered into with the latter.

Tax receivables increased during the year due to the presence of a VAT credit of €0.4 million as of 31 December 2021.

The "Current financial assets" item amounting to €0.2 million as of 31 December 2021 relates to the liquidity account opened on 1 November 2021.

When signing this 12-month liquidity agreement (with tacit renewal) with Oddo (the "Liquidity Provider"), the Company made a payment of €0.3 million. This sum is intended to finance purchases and sales of treasury shares made by the Liquidity Provider at market conditions.

Purchases (net of sales) of treasury shares in financial year 2021 amounted to €0.07 million.

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	2021.12	2020.12
Bank accounts	37,110	9,508
Cash equivalents	30,018	-
Cash and cash equivalents in the statement of financial position	**67,128**	**9,508**
Bank overdrafts repayable on demand and used for cash management purposes	-	-
Cash and cash equivalents in the cash flow statement	**67,128**	**9,508**

The "Cash equivalents" item amounting to €30,018 thousand as of 31 December 2021 corresponds to two term accounts opened by the Company in October 2021.

On 29 October 2021, the Company opened two term accounts of €5 million and a third of €20 million. These term accounts are open for a period of 5 years and are redeemable at any time early subject to 32 days notice. These term accounts bear interest at an annual rate of 0.4%.

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:	**2021.12**	**2020.12**	**2021.12**	**2020.12**	**2021.12**	**2020.12**
Outstanding as of 1 January	7,184,500	7,184,500	10,291,165	2,572,805	17,475,665	9,757,305
Capital decrease	-	-	-	-	-	-
Capital increase	8,286,359	-		7,718,360	8,286,359	7,718,360
Outstanding as of 31 December - fully paid-up shares	**15,470,859**	**7,184,500**	**10,291,165**	**10,291,165**	**25,762,024**	**17,475,665**

The Combined general meeting of 11 June 2021 decided to divide the nominal value of the Company's shares by five, reducing it from €0.10 to €0.02. The number of shares was thus increased from 3,495,133 to 17,475,665.

On 1 October 2021, Afyren completed its IPO on the unregulated Euronext Growth market in Paris. The result of this operation was:

- An issue of 8,286,359 shares with a nominal value of €0.02, i.e. a capital increase of €0.2 million;
- Together with an issue premium of €8.00 per share, i.e. a total issue premium of €66.3million.

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 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.

By decision of the combined general meeting of 11 June 2021, the Company divided the nominal value of the shares by five, reducing it from €0.10 to €0.02. The number of shares was therefore adjusted retrospectively to 9,757,305 shares instead of 1,951,461 shares as of 1 January 2020.

Net income attributable to holders of ordinary (basic) shares

	2021.12	2020.12
In €k		
Net income for the period attributable to owners of the Company	-3,609	-2,133
Net income attributable to holders of ordinary shares	**-3,609**	**-2,133**

Weighted average number of ordinary (basic) shares

	2021.12	2020.12
Number of ordinary shares as of 1 January	17,475,665	9,757,305
Capital decrease	-	-
Capital increase (in number of shares)	8,286,359	7,718,360
Weighted average number of ordinary shares as of 31 December	**19,609,686**	**16,756,694**
Basic earnings per share (in €)	**-0.18**	**-0.13**
Diluted earnings per share (in €)	**-0.18**	**-0.13**

The calculation of earnings per share for the financial year ended 31 December 2020 has been adjusted retrospectively to take into account the splitting by five of the nominal value of the Company's shares, resulting in a fivefold increase in the number of shares during the financial year ended 31 December 2021.

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 2020 and 31 December 2021, 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.

Convertible bonds 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	Contractual rate	Maturity year	Nominal value	2021.12 Carrying amount	2020.12 Carrying amount
Convertible bonds	EUR	Fixed rate	7.00%	2023	3,567	3,567	3,567
Total convertible bonds					**3,567**	**3,567**	**3,567**
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	0.75%	2026	780	797	780
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	0.75%	2026	300	300	300
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	0.73%	2026	780	782	780
State guaranteed loan (PGE) - CA	EUR	Fixed rate	0.55%	2026	780	780	780
Total state guaranteed loans (PGE)					**2,640**	**2,659**	**2,640**
BPI PA 1 repayable advance	EUR	Fixed rate	5.33%	2022	50	13	23
BPI PA 2 repayable advance	EUR	Fixed rate	5.84%	2023	150	75	105
BPI PA 3 repayable advance	EUR	Fixed rate	4.40%	2024	302	181	242
BPI PA 3 repayable advance	EUR	Fixed rate	4.67%	2026	198	149	188
BPI CMI 2 repayable advance	EUR	Fixed rate	0.00%	2022	573	408	523
Total repayable advances					**1,273**	**825**	**1,080**
FIAD Zero rate	EUR	Fixed rate	0.00%	2021	234	-	47
BPI ADI Zero rate	EUR	Fixed rate	0.00%	2023	690	380	518
Total equity loan	EUR	Fixed rate	1.00%	2024	400	312	400
BPI R&D Innovation loan	EUR	Fixed rate	0.63%	2027	750	750	750
BPI R&D Innovation loan	EUR	Fixed rate	0.71%	2028	200	200	-
Total other borrowings					**2,274**	**1,642**	**1,714**
Lease liability	EUR	Fixed rate			**295**	**145**	**265**
Accrued interest						**112**	**133**
Total					**10,048**	**8,949**	**9,400**
Current portion						**950**	**3,573**
Non-current portion						**7,999**	**5,827**

Convertible bond issue

In March 2020, the Company entered into an agreement to issue bonds convertible into shares with five financial investors under the following conditions:

- Issue of 346,274 convertible bonds for a total amount of €3,567 thousand;
- Nominal value of €10.30, fully paid up at the time of subscription;
- Maturity at 31 March 2023;
- At maturity, repayment in cash or in a fixed number of shares;
- Early repayment of principal and interest by the Company without penalties.

For these convertible bonds, the portion recognised as borrowings and financial liabilities amounts to €3,340 thousand and the portion recognised in equity amounts to €227 thousand.

State guaranteed loans (PGE)

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 €2.6 million.

When they were taken out, these loans had the following conditions: 12 months' grace period for principal and interest followed by instalments in arrears comprising repayment of principal 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.

Instalments at the end of the grace period are quarterly (and monthly for Banque Populaire) at the end of the grace period, i.e. from July/August 2022. The interest rates applied over the repayment period correspond to the bank's refinancing cost (annual rate between 0.55% and 0.75%) to which is added the cost of the State guarantee (0.25% p.a.).

Repayable advances

The PAI 1, 2 and 3 repayable advances benefit from a 12-quarter grace period 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 5.33%;
- 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 4.67%;

CMI 2: this repayable advance taken out in August 2017 is repayable in annual instalments and bears no interest.

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	2020.12	Cash flow			Non-monetary changes			2021.12
		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	2,340	200			3		2,075	4,617
Non-current lease liabilities	147					-104		42
Total non-current borrowings and liabilities	**5,826**	**200**	**-**	**-**	**3**	**-104**	**2,075**	**7,999**
Convertible bonds	124		-178		158			104
Other borrowings	3,330		-227	-528	243		-2,075	743
Current lease liabilities	118		-5		5	-16		103
Total current borrowings and financial liabilities	**3,573**	**-**	**-410**	**-528**	**405**	**-16**	**-2,075**	**950**

In €k	2019.12	Cash flow			Non-monetary changes			2020.12
		Proceeds from new borrowings	Interest flows paid	Debt repayment	Interest expense	impact of IFRS 16 - Leases	Reclassification	
- Convertible bonds	-	3,567					-227	3,340
Other borrowings	2,544	250					-455	2,340
Non-current lease liabilities	11					134		147
Total non-current borrowings and liabilities	**2,556**	**3,817**	**-**	**-**	**-**	**134**	**-681**	**5,826**
- Convertible bonds	-				124			124
Other borrowings	251	2,640	219	-251	16		455	3,330
Current lease liabilities	77		-3		3	41		118
Total current borrowings and financial liabilities	**328**	**2,640**	**216**	**-251**	**144**	**41**	**455**	**3,573**

The reclassification of €1,910 thousand between other current and non-current borrowings relates to the State Guaranteed Loans which are now classified as non-current following the signing of the amendments in 2021 (see note 16.1.).

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	2021.12	2020.12
Total trade payables	**513**	**146**
Current deferred income (customer contract liabilities)	**1,272**	**1,227**
Social security liabilities	708	545
Tax liabilities	133	111
Total other current liabilities	**841**	**656**
Non-current deferred income (customer contract liabilities)	2,640	3,912
Non-current deferred income (grant)	990	911
Total	**6,257**	**6,852**

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 grant for €0.6 million received as part of Bpifrance's innovation support programme;
- Booster R&D grant 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 2);

- Level 3: fair value is determined using valuation methods based on unobservable market data.

In €k	Accounting category	Level in the fair value hierarchy	2021.12 Total net carrying amount	2021.12 Fair value	2020.12 Total net carrying amount	2020.12 Fair value
Deposits and guarantees	Fair value	Level 2 - Note 2	28	28	28	28
Total non-current financial assets			**28**	**28**	**28**	**28**
Trade receivables	Amortised cost	Note 1	622	622	308	308
Current financial assets	Amortised cost	Note 1	230	230	-	-
Other current financial assets	Amortised cost	Note 1	142	142	222	222
Cash and cash equivalents	Amortised cost	Note 1	67,128	67,128	9,508	9,508
Total current financial assets			**68,122**	**68,122**	**10,038**	**10,038**
Total assets			**68,150**	**68,150**	**10,066**	**10,066**
Convertible bonds	Fair value	Level 2 - Note 5	3,340	3,340	3,340	3,340
Borrowings and financial liabilities	Amortised cost	Level 2 - Note 5	4,617	4,617	2,340	2,340
Total non-current financial liabilities			**7,957**	**7,957**	**5,680**	**5,680**
Non-current lease liability	Amortised cost	Level 2 - Note 3	42	42	147	147
Convertible bonds	Fair value	Level 2 - Note 5	104	104	124	124
Borrowings and financial liabilities	Amortised cost	Level 2 - Note 5	743	743	3,330	3,330
Trade payables	Amortised cost	Note 1	513	513	146	146
Total current financial liabilities			**1,360**	**1,360**	**3,600**	**3,600**
Current lease liability	Amortised cost	Note 3	**103**	**103**	**118**	**118**
Total liabilities			**9,462**	**9,462**	**9,545**	**9,545**

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 material given the small change in risk-free interest rates and in the Company's credit spread.

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. 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.

As of 31 December 2020 and 31 December 2021, no impairment of receivables was written off or impaired with incurred losses (credit impaired).

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.

2021.12	In €k Carrying amount	Contractual financial flows Total	less than one year	1 to 2 years	2 to 5 years	More than 5 years
Convertible bonds	3,444	3,790	178	3,611	-	-
Other borrowings and financial liabilities	5,360	5,514	1,135	1,436	2,721	221
Lease liabilities	145	163	104	58	0	-
Trade payables	513	513	513	-	-	-
Total financial liabilities	**9,462**	**9,980**	**1,931**	**5,106**	**2,722**	**221**

2020.12	In €k Carrying amount	Contractual financial flows Total	less than one year	1 to 2 years	2 to 5 years	More than 5 years
Convertible bonds	3,464	3,923	134	178	3,611	-
Other borrowings and financial liabilities	5,670	5,782	3,440	624	1,491	226
Lease liabilities	265	288	123	113	53	-
Trade payables	146	146	146	-		
Total financial liabilities	**9,545**	**10,139**	**3,843**	**915**	**5,155**	**226**

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	2021.12	2020.12
Trade receivable	622	308
Customer contract liabilities (deferred income)	3,912	5,139
Financial expenses	-190	-234
Revenues	3,013	3,921
- Licensing income and development of industrial know-how	1,417	1,417
- Other services	1,597	2,504

20. Off-balance sheet commitment

IN €k	2021.12	2020.12
Guarantees given (related to BPI advances)	33	33
Guarantees received:		
BPI guarantee received: National guarantee fund - Equity Loan Start-up of SMEs and VSEs.	172	232
BPI guarantee received: Auvergne PPA Fund	30	42
BPI guarantee received: AI/SI Intervention Guarantee Fund	3	5
BPI guarantee received: European Investment Fund	132	172

21. Statutory auditor's fees

The fees paid by the Company to its statutory auditor for 2020 and 2021 are as follows:

€k	RSM	
	2021.12	2020.12
Certification of individual financial statements	60	9
Other work and services directly related to the statutory audit	132	1
Statutory audit fees	**192**	**10**

Other work and services directly related to the statutory auditor's assignment in the amount of €132 thousand in 2021 correspond to the fees related to the Company's IPO.

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Limited company with a share capital of 515 240,48 euros

STATUTORY AUDITOR'S REPORT ON THE IFRS FINANCIAL STATEMENTS
For the year ended 31 December 2021

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.

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, 2021.

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies internal organization and the performance of the audits.

It is in this complex and evolving context that these Financial statements have been prepared. 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, 2021, and the results of its operations for the years then ended in accordance with IFRS as adopted by the European Union.

Lyon, March 24, 2022

The statutory auditor

RSM Rhône-Alpes

Gael DHALLUIN