



## AFYREN announces its 2022 annual financial results

- **A successful 2022 in commercial, industrial, and extra-financial terms:**
  - Inauguration of the group's first factory, AFYREN NEOXY
  - Commercial success: 75% of annual acid volume and 100% of fertilizer already pre-sold
  - Further improved extra-financial rating (78/100 vs. 66 published and 72 adjusted<sup>1</sup>)
- **Teams fully mobilized at the start of 2023:**
  - Reliability testing and tuning is in progress at AFYREN NEOXY plant, and clients have confirmed commitments for orders totaling €165 million in revenue
  - International expansion is confirmed, with the project for a second factory in Thailand
- **A solid financial situation at the end of 2022:**
  - Net loss in line with expectations: delivery and start-up of the AFYREN NEOXY plant, as well as development costs of next plants and innovation projects
  - Limited cash consumption: €62.3 million of cash available as of December 31, 2022, to continue executing the medium-term strategy presented at the IPO

**Clermont-Ferrand/Lyon, March 21, 2023, at 5:45 p.m. CET** - AFYREN, a greentech company that provides manufacturers with low-carbon, bio-based products through its unique fermentation technology based on a completely circular model, today announced audited annual financial results for the year ended December 31, 2022, and approved by the Board of Directors on March 21, 2023.

**Nicolas SORDET, CEO of AFYREN, commented:** *"In 2022, AFYREN achieved major milestones set out in the roadmap presented at the time of its 2021 IPO, with the inauguration of the AFYREN NEOXY plant, the structuring of its teams, the pursuit of an advanced CSR policy and the signing of new contracts. Let's move on to 2023 and the new challenges we are tackling, in particular the gradual launch of industrial production at AFYREN NEOXY this year and the finalization of our joint venture project with a leader in the sugar industry for a plant in Thailand. Exchanges with customers and prospects indicate that as each day goes by, demand is broadening for our unique offerings, and our priority is to meet it as soon as possible."*

### [A world first in France's Grand Est region](#)

The highlight of the 2022 financial year was the industrial start-up and inauguration of the AFYREN NEOXY plant in Carling-Saint Avold, in the Grand Est region of France. This biorefinery, which produces biobased carboxylic acids from sugar beet co-products, is unique in the world.

Today, the teams are fully mobilized to ensure the reliability of certain unit stages, with a view to launching industrial production and invoicing customers. Initially scheduled for the end of 2022, delivery of the first batches was postponed to allow operations to be stabilized, without impacting contractual commitments.

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<sup>1</sup> Evolution of the reference system between 2021 and 2022 leading to a re-evaluation of the scores

Indeed, since the beginning of 2023, all strategic customers have confirmed their confidence in the AFYREN project, with commercial commitments for 75%<sup>2</sup> of AFYREN NEOXY's annual production of acids and 100% of fertilizer. Those commitments represent total cumulative revenue of more than €165 million<sup>3</sup>, to be recognized over the coming years.

For the remaining capacity, AFYREN will be able to favor shorter-term contracts while targeting high value-added market segments or customers with whom AFYREN could generate commercial synergies around the production of future plants.

Once industrial production begins, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity, generating overall annual revenue (including fertilizer sales) of approximately 35 million euros<sup>4</sup>. The target EBITDA current production margin for this plant at full capacity is 25%. AFYREN NEOXY's break-even point (positive current production EBITDA margin) is still predicted for 2023, taking into account current estimates for the start of production and ramp-up.

### **Significant progress in terms of ESG<sup>5</sup> and an improved extra-financial rating**

Underpinned by ambitious governance, with a Corporate Social Responsibility director on AFYREN's executive committee since 2021 and a CSR committee chaired by a woman director<sup>6</sup>, Environmental, Social and corporate Governance (ESG) has made significant progress in 2022.

In the first quarter, following a consultation with its internal and external stakeholders, AFYREN formulated its Purpose Statement: "We enable low-carbon, circular industry (Pillar 1) by providing biobased solutions (Pillar 2) built with our partners to benefit the environment (Pillar 3)." The Company's ESG roadmap is therefore naturally structured around these three pillars.

In June, the Annual General Meeting also ratified the appointment of a new independent director<sup>7</sup> to head AFYREN's Audit Committee. To date, the Board has two independent directors, including the Chair, and women represent 29% of the board.

AFYREN strengthened its structure in 2022, recruiting more than 30 people and crossing the symbolic mark of 100 employees at the end of December 2022.

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

### **International expansion on track**

When it went public in October 2021, AFYREN presented two geographical areas under consideration, characterized by plentiful biomass and sizeable commercial outlets for acids: North America and Southeast Asia.

After studying several scenarios (considering key parameters such as country and location, substrate, etc.) and discussions with partners in 2022, AFYREN announced in January 2023 that it had entered into a partnership<sup>8</sup> with Mitr Phol, a world leader in the sugar industry, to set up a biorefinery in Thailand. This project is to be carried out by a venture jointly owned by AFYREN (70%) and Mitr Phol (30%), targeting the Asian market, which represents 25% of the world market for carboxylic acids<sup>9</sup>.

This second plant is aiming for production capacity of approximately 28,000 tonnes per year, representing revenues of about €60 million, with a target current production EBITDA margin of 30-35% at full capacity. Production is expected to start in 2025, with the timetable set to be fixed after engineering studies planned for the second half of 2023. AFYREN is aiming to reach break-even for the group (in terms of current EBITDA) with this second plant at full capacity.

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<sup>2</sup> Of which 71% contractualized and 5%+ in pre-contract stage (MoU, LoI)

<sup>3</sup> Based on contractualized part only – volumes over the duration of the contract x selling price

<sup>4</sup> Before price increases related to inflation

<sup>5</sup> Environmental, Social and Good Governance Criteria

<sup>6</sup> Caroline Lebel, appointed at the Combined General Meeting (AGM) of June 2022

<sup>7</sup> Patrizia Marraghini, also appointed at the Combined General Meeting of June 2022

<sup>8</sup> The agreement is expected to be finalized in mid-2023, subject to the parties' agreement on the final terms of the partnership

<sup>9</sup> Source: « Carboxylic Acids Market: Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015-2023 », Transparency Market Research

At the same time, AFYREN is pursuing discussions on other projects, particularly in the Americas.

**Net loss notably due to the delivery and start-up of the AFYREN NEOXY plant, development costs and innovation projects and cash consumption under control at the end of 2022**

<b>Simplified P&amp;L (in thousands of euros)</b>	<b>12/2022</b>	<b>12/2021</b>	<b>Var.</b>
<b>Revenue</b>	<b>3 456</b>	<b>3 036</b>	<b>+14%</b>
<i>licensing and development of industrial know-how</i>	<i>1 417</i>	<i>1 417</i>	<i>-</i>
<i>other services provided</i>	<i>2 039</i>	<i>1 619</i>	<i>+26%</i>
<b>Operating loss</b>	<b>(5 371)</b>	<b>(2 176)</b>	<b>x2,5</b>
Net financial loss	(166)	(403)	-59%
Share in loss of equity-accounted company (net of tax)	(3 662)	(1 029)	x3,9
<b>Net loss</b>	<b>(9 200)</b>	<b>(3 609)</b>	<b>x2,5</b>

Revenues for 2022 totaled €3.5 million, up 14% compared to €3.0 million in 2021. Revenues are essentially made up of income from patent and intellectual property licenses, stable over the year, and from various contracts concluded with AFYREN NEOXY, up compared with 2021 because of various technical services provided in the context of the start-up of the plant.

Net current operating expenses<sup>10</sup> amounted to €8.8 million, compared with €5.2 million at the end of 2021, the €3.6 million increase is mainly attributable to an increase in personnel expenses (+€2.7 million, including +€2.0 million in non-cash expenses related to the accounting for the long-term incentive plans for managers and employees, (set up in 2021 and 2022), and purchases and external expenses (+€0.8 million). These expenses include €0.5 million related to development costs for the Group's future plants. In addition, research and development spending accounted for as charges in 2022 reached €1.8 million in 2022, up 29% compared to 2021. Operating profit was therefore €(5.4) million.

Financial income improved by €0.2 million, mainly due to financial income from the investment of cash and cash equivalents, with financial expenses falling slightly.

The share accounted for in the result of AFYREN NEOXY amounted to a loss of €3.7 million at the end of 2022, compared with a loss of €1.0 million at the end of 2021. This is mainly linked to the operational expenses of the plant, in the absence of sales. AFYREN NEOXY will recognize sales when acid batches are delivered to its customers.

The net result amounts to a loss of €9.2 million at the end of 2022, compared with a loss of €3.6 million at the end of 2021: the net loss is in line with the company's expectations, in a phase where AFYREN and AFYREN NEOXY teams are fully mobilized for the start-up of the first plant and the preparation of the next ones.

<b>Simplified balance sheet (in thousands of euros)</b>	<b>12/2022</b>	<b>12/2021</b>
Non-current financial assets	20 998	24 246
<i>of which equity-accounted securities</i>	<i>16 513</i>	<i>20 171</i>
Current assets	63 822	68 903
<i>of which cash and cash equivalents</i>	<i>62 333</i>	<i>67 128</i>
<b>Total assets</b>	<b>84 821</b>	<b>93 149</b>
Equity	70 978	77 856
Non-current provisions	5 885	11 717
<i>of which loans and financial debts</i>	<i>3 485</i>	<i>7 999</i>
Current liabilities	7 958	3 576
<i>of which loans and financial debts</i>	<i>5 054</i>	<i>950</i>
<b>Total liabilities</b>	<b>84 821</b>	<b>93 149</b>

At the end of 2022, AFYREN had a solid balance sheet and shareholders' equity of €71.0 million, the decrease compared to 2021 was attributable to the net loss for the year 2022.

<sup>10</sup> Net of other income, mainly operating grants

Total financial debt is very limited, at €8.1 million<sup>11</sup> ; the decrease in long-term borrowings was mainly due to the reclassification of certain instruments as current debt, as a result of scheduled repayments, notably in the first quarter of 2023 (convertible bonds and French PGE<sup>12</sup>).

At the end of 2022, AFYREN had a cash position of €62.3 million. The consumption of cash over the year was limited to €4.8 million, of which more than €2 million was attributable to R&D and development expenses for future plants.

### Outlook and financial objectives

**As part of its growth strategy, the Company aims to achieve the following by 2027:**

- **three production sites (plants) with a combined installed capacity of around 72,000 tonnes**
- **cumulated production revenue from the three plants of more than €150 million<sup>13</sup>**
- **a target current EBITDA margin at Group level of around 30%<sup>14</sup>**

These objectives are sensitive to certain variables, in particular:

- (i) a timetable for the construction, commissioning and ramp-up of plants 2 and 3, depending on feedback from AFYREN NEOXY, engineering studies for plant 2, and the choice for plant 3 between an AFYREN NEOXY extension scenario or establishment on a new site*
- (ii) the direct and indirect effects of the macro-economic context, in particular the availability of equipment and materials during the construction phase and the impact of the energy crisis on plant operating costs and sales prices, the latter tending to offset each other. AFYREN proposes a robust model in the face of petro-sourced competition, which influences prices for the entire market.*

### Availability of the 2022 financial report

The company will make its 2022 annual financial report available to the public and file with the Autorité des marchés financiers no later than April 14, 2023.

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<sup>11</sup> Excluding rental debts, which represent €400,000 at the end of December 2022

<sup>12</sup> French government state guaranteed loan

<sup>13</sup> Revenues in excess of €150 million correspond to the combined revenues of the production units

<sup>14</sup> This level of margin is determined on the assumption that AFYREN NEOXY will continue to be accounted for by the equity method in the accounts, in accordance with the analysis carried out for the accounts of the financial year ending December 31, 2022

## About AFYREN

Founded in 2012 to address manufacturers' growing need to reduce the carbon footprint of their inputs and move towards more natural ingredients, AFYREN manufactures biobased products to replace petroleum-derived molecules. Because of its innovative, unique, and proprietary process, the French greentech company offers low-carbon, bio-based alternatives in the following sectors: human and animal nutrition, cosmetics, flavors and fragrances, and fine chemicals. By valorizing local, non-food biomass, AFYREN helps manufacturers offer more sustainable finished products while remaining competitive.

The company is pursuing an ambitious development plan to better serve its international customers. Its first plant, AFYREN NEOXY, a joint venture with Bpifrance's SPI fund, is located in France to serve mainly the European market. In early 2023, AFYREN announced the launch of a factory project in Thailand, partnering with a world leader in the sugar industry. AFYREN is also developing its presence in the Americas, in line with the distribution agreements already signed.

In 2023, AFYREN employs more than 110 people in Lyon, Clermont-Ferrand & Carling Saint-Avoid and invests 20% of its budget in R&D each year.

AFYREN has been listed on Euronext Growth<sup>®</sup> in Paris since 2021 (ISIN code: FR0014005AC9, mnemonic: ALAFY).

Find out more: [afyren.com](https://afyren.com)



## Financial calendar

- Annual general meeting: 21 June 2023
- Half-year results 2023: 2 October 2023

## Contacts

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## Appendix

### 1. Income statement

In €k	2022.12	2021.12
<b>Revenues</b>	<b>3 456</b>	<b>3 036</b>
Other income	460	410
Purchases and external expenses	(2 396)	(1 565)
Payroll costs	(6 104)	(3 364)
Depreciation of fixed assets and rights of use	(629)	(612)
Other expenses	(158)	(81)
<b>Current operating income</b>	<b>(5 371)</b>	<b>(2 176)</b>
Non-current operating income	-	-
<b>Operating income</b>	<b>(5 348)</b>	<b>(2 176)</b>
Financial income	179	3
Financial expenses	(345)	(405)
<b>Net financial income</b>	<b>(166)</b>	<b>(403)</b>
Share in income of equity-accounted company (net of tax)	(3 662)	(1 029)
<b>Income before tax</b>	<b>(9 200)</b>	<b>(3 608)</b>
Income tax	0	(0)
<b>Net income for the year</b>	<b>(9 200)</b>	<b>(3 609)</b>
Earnings per share		
Basic earnings per share (in euros)	(0.36)	(0.18)
Diluted earnings per share (in euros)	(0.36)	(0.18)

## 2. Balance sheet

In €k	2022.12	2021.12
Intangible assets	3 621	3 760
Property, plant and equipment	358	139
Rights of use	446	148
Equity-accounted securities	16 513	20 171
Non-current financial assets	62	28
<b>Non-current assets</b>	<b>20 998</b>	<b>24 246</b>
Trade receivables	788	622
Current financial assets	71	230
Other current assets	630	923
Cash and cash equivalents	62 333	67 128
<b>Current assets</b>	<b>63 822</b>	<b>68 903</b>
<b>Total assets</b>	<b>84 821</b>	<b>93 149</b>
Share capital	517	515
Issue premiums	85 089	85 069
Reserves	399	(986)
Retained earnings	(5 828)	(3 133)
Net income for the year	(9 200)	(3 609)
<b>Equity attributable to the owners of the Company</b>	<b>70 978</b>	<b>77 856</b>
Non-current borrowings and financial liabilities	3 261	7 957
Non-current lease liabilities	224	42
Defined benefit liabilities	67	73
Non-current provisions	14	14
Non-current deferred income (customer contract liabilities)	1 321	2 640
Non-current deferred income (grant)	997	990
<b>Non-current liabilities</b>	<b>5 885</b>	<b>11 717</b>
Current borrowings and financial liabilities	4 867	847
Current lease liabilities	187	103
Trade payables	520	513
Current deferred income (customer contract liabilities)	1 319	1 272
Other current liabilities	1 066	841
<b>Current liabilities</b>	<b>7 958</b>	<b>3 576</b>
<b>Total liabilities</b>	<b>13 843</b>	<b>15 293</b>
<b>Total equity and liabilities</b>	<b>84 821</b>	<b>93 149</b>

### **3. Cash flow statement (simplified)**

In €k	2022.12	2021.12
<b>Net income for the year</b>	<b>(9 200)</b>	<b>(3 609)</b>
<b>Total elimination of expenses and income with no impact on cash</b>	<b>6 877</b>	<b>2 286</b>
<b>Total cash flow</b>	<b>(2 323)</b>	<b>(1 322)</b>
<b>Total changes in working capital</b>	<b>(973)</b>	<b>(1 393)</b>
<b>Net cash from operating activities</b>	<b>(3 296)</b>	<b>(2 715)</b>
<b>Net cash used in investing activities</b>	<b>(362)</b>	<b>(436)</b>
Capital increase	-	61 625
Proceeds from the convertible bond issue	-	(0)
Proceeds from new borrowings and financial liabilities	127	200
Repayment of borrowings and financial liabilities	(779)	(528)
Payment of lease liabilities	(142)	(118)
Interest paid on borrowings and financial liabilities	(162)	(227)
Interest paid on bonds	(178)	(178)
Interest paid on lease liabilities	(4)	(5)
<b>Net cash used in financing activities</b>	<b>(1 138)</b>	<b>60 770</b>
<b>Net change in cash and cash equivalents</b>	<b>(4 795)</b>	<b>57 619</b>
Cash and cash equivalents as of January 1st	67 128	9 508
Effect of exchange rate changes on cash held		
<b>Cash and cash equivalents as of December 31st</b>	<b>62 333</b>	<b>67 128</b>