



AFYREN announces its 2023 half-year financial results

- **New progress in commercial, industrial, and extra-financial terms:**
 - Delivery of the first batches, now aiming for continuous industrial production
 - Thailand joint venture structuring in progress with Mitr Phol
 - Success of the first HR barometer (AFYREN Global People Survey), with a 97% employee participation rate showing strong employee commitment
- **A solid financial situation as of June 30, 2023:**
 - AFYREN NEOXY's financial position strengthened, covering start-up progress
 - Underlying cash burn¹ of €3.6 million with effective management of operating expenses
 - €52.7 million cash available on June 30, 2023

Clermont-Ferrand/Lyon, September 19, 2023, at 7:30 a.m. CEST - 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 financial results for the half-year ended June 30, 2023, and approved by the Board of Directors on September 18, 2023.

Nicolas SORDET, CEO of AFYREN, stated: *"The first half of the year has seen significant progress on several key projects for AFYREN. Thanks to a major mobilisation of all its teams, AFYREN NEOXY is close to the start of continuous production and the successful transition to industrial scale, to meet the sustained demand of its customers. The commitment of our teams has also enabled us to make parallel progress on our discussions with our partner for the creation of a joint venture in Thailand. As a result, we are progressing on the roadmap that should enable us to operate three plants in France and abroad by 2027".*

[Update on AFYREN NEOXY's progress](#)

In June 2023, AFYREN announced significant progress in the plant's production operations and the delivery of the first batches of bio-based organic acids.

Since June, the work to make operations more reliable and start continuous production has made tangible progress: the technical solutions identified are gradually being deployed, and the positive results mean that AFYREN NEOXY can expect to reach breakeven² in the first half of 2024 (initially planned for the end of the 2023 financial year).

As a reminder, once industrial production started, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity. This production, which offers a unique, low-carbon, local alternative to petroleum-based competition, has applications in markets as varied as human and animal nutrition, flavour and fragrances as well as lubricants and technical fluids. Since the beginning of 2023, strategic customers have renewed their confidence in the project led by AFYREN, confirming commercial commitments for cumulative contractual revenue of over €165 million.³

¹ Before redemption of convertible bonds (€3.6m), net of new borrowings (€1.0m) and reinforcement of AFYREN NEOXY's financial strength (€3.5m)

² Positive current EBITDA margin

³ Volume x price as per contract terms

Ongoing structuring of joint venture agreement with Mitr Phol in Thailand

In January 2023, AFYREN announced that it entered into a partnership project with Mitr Phol, a world leader in the sugar industry, to set up a biorefinery in Thailand to serve the Asian market which represent 25% of the carboxylic acids global market. This second plant project aims to achieve a production capacity of around 28,000 tonnes per year at full capacity.

Discussions concerning the project's joint venture (70% owned by AFYREN and 30% by Mitr Phol) are in advanced stages. The next step is the signature⁴ followed by engineering studies to specify the investment required and the schedule for construction and production start-up.

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

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

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

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

Strengthening of AFYREN NEOXY's financial situation

In the first half of 2023, AFYREN NEOXY's financial situation was reinforced to secure the progress of the AFYREN NEOXY start-up phase.

In March 2023, AFYREN NEOXY secured a €5 million overdraft facility with BNP for 2023, reduced to €2.5 million in 2024, to cover financing needs arising during the start-up phase (pre-financing of disbursements of grants, etc.).

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

In accordance with existing financing agreements, AFYREN and Bpifrance subscribed in May 2023 to a €3.5 million capital increase (of which €2 million subscribed by AFYREN) and €3 million convertible bond issue by AFYREN NEOXY (of which €1.5 million subscribed by AFYREN).

Other financing has been secured since June 2023: a €6 million New Industry loan (Prêt Nouvelle Industrie) subscribed in August 2023 with Bpifrance and two factoring contracts signed in September 2023 with BPCE Factor concerning receivables from French and foreign customers.

Net loss in line with development progress and solid financial position

Simplified P&L (in thousands of euros)	06/2023	06/2022	Var.
Revenue	1,956	1,763	+11%
<i>licensing and development of industrial know-how</i>	<i>708</i>	<i>708</i>	<i>-</i>
<i>other services provided</i>	<i>1,247</i>	<i>1 054</i>	<i>+18%</i>
Operating loss	(3 097)	(2,580)	+20%
Net financial loss	503	(160)	-
Share in loss of equity-accounted company (net of tax)	(2,529)	(1,420)	+78%
Net loss	(5,123)	(4,160)	+23%

⁴ Upon agreement of all parties on final terms

The Company's revenue amounted to €1.96 million in the first half of 2023, up 11% from €1.76 million in the first half of 2022. Revenue is essentially made up of income from patent and know-how licenses of the Group, unchanged from the first half of 2022, and income from various contracts entered into with AFYREN NEOXY, up compared with 2022, because of various technical services provided in the context of the start-up of the plant.

Net operating expenses⁵ amounted to €5 million in the first half of 2023, compared with €4.3 million in the first half of 2022, an increase of €0.7 million.

This increase was mainly attributable to:

- purchases and external expenses, up €0.3 million, including expenses related to the development of the Group's next plants, particularly in Thailand;
- staff costs up €0.2 million due to the increase in the number of employees, with the average number of full-time equivalents (FTE) increasing from 31 as of 30 June 2022 to nearly 40 as of 30 June 2023 (excluding AFYREN NEOXY), to support the Group's growth.

Operating expenses include €0.4 million related to development costs for the Group's future plants, increasing by €0.2 million compared with the first half of 2022. In addition, research and development spending recognised as expenses increased from €0.6 million in the first half of 2022 to €0.9 million in the first half of 2023.

After recognition of other expenses⁶ of €(0.5) million, current operating income was €(3.1) million, the increase in expenses was partially offset by the increase in revenue.

Financial result records a €0.7 million improvement thanks to financial income from cash and cash equivalent investment.

The share accounted for in AFYREN NEOXY's net income was €(2.5) million in the first half of 2023, compared with €(1.4) million in the first half of 2022. This change is mainly related to the plant's operating expenses, in the absence of revenue. AFYREN NEOXY will recognise revenue when acid batches are delivered to its customers from continuous production.

Net income was €(5.1) million at the end of June 2023, compared with €(4.2) million at the end of June 2022: the net loss reflects a phase in which AFYREN and AFYREN NEOXY teams have been fully mobilised by the reliability and start-up of the first plant and the development of subsequent plants.

Simplified balance sheet (in thousands of euros)	06/2023	12/2022
Non-current financial assets	21,832	20,998
<i>of which equity-accounted securities</i>	<i>16,456</i>	<i>16,513</i>
Current assets	54,548	63,822
<i>of which cash and cash equivalents</i>	<i>52,652</i>	<i>62,333</i>
Total assets	76,380	84,821
Equity	65,920	70,978
Non-current provisions	5,354	5,885
<i>of which loans and financial debts</i>	<i>3,641</i>	<i>3,485</i>
Current liabilities	5,107	7,958
<i>of which loans and financial debts</i>	<i>1,597</i>	<i>5,054</i>
Total liabilities	76,380	84,821

As of June 30, 2023, AFYREN has a solid balance sheet with Shareholder's equity of €65.9 million, the decrease compared to end of December 2022 coming from the net loss of the period.

As of June 30, 2023, AFYREN's total financial debt was low, at €5.2 million including lease liabilities and €4.9 million excluding lease liabilities⁷.

⁵ Net of other income, mainly operating grants including in particular the research tax credit

⁶ Other expenses include depreciation of fixed assets, amortization of leasehold rights of use, and miscellaneous expenses.

⁷ Lease liabilities represent €0.3 million at the end of June 2023

The Group has a cash position of €52.7 million which enables it to meet its obligations and finance its future developments. Cash outflows over the period totaled €9.7 million, of which €3.5 million related to the strengthening of the AFYREN NEOXY financial position and €3.6 million from the repayment of a convertible bond subscribed in March 2020, against €1 million of new loan subscription (Prêt Innovation). Adjusted for these items, the underlying cash burn was €3.6 million.

2027 outlook

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

- three production units with a combined installed capacity of around 72,000 tons;
- cumulated production revenue from the three plants of more than €150 million⁸;
- a target current EBITDA margin at Group level of around 30%⁹.

These objectives depend on certain variables, in particular:

- 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;*
- 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 2023 Half-year report

The Company will make its 2023 half-year financial report available to the public and file with the Autorité des marchés financiers no later than September 22, 2023.

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[®] in Paris since 2021 (ISIN code: FR0014005AC9, mnemonic: ALAFY).

Find out more: afyren.com



⁸ Revenue in excess of €150 million correspond to the combined revenue of the production units

⁹ Recurring EBITDA margin is defined at Company level.

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Appendix

1. Income statement

In €k	2023.06	2022.06
Revenue	1,956	1,763
Other income	226	234
Purchases and external expenses	(1,538)	(1,210)
Payroll costs	(3,249)	(3,024)
Depreciation of fixed assets and rights of use	(406)	(301)
Other expenses	(86)	(42)
Current operating income	(3,097)	(2,580)
Non-current operating income	-	-
Operating income	(3,097)	(2,580)
Financial income	746	14
Financial expenses	(243)	(174)
Net financial income	503	(160)
Share in income of equity-accounted company (net of tax)	(2,529)	(1,420)
Income before tax	(5,123)	(4,160)
Income tax	-	-
Net income for the year	(5,123)	(4,160)
Earnings per share		
Basic earnings per share (in euros)	(0.20)	(0.16)
Diluted earnings per share (in euros)	(0.20)	(0.16)

2. Balance sheet

In €k	2023.06	2022.06
Intangible assets	3,492	3,621
Property, plant and equipment	349	358
Rights of use	363	446
Equity-accounted securities	16,456	16,513
Non-current financial assets	1,172	62
Non-current assets	21,832	20,998
Trade receivables	1,237	788
Current financial assets	361	71
Other current assets	298	630
Cash and cash equivalents	52,652	62,333
Current assets	54,548	63,822
Total assets	76,380	84,821
Share capital	519	517
Issue premiums	85,179	85,089
Reserves	(4,937)	399
Retained earnings	(9,720)	(5,828)
Net income for the year	(5,123)	(9,200)
Equity attributable to the owners of the Company	65,920	70,978
Non-current borrowings and financial liabilities	3,446	3,261
Non-current lease liabilities	195	224
Defined benefit liabilities	57	67
Non-current provisions	14	14
Non-current deferred income (customer contract liabilities)	661	1,321
Non-current deferred income (grant)	981	997
Non-current liabilities	5,354	5,885
Current borrowings and financial liabilities	1,447	4,867
Current lease liabilities	150	187
Trade payables	488	520
Current deferred income (customer contract liabilities)	1,369	1,319
Other current liabilities	1,652	1,066
Current liabilities	5,107	7,958
Total liabilities	10,461	13,843
Total equity and liabilities	76,380	84,821

3. Cash flow statement (simplified)

In €k	2023.06	2022.06
Net income for the year	(5,123)	(4,160)
Total elimination of expenses and income with no cash impact	3,074	2,914
Total cash flow	(2,049)	(1,246)
Total changes in working capital	(258)	(290)
Net cash from operating activities	(2,307)	(1,536)
Acquisition of PPE and intangible assets, net of disposals	(231)	(198)
Capitalised development expenses	(76)	(17)
Investment grants (incl. CIR offsetting capitalised expenses)	(15)	(31)
Subscription to AFYREN NEOXY capital increase	(2,000)	-
Interest received	665	14
Increase in non-current financial assets	(1,501)	-
Increase in current financial assets (liquidity contract)	(400)	-
Net cash used in investing activities	(3,557)	(232)
Capital increase	93	-
Purchase / sales of treasury share	(202)	-
Proceeds from new borrowings and financial liabilities	1,001	76
Repayment of borrowings and financial liabilities	(818)	(274)
Repayment of convertible bonds	(3,567)	-
Payment of lease liabilities	(110)	(52)
Interest paid on borrowings and financial liabilities	(27)	(99)
Interest paid on bonds	(178)	(178)
Interest paid on lease liabilities	(9)	(1)
Net cash used in financing activities	(3,816)	(528)
Net change in cash and cash equivalents	(9,681)	(2,298)
Cash and cash equivalents as of January 1 st	62,333	67,128
Cash and cash equivalents as of June 30	52,652	64,831