

PRESS RELEASE

## Groupe Berkem announces its 2023 First-Half Results

- **2023 First-Half Results:**
  - Revenue of €27.9 million, including 26% from international activities
  - EBITDA margin of 10.4%, impacted by a general inflationary environment
  - Return to a current level of gross margin: lower volumes offset by higher prices
- **Solid financial resources as of June 30, 2023:**
  - Cash position of €6.5 million
  - Available financing of €70 million (of which €25.5 million already drawn down) to secure the Group's future investments
- **2023 Q3 of €12 million, up 3.5% compared to Q3 2022**
- **Unchanged Group financial targets now set for 2025**

Blanquefort (France), Octobre 24, 2023, at 06:00 pm CEST – Groupe Berkem, a leading player in bio-based chemistry (ISIN code: FR00140069V2 – Ticker: ALKEM), announces its first-half results for the period ended June 30, 2023, approved by the Board of Directors on October 20, 2023. The Company also reports on its 2023 Third-Quarter Revenue.

**Olivier FAHY, Chairman and CEO of Groupe Berkem,** stated: *“The First-Half Results we are publishing today reflect the significant structuring phase our Group is undergoing in a persistently tense economic environment. Since the conflict in Ukraine, our “Construction & Materials” and “Hygiene & Protection” divisions have been impacted by a building market that has been in steep decline for many months. However, lower volumes were offset by higher prices, enabling the Group to return to its pre-crisis gross margin levels. All the investments we have made over the last few months, whether in R&D, business development or external growth, are aimed at positioning our Group as a benchmark player in the four divisions we serve. We already launched several products to meet the naturalness and performance challenges faced by industrials, and we intend to continue along this path by developing new, ever more innovative solutions based on our unique expertise. In addition, with the acquisitions of Biopress and i.Bioceuticals, we have secured two assets with significant growth potential for the coming years, while providing us new prospects in very promising markets. 2023 thus promises to be a transition year for our Group, and while the current context means we must postpone our financial targets, our current achievements give us confidence in our ability to achieve them by 2025.”*

## 2023 FIRST-HALF RESULTS

### Consolidated income statement

<i>In thousands of euros</i>	30/06/2023	30/06/2022 <sup>1</sup>	% change
<b>Revenue</b>	<b>27,912</b>	<b>28,074</b>	-0,6%
Other income	16	0	
Purchased consumed	-12,448	-13,121	
External expenses	-6,812	-5,359	
Personnel costs	-7,146	-5,480	
Taxes and duties	-283	-372	
Amortisation	-1,902	-1,399	
Depreciation and provisions	-225	-293	
Change in inventories of work in progress and finished goods	329	590	
Other operating expenses and income	1,227	439	
<b>Current operating income</b>	<b>667</b>	<b>3,081</b>	-78%
Other current operating income and expenses	4,868	-68	
<b>Operating income</b>	<b>5,536</b>	<b>3,013</b>	+84%
Cost of net financial debt	-710	-384	
Other financial income and expenses	-127	158	
<b>Income before tax</b>	<b>4,700</b>	<b>2,787</b>	+69%
Income tax	-655	-519	
<b>Income after tax</b>	<b>4,045</b>	<b>2,267</b>	
<b>Net income (Group share)</b>	<b>4,045</b>	<b>2,267</b>	+78%

### Breakdown of revenue by division for 1st half

<i>In € thousands</i>	30/06/2023	30/06/2022	% change
Construction & Materials	<b>12,401</b>	13,216	-6,2%
Hygiene & Protection	<b>6,476</b>	6,505	-0,5%
Health, Beauty & Nutrition	<b>8,574</b>	8,033	+6,7%
Industry	<b>374</b>	104	+259,6%
Other	<b>87</b>	215	-59,5%
<b>TOTAL</b>	<b>27,912</b>	28,074	-0,6%

**Revenue for the 1<sup>st</sup> half of 2023 were virtually stable (-0.6%) compared with the 1<sup>st</sup> half of 2022, at €27.9 million.** While the "Construction & Materials" and "Hygiene & Protection" divisions were strongly impacted by a building market that slowed sharply in recent months, also due to inflationary pressures, the "Health, Beauty & Nutrition" division saw strong growth, supported by the Group's excellent sales momentum following the launch of new products and distribution agreements. The "Industry" division is beginning to benefit from investments made, notably the acquisition of Biopress in April 2023. **In the 1<sup>st</sup> half of 2023, 26% of revenue were generated from international activities.**

Current operating income fell by -78% compared with the 1<sup>st</sup> half of 2022, to €0.7 million. This decline can be explained in part by the general inflationary environment, impacting all external expenses incurred by the Group (energy, transport), and also by a proactive investment policy in R&D, regulatory affairs and business development aimed at supporting the activity of the Group's various divisions. Groupe Berkem also recruited new staff in the first half of the year to meet its organic growth requirements, which,

<sup>1</sup> Pro forma financial statements for 2022, following the transition to IFRS from January 1<sup>st</sup>, 2023

combined with the effects of inflation, explain the increase in personnel costs to €7.1 million as of June 30, 2023.

**The EBITDA margin thus stood at 10.4%** for the 1<sup>st</sup> half of 2023, compared with 17.2% for the same period last year.

Other current operating income corresponds in part to a revaluation of the assets of Biopress, a company acquired by the Group in April 2023. The cost of net financial debt of 710 k€ (+85%) as of June 30, 2023, is due to the increase in the level of gross debt on the one hand, and to the rise in interest rates on the other.

After considering financial income and expenses, **net income (Group share) came to €4 million in the 1<sup>st</sup> half of 2023**, up 78% on the 1<sup>st</sup> half of 2022.

## CASH POSITION

As of June 30, 2023, Groupe Berkem had net cash of €6.5 million, compared with €11.5 million as of December 31, 2022.

As a reminder, on July 26, 2022, the Group secured €70 million in financing, including €63.5 million in senior debt with a pool of 6 French banks and €6.5 million in Recovery Bonds. As of September 30, 2023, €25.5 million of the €70 million had been used.

## 2023 THIRD-QUARTER REVENUE

### Breakdown of revenue by division for 2023 third-quarter

<i>In € thousands</i>	<b>30/09/2023</b>	<b>30/09/2022</b>	% Change
Construction & Materials	<b>5,420</b>	5,484	-1,2%
Hygiene & Protection	<b>2,397</b>	2,468	-2,9%
Health, Beauty & Nutrition	<b>3,716</b>	3,567	+4,2%
Industry	<b>406</b>	20	+1 923,8%
Other	<b>46</b>	45	+2,4%
<b>TOTAL Third-Quarter</b>	<b>11,986</b>	11,584	+3,5%
<b>TOTAL first nine months</b>	<b>39,943</b>	39,793	+0,4%

As of September 30, 2023, Groupe Berkem's revenue for the first nine months of 2023 reached €39.9 million, compared with €39.8 million in Q3 2022, i.e. +0.4%.

The "Construction & Materials" and "Hygiene & Protection" divisions suffered a decline compared with Q3 2022 of around -1.2% for the former and -2.9% for the latter, again due to the adverse market environment in the construction sector in France and internationally. The "Health, Beauty & Nutrition" division continues to grow, thanks to the Group's various innovative product launches for the cosmetics and nutraceutical sectors, posting a 4.2% increase over 2022 over the same period. Lastly, the "Industry" division saw a significant increase in revenue, although its share in the Group's business mix remains marginal, thanks in particular to investments made by Groupe Berkem in Biopress assets.

## 2023 FIRST NINE MONTHS HIGHLIGHTS

### External growth operations

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**February: Acquisition of i.Bioceuticals**, exclusive North American distributor of nutritional supplements from the Dutch company INC, enabling Groupe Berkem to distribute its full range of antioxidant active ingredients directly in North America, thus broadening its offering in the Nutraceuticals segment.

**April: Acquisition of Biopress**, a French producer of 100% vegetable oils and proteins. With this operation, the Group now benefits from a local supply of technical vegetable oils, consolidates its offering for the "Health, Beauty & Nutrition" and "Industry" divisions, and secures new commercial opportunities in the food market.

### Activity

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**March: Launch of H<sub>2</sub>OLIXIR, a new range of 100% natural floral waters** with 97.5% organic content, aimed at the health and beauty industries.

**April: Marketing of Termifuge K**, a ready-to-use preventive anti-termite and water-repellent solution for the construction industry. This boosted solution reduces the content of conventional biocides by 50%, thanks to the integration of a bio-based booster and the benefits of a plant-based insecticide, formulated by Groupe Berkem.

**September: Launch of Biombalance™**, a range of premium active ingredients targeting the balance of intestinal microbiota, a global public health issue for the food supplements market.

### International

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**March: Partnership with Unipex** for the distribution of its cosmetic ingredients in Benelux and French-speaking Switzerland.

**April: Partnership with Kreglinger** for the distribution of its cosmetic ingredients in the UK.

**June: Partnership with Azelis** for the distribution of its cosmetic ingredients in Thailand and South Korea.

**June: Signature of a memorandum of understanding for the creation of a joint venture between Groupe Berkem and Groupe Dolidol**, the leading pan-African player in the polyurethane foam, bedding and industrial joinery sectors, to set up an alkyd resin production and marketing site in Ivory Coast.

**July: Partnership with Indchem International**, a major global supplier of cosmetic ingredients for the beauty sector, for the distribution of its cosmetic ingredients in India.

**August: Partnership with Eigenmann & Veronelli**, an international solutions provider in the specialty chemicals and food ingredients industry, for the distribution of cosmetic ingredients in Turkey.

## Financial targets unchanged, but postponed to 2025 due to adverse economic conditions

As a reminder, within the framework of its IPO in December 2021, the Company had initially announced a revenue target of at least €65 million in 2024, which could be increased to at least €85 million in the case of external growth operations. By the same date, the Group's target was to achieve an EBITDA margin of around 25%.

As announced on October 13, 2023 at the occasion of its 2024 budget review, due to a deteriorated economic and geopolitical context since the conflict in Ukraine, the Group experienced on the one hand a general increase in its operating expenses due to inflation, and on the other hand has suffered a sharp slowdown in its "Construction & Materials" and "Hygiene & Protection" divisions impacted by a building market that has been slowing down sharply for several months, also linked to inflationary pressures. Our objectives remain unchanged, but we now aim to achieve them by 2025.

## Availability of the 2023 First-Half financial report

The First-Half financial statements were approved by the Board of Directors and reviewed on October 20, 2023. The 2023 First-Half financial report will be filed with the Autorité des marchés financiers and will be available by October 31, 2023, on the Company's investor website.

## ABOUT GROUPE BERKEM

Founded in 1993 by Olivier Fahy, Chairman and Chief Executive Officer, Groupe Berkem is a leading force in the bio-based chemicals market. Its mission is to advance the environmental transition of companies producing the chemicals used in everyday life (Construction & Materials, Health, Beauty & Nutrition, Hygiene & Protection, and Industry). By harnessing its expertise in both plant extraction and innovative formulations, Groupe Berkem has developed bio-based boosters—unique high-quality bio-based solutions augmenting the performance of synthetic molecules. Groupe Berkem achieved revenue of €51.8 million in 2022. The Group has almost 200 employees working at its head office (Blanquefort, Gironde) and 4 production facilities in Gardonne (Dordogne), La Teste-de-Buch (Gironde), Chartres (Eure-et-Loir) and Tonneins (Lot-et-Garonne).

Groupe Berkem has been listed on Euronext Growth Paris since December 2021 (ISIN code: FR00140069V2 - ALKEM).

[www.groupeberkem.com](http://www.groupeberkem.com)



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