

Press Release

Fermentalg strengthens its cash position through a €6.3 million bond issue with four European investors, to boost its development plan

Libourne - March 15, 2023 - Fermentalg (Euronext - FALG), the French microalgae expert, announces that it has completed as of March 14th a €6.3 million convertible bond issue subscribed by four European investors.

Philippe Lavielle, CEO of Fermentalg, said: « *The year 2023 promises to be an important one for Fermentalg with the start of industrial production and the pre-commercialization phases of our natural blue food colorant BLUE ORIGINS® and more generally with the gradual expansion of potential outlets for our various product platforms. In a context still marked in the short term by macroeconomic uncertainty and financial markets volatility, this €6.3 million bond financing gives us additional resources to serve our development ambitions and seize opportunities to accelerate our growth.* »

Main characteristics of the bond issue

The issue of convertible bonds was decided on the basis of the delegation of powers granted by the General Meeting of Shareholders of the Company on June 15, 2022 under its 17th resolution. The 6,847,828 convertible bonds issued, with a nominal value of €1 each and a total nominal value of €6,847,828, were subscribed at 92% of their nominal value, i.e. for a total subscription price of €6.3 million. They will not bear interest and will mature on March 13, 2026.

The subscription price, paid up in cash, is paid in full on the day of subscription. The conversion price of the convertible bonds will be based on the stock market price at the time of conversion¹ in compliance with the price rule and the ceiling fixed by the General Meeting². The proceeds of the issue will be used to finance the company's operating and investment needs and to extend its cash visibility from 18 to more than 24 months. The unconverted bonds are redeemable at 100% of their nominal value at the end of a period of 36 months following the issue date of the loan. The bonds are convertible at any time between the issue date and the maturity of the bond issue.

¹ At least equal to the lower of €2.50 and 94% of the lowest of the daily volume-weighted average prices over a period of 15 days preceding the conversion request

² The issue price of the shares must be "at least equal to the average of the weighted average prices of the last three (3) trading sessions preceding the setting of the issue price, possibly reduced by a maximum discount of 25%."

As an indication, if all the convertible bonds were converted on the basis of Fermentalg's share price at the close of March 14, 2023³, a shareholder holding 1.00% of Fermentalg's share capital before the issuance and conversion of all the bonds would see his shareholding reduced to 0.89% of the share capital on a non-diluted basis and to 0.90% of the share capital on a diluted basis (taking into account the dilutive instruments already in existence on March 15, 2023). The new shares resulting from the conversion of the convertible bonds will be subject to all the provisions of the bylaws, will be fully assimilated to the old ordinary shares and will enjoy the same rights.

The transaction was advised and structured by Vester Finance, which is also underwriting the bond issue.

Risk factors

The risk factors affecting the Company are presented in paragraph 4 of the 2021 universal registration document as published by the Company on April 29, 2022 and as updated in paragraph 2.5 and in note 25 of the 2022 half-year financial report published by the Company on September 30, 2022 and available on the Company's website (at the following address <https://www.fermentalg.com/investisseurs/rapports-financiers/>).

As the conversion price of the bonds depends on the evolution of the share price, the number of shares likely to be issued upon conversion of the bonds cannot be determined with precision on the day of issue of the bonds.

The following table shows different assumptions for the variation of the dilution according to the evolution of the share price:

Sensitivity table (Assumptions given for information purposes only)				
	-10%	Current*	10%	€2.50
Shares created	5 353 411	4 818 070	4 380 064	2 913 969
Dilution on existing capital	12.7%	11.4%	10.4%	6.9%
Impact on 1% of capital	0.87%	0.89%	0.90%	0.93%
Dilution on diluted capital**	1.6%	10.5%	9.5%	6.3%
Impact on 1% of capital	0.88%	0.90%	0.90%	0.94%

* Closing price on March 14, 2023, i.e. €1.51

** On the basis of the dilutive instruments already in existence on March 15, 2023, i.e. the OC2020 subscribed by DDW and the associated BSA-OC and the free shares. The dilution associated with the OC2020 is calculated on the basis of a conversion price of €1.75, which will become variable in case of conversion after June 20, 2023

Prospectus - Basis of the issue

No application will be made for the bonds to be admitted to trading on Euronext. The present issue does not give rise to the preparation of a prospectus subject to the approval of the "Autorité des Marchés Financiers" since it represents less than 20% of the capital over a rolling twelve-month period⁴ and is for an amount of less than 8 million euros.

³ That is to say, on the basis of a share price of €1.51 and an effective conversion price of €1.42: issue of 4,818,070 new shares

⁴ The subscribers have undertaken not to request the conversion of bonds generating, over a rolling twelve-month period, the issuance of a number of shares equal to or greater than 20% of the company's shares.

In the event that the shares issued by the company, including shares to be issued upon conversion of the bonds, should represent a volume of new shares over a sliding 12-month period approaching 20% of the shares⁵, the company reserves the right to activate the contractual option of early redemption without charge or to seek the approval of the AMF for a prospectus.

The 17th resolution of the General Meeting of Shareholders of the Company of June 15, 2022 provides for a delegation of authority, with cancellation of the preferential subscription right reserved for members of a category of persons, to decide on the issue of ordinary shares, financial securities or any securities that may give rise to one or more increases in the share capital for a maximum nominal amount of €600,000, i.e., a maximum number of shares to be issued, in accordance with the terms of this delegation, of 15,000,000 shares with a par value of €0.04.

The category of persons benefiting from the cancellation of the preferential subscription right includes in particular persons investing on a regular basis in growth companies known as "small caps" linked to the health and/or energy sector for minimum amounts of at least 100,000 euros including the issue premium per investment or per project, a category to which the investors belong.

About Fermentalg

As an expert in research and bioindustrial exploitation of microalgae, Fermentalg's objective is to offer sustainable solutions and innovative products contributing to the development of healthy, natural and efficient products. Our business : the development, production and marketing of sustainable solutions and active ingredients from microalgae for nutrition, health and the environment. Nutritional lipids, alternative proteins, natural food colorings and innovative environmental solutions make up our company's current and future offer.

Fermentalg shares are listed on Euronext Paris (FR0011271600 - FALG) and are eligible for the PEA-PME and the "SRD long-only". It benefits from an Exemplary rating (85/100) from Gaïa Research, a rating agency specializing in ESG performance ratings of SMEs listed on European markets, in favor of Socially Responsible Investment (SRI).

More information : www.fermentalg.com



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⁵ It is specified, for all intents and purposes, that Fermentalg may issue, as of February 28, 2023, a maximum number of 8,419,541 shares without a prospectus.