

# Amoéba

FY22 results

## Scaling up for commercialisation

Following on from the press release in March that provided preliminary data on the FY22 results, Amoéba has published its FY22 universal registration document, which contains detailed financial information for the year. We leave our FY23 estimates unchanged.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)
12/20	0.0	(4.4)	(8.0)	(0.49)	0.00	N/A
12/21	0.0	(4.0)	(7.4)	(0.42)	0.00	N/A
12/22	0.0	(4.7)	(7.7)	(0.23)	0.00	N/A
12/23e	0.0	(7.7)	(9.1)	(0.18)	0.00	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Modest increase in operating costs

As noted in the March press release, the company is not yet revenue generating. Grant income was €0.1m lower year-on-year in FY22, while total operating costs were €0.2m higher year-on-year, resulting in a widening of EBIT losses by €0.3m to €5.8m. The company moved from €5.2m net debt at the end of FY21 to €3.2m net cash at the end of FY22. The primary reason for this was the €10.6m cash inflow generated from the issue of several tranches of convertible bonds associated with a finance programme with Nice & Green. This programme also resulted in a jump in net assets from €0.2m at end FY21 to €8.2m at end FY22.

## Scaling up for commercial production in 2025

During FY22 Amoéba secured regulatory approval for the active substance used in its innovative biological fungicides in the US and a recommendation for approval in the EU. Now these essential regulatory hurdles have been cleared, the company intends to construct a production plant capable initially of manufacturing sufficient active substance annually to treat 100,000 hectares of crops, 200,000 hectares when extended. Management plans to have this operational by early 2025 to support product roll-out, subject to Amoéba receiving regulatory approval for individual fungicides containing the active substance in 2024. Amoéba is seeking to raise €45m finance to fund this expansion and to cover the cost of operations over the next three years.

## Valuation: Addressing a high-growth market

We are not attempting to calculate a valuation at present. The proposed production plant and extension will be capable of manufacturing sufficient active substance annually to treat 200,000 hectares of crops. In our [March note](#), we estimated that this level of output could represent annual revenues of €26m and gross profit of €19.5m at full utilisation. This is a very small share of the global biocontrol agents market, which a report published by P&S Intelligence noted was worth c \$4.9bn in 2021 and predicts will increase to c \$13.6bn by 2030 (ie a CAGR of 12.2%), so further production facilities could follow.

## Industrial engineering

22 May 2023

Price €0.59

Market cap €29m

Net cash (€m) at end December 2022 (including finance leases) 3.2

Shares in issue 49.7m

Free float 96.2%

Code ALMIB

Primary exchange Euronext Growth

Secondary exchange N/A

## Share price performance



% 1m 3m 12m

Abs (6.0) (17.5) 3.1

Rel (local) (5.3) (18.7) (11.8)

52-week high/low €1.25 €0.49

## Business description

Amoéba is developing biological fungicides for treating diseases such as mildews and rusts, which have a major economic impact on the production globally of a wide range of crops. These novel fungicides are based on the characteristics of the *Willaertia magna* C2c Maky amoeba.

## Next event

AGM 25 May 2023

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## FY22 balance sheet and cash flow

We provided detailed commentary on the FY22 profit and loss in [our previous update](#). However, the recently published universal registration document provide details of the balance sheet and cash flow, which were not available previously.

The company moved from €5.2m net debt at the end of FY21 to €3.2m net cash at the end of FY22. The primary reason for this was a €10.6m cash inflow generated from the issue of the fourth, fifth, sixth and seventh tranches of convertible bonds associated with the finance programme with Nice & Green, which increased the number of shares in issue by 16.3m. As well as covering operating costs during the year, the cash from the bonds enabled Amoéba to conclude its debt restructuring process by fully repaying the €6.8m balance of the loan (which included interest) from the European Investment Bank and purchasing the warrants associated with the loan for €0.2m.

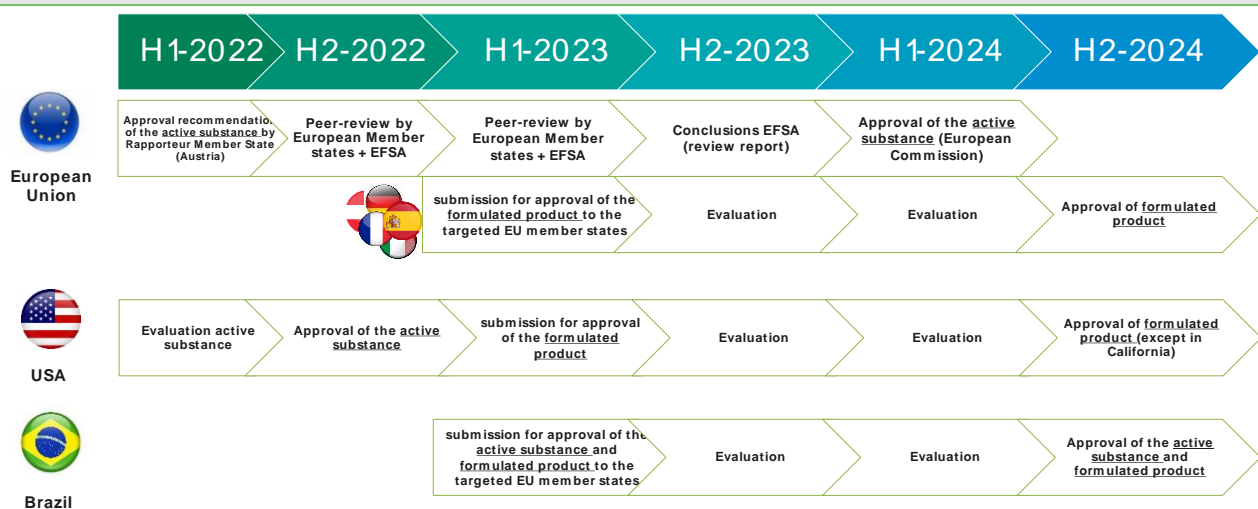
Working capital decreased by €0.3m, reflecting an increase in trade payables. Inventory levels, which relate to the consumables required to make both the active substance used in the biocontrol product and the biocide, were static and there are minimal trade receivables because the company is not yet revenue generating. Because the R&D costs related to obtaining regulatory approvals rather than technology developments, they were expensed rather than capitalised. The company spent only €0.3m on tangibles (€0.1m FY21), of which €0.2m related to the new site in Cavallon, €0.1m to laboratory equipment.

Net assets increased from €0.2m at end FY21 to €8.2m at end FY22. This positive movement was attributable to the €16.0m shares issued under the finance programme with Nice & Green, which was partly offset by €8.0m reported loss after tax.

## FY23 objectives

### Progressing product authorisations

Exhibit 1: Timetable for securing regulatory approval



Source: Amoéba

During FY22 Amoéba secured regulatory approval from the Environmental Protection Agency (EPA) in the US and a recommendation for approval in the EU for the active substance used in its innovative biological fungicides. The EPA confirmed that the active substance, which is a lysate derived from *Willaertia magna* (*W. magna* C2c Maky) amoebae, was exempt from maximum

residue limits and any restrictions on how close to harvest the active substance could be applied to crops, provided it was applied in accordance with instructions for use and good agricultural practices.

### Next steps: US

Amoéba needs to obtain marketing authorisation from the EPA for individual formulations or products containing the active substance. It intends to apply to the EPA for market authorisation for products containing *W. magna* lysate in 2023 and expects that the approval will be awarded in 2024.

### Next steps: EU

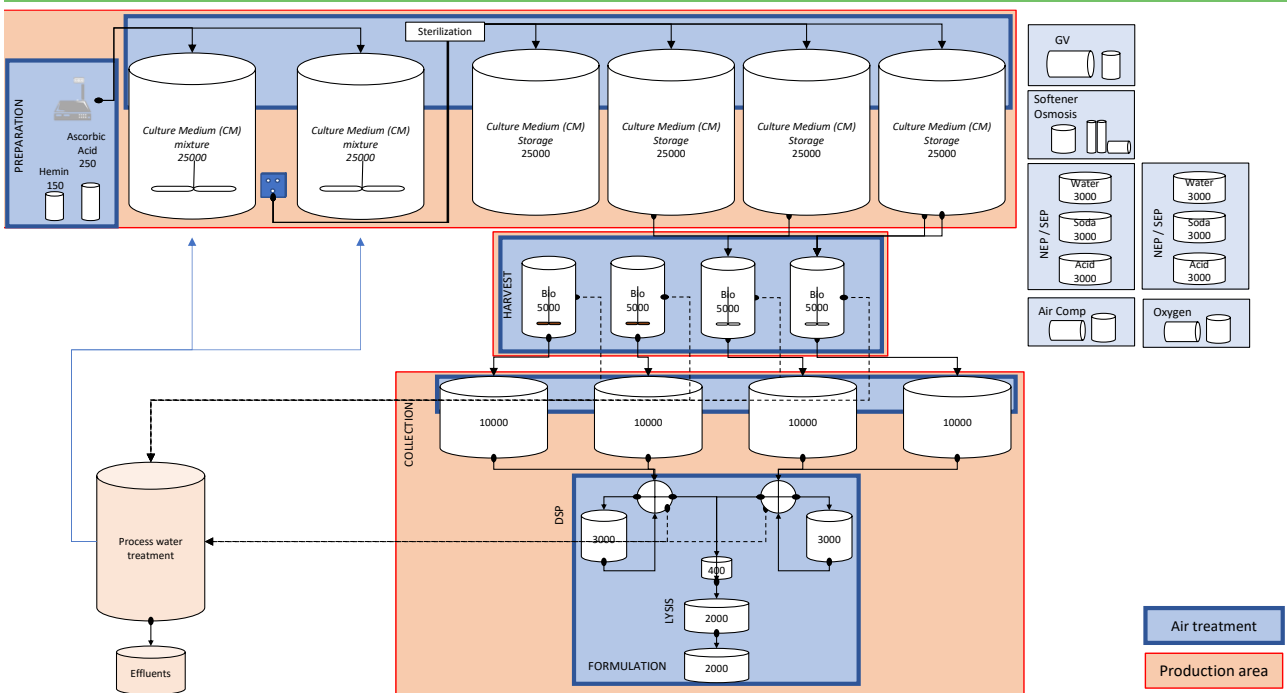
The next steps are: (1) peer review (to be completed in Q3/23) in which representatives from several other member states review the information in the dossier assembled by Austria; (2) publication of the review by the European Commission and implementation of regulation approving the active substance (H124); and (3) decisions on the authorisation of products containing the active substance in the three individual geographical zones that the EU is split into (2024).

### New territory: Brazil

As in the EU and the US, an application for approval must be submitted to the Brazilian authorities before any marketing. In February 2021, the company obtained a temporary registration that allowed the product containing the active substance to be imported into Brazil for use in the efficacy tests which need to be conducted within Brazil to obtain final registration. Field trials on soybean were carried out over the winter of 2022/23. Amoéba plans to submit an application for active substance approval and marketing authorisation for products containing this active substance during 2023, potentially leading to marketing authorisation in 2024.

## Scaling up production to support commercial revenues

Exhibit 2: Schematic of planned facility in Cavailon



Source: Amoéba

As discussed in our [initiation note](#), management intends to build a new production plant dedicated to biocontrol products that is capable of manufacturing sufficient finished product to treat 100,000 hectares of crops annually. The company plans to start construction work at a site in Cavailon in the south of France later this year, subject to receiving planning approval, and to begin production at this new site by early 2025. The recently published FY22 universal registration document contains a schematic diagram showing the proposed process flow at the Cavailon site, which is reproduced in Exhibit 2. The plant will be designed to operate a single eight-hour shift, seven days a week, ensuring continuous production.

In parallel, the company is installing a pilot line with a capacity equivalent to 1,000 kg of active substance annually at its existing site in Chassieu. This phase will enable the company to assess the larger-scale equipment and processes, which will be deployed at the Cavailon site. It intends to complete this activity by the end of 2023.

## **Continuing field trials programme**

The company was involved in over 120 field trials during winter 2021 and summer 2022. Amoéba intends to undertake over 100 trials this calendar year. These will focus on (1) completing and generating data for future marketing authorisation dossiers in the EU and California; (2) confirming the results from studies on new targets such as soybean rust, black sigatoka on bananas, scab on apple trees and powdery mildew on tomatoes and cucumbers in greenhouses, which were carried out in 2022; (3) carrying out further field trials in the EU with potential early adopters of its products and approved contract research organisations to determine the optimal product formulation and application regime for treating vines and vegetables. Potential early adopters with which the company has been in contact include renowned wine châteaux, large wine producers and cooperatives, companies and cooperatives growing vegetables and ornamental plants, herb growers and companies producing bananas. Many of these will test the product in 2023, in the EU the US and Latin America. Amoéba hopes that these early adopters will use their power as prescribers or influencers to recruit additional customers in the same sector.

## **Securing funding to cover operating costs and expand capacity**

In January 2023, Amoéba announced it was terminating its convertible bond issue contract with Nice & Green and would not be issuing the optional eighth and final tranche of convertible bonds under the contract as initially planned. Instead, the company signed a contract with independent advisory firm Redbridge Debt & Treasury Advisory to assist it in its search for securing €45m finance to fund operations and site expansion over the next three years. Of this, €23m financing is allocated to capital expenditure, the remainder for funding field trials, supporting the regulatory approvals process, registering products, establishing sales channels and adding production staff. Management is considering constructing an extension to the facility, which would double output and cost another €10m.

Because it will take time for Redbridge to secure this funding, Amoéba has agreed a new bond financing agreement with Nice & Green that will generate up to €8.4m cash net through the issue of three equal tranches of bonds between 30 June 2023 and 1 March 2024. The arrangement has enabled Amoéba to start its manufacturing scale-up programme (see above).

The French public investment bank BPI France is going to provide Amoéba with a €3.6m subsidy and a €2.4m recoverable advance to support the expansion programme. The timing of payments under this programme has not yet been announced.

Management has carried out a specific review of the company's liquidity risk and states that Amoéba has sufficient net working capital to meet its obligations until end December 2023 and into FY24.

**Exhibit 3: Financial summary**

31-December	€m	2020	2021	2022	2023e
<b>INCOME STATEMENT</b>					
Revenue		0.0	0.0	0.0	0.0
EBITDA		(4.4)	(4.0)	(4.7)	(7.7)
Operating profit (before amort. and excepts.)		(5.9)	(4.9)	(5.8)	(8.8)
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	0.0	0.0
Share-based payments		(0.3)	(0.7)	(0.0)	(0.0)
Reported operating profit		(6.2)	(5.6)	(5.8)	(8.8)
Net Interest		(2.1)	(2.5)	(1.9)	(0.3)
Exceptionals		0.1	0.2	(0.3)	0.0
Profit Before Tax (norm)		(8.0)	(7.4)	(7.7)	(9.1)
Profit Before Tax (reported)		(8.2)	(7.8)	(8.0)	(9.1)
Reported tax		0.0	0.0	0.0	0.0
Profit After Tax (norm)		(8.0)	(7.4)	(7.7)	(9.1)
Profit After Tax (reported)		(8.2)	(7.8)	(8.0)	(9.1)
Average Number of Shares Outstanding (m)		16.2	17.8	33.6	49.1
EPS - normalised (EUR)		(0.49)	(0.42)	(0.23)	(0.18)
EPS - normalised fully diluted (EUR)		(0.49)	(0.42)	(0.23)	(0.18)
EPS - basic reported (EUR)		(0.50)	(0.44)	(0.24)	(0.19)
Dividend (EUR)		0.00	0.00	0.00	0.00
Revenue growth (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Normalised Operating Margin		N/A	N/A	N/A	N/A
<b>BALANCE SHEET</b>					
Fixed Assets		6.9	6.1	5.3	9.7
Intangible Assets		2.5	2.5	2.5	2.5
Tangible Assets		4.3	3.5	2.7	7.1
Investments & other		0.1	0.1	0.1	0.1
Current Assets		6.2	8.4	7.1	2.3
Stocks		0.1	0.3	0.3	0.3
Debtors		0.0	0.0	0.0	0.0
Cash & cash equivalents		5.0	7.3	5.5	1.1
Other		1.1	0.9	1.3	0.9
Current Liabilities		(2.1)	(13.8)	(4.2)	(13.2)
Creditors		(1.1)	(1.0)	(1.3)	(1.9)
Short term borrowings including lease liabilities		(0.4)	(12.2)	(2.3)	(10.7)
Other		(0.6)	(0.5)	(0.6)	(0.6)
Long Term Liabilities		(9.0)	(0.5)	(0.1)	(0.1)
Long term borrowings		(8.2)	(0.3)	(0.1)	(0.1)
Other long term liabilities		(0.7)	(0.3)	(0.0)	(0.0)
Net Assets		2.0	0.2	8.2	(1.3)
Minority interests		0.0	0.0	0.0	0.0
Shareholders' equity		2.0	0.2	8.2	(1.3)
<b>CASH FLOW</b>					
EBITDA		(4.4)	(4.0)	(4.7)	(7.7)
Working capital		0.9	(0.4)	0.3	0.6
Exceptional & other		0.2	0.2	(0.0)	0.0
Tax		0.0	0.0	0.0	0.0
Operating Cash Flow		(3.3)	(4.3)	(4.4)	(7.0)
Capex (including capitalised R&D)		(0.1)	(0.1)	(0.2)	(5.5)
Acquisitions/disposals		0.0	0.0	0.0	0.0
Net interest		(0.2)	(1.6)	(1.0)	(0.3)
Equity financing		0.0	0.0	(0.2)	0.0
Dividends		0.0	0.0	0.0	0.0
Other		4.5	10.1	10.6	0.0
Net Cash Flow		1.0	4.1	4.8	(12.8)
Opening net debt/(cash)		2.7	3.6	5.2	(3.2)
FX		0.0	0.0	0.0	0.0
Other non-cash movements		(1.9)	(5.7)	3.6	0.0
Closing net debt/(cash)		3.6	5.2	(3.2)	9.7
Lease liabilities		0.7	0.5	0.3	0.3
Closing net debt/(cash) excluding property lease liabilities		2.9	4.7	(3.5)	9.4

Source: Company data, Edison Investment Research

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