

Avantium 1st Half of 2025 Results Conference Call

Thursday, 4th September 2025

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Participants

Caroline van Reedt Dortland

Tom van Aken

René Ploegsma

Paul de Froment

Fernand De Boer

Patrick Roquas

Reg Watson

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Andres Castanos

Operator: Hello, and welcome to the Avantium First Half of 2025 Results Conference Call. Please note this call is being recorded, and for the duration of the call, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you'll be connected to an operator. I will now hand over to your host, Caroline van Reedt Dortland, to begin today's conference. Thank you.

Caroline van Reedt Dortland: Good morning everyone. Thank you all for joining us today. My name is Caroline Reedt Dortland, and I'm Avantium's Director of Communications. This call is being recorded and a transcript will be made available on Avantium's website shortly after the call. Before we begin, I would like to point out the disclaimer at the bottom of our half year 2025 results press release and remind participants that some of our comments today may include forward-looking statements reflecting Avantium's view of future events. These factors involve risks and uncertainties that could cause our results to materially differ from our forward-looking statements.

I would now like to hand over to Tom van Aken, the CEO of Avantium. The floor is yours, Tom.

Tom van Aken: Thank you, Caroline. Good morning, everyone, and thank you for joining us. I'm pleased that I'm joined here today by René Ploegsma, who recently joined the Avantium team as our interim CFO.

This morning, Avantium announced the launch of a fully committed and underwritten rights issue of €65 million. We also published our half-year 2025 results, and I would like to walk you through the key business and financial highlights, as well as our strategic outlook. Let me begin with the FDCA Flagship Plant, which remains at the heart of our transformation into a commercial-stage company. We are pleased to report that the startup of the FDCA Flagship Plant is progressing well. The sugar dehydration unit, the largest and most critical part of the

plant, is now operational and producing MMF, a key intermediate in the FDCA production process. This marks a major technical milestone.

All utility systems, including the tank farm and steam systems are now fully operational. What gives us confidence is that the product and process parameters of the sugar dehydration units are according to how we have designed the plant. We are now moving ahead with the commissioning and sequential startup of the oxidation and purification units. We have identified some quality issues in piping and electrical components, which are being addressed to ensure a safe and reliable startup. We expect full for startup to be completed in the first quarter of 2026.

Sales in our offtake agreements are now expected to commence in the first quarter of 2026. We have signed 20 offtake agreements to date, including with partners that we announced more recently, such as the Bottle Collective, Hoogesteger, which is a key partner of Avantium, Amcor Rigid Packaging, USA, and Plixxent. These agreements span applications from fibre-based bottles, fresh juice packaging, to insulation foams and rigid containers for food, beverage, and medical use. In addition, we have secured seven capacity reservation agreements for future license plant production. These reservations are a key part of our licensing strategy and demonstrates the growing industrial interest in scaling FDCA and PEF production globally.

On the regulatory front, we've made significant progress. RecyClass has confirmed PET and PEF bottle compatibility with PET recycling. EPBP has extended its recyclability endorsement for PEF. And Japan has added FDCA to its positive list for food contact materials. These endorsements are critical for enabling market adoption of PEF across different geographies.

Turning to financing. We've made substantial strides in securing a comprehensive funding package. In June and July 2025, we secured €20 million in debt financing from the Province of Groningen, Invest-NL, and the consortium of lenders. We also reached an agreement to amend the terms of our existing debt financing facilities, extending the maturity date from the 31st of March 2026 to the 30th of June 2028. And we agreed on a significant reduction of interest rates. A substantial portion of the cash interest will be converted to payment in kind, subject to a successful equity raise.

This morning, we announced the launch of a capital increase by means of a fully committed and underwritten rights issue for a gross amount of €65 million. This equity raise is a key component of our comprehensive financing package and is expected to ensure that Avantium remains adequately funded until it reaches EBITDA breakeven, which we forecast for 2027. We're especially grateful for the support of the Dutch state, represented by the Ministry of Climate Policy and Green Growth, which has committed to act as one of the underwriters and at the same time as a cornerstone investor for this equity raise. If the equity raise is fully used, then the €15 million from the ministry will be invested in addition to the €65 million and invested through private placements. This broad based support from public and private partners underscores the confidence in our FDCA PEF technology and its potential to help address the environmental challenges posed by plastic production and waste.

Now, René will guide us through the financial results for the first half of 2025. René, over to you.

René Ploegsma: Thank you, Tom, and good morning, everyone. Nice to meet you all. Let me take you through the financial performance for the first half of 2025. Total revenues for

the period were €6.7 million, down from €9 million in the half year of 2024. This decline was primarily due to the paused revenue recognition from Origin Materials, which impacted Avantium Renewable Polymers. Other income from government grants decreased €2 million, compared to €2.3 million in the same period last year. This was mainly related to grant recognition within Avantium Renewable Polymers.

Net operating expenses remained stable at €27.2 million, versus €27.66 million in the first half of 2024. Our EBITDA loss increased to €18.5 million, compared to €16.3 million last year. This reflects continued investment in the commissioning and startup of the FDCA flagship plant. Net finance income rose to €2.4 million, up from €0.4 million in the first half of 2024. This increase was driven by the capitalisation of €2.5 million in borrowing costs related to the construction of the FDCA Flagship Plant, which had previously been recognised as finance costs. The fair value measurement of warrants contributed €7.0 million, compared to €3.7 million last year. As a result, our net loss for the half year decreased to €11.1 million, down from €14.8 million in the first half of 2024.

Then, to our cash position. We began the year with €23.9 million in cash and ended the period with €12.0 million. The decrease was primarily due to €17.6 million in operating cash outflows, €6.0 million in capital expenditures, €3.5 million in interest payments, and €1.3 million in lease payments. These outflows were partially offset by €9.9 million from the subordinated loan provided by the Province of Groningen, €6.0 million from the Debt Financing Increase, and €3.1 million from a shareholder loan provided by Worley.

This concludes the financial overview. Back to you, Tom.

Tom van Aken: Thank you, René. So let me now turn to our strategic outlook for the remainder of 2025 and beyond. Our top priority is to complete the startup of the FDCA Flagship Plant in the first quarter of 2026. This will enable us to fulfil our offtake agreements and accelerate licensing opportunities. Once commercial production begins, we aim to ramp-up throughput and reach full capacity, five kilotonnes per year, within approximately 24 months.

On the funding side, we are pursuing additional funding options, including equity investment from government institutions and grants. We expect to be rewarded €20 million in funding from a government related investment initiative in November 2025, subject to the successful completion of our equity raise and other conditions. We are also implementing a reorganisation, starting October 1st, 2025, which will result in a net reduction of around 40 full time roles at Avantium, primarily in R&D and overheads. This reflects our transition from a research-driven organisation to a commercial-stage company. The reorganisation is expected to deliver annual savings of approximately €4 million per year from January 26th onwards, with one-off construction cost of about €1 million in 2025.

In parallel, we are conducting a strategic review of our R&D Solutions and Volta technology platforms. We are in advanced discussions with third-party investors and industry partners, which may lead to divestments or strategic partnerships. We are also exploring options for our Ray Technology, including a potential sale of the IP and related assets. Avantium Renewable Polymers continues to pursue new offtake agreements and capacity reservations. We're actively engaged with ten potential licensees and have identified 70 licensing opportunities, 21 of which are short-term prospects.

This concludes our prepared remarks. Now, operator, please open the line for questions. Thank you.

Operator: Sure. Ladies and gentlemen, as a reminder, if you would like to ask a question or contribute onto this call, please press star one now on the telephone keypad. And to withdraw your question, it's star two. The first question comes from the line of Paul de Froment, calling from Stifel. Please go ahead.

Paul de Froment: Good morning, everyone. And thank you for this call. First question is on the process, the current process related to MMF and the Flagship Plant. Can we state that roughly 70% or 80% of the process is done and that the remaining parts is around 20%? It is just to have a rough idea of the remaining work until the start of the production of the Flagship Plant, because it's a question that we regularly have coming from investors. That's my first question. And my second question is, could you update us on any discussion related to licensing agreements? Thank you.

Tom van Aken: Thank you, Paul. And good morning. So your first question was related to the Flagship Plant startup and basically how much does the sugar dehydration utility represent of the plant, so how much work remains? The sugar dehydration is the first of three steps. So after sugar dehydration, we have oxidation and purification. But of course, we also have the utilities now fully operational. So if I would say, let's say from a - if I would zoom out, I would say that 50% of the plant is now operational and 50% is still to be done. That will be, I think, the right guidance to give here.

In terms of an update on the licensing business, we are in active discussions with more and more industrial companies. We do see that there is a lot of interest in the technology and in the products. I think the product interest is also something that you can see in both our offtake agreements as well as the capacity reservations. The number of companies that we're interacting with is increasing and discussions are intensifying.

But I think it is also very clear that potential licensees are basically looking for two major milestones. One is they want to see that the Flagship Plant is operational. And with that, I mean, not that we have completely ramped up production, but that the whole process is running. But also that we can demonstrate stable operations with longer runs. Secondly, they want to see that FDCA and PEF are really used in commercial products and are, in that sense, products that you can see back in the supermarket. These are the two milestones that we continuously hear back from what licensees are looking for before they're willing to enter into license agreements.

Paul de Froment: That's very clear.

Tom van Aken: I hope that answers your question. Thank you Paul.

Operator: All right. We currently have no questions coming through. So as a final reminder, if you would like to ask a question, please press star one. The next question comes from the line of Fernand de Boer, calling from Degroof Petercam. Please go ahead.

Fernand De Boer: Good morning. One follow-up on this licensing. I think, Tom, you said you were actively discussing with ten potential license companies, or is that something I misunderstood?

Tom van Aken: That's what I said, Fernand. So that's correct.

Fernand De Boer: And of these ten, are those the same as you mentioned a few years ago on the Capital Markets Day, or are these new ones? And of these Capital Markets Day, you mentioned how many of them are still there? Because I think then you had 17, or potential.

Tom van Aken: Yes. So this is of course a dynamic process. So that means that certain companies that we have been interacting with have shifted priorities or are in a different financial position than where they were a few years ago.

And I think what we can generally say, Fernand, is that with the Flagship startup now being happening, you can see that the intensity of discussions is changing and that people are taking this much more seriously than they were a number of years ago. So I think in that sense, there is a bit of a shakeout in terms of certain people, they were interested but are not following through. We now see really which companies are serious about this and therefore are also taking steps to really assess where the technology is and assessing the business case. So we see those developments as very positive signs of validation of the licensing potential for the technology.

Fernand De Boer: And could you explain me a little bit the difference between a offtake agreement you signed and then you say we have seven capacity reservations for future plans. What exactly is the difference? How many offtake agreements can you handle in your five kilotonnes plant? What is exactly the difference?

Tom van Aken: The difference is that an offtake agreement is a customer that is committing to buying FDCA or PEF coming out of the Flagship Plant. And that is going to use the product for the coming five years. These prices are going to be significantly higher than the prices that will be for product that will be coming out of the licensed plants.

Now, there are customers that say the product that is currently coming out of your Flagship Plant is priced at a level which is not attractive for them or the volume that Avantium is currently having is insufficient. So for these customers, we're signing capacity reservations. That means that they're basically signing up to buy products coming out of the future 100 kiloton plants where volumes will be higher and prices will be significantly lower. And this enables us to give our licensees the commercial loading of a plant that they need to build. So we believe that this is very attractive for licensees, but it is also attractive for potential customers as they can already sign up for future capacity - future supply of FDCA and PEF.

Fernand De Boer: Okay.

Tom van Aken: In terms of how many customers we can have within the plant: for now, we have sold all the material that the company plans to be producing over the coming two years. But we do expect that we're going to be signing new customers for the period thereafter. We continue to see that there are new applications for FDCA and PEF. This is also something that you can see, for example, with our deal with Plixxent, because this is FDCA that's going to be used for polyurethanes in construction materials and insulation materials. It is not something that Avantium has ever explored by itself, but as volumes of FDCA and PEF are becoming available, we see that these companies are starting to explore in what other applications and markets this product can be used. So we see that as a very positive development of more potential market being opened up by these industrial companies.

Fernand De Boer: Okay. And then you say you have one license agreement in place, that is, with Origin Materials.

Tom van Aken: That is correct.

Fernand De Boer: Okay. And then on the financing, I'm a little bit puzzled by your comments on this €15 million by the ministry. And also you mentioned a number of another €20 million. So I'm not sure what this all means. Could you give us an idea?

Tom van Aken: We have announced a €65 million rights issue. That's a fully underwritten and committed rights issue. And €15 million of that underwrite is coming from the Ministry of Climate and Green Growth. But what the ministry has committed to that, if the market is completely funding the €65 million, then subsequently, the €15 million from the ministry will still be invested in Avantium, but that will then be done through a private placement in addition to the €65 million rights issue that we're currently contemplating. So if we are successful, it would mean that we're not raising €65 million of equity, but that we're raising €80 million of equity. That is point one.

Then, in addition to that, the company is in very active discussions with a government initiative here in the Netherlands, and that is regarding a €20 million of capital that would become available to us. And we expect that to be rewarded to the company in November 2025. The €20 million would then be in addition to the €65 or €80 million that I mentioned in the first part of my response. So if it all is successful, it will basically mean that we would have in total €100 million of capital that would be injected into the company. I hope that answers the question.

Fernand De Boer: The €20 million is a loan or a grant or a equity then?

Tom van Aken: That is something that is still under discussion and is not something that I can provide guidance for at this moment in time.

Fernand De Boer: And if you have €100 million total, you will be sufficient funded to bridge until 2028, when maybe the first licensee income will come in.

Tom van Aken: We expect that the company will reach to become EBITDA-positive in 2027. We are expecting that with this financing we are sufficiently funded to reach that point, and therefore that we don't anticipate that we will come back to the market to reach positive EBITDA. Licensing revenues will depend on the timing of the completion of the startup of the Flagship Plant. And that will dictate if that money will already be coming in in 2026. We absolutely anticipate that that will be coming in in 2027.

Fernand De Boer: Okay. Thanks.

Tom van Aken: All right.

Operator: The next question comes from the line of Patrick Roquas, calling from Kepler Cheuvreux. Please go ahead.

Patrick Roquas: Good morning, gentlemen. Thank you for taking my questions and congrats with this financial plan. A couple of questions. The first one is the target to get to EBITDA breakeven by 2027. Just to check, that is based on the Flagship Plant running at full capacity, and does not include any licensee agreements to be sold. That's the first one.

Tom van Aken: If you look at the targets to be EBITDA positive in 2027, that is based on ramped up capacity of the Flagship Plant. We do anticipate that it's going to take between 12

and 24 months for the Flagship Plant to be ramped up. But it is also including the sale of four licenses between now and 2027. The timing thereof is something that will be determined by the exact startup date of the Flagship Plant, but we do anticipate that by the end of 2027 we have sold four licenses.

Patrick Roquas: Thank you. Then on the restructuring that you announced in the overhead and R&D, does it also imply that you believe that most of the work for FDCA has been completed and it's okay to go forward with less researchers without hurting this project? Or should I see it in a different way and relate it to the strategic review of R&D Solutions?

Tom van Aken: These are the two major drivers for this. We are transforming from an R&D company into a commercial operational company. That means that we are reducing our investments in R&D and focus more on the operations and commercial deployment of the technology. Secondly, we are reducing our overheads. And that is related to the divestment and strategic options that we are exploring for the R&D Solutions, Volta, and Ray Technologies. It's a combination of the two strategic changes that are taking place in the company.

Patrick Roquas: And then the €15 million that you just mentioned from the government, if the government underwrites the €15 million fully, then how many additional shares will be issued through that?

René Ploegsma: The current shares outstanding is 8,802,388. The shares issued in the rights issue, that's 12,103,283. So that will come to a total of shares issued of 20,905,671 shares.

Patrick Roqua: So the €15 million, if that's on top of the €65, will not lead to additional shares.

René Ploegsma: It's an additional 3 million up to the number of shares I've mentioned.

Patrick Roquas: You're raising potentially €100 million and you've indicated that you will be fully sufficiently financed for a couple of years. Does that mean that you're going to burn up that amount of cash in the coming two and a half years?

Tom van Aken: That's a good question, Patrick. No. I think it's important to highlight that what we have done here by what we call this comprehensive financing package, we have really gone for a big solution and not for half a solution, that we continuously have to come back to the to the capital markets. We are financing here in a big way, also to avoid a situation where we continuously have to tap the market for smaller amounts of money. And that is really a strategic choice. We have decided to go for a solution where everyone contributes. So the government, the banks, we're asking that from our equity investors, the company itself will contribute to this. So it's an all-encompassing solution. In terms of how we're going to be spending it, I will hand over to Rene.

René Ploegsma: The cash burn rate will significantly reduce after the sale of R&D Solutions. And in 2027, with the license income and revenue developments, the burn rate will be further reduced until the end of 2027 to become EBITDA positive.

Tom van Aken: And does it mean that we're going to be burning all the money? There is substantial buffer in there, depending on how much money is going to be raised, Patrick. So it could be that we have a cash reserve on our balance sheet. I would see that as a very healthy position for a company in this stage. And I'm sure you agree.

Patrick Roquas: Totally agree. Guys, thanks a lot for these answers.

Operator: The next question comes from the line of Reg Watson, calling from ING. Please go ahead.

Reg Watson: Hello. I just wanted to check the EBITDA breakeven, is that at the end of 2027 as a run rate or is that for the whole of 2027? That's the first question.

Tom van Aken: Thanks for the question. That will be by the end of 2027.

Reg Watson: Okay. I'm conscious of the fact that in your answer to Patrick, you expect to arrive at the end of 2027 with positive cash on the balance sheet. But equally, I guess the elephant in the room is that you only recently extended your bank terms to mid-2028. So what happens in 2028?

Tom van Aken: In 2028, if this plan is executed, we're going to be in a completely different position to refinance the debt. Because by that time we have not only a plant that has been started up, we have a plant that we expect it's going to be fully ramped up. We expect that we're going to be in a licensing business. We expect that we're going to be in EBITDA positive territory. So we do expect that at this moment in time that we're going to be able to strike a completely financing structure than what we have today, which is going to be significantly less expensive. But of course, that all depends on the company being able to execute on this.

Reg Watson: Okay.

Tom van Aken: The refinancing planning is something that we will be initiating in 2027.

Reg Watson: Yeah. And on the quality issues in the piping and the electricals at the plant in Delfzijl. Can you give us more information on the cost to rectify that and the delays that's caused?

Tom van Aken: This refers to certain quality deficiencies that we have identified in the welds and materials of certain parts of the piping of the Flagship Plant in the oxidation and purification section. As a precautionary measure, we are going to be repairing or replacing some of these components and pipes. We can't provide yet a precise quantification of the cost, but we have modelled in into our own forecast. We expect that the equity raise will be sufficient to cover these expenses.

Reg Watson: And the quality issue is not caused by the supplier? It's not the responsibility of the supplier?

Tom van Aken: Can I come back to that just after? Let me first finalise my answer on the timing before I come back to that. So the impact on the timeline is that we are delaying the startup to the first quarter. This was first set for the fourth quarter of this year. So I think that gives you an idea of the extra timing. It's a two-fold reason why that is delayed. It took us a number of weeks longer than planned to startup the sugar dehydration unit, but also the time it takes to repair these errors in construction. So in total, that is affecting the timeline with approximately three months.

In terms of who is going to be responsible for the cost, I think that's a totally different question, Reg. Right now we're fully focused on repairing, getting the Flagship Plant operational as soon as we can. Of course, we have informed our EPC contractor and subcontractors and suppliers of these defects. And a separate discussion, more on the legal and insurance side, is going on to determine who is responsible for this. But I do expect that it's going to take significantly

more time to get to the bottom of that. We absolutely don't want to wait with the startup until these discussions have been concluded. That is something that you will be seeing coming back in our communications in 2026.

Reg Watson: Okay. That's understandable. Thank you very much. And good luck with the rights issue.

Tom van Aken: Thanks, Reg.

Operator: We have a follow-up question coming from Fernand de Boer, from Degroof Petercam. Please go ahead.

Fernand De Boer: Thank you for my follow-up question. If you sell everything except your stake in the Delfzijl Flagship Plant of Renewable pPolymers, and you take the majority of the costs, what does that mean for the minority share? Is that still at 22% or is it going to be down? How does that work?

Tom van Aken: I think you're referring to how Avantium Renewable Polymers is financed through Avantium NV and through the Groningen consortium and Worley minority shareholders. We have announced that there is capital from €2.5 million coming from the Groningen consortium. We are in discussions with the minority shareholders about the financing of Avantium Renewable Polymers. But I think you can also imagine that, in particular on the side of Worley, that is part of a bigger discussion regarding the CapEx overruns and now also this latest construction issue with regard to some of the welding. So those things are interrelated and therefore will require more time, and hopefully they will be agreed and settled in the course of time.

Fernand De Boer: And then last question, can now expect depreciation and finance cost to be started on the Flagship Plant starting in the first quarter?

René Ploegsma: The FDCA Flagship Plant depreciation will start at the commercial operation date. The depreciation is now considered to be a straight line that will be assessed on a asset per asset basis before capitalisation. The overall useful life of the Flagship Plant is ten years, and the assets will be depreciated over a maximum of ten years. Useful life of parts of the assets will be lower and will be depreciated over the applicable useful life. Does that answer your question?

Fernand De Boer: I'm still a little bit puzzled by ramping up and starting commercial production. Is that then the same date, so is that also Q1, or is that then later?

Tom van Aken: The commercial operations date in our qualification for now is Q1 2026.

Fernand De Boer: Can you tell us something about your expected maintenance costs for this plant? Because you're depreciating it in ten years, is that being really conservative or is that really the actual life cycle of the plant?

Tom van Aken: For now we are not providing guidance on terms of maintenance costs. I think in terms of depreciation, we do that in terms of industry standards. I know that there are many large scale assets that are depreciated over a longer period of time. But we have to take into consideration here that this plant is a Flagship Plant to demonstrate the technology for licensing purposes. And therefore, I think it is logical that this is being done on basis of a ten-year time period and not for a longer-term time frame.

Fernand De Boer: Thank you very much.

Tom van Aken: Thanks, Fernand.

Operator: Ladies and gentlemen, there are no further questions, so I will hand you back to your host to conclude today's conference. Thank you.

Caroline Reedt Dortland: Thank you all for your questions and for joining us today. I realised we have shared a large amount of information with you and it may take some time to digest for you, so please feel free to reach out with us with any follow-up queries. Have a great day.

Operator: Thank you for joining today's call. You may now disconnect.

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