



2022 half-year results and provision of the half-year financial report

Activity in the first half of the year

- > Animal nutrition: the end of the half-year was marked by a drop in the volumes sold and the inflation of raw-material costs, which was contained
- > Positioning of a low-carbon, higher value-added offer for amino acids and expansion of the range of specialities for animal well-being
- > Cosmetics and other markets: half-year in line with the ramp-up of METEX NØØVISTA
- > Consolidated half-year EBITDA¹ of -€7,4 m, breakeven for METEX NØØVISTAGO

Outlook

- > Demand for animal nutrition remains sluggish and volatile in the short term due to the unprecedented inflationary environment affecting raw materials and energy
- > A rise in costs in 2022 controlled by hedging gas and electricity, and the constitution of stocks of certain raw materials
- > A margin on variable costs which should be preserved by the sale of stocks built up in the first half of the year, the implementation of short-time working arrangements on the Amiens site, and the dynamic management of sales prices
- > Sustained demand for cosmetic applications and more limited visibility for specialty chemical applications

¹ EBITDA: Operating income minus the amortization and depreciation of assets, costs of payment in shares, transaction and goodwill costs, and write-back of impaired R&D costs

Clermont-Ferrand, 30 September 2022 - (FR0004177046 METEX), METEX, a leader in industrial fermentation for the production of natural ingredients used in the animal nutrition, cosmetics and biopolymer markets, published its consolidated results for the first half of 2022 today.

As mentioned, in Q2, the Group faced a scissors effect caused by:

- a slowdown in demand from the livestock sector, which was particularly affected by the inflationary environment affecting agricultural and energy raw materials, and a health crisis linked to an episode of avian flu of unprecedented intensity,
- the accelerated inflation of energy-related, raw-material costs.

Implementation of strong measures to address the current downturn in the animal nutrition market

In the animal nutrition market, the Group succeeded in containing the fall in its half-year revenue, down 8% compared to the first half of the previous financial year on a like-for-like basis², while the volumes sold fell by 26% over the same period.

Over the period, the production level of its Amiens plant was maintained in order to build up stocks at controlled production costs. At the end of June, the Group had sufficient stock to meet its customer commitments in the second half of the year while better protecting its margins.

From a financial perspective, this situation has depleted the Group's cash due to the sharp increase in stock levels and inflation in the cost of certain raw materials. In order to limit the enduring impact of the economic and health situation on the Group's cash, new adaptation measures for the Amiens production plant were implemented in September and could be reinforced as from the beginning of October.

At the same time, METEX has strengthened the positioning of higher value-added solutions to meet the challenges of the animal nutrition sector in terms of lowering the carbon footprint of animal feed and reducing the use of therapeutic antibiotics and zinc oxide in livestock. The award recently given to the INNEUS® and NOOVALIFE™ ranges by the jury of the SPACE 2022 international trade fair coincides with a policy of higher sales prices as from Q1 2023.

In the cosmetics and consumer care markets, the 30% increase in the revenue of METEX NØØVISTA between Q1 and Q2 2022 is in line with the ramp-up plan of the Carling plant. At the end of June, the unit had reached 60% of its nominal capacity. METEX NØØVISTA increased its prices in May to pass on the higher cost of its main raw material, affected by the Ukraine crisis. Regarding this matter, the Group would like to point out that METEX NØØVISTA has advantageous gas and electricity hedging mechanisms until the end of 2023. The second half of the year should see growth in cosmetics volumes, with more limited visibility for specialty chemical applications and lower costs for its agricultural raw material.

² Namely, as if the acquisition of METEX NØØVISTAGO had taken place on 1 January 2021 and not on 29 April 2021.

METEX NØØVISTAGO's profitability (EBITDA) maintained despite the global context

For the first half of the year, the Group's EBITDA was -€7,4 m.

Despite the sharp drop in the volumes sold in animal nutrition in Q2, tight control of the cost structure enabled METEX NØØVISTAGO to break even on an EBITDA basis. METEX NØØVISTAGO's EBITDA was mainly affected by a drop in the sale of the volume of amino acids produced in Amiens for animal nutrition in Q2 (-11.5% compared to Q1) and, to a lesser extent, by the increase in the price of certain raw materials correlated with the inflation of energy costs borne by the Group's suppliers and impacting the company.

For the other two entities, EBITDA for the first half of the year is fully in line with the Group's forecasts.

Current operating income stands at -€12,7 m.

Other non-current income and expenses amounted to -€0.5 m compared to €87 m in the first half of 2021. As a reminder, the METEX NØØVISTAGO acquisition resulted in badwill of €88 m (estimate of badwill as of June 30, 2021, pending the final allocation of the price) after the revaluation of balance sheet items at their fair value (Purchase Price Allocation, PPA). This amount corresponded to the difference between the net asset value of METEX NØØVISTAGO revalued under the PPA (€101 m) and the purchase price of €13.2 m actually paid by METEX.

For the first half of 2022, the Group's net income was -€18.4 m, compared to €76.7 m in the first half of 2021.

Summary income statement

In millions of euros	First half of 2021	First half of 2022
Revenue	36.6	129.3
EBITDA	-8.1	-7.4
Current operating income	-9.8	-12.7
Non-current operating income and expenses	86.8	-0.5
Operating income	76.9	-13.2
Net result	76.7	-18.4

The Group recalls that METEX NØØVISTAGO has ARENH (fixed price) quotas for the supply of electricity and hedging mechanisms for the supply of gas that will cover 100% of its needs until the end of 2022 and at least 30% of its needs in Q1 2023.

Balance sheet analysis

At 30 June 2022, shareholders' equity amounted to €135 m, compared to €153³ m at 31 December 2021.

As mentioned, METEX NØØVISTAGO's stocks increased significantly from €49.8 m at 31 December 2021 to €86.3 m at 30 June 2022. This increase in the value of stock is mainly due to a drop in the sale of the volume of amino acids produced in Amiens in Q2 and, to a lesser extent, the increase in the price of raw materials linked to the cost of energy borne by the Group's suppliers which do not benefit from the same hedging mechanisms as METEX.

The increase in stock automatically affected the Group's cash position. At 31 December 2021, the Group had a consolidated gross cash position (IFRS including current financial assets) of €43.3 m. At 30 June 2022, it stood at €18.7 m (including current financial assets). The Group's debt is €43.9 m (including €7.7 m of IFRS16 debt) compared to €28.4 m at 31 December 2021 (including €8.5 m of IFRS16 debt). The amount repayable within one year is €16.6 m. As a result, at 30 June 2022, the cash position net of debt was -€25.2 m. In order to cover its working capital requirements in the current very poor economic climate, the Group drew down €12 m on 30 June 2022 from the €30 m available under the terms of its revolving credit facility put in place in May 2022. To date, the Group has drawn down an additional €10 m under this facility.

As mentioned, in the second half of the year, the Group's priority is to reconstitute part of its cash by selling stock.

Outlook: continuation of the value strategy in a context offering little visibility

In a global context that remains demanding and constrained, METEX still wishes to defend its cash position and results. In this regard, the Group remains attentive to the increase in energy costs as well as to the difficulties in procuring certain raw materials which are currently affecting all players in the animal nutrition sector.

As mentioned, an increase in the sales prices of its entire product portfolio has already been implemented. It is expected to boost the sales of its subsidiary METEX NØØVISTAGO from Q1 2023. In this respect, the Group's commitment to position its entire range on low-carbon benefits should help customers - all of whom are attentive to European goals concerning new performance standards - accept this new policy.

The 2022 half-year financial report - including the half-year activity report, which contains, in particular, a description of the main risks and uncertainties for the remaining six months of the financial year - is available to the public today. It can be downloaded from the Company's website (www.metabolic-explorer.fr) under the Investor / Annual and financial reports / Company presentations tab.

The 2022 half-year financial report includes:

³ Equity as of December 31, 2021 takes into account the final revision of the balance sheet values of the allocation of the acquisition price of METEX NØØVISTAGO.

- the activity report for the first half of 2022,
- the summary consolidated financial statements at 30 June 2022,
- the statutory auditors' report on 2022 half-year financial information,
- the attestation by the person responsible for the half-year financial report.

ANNEXES

Consolidated Profit & Loss Account (€ thousands)

	1st half 2021	1st half 2020
	129 265	36 572
Turnover	645	555
Other operating income		
Cost of products sold	-121 222	-36 101
Research and development expenses	-4 527	-2 876
Commercial expenses	-8 945	-2 546
Administrative expenses	-6 989	-5 064
Other operating expenses	-976	-366
Income from ordinary operations	-12 749	-9 826
Non-current operating income	0	88 002
Non-current operating expenses	-490	-1 244
Operating income	-13 239	76 932
Cash and cash equivalents	727	-73
Cost of gross financial debt	-2 904	-402
Cost of net financial debt	-2 176	-474
Tax expense (-) / income	-3 000	199
Net income	-18 415	76 656
<i>o/w Group share</i>	-18 415	78 749
<i>o/w Minority shareholders' share</i>		-2 093
Other comprehensive income	0	0
Overall net income	-18 415	76 656
Of which:		
<i>Group share</i>	-18 415	78 749
<i>Minority shareholders' share</i>		-2 093

BALANCE SHEET

(€ thousands)

	30.06.2022	31.12.2021
Assets		
Intangible assets	15 152	15 438
Tangible assets	84 313	82 550
Non-current financial assets	672	423
Deferred tax assets	6 323	9 323
TOTAL NON-CURRENT ASSETS	106 460	107 735
Inventory	89 128	51 264
Accounts receivable	40 425	40 670
Current tax receivable		200
Other current non-financial assets	12 060	8 289
Current financial assets	13 730	15 691
Cash and cash equivalents	4 955	27 584
TOTAL CURRENT ASSETS	160 298	143 698
TOTAL ASSETS	266 758	251 433
Liabilities		
Share capital	4 383	4 383
Premiums	133 172	133 172
Legal reserves	212	212
Other reserves	15 993	-64 972
Net income (Group share)	-18 415	82 618
Shareholders' equity (Group share)	135 345	155 413
Net income (minority shareholders' share)		-2 093
Reserves (minority shareholders' share)		
TOTAL SHAREHOLDERS' EQUITY	135 345	153 320
Bank debt and other non-current financial debt	27 339	24 100
Non-current provisions	10 058	10 008
TOTAL NON-CURRENT LIABILITIES	37 398	34 108
Bank debt and other current financial debt	16 598	4 285
Accounts payable	64 565	44 137
Other current liabilities	12 853	15 583
TOTAL CURRENT LIABILITIES	94 015	64 004
TOTAL LIABILITIES	266 758	251 433

- END -

Next meeting:

Revenue for Q3 2022: 8 November 2022 after the stock exchange

About METabolic EXplorer – www.metabolic-explorer.com

Contributing to the ecological transition through innovations for the production by fermentation of functional ingredients used in the manufacture of consumer goods.

Using renewable raw materials, the company develops and industrialises innovative and competitive industrial fermentation processes as an alternative to petrochemical processes to meet consumers' new societal expectations and the objectives of the energy transition. Its functional ingredients of natural origin are used in the formulation of cosmetic products, nutrition-animal health or as intermediates for the synthesis of biomaterials.

The METEX NØØVISTA production unit based in Carling, in Moselle, allows the METEX Group to market 1,3 propanediol (PDO) and butyric acid (BA).

The acquisition of AANE, the no. 1 European amino acid production site for animal nutrition, means the METEX Group can achieve its ambition to become one of the world leaders in the functional ingredients market.

Based at the Clermont Limagne technology park, near Clermont-Ferrand, METabolic EXplorer is listed on Euronext in Paris (Compartment B, METEX) and is included in the CAC Small Index.

Find us at:   

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