



METabolic EXplorer in 2015

A contrasted year and ongoing sustained activity

Clermont-Ferrand, 31 March 2016 – METabolic EXplorer, a biological chemistry company that specialises in developing manufacturing bioprocesses for bio-based compounds used in a wide range of everyday products, including textile fibres, animal feed supplements and resins, is reviewing its activity in the 2015 financial year.

Highlights in 2015

The 2015 financial year of METabolic EXplorer concluded, against all expectations, with the discontinuation of a partnership on one of the products in the portfolio. This development notwithstanding, the year was characterised by the achievement of new milestones regarding two of the Company's other products:

- The signature of an agreement with the Finnish group UPM for the MPG program
- Regulatory green light from the FDA in the United States and the production of the first samples for the L-Methionine program

This momentum, reflecting the efforts rolled out by the Company to initiate the commercial use of each one of its technologies, was also supported by Bpifrance, which once again provided its financial support to the Company.

METabolic EXplorer heads into 2016 with several alternatives regarding the commercial use of its proprietary technologies.

L-Methionine program: road map towards industrial development, supported by Bpifrance, with the initial results of tests confirming the competitiveness of the first 100% natural methionine

- 2015: headway on the road map leading to industrial development

Following regulatory green light from the FDA in the United States in January 2015, METEX made swift progress on the four main components of its road map to industrially develop its 100% natural L-Methionine technology:

- Optimisation of the investment in industrial capacities ranging from 10,000 to 80,000 tonnes a year: signature in April 2015 with Technip of a memorandum of understanding on technical cooperation to optimise the engineering design of all industrial production units
- Quantification of the nutritional, health and economic benefits of METEX L-Methionine: production of the first samples in its pilot facility and launch of initial tests with an INRA test farm
- Continued filing of regulatory applications to cover strategic geographical regions such as Europe or Mexico
- Intensification of commercial discussions with a view to the signature of several non-exclusive licences: progress was made in each of these discussions. The signature expected for one of them before the end of 2015 did not materialize and this signature remains expected in second-half 2016.

Bpifrance provided further financial support for the execution of the road map, for a total €1.5 million, reflecting the renewed confidence of this leading French institution.

NB: In January 2015, METabolic EXplorer received a no-question letter from the FDA concerning its program. This major milestone opens the way to the future market launch of METEX L-Methionine and marks the initiation of the plan to extend the filing of regulatory applications to other world regions.

- 2016: the continuation of nutritional tests and the finalisation of commercial agreements

o *First positive results:*

The initial results show that, under the conditions of the test, poultry gain weight at an equivalent rate with a dose of METEX 100% natural L-Methionine that is 20% lower than a dose of 100% synthetic DL-Methionine, thereby confirming the potential of this 100% natural alternative. The Company will pursue nutritional tests to quantify the maximum nutritional benefit of METEX L-Methionine, potentially beyond the 20% level.

o *The outlook for extended commercial use:*

The unique composition of this 100% natural METEX product also opens up opportunities in the development of new feed additives in the context the reduction or even suspension of antibiotics and chemical-origin products in livestock farming.

This innovative product, produced from the fermentation of renewable raw materials, has enabled the Company to extend discussions to include firms in the feed additives sector looking for high-performance and natural products.

NB: The world feed additives market was worth USD 15 billion in 2013, with a forecast of more than USD 27 billion for 2020. (Source: World Animal Feed Additives Market - Opportunities and Forecasts, 2013 – 2020).

o *Signature of commercial agreements:*

With this extension of discussions, METEX is confirming its objective to sign several commercial agreements in 2016.

PDO program: end of partnership and new avenues for commercial use
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- November 2015: discontinuation of partnership with SK Chemicals

METabolic EXplorer and SK Chemicals were linked by a licence agreement since mid-2014 aimed at the industrial development of PDO technology at the Ulsan site in South Korea. In June 2015, SK Chemicals requested a deadline extension with a view to carrying out additional studies, in particular to optimise the scope of the industrial development project.

In November 2015, SK Chemicals, against all expectations and for reasons known only by itself, has notified its decision to terminate the licence agreement despite the fact that METabolic EXplorer fulfilled all the technical and economic criteria of the contract (operating costs, investment expenditure related to the process, etc.). While strongly regretting the decision, METabolic EXplorer respects the choice of SK Chemicals.

This unexpected termination has no impact on the assets committed and METabolic EXplorer recovers all the intellectual property, including engineering studies on the construction of a large-scale production plant.

- 2016: alternative avenues for the commercialisation of the “ready to industrialise” technology

The competitiveness of the technology in today’s commodity price environment has not been called into question and METabolic EXplorer is confirming its confidence in the successful completion of the program.

The degree of maturity achieved in the industrial process of PDO production with engineering studies confirms the competitiveness of METEX PDO. In addition, the renowned performance of the PDO product in the industry of innovative polymers and bio-sourced ingredients opens up several alternatives for its industrial development.

MPG program: Signature of an agreement with UPM, one of the global leaders in the forest industry
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- 2015: the signature of a joint development agreement with UPM and the first milestone payments

In June 2015, METabolic EXplorer and UPM signed a joint development agreement to develop the first biological MPG production process resulting from the fermentation of second-generation cellulosic sugars.

This innovation will mark a positive disruption in the production of biochemical compounds and in particular in the use of sugars that are not in competition with food uses. With a world market estimated at more than two million tonnes*, MPG is used in everyday consumer products, unsaturated polyester resins, paints, solvents, coolants and anti-freeze, as well as in pharmaceutical, health and cosmetics compounds.

It is important to stress that this agreement is the result of tests carried out by METabolic EXplorer on the fermentation of cellulosic sugars of differing origins.

Lastly, in respect of FY2015, METabolic EXplorer received revenues of €684,000 deriving from this partnership.

*Source: *Rapport Nexant, NexantThinking™, Biorenewable Insights, Propylene Glycol, Dec. 2014*

NB: The signature of this bilateral agreement is linked to the signature of another agreement on the realisation of the collaborative project of the ValChem consortium, of which UPM and METEX are both members (see the UPM group press release on the ValChem project dated 11 June 2015).

- 2016: key events in the development program

Key events in the program in 2016 will include the pursuit of the development with a view to adapting the MPG process to cellulosic sugars produced on an industrial scale. One of the steps will consist in validating the technological choices on purification through the production of initial samples with market specifications.

As in 2015, METabolic EXplorer will receive quarterly revenues corresponding to the expenses involved in the program.

The contractual conditions binding the two parties are confidential.

Other financial contributions: renewal of PACEO® with Société Générale

To increase the financial visibility of METabolic EXplorer, the Company used 50% of the facility to issue new shares as part of the PACEO® contract implemented with Société Générale for a two-year period. One million shares were issued for net income of €5 million. METabolic EXplorer renewed the PACEO® contract in June 2015 to provide itself with greater financial flexibility through the possible issuance of several tranches of new shares with an overall limit of two million shares.

These financial resources will, where necessary, be used for intermediate developments aimed at the commercialisation of the technologies in the Company's portfolio. METabolic EXplorer would like to remind readers that Société Générale has no intention of remaining a shareholder in the Company.

NB: Where necessary, the number of shares issued and admitted to settlement on the regulated Euronext market in Paris will be subject to public information, to Euronext information and to a monthly disclosure regarding the total number of voting rights and shares making up the capital of the Company.

Governance: two new directors

Catherine Dunand and Daniel Chéron have joined METabolic EXplorer as directors. The Company's Board of Directors is now composed as follows:

- Benjamin Gonzalez, Chief Executive Officer,
- Catherine Dunand, Independent Director,
- Daniel Chéron, Independent Director,
- Jérôme Dupas, Independent Director, and
- Hans Vogelsang, Independent Director.

Catherine Dunand, an ECL engineer and holding an MBA from ENSEAD, has worked in the pharmacy and healthcare sector for over 20 years, notably at the Hoechst Marion Roussel group. She manages the Novinvest Partners investment fund and heads the Promontoires consultancy firm that she founded in 2009.

Daniel Chéron has spent most of the professional career at Limagrain, which he joined in 1976. After holding a range of positions, he served from 2006 to end-2015 as Chief Executive Officer of the Limagrain group and the Limagrain agricultural cooperative and as Deputy CEO of Groupe LIMAGRAIN Holding SA and the MOMAGRI SAS agency.

2015 financial results

The Board of Directors met on 23 March 2016 to approve the financial statements for the year ended 31 December 2015. The financial statements have been audited. The auditors' report will be issued after finalisation of the procedures required to publish the annual financial report.

(in thousands of euros)	2015	2014
Operating income	2,810	6,643
Operating expense (gross R&D, marketing and overheads)	(10,348)	(11,031)
Capitalised R&D costs	682	2,069
Exceptional operating expense	(72)	(1,472)
Operating loss	(6,928)	(3,791)
Interest income	(35)	74
Tax, translation adjustment, actuarial gain (loss)	(19)	(62)
Net loss	(6,982)	(3,779)

Cash at hand maintained at adequate level

At 31 December 2015, the company's equity totalled €49.7 million and gross financial debt €7.7 million taking account of the repayment of debt over the period (€1 million). Gross cash at hand amounted to €9.2 million compared with €10.9 million at 31 December 2014. Net cash flow stood at €1.5 million at 31 December 2015 compared with €2.2 million at 31 December 2014.

As such, use of cash came out at €6.8 million for FY2015, financed by the capital increase of €5 million as part of the initial PACEO® contract. METabolic EXplorer was thus able to make up for the gap in revenues this year without worsening its financial situation.

Following controlled cash consumption and the pursuit of rigorous management in 2015, the company is approaching 2016 with better visibility on its commercial industrialisation schedule and with a financial visibility consistent with that schedule. The Company also benefits from the PACEO® contract renewed in June 2015 for a two-year period (see above).

Key points in the income statement in 2015 include:

- A decrease in operating income from €6.6 million in 2014 to €2.8 million in 2015. Revenues came out at €0.7 million in 2015, corresponding to the contractual revenues as part of the development agreement signed with the Finnish group UPM. This item was impacted by the end of the licence agreement on PDO with SK Chemicals.
- Capitalised R&D costs no longer concern the PG project; this has been the case since 30 June 2015 given the signature of the contract with UPM on a production technology based on second-generation cellulose sugars. The result was a decrease in the capitalisation of R&D costs, from €2.1 million in 2014 to €0.7 million in 2015, and, at the end of 2015, the end of the capitalisation of R&D costs for the Company's three key projects.
- The strict control of operating expense was pursued this year, with a 6% decrease from €11 million in 2014 to €10.3 million in 2015.
- Exceptional operating expense were non-significant this year. In 2014, this item concerned the expense of the Basic Design Engineering Package prepared as part of the PDO project with SK Chemicals.

-ENDS-

METabolic EXplorer is a biological chemistry company founded in 1999. Its aim is to harness its biotechnological innovations to contribute to the alternative production of consumer goods in respect of the environment and in response to the new social expectations of consumers.

Based on the tried and tested principle of industrial fermentation, METabolic EXplorer's solutions replace today's petrochemical processes with the use of a wide range of plant-based raw materials. By optimizing the metabolic yield of non-pathogenic bacteria in a contained, controlled environment, the company facilitates the production of chemical compounds used in a wide range of everyday goods (textile fibres, plastics, resins, solvents or feed supplements for animal nutrition and health).

METabolic EXplorer is currently focusing its alternative processes on the production of three compounds that together have an estimated, annual, end-market value of €7 billion. The company's strategy will be implemented through industrial partnerships in the shape of licenses and joint ventures, as well as own-account production units.

METabolic EXplorer, based in Clermont-Ferrand, France, is listed on Euronext in Paris (Compartment C, METEX) and is part of the CAC Small index and EnterNext Tech40 label.

Get free financial information on METabolic EXplorer by registering with:
www.metabolic-explorer.com or www.actus-finance.com

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This communication includes forward-looking information which is subject to risks and uncertainties. The potential development of the company could be substantially different from that anticipated in this press release because of the various risk factors which are described in the company's Listing Prospectus.

Financial data

Income statement

	2015	2014
Turnover	684	3 742
Other income from ordinary activities	2 126	2 901
Research and Development costs	-6 876	-7 524
Capitalised research and development costs	682	2 069
Net research and development costs	-6 194	-5 454
Marketing and commercial costs	-1 281	-1 145
Administration costs	-2 191	-2 362
Other operating income and expense	0	-1 008
Operating earnings before payments in shares and non-current items	-6 856	-3 326
Personnel costs relative to payments in shares	-72	-71
Doubtful receivables	0	-394
Operating income	-6 928	-3 791
Cash and cash-equivalent income	199	503
Cost of financial debt	-234	-430
Net financial result	-35	74
Tax income	-56	-30
Net result	-7 019	-3 747
Foreign exchange adjustments	52	-14
Actuarial difference on pension commitments	-14	-18
Other items	38	-32
Net result	-6 982	-3 779
Basic earnings per share (in euros)	-0,30	-0,17
Diluted earnings per share (in euros)	-0,25	-0,15

Balance sheet

	2015	2014
ASSETS		
Intangible assets	35 339	34 457
Tangible assets	8 274	9 526
Non-current financial assets	22	1 343
Deferred tax assets	5 469	5 525
TOTAL NON-CURRENT ASSETS	49 105	50 850
Trade receivables	9	7
Other current assets	3 049	3 342
Other financial assets	1 510	0
Cash and cash equivalents	9 163	10 866
TOTAL CURRENT ASSETS	13 731	14 215
TOTAL ASSETS	62 836	65 065
LIABILITIES		
Share capital	2 326	2 226
Share premium	70 996	66 118
Legal reserves	212	212
Other reserves	-16 951	-13 105
Foreign exchange adjustments	52	2
Net result for the period	-6 982	-3 779
TOTAL SHAREHOLDERS' EQUITY	49 653	51 674
Long-term liabilities to banks	6 181	6 814
Other long-term provisions	123	86
Other long-term liabilities	0	1 343
TOTAL NON-CURRENT LIABILITIES	6 304	8 243
Other short term bank and debt liabilities	1 508	1 893
Trade payables	1 394	1 697
Other short-term liabilities	3 977	1 558
TOTAL SHORT-TERM LIABILITIES	6 879	5 148
TOTAL LIABILITIES	62 836	65 065

Statement of cash flows

	2015	2014
Net result	-7 019	-3 747
Amortisation and depreciation of non-current assets	2 313	2 405
Payment in shares	72	71
Other estimated costs	-33	-24
Change in deferred taxes	55	-58
Gain/loss from disposal of non-current assets	0	92
Gross cash flow	-4 613	-1 262
Cost of financial debt	164	321
Gross cash flow before cost of financial debt and taxes	-4 449	-941
Increase / decrease in trade receivables	2	223
Increase / decrease in trade payables	-232	212
Increase / decrease in other current assets and liabilities	1 068	-761
Change in working capital	838	-325
Net cash flow provided by operating activities	-3 611	-1 266
Assets generated internally (Research and Development)	-682	-2 122
Cash received as investment grants-in-aid	240	926
Cash paid for investments in non-current assets	-1 526	-523
Increase/decrease in non-current trade payables	28	-24
Net cash flow used for investing activities	-1 940	-1 744
Capital increase	4 978	0
New loans and other financial debts	750	233
Interest paid on loans and financial debts	-203	-261
Repayment of loans and other financial debts	-1 730	-1 991
Net cash provided by /used for financing activities	-3 795	-2 019
Gain/Loss from currencies' exchange rates	52	-14
Change in cash and cash equivalents	-1 704	-5 042
Cash and cash equivalents as of 1 January	10 863	15 906
Cash and cash equivalents as of 31 December	9 160	10 863