



## **METabolic EXplorer in the 1st half of 2016: Progress in the development of L-Methionine**

**Clermont-Ferrand, 27 September 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,- recalls the highlights of its activity in the first half of 2016.

### **H1 2016: Launch of inoLa™, an additive rich in METEX L-Methionine**

The first half of 2016 featured the launch of inoLa™, a new additive for animal nutrition. This mix, rich in METEX L-Methionine, contains secondary amino acids and organic acids which contribute towards animal nutrition and/or health improvements.

This launch of an innovative, 100% natural product responds to a strong demand in the animal feed industry and falls directly in line with the societal and environmental developments of a market which is currently in the midst of transformation.

The additional tests which have just been carried out\* demonstrate a nutritional effectiveness of inoLa™ 35% higher than petrochemical DL-Methionine and confirm the prospects of this new technology. Beyond the advantages relating to the performance and competitiveness of this new feed additive, inoLa™ represents a real opportunity for players in animal nutrition, particularly in terms of quality and development of responsible livestock production chains.

*\* inoLa™ communication dated 6 September 2016*

### **Review of the other technologies PDO and MPG:**

PDO: the commercial discussions with a view to the industrial development of this technology continued during the first half of 2016. The company recalls that PDO is used either for manufacturing PTT (polyester essential for the production of high-performance textile fibres, wrapping films and innovative plastics), or for niche applications with greater added value.

Regarding PTT, METabolic EXplorer signed an agreement protocol with Technip\* aiming to develop a shared offer combining METEX's PDO and Technip's PTT technologies. With regard to niche applications, METEX continued the discussions with a view to build a production unit on an existing industrial site.

*\* Communication dated 23 August 2016*

MPG: the programme led with the Finnish group UPM, a leader in the wood/paper sector, is being carried out according to the roadmap established by the two partners. METabolic EXplorer recalls that this partnership aimed to develop a monopropylene glycol (*MPG, or 1.2 propanediol\**) production process by fermenting second generation cellulose sugars.

Aside from the benefits of this new biosourced technological advancement, the raw materials used by this process are not in competition with food applications. As a reminder, the industrial management of this process will be carried out on the METabolic EXplorer site at Saint-Beauzire. The aim is to achieve the creation of the *process book* making it possible to grant non-exclusive licences, in particular to UPM if it decides to roll out the technology.

*\*Biosourced chemical intermediary in applications such as high-performance unsaturated polyester resins, paints, solvents and liquids, as well as for pharmaceutical, hygiene and cosmetic compounds.*

### **Review of cash flow:**

In the first half of 2016, METabolic EXplorer recorded a turnover of €928k (nil as at H1 2015) linked to the contractual revenues from development with the partner UPM within the framework of the MPG programme. Other portions of income are expected in the financial year 2016 within a contractual framework which remains confidential.

At the same time, in this half year, METEX continued its policy of strict management of operating expenditure without calling into question the investment necessary for the industrial development of its three proprietary technologies.

This policy resulted in a slight increase in R&D expenditure, in particular to carry out nutritional effectiveness tests on L-Methionine. As a reminder, development costs are not activated any longer but are now fully recognised as an expense. METEX also maintained its efforts in commercial and administrative terms in order to work on better development of these technologies.

Finally, METabolic EXplorer has maintained its net income at a level equivalent to that of the 1<sup>st</sup> half of 2015 (-€3.6M as against -€3.5M).

Gross cash available as at 30 June 2016 was €5.2M as against €9.2M at the end of 2015. Aside from the operating expenditure, this variation includes investment made during the half year: €0.4M for intellectual property and €0.1M in fixed assets for the improvement of the three processes under development. Furthermore, it should be specified that this cash sum does not include the Crédit Impôt Recherche (research tax credit) sum received in July 2016 (€2M).

Between the end of December 2015 and June 2016, financial debt fell by €0.1M to reach €7.6M: the reimbursements of leases (-€0.8M) were offset by the increase of a reimbursable advance of €0.7M (balance of the Bio2Chem aid for MPG programme).

## **2016 prospects:**

The methods to develop the three METEX technologies will be adapted to each of the products and for each of the players in the industry, upstream or downstream:

- L-Methionine: continuation of discussions under way with several partners and, in parallel, examination of the opportunity to transfer patents attached to this technology, (cf. communication dated 1<sup>st</sup> August 2016 and summons to a Mixed General Meeting on 29 September 2016)
- PDO: study of different site scenarios with a view to an industrial PDO production unit to address high value added niche markets
- MPG: following the roadmap of the partnership with UPM and the Valchem consortium.

-ENDS-

### **About METabolic EXplorer - [www.metabolic-explorer.com](http://www.metabolic-explorer.com)**

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.

*Get free financial information on METabolic EXplorer by registering with:  
[www.metabolic-explorer.com](http://www.metabolic-explorer.com) or [www.actus-finance.com](http://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

(thousands of euros)

	30/06/2016	30/06/2015
<b>Turnover</b>	<b>928</b>	<b>0</b>
Other Income from Ordinary Activities	1 154	1 264
Research and Development Costs	-3 580	-3 452
Activated Research and Development Costs	0	679
<b>Net Research and Development Costs</b>	<b>-3 580</b>	<b>-2 773</b>
Marketing and Commercial Costs	-790	-722
Administration Costs	-1 190	-1 197
Other non-current operating income and expenses	0	0
<b>Current Operating Income</b>	<b>-3 478</b>	<b>-3 428</b>
Payments in shares	-23	-37
<b>Operating Earnings After Payments in Shares</b>	<b>-3 501</b>	<b>-3 465</b>
Cash and Cash-equivalent Income	36	112
Cost of Financial Debt	-119	-131
<b>Cost of Net Financial Debt</b>	<b>-83</b>	<b>-19</b>
Other financial income and expense	0	0
Income Taxes	-32	-36
<b>Net Result</b>	<b>-3 616</b>	<b>-3 520</b>
Foreign exchange adjustments	-28	-8
<b>Other items</b>	<b>-28</b>	<b>-8</b>
<b>Net Result</b>	<b>-3 644</b>	<b>-3 528</b>
Basic earnings per share (in euros)	-0,16	-0,15
Diluted earnings per share (in euros)	-0,13	-0,13

**Balance sheet**  
(thousands of euros)

	30/06/2016	31/12/2015
<b>Assets</b>		
Goodwill		
Intangible Assets	35 597	35 339
Tangible Assets	7 523	8 274
Non-current Financial Assets	30	22
Deffered Tax Assets	5 438	5 469
<b>TOTAL NON CURRENT ASSETS</b>	<b>48 588</b>	<b>49 105</b>
Trade Receivables	5	9
Other Current Assets	3 678	3 049
Other Financial Assets		1 510
Cash and Cash equivalents	5 195	9 163
<b>TOTAL CURRENT ASSETS</b>	<b>8 878</b>	<b>13 731</b>
<b>TOTAL ASSETS</b>	<b>57 466</b>	<b>62 836</b>
<b>Liabilities</b>		
Share Capital	2 326	2 326
Share Premium	70 996	70 996
Legal Reserves	212	212
Other Reserves	-23 791	-16 951
Currency Differences	-28	52
Net Result of the Period	-3 644	-6 982
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>46 071</b>	<b>49 653</b>
Long Term Liabilities to Banks	6 538	6 181
Other Long Term Provisions	123	123
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6 661</b>	<b>6 304</b>
Bank Overdrafts		3
Other Shortterm Bank Liabilities	1 041	1 505
Trade Payables	1 330	1 394
Other Shortterm Liabilities	2 362	3 977
<b>TOTAL CURRENT LIABILITIES</b>	<b>4 733</b>	<b>6 879</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>57 466</b>	<b>62 836</b>

**Statement of cash flows**  
(thousands of euros)

	30/06/2016	31/12/2015	30/06/2015
<b>Net Result</b>	<b>-3 616</b>	<b>-7 019</b>	<b>-3 520</b>
Amortisation and depreciation of non-current assets	1 117	2 313	1 123
Payments in Shares	23	72	37
Change in non-current provisions	20	-33	12
Change in deferred Taxes	32	55	36
<b>Gross Cash Flow</b>	<b>-2 425</b>	<b>-4 613</b>	<b>-2 311</b>
Cost of Financial Debt	87	164	139
<b>Gross Cash Flow before cost of financial debt and Taxes</b>	<b>-2 337</b>	<b>-4 449</b>	<b>-2 172</b>
Increase / Decrease in Trade Receivables	4	2	-751
Decrease / Increase in Trade Payables	-58	-232	-594
Change in other current Assets and Liabilities	-684	1 068	2 003
<b>Change in working capital</b>	<b>-738</b>	<b>838</b>	<b>658</b>
<b>Net cash flow provided by operating activities</b>	<b>-3 075</b>	<b>-3 611</b>	<b>-1 514</b>
Assets internally generated (Research & Development)	0	-682	-679
Research Tax Credit and investment grants	-74	240	125
Cash paid for investments in non-current assets	-478	-1 526	-840
Increase/decrease in non-current trade payables	-96	28	162
Cash paid for acquisitions of financial assets	-20	0	0
Cash used for acquisitions and sales of other current financial assets	0	0	47
<b>Net Cash used for Investing Activities</b>	<b>-668</b>	<b>-1 940</b>	<b>-1 184</b>
Capital increase	0	4 978	4 978
Raising of long term loans and other financial debts	711	750	0
Interests paid on financial debts and loans	-82	-203	-108
Repayment of loans and other financial debts	-822	-1 730	-879
<b>Net cash provided by / used for financing activities</b>	<b>-193</b>	<b>3 795</b>	<b>3 991</b>
Gain / Loss from currencies' exchange rates	-28	52	-14
<b>Change in Cash and cash equivalentss</b>	<b>-3 965</b>	<b>-1 704</b>	<b>1 285</b>
Cash and cash equivalents as of January 1st	9 160	10 863	10 863
Cash and cash equivalents as of December 31st	5 195	9 160	12 148