



METabolic EXplorer in the 1st half of 2020

- Operating expenses in line with projections
- Minimal COVID-19 impact on ALTANØØV developments, limited to a delay in the start-up of production at the METEX NØØVISTA plant until 2nd quarter 2021
- The Group's financial resources reinforced with a €7.3-million round of financing and a €6.2-million state-guaranteed loan
- Agreement with ALINOVA for the marketing of BA on the animal nutrition market

Clermont-Ferrand, 28 September 2020 – (FR0004177046 METEX), METabolic EXplorer (METEX), cleantech biochemical company that develops and industrialises competitive and sustainable fermentation processes, publishes its first-half financial results on 30 June 2020 and reviews its activities in the first half of 2020.

Half-Year Results

During its meeting on 25 September 2020, the Board of Directors approved the consolidated financial statements for the period ended 30 June 2020.

€'000 (under IFRS standards and audited)	30 June 2020	30 June 2019
Turnover	25	25
Other operating income	900	970
Research & Development costs	-2,986	-2,885
Marketing & commercial costs	-1,413	-1,267
Administration costs	-1,259	-1,174
Operating expenses	-5,658	-5,326
Net income from ordinary operations	-4,733	-4,331
Provisions and extraordinary operating expenses	-124	-147
Net operating income	-4,857	-4,478
Net cost of financial debt/ translation adjustment	-36	-75
Tax expense (-) / income	-19	-13
Overall net income	-4,912	-4,566
<i>o/w Group share</i>	<i>-4,691</i>	<i>-4,497</i>
<i>o/w Minority shareholders share</i>	<i>-221</i>	<i>-69</i>

The statutory auditors have performed the limited audit procedures, and the half-year financial statements will be available on the website of the Company on September 29th after closing of the stock exchange.

In the first half of 2020, the Group had turnover of €25,000, identical to the amount reported for the first half of 2019. This amount corresponds to revenue from the non-exclusive license option signed with UPM following the decision to defer development of the MPG process.

In view of the strategic development plan of METabolic Explorer, which prioritizes the industrialization and marketing of 1.3 propanediol (PDO) and butyric acid (BA) as well as the expansion of its portfolio through its ALTANØØV™ technology platform, the Group notes that its turnover is not, at this stage, a relevant indicator of its business performance.

As of 30 June 2020, the Group's operating expenses were up €0.3 million, compared with the first half of 2019, notably due to the hiring of personnel prior to the start-up of the METEX NØØVISTA production unit. Operational expenses of METEX NØØVISTA amounted to €0.5 million at 30 June 2020, compared with €0.2 million at the same date in 2019.

Over the same period, and in line with our projections, the Group's overall net income stood at €-4.9 million, compared with €-4.6 million at 30 June 2019.

At 30 June 2020, the Group had a consolidated gross cash position (IFRS) of €25.5 million, compared with €26.6 million at 31 December 2019. The cash position at 30 June 2020 takes into account:

- A new round of financing for a gross amount of €7.3 million and a net amount of €6.8 million;
- A new tranche of financing amounting to €4 million through an investment agreement undertaken by its subsidiary METEX NØØVISTA, of which €3.6 million is provided by Bpifrance's SPI¹ investment fund;
- Investment grants amounting to €2.7 million for the construction of the METEX NØØVISTA PDO/BA production unit at the Carling Saint-Avold Chemesis platform in Moselle;
- Cash outflow amounting to €7.8 million related to the construction of the METEX NØØVISTA production unit;
- An amount of €2.5 million obtained through the State Guaranteed Loan (PGE)² programme; this is the first instalment of the €6.2-million loan requested by METabolic EXplorer to deal with the COVID-19 health crisis; the balance of this loan will be received in the coming weeks.

At 30 June 2020, Group debt stood at €9.9 million, compared with €7.7 million at 31 December 2019, following the receipt of the initial PGE loan payment of €2.5-million.

At 30 June 2020, the Group cash position net of debt was €15.6 million.

¹ The SPI investment fund, managed by Bpifrance, is underwritten by the Programme d'Investissements d'Avenir and the European Investment Bank.

² The PGE is an exceptional measure providing State guarantees to support the bank-based financing of companies affected by the COVID-19 crisis.

Notable events during the first half

METEX:

- **Douai Court of Appeals ruling**

In a judgement handed down on 23 January 2020, the Douai Court of Appeals ruled in favour of METabolic Explorer in a lawsuit over the cancellation of a project in Malaysia in 2014. Its decision overturned the ruling in first instance of the Lille commercial court in 2017, in which METabolic EXplorer was ordered to pay the plaintiffs damages and interest totalling €2,820,000. The Court of Appeals also dismissed all other claims of the plaintiffs. Having been notified of the appeal of the decision rendered by the legally required date, the Company has maintained the provision for this lawsuit in its accounts for 2020.

- **Successful private placement for an amount of €7.3 million with the allocation of free subscription warrants (BSA)**

As previously announced, in the first quarter of 2020, METabolic Explorer carried out a successful capital increase without shareholders' preferential subscription rights for an amount of €7.3 million, including issue premium, through an offering addressed exclusively to qualified investors, as well as a free allocation of share subscription warrants (*bons de souscription d'actions* - BSA) to all its shareholders. The Private Placement met with an enthusiastic response from qualified investors, as total demand amounted to €9.94 million, an oversubscription rate of about 1.4. All funds raised in the Private Placement will be used to accelerate the industrialisation of the processes developed at the ALTANØØVA™ platform, including the glycolic acid (GA) process, which is in the industrial demonstration phase.

- **COVID-19 health crisis**

To comply with the health and lockdown measures imposed in France in response to the COVID-19 epidemic, the Group implemented a minimum business continuity plan and temporarily scaled back its activities while protecting its tangible and intangible strategic assets. Restrictive measures necessary to protect its employees' health and enable a resumption of normal operations under optimal conditions were therefore instituted. These included the use of teleworking to maintain the company's administrative functions and provide the necessary support to its subsidiary METEX NØØVISTA.

Starting on 9 April, R&D and Industrial Demonstrator activities gradually resumed at the Saint-Beauzire site in Auvergne, with more than 80% of the personnel back at work. On 11 May, all activities at the Company resumed, with strict health procedures in place.

The R&D work schedules for the products at the ALTANØØV™ platform, and in particular glycolic acid (GA), will be little affected. The health crisis thus does not jeopardize the Group's objective of deciding on the start-up of industrial production of glycolic acid by the end of 2021 at one of the European sites now under consideration.

As regards the financial impact of the crisis, the Group has received support from the state (deferment of social charges and bank debts, partial unemployment, etc.) and obtained a State Guaranteed Loan (PGE) for an amount of €6.2 million, of which €2.5 million has been received so far.

METEX NØØVISTA:

- **COVID-19 health crisis**

Concerning the Carling Saint-Avoid site and the construction of the METEX NØØVISTA plant, work was initially slowed by the limitation of activities at the site to a single construction company. There was then a gradual resumption of work by more companies. Since 25 May, all the employees of these companies working on the project have returned to the job, though productivity has been affected by the application of crisis-related health and safety measures. After updating the overall work schedules for the plant's construction, the Group foresees starting production in the second quarter of 2021 instead of late 2020, as originally planned.

This delay has been taken into account in the scheduling of the pre-marketing activities for PDO and BA with our respective commercial partners, DSM and Alinova.

- **Commercial agreement with ALINOVA**

Following the agreement with DSM signed in late 2019 for the marketing of PDO on the cosmetics market, METEX NØØVISTA announced on 2 March 2020 another commercial agreement, this one with ALINOVA, an affiliate of the AXERREAL group (France's largest grain cooperative), for the marketing of the first bio-based butyric acid (BA) on the French animal nutrition market. This partnership will launch the commercial development of butyric acid and its derivatives (sodium butyrate), multifunctional ingredients with proven and recognized benefits for animal growth and health.

- **Progress in construction and hiring**

Construction work is continuing with the installation of cladding as well as piping and electrical wiring. This new METEX NØØVISTA unit will create about 50 direct jobs at the Chemesis platform and thus contribute to the economic revitalization of the Moselle region. During the first half of 2020, METEX NØØVISTA hired 14 more people for the plant, bringing the headcount to 18 employees as of 30 June 2020.

A video (in French) showing progress in the work and presenting comments of newly hired employees can be viewed on: <https://youtu.be/jbCYj8V18nM>

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About METabolic EXplorer – www.metabolic-explorer.com

Using renewable raw materials, the company develops and industrialises innovative and competitive industrial fermentation processes as alternatives 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 and nutrition-animal health products and as intermediates for the synthesis of biomaterials. The construction of its first production unit, through its subsidiary METEX NØØVISTA, will bring 1.3 propanediol (PDO) and butyric acid (BA) on the market.

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

Find out more :   

Get free financial information on METabolic EXplorer by registering with:

www.metabolic-explorer.com

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