



Exclusive negotiations under way with Ajinomoto to acquire Europe's largest site producing amino acids by fermentation

The plan is a major step forward for METEX in its goal to become a leader in the global market for functional ingredients made through fermentation.

Clermont-Ferrand, 26 February 2021 – (FR0004177046 METEX), METabolic EXplorer (METEX), which specialises in the development, industrialisation and marketing of eco-friendly bioprocesses to manufacture functional ingredients, announces that it has entered, through a Put Option agreement, into exclusive negotiations with Ajinomoto Co., Inc. with a view to acquiring its European subsidiary based in Amiens (France), **Ajinomoto Animal Nutrition Europe (AANE)**, Europe's top producer of amino acids by fermentation for animal nutrition. Projections for the 2020/2021 fiscal year¹ put AANE turnover at more than €200m with a positive EBITDA.

The new METEX organization (including AANE and METEX NØØVISTA) would comprise 450 employees with annual production capacities of more than 100 kt at Amiens and 6 kt of PDO (1-3 propanediol) and BA (butyric acid) at Carling Saint-Avold.

The proposed transaction received a favourable opinion from the METEX Work Council and remains subject to information and consultation of AANE's employees representative bodies. It is due to be finalised in the coming weeks.

Ajinomoto Animal Nutrition Europe, the leading European site for the production of amino acids by fermentation

- › **Highly automated manufacturing infrastructure** equipped with the latest technologies in fermentation and extraction/purification,
- › **Unique know-how** in the field of bioproduction powered by a team with extensive skills and experience from applicative R&D up to fermentation processes using 500 m³ fermentors,
- › **Sales force with expertise in the animal nutrition market** and a top-notch distribution network,
- › **A comprehensive technology portfolio under exclusive licences** for the essential amino acids for animal nutrition **in the European, African and Middle Eastern territories**

¹ AANE management forecast for the 2020/2021 financial year ending 31 March 2021.

Perfect complementarity for a value creating industrial project

The new METEX organisation would incorporate the Group's well-established **upstream R&D and pre-industrial demonstration expertise** and, **downstream, the manufacturing infrastructure, sales force and distribution networks** of AANE and METEX NØØVISTA to become the number one integrated European maker of naturally derived functional ingredients produced by fermentation.

METEX would bring its expertise in the development of bioprocesses to manufacture functional ingredients in high-value-added markets. Having invested over €90m in R&D since its inception, METEX has acknowledged expertise in developing patented fermentation strains and managing processes at the pre-industrial stage.

METEX's expertise was previously confirmed:

- In 2016, through the €45m sale to EVONIK of its process for L-Methionine, a 100% natural amino acid, which remains the largest biochemicals transaction in Europe of the last few years,
- In 2018, through the creation of METEX NØØVISTA, a joint-venture between METEX and the SPI Funds managed by Bpifrance, with a €48m funding to build the production unit of 6kt annual capacity of PDO and BA, now under commissioning.

The METEX industrial plan would be to sustain the Amiens site and its employment level by transferring its technologies under development in its ALTANØØV platform, with a goal to industrialise one new process each year. As a reminder, ALTANØØV natural ingredients portfolio addresses the cosmetics, animal feed and biopolymer markets, whose combined value is estimated at €16bn².

The first investment decision for the Amiens site would be taken before the 2021 year end in order to industrialise the METEX natural glycolic acid (GA). This investment, amounting to c. €25m, would be part of the French government' *Plan de Relance*: indeed, in this *Plan de Relance* frame, METEX has already been awarded a €9.6m grant to finance the expenses of final studies and GA investment. Prior to this decision, the glycolic acid technology would be licensed by METEX to its new subsidiary under standard market terms and conditions (initial upfront payment in addition to royalties proportional to turnover).

The main amino acid produced at the Amiens site is Lysine, a now commoditized amino acid. The METEX industrial plan for this site, being to introduce its new speciality products there, would thus lead to reduce the volatility in average selling prices. The first effects of this product repositioning should be felt as early as 2023.

To market its new specialty ingredients, METEX would benefit from the sales force and distribution network of AANE. In line with the training plan in place at AANE, these METEX technologies transfers and new products introductions would trigger new skills development programs for all employees.

In the medium term, this diversification strategy bolstered by growing markets should generate approximately €250m in annual revenue for an EBITDA in excess of 7%.

² Source: Expert Interviews Advancy

A reasonable price and sound financial conditions

The acquisition of 100% of AANE's shares for the total sum of €15m will be paid by METEX from its own equity in two instalments: €8m upon closing and €7m within 6 months of closing.

The price of the transaction reflects, in particular, the need for a buyer wishing to be able to sustain an industrial activity at the Amiens site to have already invested in order to provide the R&D needed to support the evolution of the site's product mix. For its part, the Ajinomoto Group announces the recording of a provision for assets depreciation of c. €100m³ in connection with the transaction.

The new financial situation of METEX would allow it to finance the ramping up of its new organisation, in addition to planning for different complementary financing solutions, if necessary.

Masami Kashiwakura, President of Ajinomoto Animal Nutrition Group, Inc: *"We have chosen to enter into exclusive discussions with METabolic EXplorer, a specialist in fermentation, which currently presents the most relevant proposal for the industrial future of the Amiens site, for the employment and sustainability level and for the Ajinomoto shareholders."*

Benjamin Gonzalez, Chairman & CEO, founder of METEX: *"With this acquisition, the METEX Group would become a benchmark European midcap company in the field of industrial biotechnologies, a key sector for the necessary ecologic transition. With sales by METEX NØØVISTA beginning in the second quarter of 2021 and this acquisition project, the new face of METEX at the start of the year is that of a transformed company at the centre of the major current issues surrounding food sovereignty, that offers solutions in terms of employment as well as re-industrialisation of our regions."*

The presentation of the transaction is available on the company's website at the following address:

<https://www.metabolic-explorer.fr/rapports-financiers/>

Trading of METabolic EXplorer securities on the Paris Stock Exchange (shares - FR0004177046, warrants - FR0013483534) were suspended at 9am this morning at the company's request. Trading will resume on March 1st 2021 upon opening of negotiations.

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³ 13 billion yen.

About METabolic EXplorer – www.metabolic-explorer.com

Using renewable raw materials, the company develops and industrialises innovative and competitive industrial fermentation processes as 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 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.

*Receive financial information from METabolic EXplorer by registering at:
www.metabolic-explorer.com*

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