



## 2021 Half-year Results

### The Group expands with the integration of METEX NØØVISTAGO

- > Half-year turnover of €36.6 million
- > Net income of €76.7 million, including badwill of €88 million

### A solid financial structure

- > Cash flow of €13.8 million and financial investments of €16.1 million at 30 June

### 2021 objectives confirmed

- > Consolidated turnover of more than €170 million and EBITDA of about €-4 million

**Clermont-Ferrand, 30 September 2021 – (FR0004177046 METEX),** METabolic EXplorer (METEX), a company contributing to the ecological transition through innovations for the production by fermentation of functional ingredients of natural origin for the animal nutrition, cosmetics, and biopolymers markets, publishes its consolidated financial results for the 1<sup>st</sup> half of 2021<sup>1</sup>.

Highlighting the Group's activities during the first half of 2021 were the acquisition and integration of METEX NØØVISTAGO (formerly Ajinomoto Animal Nutrition Europe (AANE)) and the start-up of the METEX NØØVISTA plant. The information contained in this press release takes into account the respective contributions of its two operating subsidiaries, METEX NØØVISTA and METEX NØØVISTAGO, which are now fully owned and integrated. The latter entity, previously named Ajinomoto Animal Nutrition Europe (AANE), has been consolidated company in the Group only since the end of April and thus contributes to only two months of the Group's half-year financial performance. METEX's financial profile will benefit automatically and over the long term from these developments in the construction of a leader in the European biotechnology industry.

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<sup>1</sup> The financial statements for the first half of 2021 were approved by the Board of Directors on 29 September 2021. The half-year financial report will be available on the company's website after the end of trading on 30 September.

## Excellent commercial performance by all the Group's products

On 30 June 2021, METabolic EXplorer recorded consolidated turnover of €36.6 million, corresponding to:

- €12.5 K received by METEX in the license option agreement signed with UPM
- €258.3 K from the first sales of PDO (1,3 Propanediol) by METEX NØØVISTA
- €36,287 K from sales of METEX NØØVISTAGO at the Amiens site

Consolidated turnover - €K	1 <sup>st</sup> half 2021	2 <sup>nd</sup> half 2021	1 <sup>st</sup> half 2021
METEX (UPM Licence)	12.5	12.5	25
METEX NØØVISTA	-	258	258
METEX NØØVISTAGO	-	36,287	36,287
<b>Total (Group)</b>	<b>12.5</b>	<b>36,558</b>	<b>36,570</b>

Following the successful industrial scale-up of the PDO/AB technology at the **METEX NØØVISTA** plant and the start of industrial-scale production of PDO for industrial and cosmetics applications, the Group recorded the first sales from its Carling Saint-Avold plant during Q2 2021, thus meeting its objective. These were sales of industrial grade PDO (bio-based polymers for the production of athletic shoe soles) and cosmetics grade PDO to supply TILAMAR® PDO with NØØVISTA™ to the customers of our strategic partner DSM.

At **METEX NØØVISTAGO**, the commercial performance of all amino acids in terms of volumes and sales was excellent. Despite the impact of the hydrochloric acid leak in late May, sales for the half were up sharply, compared with the first half of 2020. As of 30 June 2021, *pro forma* half-year turnover of METEX NØØVISTAGO was €136.6 million, compared with €99.8 million in 2020, representing 36.8% growth in sales.

As previously noted, **METEX NØØVISTAGO** has been a consolidated company of the Group only since the end of April. Thus, of the €136.6 million generated over the first six months of the year, only the €36.3 million in sales during the months of May and June are included in the Group's consolidated results. Without the hydrochloric acid incident, turnover for the months of May and June would have been about €48 million.

## Results reflecting the Group's growing size

In €k Consolidated accounts (IFRS)	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021
<b>Turnover</b>	<b>25</b>	<b>36,572</b>
Other operating income	900	555
Cost of products sold	0	-36,101
Other operating expenses	-5,782	-10,851
Other income and extraordinary expenses	0	86,758
<b>Operating income</b>	<b>-4,857</b>	<b>76,932</b>
Financial income	-37	-475
Tax expense (-) / Income	-19	199
<b>Overall net income</b>	<b>-4,913</b>	<b>76,656</b>
o/w Group share	-4,691	78,749
o/w Minority shareholders' share	-221	-2,093

This turnover reflects a loss of €11.7 million resulting from an industrial incident during the second quarter. As previously reported, the Group estimates the total impact on sales for the year will be €20 million (of which €8.3 million during Q3 2021).

A negative impact of €8 million on the gross margin for the period resulted from:

- operating losses related to the incident, estimated at €4.1 million<sup>2</sup>
- damage directly related to the incident costing €0.8 million
- revaluation of stocks in the Purchase Price Allocation for an amount of €3.1 million

In addition to these three elements related to the activities of METEX NØØVISTAGO are the start-up costs for METEX NØØVISTA at Carling, amounting to €3.2 million. The cost of products sold includes extraordinary expenses of €11.2 million. These impacted the gross margin, which would have been 35% without them.

Other operating expenses came to €10.8 million, compared with €5.8 million, owing to diverse commercial and marketing expenses incurred by METEX NØØVISTAGO and METEX NØØVISTA. Operating income stood at €-9.8 million.

Last, following revaluation of balance sheet items ("Purchase Price Allocation, PPA"), goodwill amounting to €88 million was recorded for the acquisition of METEX NØØVISTAGO. This amount is the difference between the net asset value of AANE recalculated in the PPA (€101.2 million) and the purchase price of €13.2 million actually paid by METEX (€15 million less leakage of €1.8 million borne by the seller, AANE, between the signature of the sales contract and the closing of the transaction). Group net income was thus €76.6 million for the first half of 2021, compared with €-5.0 million for the year-earlier period.

<sup>2</sup> Calculated on the basis of a gross margin of 35% in 2020, applied to lost turnover of €11.7 million in the first half.

### **A solid financial situation bolstered by the successful capital increase of €56.6 million**

At 30 June 2021, shareholders' capital amounted to €128 million, compared with €48 million at 31 December 2020.

At 30 June 2021, Group gross cash flow (IFRS) was €13.8 million. The Group also held €16.0 million in financial investments recorded as current financial assets under IFRS standards. It received a subsidy of €9.6 million, including €2.4 million paid in the first half, to help finance the planned investment in a glycolic acid (GA) production plant in France.

Various loans and other financial debts granted to the Group brought gross debt to €24.3 million at 30 June 2021, compared with €14.8 million at end-December 2020, excluding METEX NØØVISTAGO. The Group notes that the portion due within less than one year is €3.5 million. As a result, at 30 June 2021, net cash flow, including the previously mentioned €16 million of financial assets, stood at €5.6 million.

Furthermore, after the first half ended, METabolic EXplorer increased its capital through a private placement for an amount of €56.6 million, including gross cash proceeds of €25.1 million, giving it additional financial resources to pursue its international development strategy.

### **PDO and BA shipments to resume in November**

In the second half of 2021, the Group will be working to boost the output of METEX NØØVISTA, which began production in Q2 2021. As previously noted, to stabilize production and prepare for ramping up capacity, production at the Carling facility must be temporarily suspended. At this stage, work in collaboration with experts from METEX NØØVISTAGO has been carried out as planned. Production will start up again the week of 4 October and stabilize by the end of October, with product shipments resuming in mid-November 2021.

### **A decision on industrial-scale production of glycolic acid in Q2 2022**

The METEX and METEX NØØVISTAGO engineering teams have of course been focused on resolving the incident involving the hydrochloric acid leak and setting up support for the NØØVISTA plant. They are now beginning studies on industrial-scale production of glycolic acid with the aim of making an investment decision in Q2 2022 (site selection, engineering studies, validation of the commercial offer, etc.).

### **A 2021 consolidated turnover target of more than €170 million**

At this stage, the Group is still forecasting consolidated turnover of more than €170 million for the financial year ending 31 December 2021. In fact, the upward price trend for amino acids, and in particular lysine, is allowing the Group to maintain its revenue forecast for 2021.

EBITDA for the Group is likely to go down slightly. Although breakeven was forecast, a decrease to about €-4 million is now expected, reflecting a gap between sales and maintenance costs related to the stabilization plan for the Carling plant.

This outlook includes:

- eight months of operations of METEX NØØVISTAGO, from the closing of the acquisition in late April to end-December 2021. The subsidiary should continue to benefit during this period from the current upward trend in market prices.
- the contribution from increased production at the METEX NØØVISTA plant at Carling Saint-Avoid during the second half, with sales of butyric acid and butyric acid salts scheduled to begin.



## BALANCE SHEET

(€ thousands)

	30.06.2021	31.12.2020
<b>Assets</b>		
Intangible assets	19 122	15 387
Tangible assets	76 723	36 925
Non-current financial assets	244	102
Deferred tax assets	1 247	1 247
<b>TOTAL NON-CURRENT ASSETS</b>	<b>97 336</b>	<b>53 660</b>
Inventory	46 512	169
Accounts receivable	35 459	6
Current tax receivable	890	-
Other current non-financial assets	9 296	6 920
Current financial assets	16 137	-
Cash and cash equivalents	13 799	18 181
<b>TOTAL CURRENT ASSETS</b>	<b>122 092</b>	<b>25 276</b>
<b>TOTAL ASSETS</b>	<b>219 428</b>	<b>78 937</b>
<b>Liabilities</b>		
Share capital	3 000	2 781
Premiums	79 803	77 305
Legal reserves	212	212
Other reserves	-50 068	-41 793
Net income (Group share)	78 749	-8 942
<b>Shareholders' equity (Group share)</b>	<b>111 696</b>	<b>29 563</b>
Net income (minority shareholders' share)	-2 093	-824
Reserves (minority shareholders' share)	18 632	19 456
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>128 234</b>	<b>48 195</b>
Bank debt and other non-current financial debt	20 812	13 650
Non-current provisions	10 572	3 256
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>31 384</b>	<b>16 907</b>
Bank debt and other current financial debt	3 528	1 186
Accounts payable	31 151	2 369
Other current liabilities	25 130	10 279
<b>TOTAL CURRENT LIABILITIES</b>	<b>59 809</b>	<b>13 835</b>
<b>TOTAL LIABILITIES</b>	<b>219 428</b>	<b>78 937</b>

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## **The next report:**

*Financial information for 3<sup>rd</sup> quarter 2021*

*9 November 2021 after the close of trading*

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

***Contribute to the necessary ecological transition by developing new, innovative ways of using fermentation to produce functional ingredients for the manufacture of consumer goods.***

Using renewable raw materials, METabolic EXplorer (METEX) 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 METEX NØØVISTA production unit, co-owned by METabolic EXplorer and Bpifrance, located in Carling (Moselle), allows the METEX Group to bring 1.3 propanediol (PDO) and butyric acid (BA) on the market.

The acquisition of AANE, which has become METEX NØØVISTAGO, the leading European producer of amino acids for animal nutrition, located in Amiens, enables the METEX Group to realize its ambition to become one of the world market leaders in functional ingredients produced by fermentation.

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.

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