



METabolic EXplorer secures financing for deployment of its strategy

- Resumption of production at the Amiens plant
- Acceleration of the 2023-2024 industrial transformation plan

Clermont-Ferrand, 27 December 2022, 8am CET - (FR0004177046 METEX), METabolic EXplorer (the “**Company**”), a leader in industrial fermentation for the production of natural ingredients for the animal nutrition, cosmetics and biopolymer markets, announces the signature of an agreement with its main partners on 23 December 2022, securing the liquidity necessary to execute the Group’s strategy and 2023-2024 industrial transformation plan (the “**Agreement**”).

This agreement includes new financing that will allow the Group to immediately undertake the first investments necessary to deploy its strategy, to boost its sales force and to gradually resume production at the METEX NØØVISTAGO plant in Amiens, in order to guarantee its customers a local supply of amino acids and low-carbon functional solutions.

As a reminder, in the summer of 2022 the Group implemented strong measures¹ to deal with the economic downturn in the animal nutrition market and the rise in the price of raw materials and energy linked to a particularly adverse global economic environment after the invasion of Ukraine by Russia. This scissors effect impacted the Group’s results and, as a result, METEX NØØVISTAGO’s compliance with its commitments under the €100m syndicated financing agreement concluded last May², preventing (i) renewal of the quarterly drawdowns of the revolving credit facility taken out as part of that financing, for a total principal amount of €22m leading to them becoming payable, and, in fact, a cash shortfall³, as well as (ii) drawdown of the investment loans.

¹ See in particular the Company’s press release dated 30 September 2022, available on the Company’s website in the section: “News & Documents / September 2022 / 2022 half-year results and provision of the half-year financial report”.

² See paragraph 1.2 on page 9 of the 2022 half-year financial report, available on the Company’s website in the section: “Investor / Annual and financial reports & Company presentations / Annual and financial reports – 2022 / METEX 2022 half-year financial report”.

³ This amount due of €22m should be compared to the consolidated gross cash position at June 30, 2022 of €18.7m (compared to €43.3m at December 31, 2021), which continued to deteriorate in the second half of 2022.

At the same time, the Group initiated discussions with its main partners as part of a conciliation procedure⁴ to address the situation and secure the future, in particular the transformation of the Amiens plant in order to produce a broader range of essential ingredients and solutions for animal nutrition of natural origin for cosmetics and biopolymers.

Benjamin Gonzalez, Chairman and CEO, said: *“I would like to thank the Group’s financial partners as well as Bpifrance, our reference shareholder SPI – Sociétés de Projets Industriels, a fund investing in industrial projects managed by Bpifrance Investissement and some key historical suppliers who have each agreed to review existing agreements and reiterate their confidence in our strategic plan. This agreement provides the Group with the necessary visibility to accelerate its transformation towards higher value-added products and services that meet the challenges of its customers in animal nutrition, cosmetics and biopolymers. I am also pleased that the entire METEX NØØVISTAGO team will be able to resume production in the coming weeks.”*

Main terms of the Agreement

The main terms of the Agreement, the completion of which remains subject to certain conditions precedent detailed below, are as follows:

- an increase in the Company’s share capital with preferential subscription rights for a maximum amount (including share premium) of 7,999,998.85 euros, by issuing a maximum of 7,079,645 new ordinary shares at a unit subscription price of 1.13 euro (including the issue premium) with an undertaking by SPI - Sociétés de Projets Industriels, a fund managed by Bpifrance Investissement (“**SPI**”), the Company’s reference shareholder⁵, to subscribe on an irreducible basis up to all of its preferential subscription rights and on a reducible basis up to the balance of the maximum amount of the issue which would not be subscribed on an irreducible or reducible basis by other investors⁶. To that end, on 16 December 2022 the Company’s Board of Directors, having approved and authorised the signature of the Agreement, also convened an extraordinary general meeting of shareholders for 1 February, 2023, called to grant the Board of Directors the necessary delegation to carry out that capital increase;
- the subscription by SPI of simple bonds issued by the Company for a principal amount of €12m, redeemable at maturity in June 2029, that would benefit from the ranking privilege under Article L. 611-11 of the French Commercial Code and bearing interest at the 3-month Euribor rate + 6% (capitalised during the first two years);
- the provision to METEX NØØVISTAGO by its banking partners and Bpifrance of a “Resilience” government-guaranteed loan (*PGE – Prêt Garanti par l’Etat*) for a total principal amount of €33.9m, as soon as the extension of the scheme beyond 31 December 2022 becomes effective, that would benefit from the ranking privilege under Article L. 611-11 of the French Commercial Code;
- the provision to METEX NØØVISTAGO by its banking partners of a new medium-term loan for a principal amount of approximately €15.5m, to be amortised in sixteen quarterly linear

⁴ Proceedings opened for METEX NØØVISTAGO on 14 September 2022 and for the Company and METEX NØØVISTA on 6 October 2022.

⁵ SPI holds a 25.93% stake in the Company’s capital alongside BEI – Sociétés de Projets Industriels, a fund also managed by Bpifrance Investissement.

⁶ Since the BEI – Sociétés de Projets Industriels fund is now closed, Bpifrance Investissement will only subscribe to the capital increase on behalf of SPI.

instalments after a two-year grace period, secured by a pledge of METEX NØØVISTAGO shares, that would benefit from the ranking privilege under Article L. 611-11 of the French Commercial Code and bearing interest at the 3-month Euribor rate + 3.5%;

- the provision by Bpifrance of two loans for a principal amount of respectively €2m to the Company and approximately €1.5m to METEX NØØVISTAGO, to be amortized in sixteen linear quarterly instalments after a two-year grace period, benefiting from the ranking privilege under Article L. 611-11 of the French Commercial Code and bearing interest at a rate of 3.83% and 6.63% respectively (definitively determined on the date of signature of the loan);
- the postponement of all principal repayments on the loans taken out by the Company and METEX NØØVISTA for 36 months which fall due on or after 6 October 2022 and, except for the Bpifrance loans, an increase in their interest rates of 210 basis points (with some exceptions);
- repayment by 31 December 2023 of the drawings on the revolving credit facility granted to METEX NØØVISTAGO by its banking partners, of a total principal amount to date of €22m, with two maturities, in May and August 2023, of a minimum amount of €4m and €3.5m respectively, METEX NØØVISTAGO having undertaken to seek a factoring-type solution to replace the said revolving credit by the end of its term (the balance of the revolving credit facility, of a principal amount of €8m, and the investment credit, of a maximum principal amount of €70m, being replaced by the financing provided for in the Agreement). If the replacement financing to be put in place allows, the May and August 2023 maturities may reach a maximum amount of €8m and €7m respectively;
- the provision to METEX NØØVISTAGO by its banking partners, as soon as this mechanism is effective, of securities counter-guaranteed up to 90% by the government for a total principal amount of €7.4m, as an alternative to the guarantee deposit requested by the electricity supplier, ensuring METEX NØØVISTAGO's energy supply over 2023;
- the rescheduling, subject to confirmation by certain public creditors (see below), of the tax and social security liabilities of the Company and its subsidiaries representing a total amount of approximately €5.4m, repayable in March 2023 in the amount of €1.6m and, for the balance, linearly over a period of 12 months from March 2023; and
- the search for additional financing for the business plan to be put in place by January 2025 up to a maximum of €30m.

This agreement will allow the Group to resume production at the Amiens site in the coming weeks and give it new resources for the deployment of its strategy.

Completion of the Agreement remains subject to meeting the following main conditions precedent:

- Bpifrance Investissement, as investment manager of SPI, obtaining a decision from the French Financial Markets Authority (AMF) to waive the obligation to file a tender offer on the basis of Article 239-4, 2°, of its General Regulation insofar as SPI could cross the threshold of 30% of the Company's capital and/or voting rights as a result of the aforementioned capital increase, depending on the level of participation by the other shareholders and the market⁷;

⁷ If SPI were to subscribe to the entire capital increase, SPI and BEI – Sociétés de Projets Industriels, both managed by Bpifrance Investissement, would hold 36.22% of the Company's capital and 35.20% of its voting rights.

- the favourable vote by the general meeting of the Company's shareholders convened to meet on 1 February 2023 to grant the Board of Directors the necessary delegation to carry out the above-mentioned capital increase;
- confirmation by the relevant public creditors of the rescheduling of the tax and social security liabilities of the Company and its subsidiaries under the terms of the Agreement; and
- the issuing of a judgment by the Paris Commercial Court approving the Agreement concluded in the context of the above-mentioned conciliation procedure in accordance with the provisions of Article L. 611-8 II of the French Commercial Code and granting the privilege under Article L. 611-11 of the French Commercial Code to the above-mentioned financing.

At this stage, it is anticipated that all conditions precedent will be met by the end of February 2023. In this context, SPI has granted the Company a current account advance of €2.5m in order to deal with a cash shortfall. This advance will be reimbursed by way of offsetting when SPI subscribes to the above-mentioned simple bonds.

In addition, the banking partners of METEX NØØVISTAGO have, under the terms of the Agreement, the option of requesting the early repayment of the financing granted by them to the Group in the event that SPI were to hold a number of shares in the Company representing (i) less than the stake it held on the date of signature of the Agreement by December 31, 2024 or (ii) less than 15% of the capital by December 31, 2025.

Outlook

Activity is picking up in a more favourable context, thanks in particular to:

- improved clarity and control of energy costs (electricity and gas for steam generation), in conjunction with the measures put in place by the government;
- METEX's local and low-carbon value proposition is perfectly aligned with the European objectives of reducing carbon emissions from the animal sector, as confirmed by the recent change in the European regulatory framework (regulation on imported deforestation, carbon adjustment mechanism at borders, etc.).

The restructuring of the Group's debt provided for in the Agreement will make it possible to begin investing in the transformation of the Amiens site from the first half of 2023 and to accelerate the commercial development of low-carbon and animal health and welfare solutions (NØØV-CS®, B-NØØV®, INNEUS®):

- development of new production capacities for speciality amino acids (valine, tryptophan, arginine, isoleucine, leucine);
- industrialisation of the technology resulting from the ALTANØØV® platform for the production of the first glycolic acid of natural origin for cosmetics and biodegradable biopolymers;
- strengthening of the sales teams to accelerate the positioning of low-carbon nutritional solutions in the pet and aquaculture markets.

The Company presents below certain financial aggregates contained in its business plan for the period 2023-2025. These indicators are provided solely for the purposes of transparency and equivalence of information and therefore should not and cannot be equated with profit forecasts within the meaning of

Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, nor do they constitute Group guidance.

Taking into account a gradual recovery of the business, a cautious view of economic conditions and government assistance in 2023, the implementation of the Agreement in accordance with its terms, and the continued cost-reduction and cash-management efforts, as well as considering a transformation investment envelope of approximately €87m over the next three years, the Company aims to:

o a prudent 2023 financial year with:

- consolidated revenue of around €275m;
- consolidated EBITDA⁸ between -€8m and breakeven; and
- operating cash flow (before financing and investments) between -€4m and -€14m.

o a 2025 financial year allowing a return to a more normal situation with the first effects of transformation investments:

- consolidated revenue of around €420m;
- consolidated EBITDA⁸ of around €46m; and
- operating cash flow (before financing and investments) of around €42m.

The breakdown of consolidated sales between commodity products (essentially Lysine, Threonine and co-products) and specialty products is also expected to move towards a 40-60 ratio by 2025, the opposite of the current one of around 60-40.

The Group also expects consolidated revenue of around €230m for the 2022 financial year and consolidated EBITDA of between -€20m and -€30m⁹.

The occurrence of one or more of the risks described in section V “Analysis of risk factors” of the management report in the 2021 annual financial report¹⁰, as supplemented by the “Risk factors” paragraph in section 1.3 “Risk factors and related party transactions” of the 2022 half-year financial report¹¹, could have an impact on the Group’s business, financial position, results or outlook. The Group therefore makes no commitment, and gives no guarantee, that the forward-looking data presented here is achieved.

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⁸ EBITDA: operating income minus the amortization and depreciation of assets, costs of payment in shares, transaction and goodwill costs, and write-back of impaired R&D costs.

⁹ To be compared with a consolidated EBITDA of -€7.4m at June 30, 2022 (-€6.7m at December 31, 2021).

¹⁰ See pages 21 and following of the 2021 Annual Financial Report, available on the Company’s website in the section: “Investor / Annual and financial reports & Company presentations / Annual and financial reports – 2021 / METEX 2021 annual financial report”.

¹¹ See pages 11 and following of the 2022 half-year financial report, available on the Company’s website in the section: “Investor / Annual and financial reports & Company presentations / Annual and financial reports – 2022 / METEX 2022 half-year financial report”.

About METabolic EXplorer – www.metabolic-explorer.com

Contributing to the ecological transition through innovations for the production by fermentation of functional ingredients used in the manufacture of consumer goods.

Using renewable raw materials, the Group develops and industrialises innovative and competitive industrial fermentation processes as an alternative to petrochemical processes to meet consumers' new societal expectations and the objectives of the energy transition.

Its two industrial units, METEX NØØVISTAGO and METEX NØØVISTA, allow the METEX Group to achieve its ambition of becoming one of the world leaders in functional ingredients produced by fermentation for the formulation of cosmetic products, animal feed or the synthesis of biopolymers market 1,3 propanediol (PDO) and butyric acid (BA).

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

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