

Hoffmann Green announces its 2020 half-year results

- Continued industrial development: extension of the H1 site completed, building permit for H2 submitted, ongoing review of potential sites for H3
- Active commercial upturn at the end of the first half and start of the second half
- Confirmation of the industrial plan targeting the production of 550,000 tons of cement by 2024
- Strengthening of the order book to date
- Financial targets maintained, pushed back a year due to the Covid-19 pandemic
- Strong financial situation, with shareholders' equity of more than €66 million despite the effects of Covid-19 on operating activity and financial result

Chaillé-sous-les-Ormeaux (France), October 5, 2020, 8:00 am CEST – Hoffmann Green Cement Technologies (ISIN : FR0013451044, Ticker: ALHGR) (“Hoffmann Green” or the “Company”), a pioneer in low-carbon cement, today announces its results for the first half of 2020 to June 30. The Supervisory Board met on October 2, 2020 and reviewed the accounts to June 30, 2020 approved by the Management Board.

Key figures from the Company's consolidated half-year financial statements

€ thousands – IFRS	H1 2020	H1 2019
Revenue	96	33
EBITDA	(2,103)	(809)
Recurring Operating Profit (EBIT)	(2,876)	(1,401)
Financial profit/loss	(3,036)	(104)
Tax	1,485	468
Net profit / loss	(4,414)	(1,044)

€ thousands – IFRS	At 30/06/2020	At 31/12/2019
Cash position	47,394	40,914
Shareholders' Equity	66,074	70,548

Commenting on the publication of the Company's 2020 half-year results, **Julien Blanchard and David Hoffmann, co-founders of Hoffmann Green Cement Technologies**, said: “The first half of 2020 was very active, notably on the industrial and commercial fronts. We continued our actions in all of our strategic areas under sometimes delicate conditions as a result of the Covid-19 pandemic. The roll-out of our industrial plan is progressing in line with our objectives, with the completion of the extension of our H1 site and further milestones in the construction of our H2 site in the Vendée region of Western France, whose building permit

has been submitted. Lastly, our search for the H3 site is continuing in the Paris region. We have used this period to integrate additional resources that will enable us to accelerate our development in the coming months and years.

Thanks to the recent resumption of building sites activity and more generally of the construction sector, we have been able to reactivate our commercial negotiations and have signed a number of new contracts since July. Our objectives remain unchanged, although they have been pushed back slightly compared to what we had been anticipating before the public health crisis. We are more than ever committed to implementing our strategy, and firmly believe that our cements are a solution that will be incorporated in tomorrow's construction projects, as is the case with the recent signing of the GCC and Immobilière 3F contract to create low-carbon-footprint social housing".

The first half of 2020 reflects Hoffmann Green's commitment to pursuing its development despite the health and economic crisis context

On the industrial front, the Company has maintained a solid pace of development in order to execute and materialize its strategy as initially planned.

Regarding the construction of the H2 plant that will be located adjacent to the H1 site in Bournezeau, the project team has been formed. The H2 plant's conception and design plans have been finalized, and the construction process has been validated following numerous tests and trials both onsite and offsite with the chosen partners. The building permit and ICPE (facilities classified for environmental protection) registration dossier were submitted in July 2020. The building permit received a favorable opinion from Bournezeau municipal council in September 2020. Work should begin in the fourth quarter of 2020, subject to the time it takes for ICPE registration to be granted. The construction of the H2 plant is expected to be completed during the second half of 2022.

At the same time, the Company is continuing its search for land in the Paris region to set up the H3 plant, which will be built on the model of the H2 plant.

Moreover, during the first half of 2020, the Company completed the 1,000 m² extension to its H1 site devoted to receiving and shipping products and made improvements to the site's process.

On the commercial front, the growth momentum continued, despite the impact of the lockdown that delayed some of the ongoing commercial negotiations and the signing of new partnerships. Following an analysis, the Company estimates that the effects of the Covid-19 pandemic have resulted in a delay in the commercial development by approximately six months compared to what was anticipated before the pandemic. Nevertheless, new contracts were signed at the end of the first half, notably with GCC (3-year partnership with a volume commitment based on the H-UKR technology), with Capremib (3-year partnership with a volume commitment for the construction of wood and concrete acoustic screens), more recently with KP1 (5-year contract for the development and commercialization of its cements for low-carbon prefabricated systems) and lastly with GCC and 3F (a contract for the production of more than 1,600 m³ of concrete sheets, floor slabs, posts, beams and stairs for low-carbon social housing).

The Company's partners were impacted by an almost total shutdown of the construction sector during the lockdown. Since then, they have naturally been focusing on restarting their plants and resuming their activities under the new pandemic-related health conditions, temporarily postponing their initiatives with regard to innovation and eco-responsibility or reduction of CO₂ emissions. At this stage, Hoffmann Green's global order

book is not affected. Its period of execution, however, has been pushed back, with postponements currently estimated at between 6 to 24 months. As of the date of publication of these half-year results, the order book stands at over 155,000 tons of cement. The Company is maintaining an ongoing dialogue with its partners and is currently working on formalizing these delays.

In terms of Human Resources, the Company has continued to structure itself by recruiting new staff in the technical, development and production fields, and has notably recruited a Head of New Construction and two Promoters. These resources will help support Hoffmann Green's future development, and particularly its commercial and industrial development. The Company had 18 employees at the end of June 2020, versus 14 a year earlier. Additional recruitments are planned from the fourth quarter of the year.

Regarding the CSR roadmap, the 2020 priority action plan is currently being implemented. Hoffmann Green is aiming to achieve the Scope 3 standard by the end 2020.

Lastly, to improve its operational and financial efficiency, at the end of 2019 the Company initiated the implementation of an ERP (Enterprise Resource Planning), for implementation in July 2020, allowing the Company to develop an efficient industrial and financial management control solution and to strengthen its internal control.

Half-year results

The Company continued its development in the first half of 2020. Over the six months to June 30, 2020, the Company generated revenue of €96k that principally corresponded sales by volume, representing 378 tons of cement. As a reminder, the revenue of €33k recorded over the six months to June 30, 2019 consisted exclusively of engineering services fees. As indicated, the revenue recorded to June 30, 2020 was significantly impacted by the effects of the Covid-19 pandemic.

Operating expenses include staff costs of €658k, reflecting the scaling up of the teams. They also include external expenses of €1,622k in particular associated with purchases of raw materials and the tests undertaken with the Company's partners over the period.

EBITDA was -€2.1 million in the first half of 2020 compared with -€0.8 million over the same period of 2019.

At June 30, 2020, the Company recorded an increase in its amortization charges associated with the commissioning of facilities and equipment in 2019 and early 2020.

These elements led to a €1.4 million increase in operating expenses over the year, in line with the Company's forecasts.

The Recurring Operating loss (EBIT) and Operating loss thus both came to -€2.8 million at June 30, 2020.

The financial result of -€3.0 million was marked by UCITS losses and depreciations of -€3.1 million resulting from the impact of the Covid-19 pandemic on the financial markets. Subsequently, the Company has taken appropriate measures and halved its exposure on its UCITS investment.

Once tax income of €1.5 million is taken into account, the Net Loss at June 30, 2020 was -€4.4 million.

A strong balance sheet

At June 30, 2020, the Company had a strong balance sheet with Shareholders' Equity of €66.1 million, down €4.5 million since December 31, 2019 (the net loss over the period), and €47.4 million in available cash (and €56.4 million including UCITS). The change in the cash position over the period (+€6.5 million) being primarily due to the divestment of UCITS undertaken by the Company in response to market movements.

It should also be noted that the cash position was impacted by other investment cash flow, for €2.3 million, and operating cash flow, for -€1.3 million, partly offset by a €2.6 million loan subscribed to at the start of the year.

Moreover, the Company has access to an unused credit line of €10.0 million.

The Company did not take advantage of a State-Guaranteed Loan, as its cash position did not require it.

Outlook

Following an analysis of the situation to date, the Company is maintaining its target of achieving a 3% share of the French cement market, with revenue of €120 million. Given the impact of the Covid-19 pandemic on the construction sector and on the Company's activities, the Supervisory Board has decided to push back the Guidance presented at the time of the IPO by a year, which is now set for 2025/2026.

The Company is confirming its industrial plan within the timeframe announced at the time of the IPO that includes the construction of two plants (H2 and H3) capable of producing 250,000 tons each by 2024: H2 in 2022 and H3 in 2023. These units will be located in Bournezeau, Vendée, Western France (H2) and in the Paris region (H3) and, by the end of the period covered by the plan, should reach a total production capacity of 550,000 tons of cement per year on the three sites (H1, H2 and H3). The investment budgets for H2 and H3 remain unchanged (at 22 million euros each). To the best of its knowledge, the Company will be the world's only cement manufacturer to possess such clinker-free cement production capacities.

The industrial scaling up will be more gradual than initially planned in the Guidance presented at the time of the IPO, in order to incorporate the effects of the public health and economic crisis associated with Covid-19 on the construction sector and their impacts on the Company's commercial development. The Company is thus expecting to commercialize 1,500 tons of cement in 2020 and 20,000 tons of cement in 2021. As a consequence, Hoffmann Green expects to record positive EBITDA from 2022 and a Recurring Operating Profit from 2023¹. The Company is maintaining its EBITDA margin target of 40% by the end of its plan.

¹ Rather than 2020, as announced at the time of the IPO

About Hoffmann Green Cement Technologies

Founded in 2014, Hoffmann Green Cement Technologies designs, produces and distributes innovative low-carbon cements with a substantially lower carbon footprint than traditional cement.

Fully aware of the environmental emergency and the need to reconcile the construction sector, cement manufacturing and the environment, the Group believes it is at the heart of a genuine technological breakthrough based on altering cement's composition and the creation of a heating-free and clean manufacturing process, without clinker.

Hoffmann Green's cements, currently manufactured on a first 4.0 industrial site with no kiln nor chimney in western France, address all construction sector markets and present, at equivalent dosage and with no alteration in the concrete manufacturing process, higher performances than traditional cement.

For further information, please go to: www.ciments-hoffmann.fr

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Appendices

Simplified income statement

€ thousands – IFRS	H1 2020	H1 2019
Revenue	96	33
Other income from activity	4	-
Purchases consumed	(119)	(153)
Other external purchases and expenses	(1,622)	(642)
Staff costs	(658)	(252)
Tax	(49)	(7)
Stock variation	18	15
Other operating income and expenses	227	197
EBITDA	(2,103)	(809)
Depreciation, amortization and provisions	(773)	(592)
Recurring Operating Profit (EBIT)	(2,876)	(1,401)
Other operating income and expenses	(13)	(6)
Operating Profit / Loss	(2,863)	(1,408)
Cost of net financial debt	(3,039)	(104)
Other financial income and expenses	3	(0)
Tax	1,485	468
Consolidated net profit / loss	(4,414)	(1,044)

Balance sheet

€ thousands – IFRS	At 30/06/2020	At 31/12/2019
Intangible assets	3,116	2,302
Tangible assets	13,862	12,314
Other financial assets	9,095	20,004
Other non-current assets	651	629
Non-current tax assets	4,932	3,432
Total non-current assets	31,656	38,681
Stocks and work-in-progress	216	177
Accounts receivable	469	1,287
Other current assets	2,100	2,696
Current tax assets	0	1
Cash and cash equivalents	47,394	40,914
Total current assets	50,179	45,074
TOTAL ASSETS	81,835	83,755

€ thousands – IFRS	At 30/06/2020	At 31/12/2019
Shareholders' Equity – Group share	66,074	70,548
Shareholders' Equity – Minority interests	-	-
Total Shareholders' Equity	66,074	70,548
Borrowings and financial debt	9,941	7,280
Provisions for pensions	21	10
Other non-current liabilities	1,559	1,306
Non-current tax liabilities	40	27
Total non-current liabilities	11,562	8,623
Borrowings and financial debt	1,695	1,032
Accounts payable	1,673	2,644
Other current liabilities	832	908
Total current liabilities	4,199	4,585
TOTAL LIABILITIES	81,835	83,755