

2019 Annual Results

Successful launch of the marketing of Hoffmann cements and achievement of the development plan's first key milestones

Impacts associated with the Covid-19 pandemic

Chailly-sous-les-Ormeaux (France), April 27, 2020, 5:45 pm CEST – Hoffmann Green Cement Technologies (ISIN: FR0013451044, Ticker: ALHGR) (“**Hoffmann Green**” or the “**Company**”), a pioneer in low-carbon cement, today announces its 2019 annual results. The Supervisory Board met on April 24, 2020 and reviewed the Company’s 2019 accounts approved by the Management Board and audited and certified by the statutory auditors.

Key elements of the Company’s audited consolidated accounts

€ thousands – IFRS	2019	2018
Revenue	620	289
EBITDA	(1,846)	(758)
Recurring Operating Profit (EBIT)	(3,079)	(982)
Net profit / loss	(4,339)	(1,177)
Net cash position / (Net financial debt)	52,601	(6,911)
Shareholders’ Equity	70,548	4,638

Commenting on the publication of the Company’s 2019 annual results, **Julien Blanchard and David Hoffmann, co-founders of Hoffmann Green Cement Technologies**, state: “*We ended 2019 on a positive dynamic marked by the achievement of key milestones in our development plan. Firstly, our various commercial successes have confirmed the relevance and attraction of our positioning and its added value in a market that has to commit to and accelerate its energy transition. We thus marketed our first 1,000 tons of low-carbon cements, in line with our targets.*

As planned, we initiated the extension of our H1 production site, continued the administrative procedures for the construction of the H2 site – whose land has been acquired – and expanded our search for H3. 2019 also gave us the opportunity to strengthen our teams and work relentlessly on consolidating our intellectual property.

2019 was also marked by the success of our Initial Public Offering on the Euronext Growth market in Paris, which has given us the means to accelerate our industrial, commercial and R&D development for the coming years.

2020 began in an unprecedented way, and the current pandemic requires us to adapt and plan for the post-crisis world. Like every responsible player, we have prioritized the protection of our employees and undertaken a review of the situation with our clients and partners. At this stage, the health and economic uncertainties generated by the pandemic, notably in the construction industry, do not give us adequate visibility to be able to maintain the 2020 targets we announced at the time of our IPO. We are, however, confident that activity will recover after the crisis, driven by the market's solid fundamentals. The value-added of our corporate project aiming to participate in the construction of tomorrow's sustainable cities remains more valid than ever."

2019: an intense year driven by the dynamic of numerous developments and the execution of the industrial, commercial and R&D strategy

As previously announced¹, Hoffmann Green achieved a first major milestone in its development plan by selling 1,098 tons of low-carbon cements in 2019, in line with its target of 1,000 tons announced at the time of the Company's IPO. Hoffmann's low-carbon cements were notably used on various construction sites in France, in particular for concrete slabs and pre-slabs and for concrete foundations.

At the same time, the Company successfully pursued its commercial strategy by signing two partnership contracts with Bouygues Construction and GCC, major construction and public works players committed to developing low-carbon construction. The aim of these partnerships is to formulate concrete with a low carbon footprint based on the H-UKR and H-EVA technologies developed by Hoffmann Green. The first trials were launched in the fall of 2019 and continued through to mid-March 2020, when the lockdown required by the French government began.

On the industrial front, at the end of 2019, Hoffmann Green initiated the extension of its H1 production site in Bournezeau (Vendée region, Western France) to provide the Company with an additional 1,000 m² for storage and shipment of its cements. From a logistical standpoint, the automated bag-filling machine became operational with a capacity of 250 bags per hour. The associated robotic palletizer was also installed and can process up to 500 bags per hour. Lastly, two new LNG trucks were added to the logistical set-up in order to transport finished products and co-products using the lowest possible carbon footprint.

Regarding the future H2 and H3 production sites, which will be located in the Vendée and Ile-de-France regions respectively, administrative procedures have been undertaken in accordance with the development plan, but have slowed since mid-March 2020 because of the Covid-19 pandemic, which is notably impacting the review of the H2 building permit requests. It is specified that the Company already acquired the land for the construction of H2 in 2019. This land, which is adjacent to the H1 site in the Vendéopôle industrial zone of Bournezeau, will thus expand Hoffmann Green's global site area from 3 to 8 hectares.

Lastly, in line with its Research & Development and Innovation policy, the Company is working continuously to consolidate the protection of its intellectual property in order to strengthen barriers to entry on the markets

¹ See press release of January 21, 2020.

it addresses. It was to this end that the Company announced, at the end of January 2020, that it had been granted a patent for its H-P2A technology in the United States².

Moreover, and as planned, in order to support its growth momentum, the Company has strengthened its teams by recruiting experienced professionals in the Development & Innovation, Finance and Industrial fields.

2019 results in line with targets and the ramp-up of the Company's development

Driven by the successful launch of the marketing of its low-carbon cements, Hoffmann Green generated revenue of €0.6 million.

EBITDA was -€1.8 million in 2019 versus -€0.8 million in 2018, given the Company's industrial and commercial ramp-up and the strengthening of the teams enabling it to support its expected development. Operating expenses associated with purchases of materials to carry out trials and the Company's stock market listing thus increased by €0.7 million while personnel expenses rose by €0.4 million. The Company had 16 staff at the end of December 2019, compared with 7 at the end of 2018.

The Recurring Operating Profit (EBIT) amounted to -€3.1 million, versus -€1.0 million in 2018. This evolution was essentially the result of the increase in depreciation and amortization charges associated with the investments in the H1 site and the development costs for H-UKR, H-P2A and H-EVA technologies.

The net financial loss was -€3.1 million, and can mainly be explained by the non-conversion premium of 20% (€2.9 million) for the bonds convertible into shares recognized at the time of the IPO. The bondholders fully converted their debt (nominal and premium) into shares during the IPO.

The Company recorded a net loss of -€4.3 million after taking into account a tax income of €1.9 million.

Balance sheet strengthened by the success of the IPO, gross cash position of €60.9 million³ at end-December 2019

At December 31, 2019, the Company had Shareholders' Equity of €70.5 million, notably as a result of the IPO carried out in October 2019 that enabled Hoffmann Green to raise almost €75 million⁴ to finance its development plan.

Operating cash flow amounted to -€2.7 million, in line with the change in EBITDA and Working Capital Requirements.

Investments totaled €3.7 million and were primarily spent on improving processes at the H1 production site, acquiring land for the H2 production site, purchasing equipment for the research laboratory as well as on Research & Development.

Bolstered by the success of its IPO, at the end of December 2019 the Company had €60.9 million in cash⁵. With total financial debt of €8.3 million, the net cash position was thus €52.6 million.

Lastly, the Company has an unused credit line of €10.0 million.

² See press release of January 28, 2020.

³ Of which €20.0 million in long-term investments.

⁴ Gross amount, after exercise of the overallotment option, including subscriptions by offsetting receivables.

⁵ Of which €20.0 million in long-term investments.

Impacts associated with the Covid-19 pandemic

To respond to the Covid-19 pandemic, Hoffmann Green has taken the most appropriate measures to, first and foremost, ensure the health and safety of its staff. The schedules of the plant's employees have been adapted to organize an alternating workforce on the H1 industrial site.

The Company has also undertaken a review of the situation with its clients and partners. Since the beginning of this health crisis, the construction sector – to which the Company is intrinsically linked – has seen a substantial decrease in activity resulting from the lockdown's consequences on supply chains and the temporary shutdown of factories and construction sites. Hence, activity on the H1 production site and the technical trials undertaken in collaboration with some partners on their sites have been substantially reduced or suspended in recent weeks and, under the current conditions, it is not possible to set any precise dates for a resumption in activity.

Furthermore, given this situation, the administrative processing of the applications filed for the construction of the H2 production site will most likely be delayed, therefore impacting the launch of construction work initially planned for the end of the first half of 2020, although at this stage the Company is unable to estimate the length of the delay. However, the Company will put all necessary means in place to begin construction as soon as it receives administrative approval.

Lastly, the implementation of certain commercial agreements initiated in recent months will no doubt be pushed back, as the Company's partner groups are currently focusing on complying with the French government's lockdown directives. The Company's order book for the 2020 financial year should thus see delays and impacts that cannot currently be accurately estimated or quantified.

Within the context of the pandemic and because of the difficulty to estimate its direct consequences for the Company at this stage, the Board of Directors has to suspend the 2020 targets⁶ announced at the time of the IPO and is committed to publish, as soon as possible, any objective information that could more accurately indicate the pandemic's impact on its industrial and commercial schedule.

With a view to a safe and secure resumption in business, the Hoffmann teams are fully mobilized and in constant contact with the Company's partners in order to continue, when possible, the trials, certifications and construction work.

2020 outlook

In the current context, the Company does not have sufficient information that would cause it to reconsider its 2024 targets, i.e. a total production capacity of 550,000 tons of low-carbon cements a year with the construction of two additional production sites (H2 in the Vendée region and H3 in the Ile-de-France region), revenue of approximately €120 million, or a 3% share of the French cement market at that time, and an EBITDA margin of about 40%.

⁶ Target of 32,500 tons of production sold and recurring operating profit (EBIT) close to breakeven.

Thanks to its solid financial situation, the Company is confident in the relevance of its corporate project to face the challenges of this pandemic. Indeed, the Company is driven by solid fundamentals and the positive prospects of the low-carbon construction market, which will be all the more topical in the post-crisis world.

The current crisis is highlighting the need to put environmental issues at the very heart of industrial innovation and to take rapid and tangible action. Driven by an eco-friendly model, Hoffmann Green is fully committed in this perspective by implementing low-carbon solutions to preserve tomorrow's world, and firmly believes in the possibility of seizing opportunities once this global crisis is over.

Upcoming events:

- Annual General Meeting, on June 26, 2020
- 2020 first-half sales and results, on October 5, 2020 (after market close)

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.com

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Appendices

Simplified income statement

€ thousands – IFRS	2019	2018
Revenue	620	289
Other income from activity	10	-
Purchases consumed	(225)	(123)
Other external purchases and expenses	(2,025)	(934)
Personnel expenses	(532)	(180)
Tax	(16)	(13)
Other operating income and expenses	322	203
EBITDA	(1,846)	(758)
Depreciation, amortization and provisions	(1,233)	(224)
Recurring Operating Profit (EBIT)	(3,079)	(982)
Other operating income and expenses	(43)	(4)
Operating Profit / Loss	(3,123)	(987)
Cost of net financial debt	(3,131)	(140)
Other financial income and expenses	1	(5)
Tax	1,913	(46)
Consolidated net profit / loss	(4,339)	(1,177)

Balance sheet

€ thousands – IFRS	2019	2018
Intangible assets	2,302	1,321
Tangible assets	12,314	10,862
Other financial assets	20,004	2
Other non-current assets	629	812
Non-current tax assets	3,432	195
Total non-current assets	38,681	13,191
Inventories and work-in-progress	177	45
Accounts receivable	1,287	199
Other current assets	2,696	2,062
Current tax assets	1	10
Cash and cash equivalents	40,914	178
Total current assets	45,074	2,494
TOTAL ASSETS	83,755	15,685

€ thousands – IFRS	2019	2018
Shareholders' Equity – Group share	70,548	3,805
Shareholders' Equity – minority interests	-	833
Total Shareholders' Equity	70,548	4,638
Borrowings and financial debt	7,280	4,445
Provisions for pensions	10	2
Other non-current liabilities	1,306	966
Non-current tax liabilities	27	-
Total non-current liabilities	8,623	5,413
Borrowings and financial debt	1,032	2,643
Accounts payable	2,644	1,548
Other current liabilities	908	1,444
Total current liabilities	4,585	5,635
TOTAL LIABILITIES	83,755	15,685