

RNS Miscellaneous

Improved terms for existing loans agreed

PROTON MOTOR POWER SYSTEMS PLC

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Proton Motor Power Systems plc

("Proton" or the "Company")

Improved terms for existing loans agreed

Proton Motor Power Systems plc (AIM: PPS), the designer, developer and producer of fuel cells and fuel cell electric hybrid systems with a zero-carbon footprint, announces that it has agreed with SFN CleanTech Investment Ltd ("SFN") and Mr Falih Nahab to amend certain terms of the existing loans and financing facilities on terms more favourable to the Company.

The Company currently has loans outstanding of €29.0 million from SFN and €53.7 million from Mr Falih Nahab, including principal and interest. As announced on 23 June 2020, these are part of financing facilities provided by SFN and Mr Falih Nahab, which expire on 31 December 2021. Interest on these loans is charged at 10% and the interest, but not the principal, is convertible at the option of SFN and Mr Falih Nahab into ordinary shares of the Company ("Ordinary Shares"). At 30 June 2020, £18.12 million of accrued interest was convertible at 2p per Ordinary Share. As interest from 1 July 2020, as announced below, will no longer be convertible, there will be no interest convertible to shares at 48p, as announced on 23 June 2020.

Under the amended terms agreed between the Company, SFN and Mr Falih Nahab, interest payable on the existing and future loans will, from 1 January 2021, be charged at a reduced rate of 3% over LIBOR and new interest accrued as from 1 July 2020 will no longer be convertible into Ordinary Shares, so that the maximum number of shares which might be issued as a result of conversion of the interest on the loans has been fixed at 30 June 2020.

In addition, the existing facilities, amounting to €64.9 million (excluding interest), and the date when the loans become repayable have now been extended from 31 December 2021 to 31 December 2025. The right to convert the interest outstanding at 30 June 2020 has been extended to 31 December 2031. As stated previously, the undrawn portions of the loan facilities are expected to allow the Company to satisfy its working capital needs until at least June 2021.

Mr Falih Nahab has also agreed that, unless otherwise requested by the Company or as a result of institutional demand for the Ordinary Shares, he will limit the annual conversion of interest accrued up to 30 June 2020 into Ordinary Shares, so that no more than 42 million Ordinary Shares per calendar year will be issued as a result of the conversion of the loans. Proceeds from any sale of Ordinary Shares by SFN and Mr Falih Nahab will continue to be used to provide further financing for the Company as previously announced.

The Company's board of directors recognises that the long term preparedness of Mr. Falih Nahab and SFN to provide financing for the Company's operations and development programme has contributed vitally to the high level of focus in advancing its hydrogen related technology to its current stage and that the above mentioned measures serve to further alleviate the Company's cost structure and to improve the balance sheet situation.

The change to the interest rate payable on the loans will serve to substantially lower Proton's interest charge burden. The Company's board of directors believes that the extension of the existing facilities to the end of 2025 will allow the Company to pursue with confidence the many opportunities that the Company has in addition to those which the board believes will become available as a result of the German Government's National Hydrogen Strategy, including €7.0 billion to be allocated to the German hydrogen sector as contained in the German economic stimulus package passed in June 2020, the UK Government's forthcoming energy white paper and also EU initiatives such as the European Alliance for Green Hydrogen.

Related party transaction

Mr. Falih Nahab is indirectly, via SFN, a substantial shareholder (as defined in the AIM Rules) of the Company and therefore both Mr. Falih Nahab and SFN, which is a substantial shareholder, are related parties to the Company. The amendments to the terms of the existing loan facilities are therefore classified as transactions with related parties for the purposes of the AIM Rules. In accordance, therefore, with the AIM Rules, the directors of the Company, with the exclusion of Dr. Faiz Nahab, who is the brother of Mr. Falih Nahab and a shareholder in SFN, having consulted with the Company's nominated adviser, Shore Capital, consider that the amendments to the terms of the existing loan facilities are fair and reasonable insofar as the Company's shareholders are concerned.

For further information:

Proton Motor Power Systems plc

Dr Faiz Nahab, CEO
Helmut Gierse, Chairman
Sebastian Goldner, COO/CTO
Roman Kotlarzewski, CFO
Manfred Limbrunner, Director Sales and Marketing

Tel: +49 (0) 173 189 0923

www.protonpowersystems.com

Shore Capital

Nominated adviser and broker

Antonio Bossi / David Coaten

Tel: +44 (0) 20 7408 4050

www.shorecap.co.uk

About Proton Motor Fuel Cell GmbH

Proton Motor has more than 20 years of experience in Power Solutions using CleanTech technologies such as hydrogen fuel cells, fuel cell and hybrid systems with a zero carbon footprint. Based in Puchheim near Munich, Proton Motor offers complete fuel cell and hybrid systems from a single source - from the development and production through the implementation of customized solutions. The focus of Proton Motor is on back-to-base, for example, for mobile, marine and stationary solutions applications. The product portfolio consists of base-fuel cell systems, standard complete systems, as well as customized systems.

Proton Motor serves IT, Telecoms, public infrastructure and healthcare customers in Germany, Europe and Middle East with power supply solutions for DC and AC power demand. In addition to power supply, SPower also offers solutions for Solar Systems as well as a new product line for Solar Energy Storage.

Proton Motor Fuel Cells GmbH is a wholly owned subsidiary of Proton Motor Power Systems plc. The Company has been quoted on the AIM market of the London Stock Exchange since October 2006 (code: PPS).

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