

## Proposed waiver of conversion rights & share split

### PROTON MOTOR POWER SYSTEMS PLC

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7 December 2021

**Proton Motor Power Systems plc**  
("Proton Motor" or the "Company")

#### **Proposed waiver of conversion rights and share subdivision**

Proton Motor Power Systems plc (AIM: PPS), Europe's leading designer, developer and producer of fuel cells and electric hybrid systems with a zero-carbon footprint, is pleased to announce that it has entered into an agreement with the Company's largest shareholders and lenders with the objective of eliminating all and any potential future dilution effects arising from the Company's current financing structure. In addition, the Company is proposing to implement a share subdivision of each existing ordinary share into two new ordinary shares (together, the "Proposals").

#### *Waiver of conversion rights on debt facilities*

On 7 December 2021, Proton Motor entered into a waiver agreement with SFN CleanTech Investment Ltd ("SFN") and Mr Falih Nahab (the "Agreement") pursuant to which and subject to the passing of a share subdivision resolution at a general meeting to be convened shortly (the "General Meeting"), they will each waive all the existing conversion rights which they hold over the existing ordinary shares of 1p each in the Company ("Ordinary Shares").

SFN and Mr Falih Nahab are the Company's two largest shareholders and providers of finance to the Company through the following debt facilities:

- a €26.1 million loan facility with SFN (the "SFN Facility"); and
- a €50.7 million loan facility with Falih Nahab (the "Falih Nahab Facility") (together, the "Debt Facilities").

The principal amounts of the Debt Facilities are not convertible and are repayable on 31 December 2025. SFN and Falih Nahab currently have the right to convert interest accrued up to 30 June 2020 on the Debt Facilities, comprising approximately £15.7 million, at 2 pence per Ordinary Share into 786,218,749 new Ordinary Shares, representing 102% of the existing issued ordinary share capital of the Company. Pursuant to the Agreement and subject to the approval of the Subdivision by shareholders in a general meeting, these conversion rights will be waived and the interest accrued of approximately £15.7 million, together with interest accrued and accruing since 1 July 2020, will be rolled up and repaid on 31 December 2025.

#### *Subdivision*

In order to facilitate the Agreement, the Company has also agreed to propose the subdivision (the "Subdivision") of each existing Ordinary Share of 1p each into two new ordinary shares of 0.5p each (the "New Ordinary Shares"). The Subdivision will require the approval of shareholders in a general meeting and the Company will shortly publish a circular providing further details on the Subdivision and a notice convening the general meeting. A further announcement will be made at that time.

#### *Share transfer*

The Company has been advised by SFN that it intends to transfer, for nil consideration, up to 320 million New Ordinary Shares following completion of the Subdivision to Mr Falih Nahab, subject to completion of the Subdivision and subject to the Takeover Panel confirming that such a transfer would not trigger any obligation on SFN and/or Falih Nahab to make a mandatory offer to the independent shareholders under Rule 9 of the Takeover Code.

As Mr Falih Nahab is also a substantial shareholder in SFN, SFN and Falih Nahab are deemed to be acting in concert under the Takeover Code (the "SFN Concert Party"). The Agreement, the Subdivision and the proposed transfer will not change the aggregate percentage holding of the members of the SFN Concert Party over the Company's share capital.

#### *Effect of the Proposals on the Company*

Following completion of the proposed Agreement and Subdivision, SFN and Mr Falih Nahab would no longer hold any conversion rights over the New Ordinary Shares and, as announced on 2 November 2020, interest on the Debt Facilities since 1 July 2020 is charged at 12 months LIBOR plus 3% and no longer carries any conversion rights. As at 30 November 2021, the aggregate principal debt and accrued interest under the Debt Facilities amounted to €93.5 million.

In addition, the waiver of convertible rights over the accrued interest up to 30 June 2020 will eliminate the requirement to record movements on the embedded derivative in the balance sheet. The effect of this is that the embedded derivative on convertible interest liability position in the balance sheet as at 31 December 2020, amounting to £609.2 million, will be reversed in the accounts in its entirety. This will result in a one-off non-operating non-cash gain for the respective financial year in which the Waiver takes effect.

Subject to shareholder approval, the Subdivision will result in shareholders holding two New Ordinary Shares for each existing Ordinary Share they held immediately prior to the Subdivision. Following the Subdivision, while each shareholder will hold two times as many ordinary shares than held before, each shareholder's proportionate interest in the share capital of the Company will remain unchanged. It is only the number of ordinary shares in issue which will have changed as a result of the Subdivision, and, other than this, each New Ordinary Share, will carry the same rights and entitlements as set out in the Company's Articles of Association that currently attach to the existing Ordinary Shares. The New Ordinary Shares will rank equally with one another. No fractional entitlements will be created by the Subdivision.

Following the Subdivision, and assuming no further Ordinary Shares are issued, the Company's share capital would consist of 1,548,740,548 New Ordinary Shares.

Proton Motor extends its gratitude to SFN and Mr Falih Nahab for agreeing to implement the Proposals for no consideration, which are expected to have the following positive consequences for Proton Motor shareholders:

- to eliminate all and any potential future dilution effects to shareholders arising from the current financing structure which will also ensure that there remains a sufficient free float in the New Ordinary Shares for the Company's continued admission to trading on AIM;
- to eliminate the embedded derivative liability balance from the Company's balance sheet; and
- the Directors believe that the Subdivision will result in improved liquidity in the Company's shares.

#### *Related Party Transaction*

Mr. Falih Nahab is indirectly, via SFN, a substantial shareholder (as defined in the AIM Rules for Companies) of the Company and, therefore both Mr. Falih Nahab and SFN, which is also a substantial shareholder, are related parties of the Company. The entry into the Agreement is therefore classified as a transaction with a related party for the purposes of the AIM Rules for Companies.

In accordance, therefore, with the AIM Rules for Companies, the directors of the Company, with the exclusion of Dr. Faiz Nahab, the Company's Chief Executive, who is the brother of Mr. Falih Nahab and a shareholder in SFN, having consulted with the Company's nominated adviser, Allenby Capital, consider that the terms of the Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

A further announcement will be provided once the notice of General Meeting is posted to shareholders.

#### **For further information:**

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James Reeve / Vivek Bhardwaj

##### **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, stationary and rail 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 Cell 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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