

ERGOSUP raises €11 million to deploy its green hydrogen production and storage infrastructure



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D'INVESTISSEMENT

ERGOSUP develops hydrogen infrastructures based on its unique and patented technology of direct electrolysis of water under very high pressure. This integrated, competitive and secure system meets the strongly growing need for carbon-free hydrogen, for both “clean mobility” and low-carbon industrial gas applications.

After a first round of €2.7 million in 2015, the French start-up raised €11 million this year from the PSIM Fund (Major Innovation Support Programme) managed by Bpifrance as part of the Future Investments Programme, AP Ventures, Kouros and Normandie Participations, as well as its long-standing shareholders Air Liquide Venture Capital (ALIAD), Demeter Ventures, GO CAPITAL and Arkéa Capital. Its near term goal are to industrialise the production of its small series electrolyzers, develop its marketing function and strengthen its team with the recruitment of ten new employees.

Whereas today 95% of hydrogen is produced from fossil fuels, and less than 0.01% by electrolysis of water, the goal set by the Hulot plan of June 2018 is to achieve 10% carbon-free hydrogen by 2023, and 40% by 2028. This French policy is aligned with an ambitious international agenda for hydrogen where today there is strong support from industrial partners' investments and commitments from local governments, which have resulted in a host of hydrogen technologies being deployed.

ERGOSUP contributes to this growth thanks to its unique and patented know-how regarding hydrogen production. This allows it to respond to user expectations and target a privileged position, where very few actors are present today. The start-up proposes supplying green hydrogen, which is competitive and safe, closer to end-users, and with a capacity really adapted to needs.

The first markets targeted are “zero emissions” transport with different types of hydrogen-electric vehicles (drones, handling equipment, bicycles, cars, etc.) and the on-site production of industrial gas instead of receiving supplies by tank truck.

In 2015, a first round of funds amounting to €2.7 million helped to strengthen the teams, complete the technology development phase and deploy a prototype and demonstration units. The €11 million capital increase at the beginning of the year will enable the launch of small series production, the development of marketing, plus the recruitment of sales personnel, project managers and technicians.

This funding results from shareholders' reinvestments, including Air Liquide Venture Capital (ALIAD), Demeter 3 start-up fund managed by Demeter Ventures, GO CAPITAL start-up fund managed by GO CAPITAL and Arkéa Capital Investissement, managed by Arkéa Capital, a subsidiary of the Arkéa group.

To these "historic" investors are added four new leading players: AP Ventures, the PSIM fund (Major Innovation Support Programme) managed by Bpifrance as part of the Investments for the Future Programme, Normandie Participations and Kouros.



"I am very proud of the renewed confidence of our historic shareholders, one of which is a member of the Hydrogen Council. But also, there is the arrival of new international, national and regional funds, again with significant support from the Normandy Region. This operation, which is part of an impressive rise in the use of hydrogen, consolidates our development strategy. Thus, we will be able to accelerate the deployment of our integrated and decentralised sites and reinforce our teams to launch our industrialisation and stimulate commercialisation", explains Patrick PAILLÈRE, CEO of ERGOSUP.

"Bpifrance has been working with ERGOSUP for almost five years now. Winner of the first phase of the World Innovation Competition (CMI) in 2014, the company was selected for Phase 2 in 2015. The sum of grants and repayable advances received has allowed it to finance research and development the first products. Its qualification for Phase 3 of the CMI last year made it eligible for the PSIM fund (Major Innovation Support Programme), which we manage under the Future Investments Programme. We have been convinced by the relevance of the technology, which allows us to develop solutions adapted to the mobility of tomorrow", states Laura PANQUET, Senior Investment Officer at Bpifrance.

"I am delighted to announce our investment in ERGOSUP which adds another company to our existing portfolio of assets across the hydrogen value chain. I am very impressed by both ERGOSUP's team and its unique technology which provides an integrated low-cost solution for distributed green hydrogen. As a board member, I look forward to working with the ERGOSUP; sharing AP Venture's expertise, experience and network within the global hydrogen economy to create further value for the Company", says Andrew Hinkly, Managing Partner, AP Ventures.

"ERGOSUP is perfectly in line with developments in the energy, mobility and smart city sectors by proposing a unique solution for the decentralized production of green hydrogen under pressure. The flexibility of this technology allows ERGOSUP to address a multitude of markets ranging from hydrogen mobility, to industrial/laboratory applications to the supply of isolated sites. We are pleased to continue the support of ERGOSUP in its new growth phase and pleased to see that the hydrogen sector draws back financial and corporate investors", explains Olivier BORDELANNE, Partner in DEMETER's team.

"The development of the hydrogen value chain is an integral part of the Air Liquide Group's innovation strategy. ERGOSUP is a remarkable member of this project. Its high-pressure electrolysis technology opens applications that will be the norm for carbon-free mobility and decentralised management of hydrogen-energy. It is the technical and industrial know-how of the ERGOSUP team, combined with the Air Liquide Group's international expertise in the hydrogen market, which explains the renewed confidence of ALIAD Venture Capital in support of this young company" says Matthieu EYRIES, Managing Director, ALIAD Venture Capital.

"The various steps taken by ERGOSUP since GO CAPITAL's first investment, the launch in 2019 of the first hydrogen generator model, the HyRiS Lab, and the prospects opened by the expansion of the range, in the short term, to other applications (drones, mobility) convinced GO CAPITAL to participate in this new fundraising. GO CAPITAL, with its GO CAPITAL priming funds I and II, significantly contributes to financing young innovative companies involved in the development of technologies for energy transition: ERGOSUP is one of its treasures", states Bruno GUICHEUX, Director of Investment at GO CAPITAL.

"We are very proud to renew our support for ERGOSUP and participate in this new fundraising. We have been supporting its leaders and the team since 2015 in the development of this innovative and competitive carbon-free hydrogen production technology, fully in line with the recent measures taken by the government for the country's energy transition. This new investment by Arkéa Capital is part of a rational approach to supporting regional companies with high potential", says Sylvie LE BRAS, Investment Officer at Arkéa Capital.

"Normandie Participations, as an investment fund in the Normandy Region, is pleased to support the development of ERGOSUP. The company has developed a relevant offer based on a good patent portfolio. Alongside our co-investors, we support the company's ambitious development plan, which has the necessary qualities to be a leader in a fast-growing market, both in France and abroad", comments John GUINET, Investment Manager at Normandie Participations.

"Thanks to its unique high-pressure electrolysis technology, ERGOSUP offers a viable solution, which is as close as possible to hydrogen consumers, and contributes to accelerating the development of green hydrogen. For Kouros, an industrial group and investor committed to the fight against global warming, ERGOSUP is a privileged technological partner for the deployment of systems to rebuild a 100% carbon-free energy system", says Florent BERGERET, Director of Kouros Investments.

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- ERGOSUP Financial Advice: Natureo Finance

About ERGOSUP:



Created in 2010, ERGOSUP develops an innovative and patented process for the direct production of hydrogen by electrolysis at very high pressure and storage. Markets targeted are supplying carbon-free hydrogen for industrial applications, hydrogen transport infrastructures, and massive stationary energy storage systems. On the strength of its success, the start-up was awarded the prize for the 2014, 2015 and 2017 World Innovation Competition and the CES 2019 Innovation Award.

ERGOSUP is located in Malataverne (Drôme) and Cherbourg (Manche). It now has 20 employees.

In 2015, it launched a first financing plan and raised €2.7 million. It aims for a turnover of €1 million in 2019 and €6 million in 2020.

About Bpifrance:



Bpifrance is the French national investment bank: it finances businesses – at every stage of their development – through loans, guarantees, equity investments and export insurances. Bpifrance also provides extrafinancial services (training, consultancy, etc.) to help entrepreneurs meet their challenges (innovation, export, etc.).

For more information, please visit: www.bpifrance.fr and presse.bpifrance.fr

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About the Programme of Investments for the Future (PIA):



The French Secretary general for investment (SGPI) is in charge, under the direct authority of the Prime Minister, to ensure the consistency of the State's innovation investment policy.

Since 2010, the Secretary general is in charge of implementing the "French Strategic Investment Program" of 57B€ (PIA). It's also supervising the "Major Investment plan 2018-2022" (57B€), decided by President Macron in September 2017:

- Major Investment Plan: launched in September 2017 for a five-year period. 57 billion euros, to support structural reforms and face the new challenges in modernizing our economy;
- France's Strategic Investment Program: since 2010, 57 billion euros to provide our economy with long-term growth prospects through the financing of innovative projects.

In addition, the SGPI leads a public investment evaluation mission and is supporting the implementation in France of the "Juncker Plan", European Investment Plan, led by the European Investment Bank.

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About AP Ventures:



AP Ventures is a venture capital firm headquartered in London. The Fund is dedicated to investing in advanced technology companies utilising the unique high-performance characteristics of Platinum Group Metals (PGMs). The Fund operates a global mandate to invest in pioneering new technologies and businesses which solve global challenges such as renewable energy integration, resource scarcity and a growing population. This includes: hydrogen infrastructure; fuel-cell electric mobility; energy storage platforms; water treatment solutions; sensors; durable electronics; and biomedical devices.

The existing Fund I portfolio includes investments in Allergy Systems, Food Freshness Technology Holdings, Greyrock Energy, High-Yield Energy Technologies, Hydrogenous Technologies and United Hydrogen Group.

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About Demeter:



Demeter is an independent management company specializing in the management of private equity funds dedicated to the environment (water, waste, air, soil) and energy transition sectors (renewable energy, energy efficiency, clean transportation). Demeter manages €1billion around 3 poles covering the entire value chain of private equity: Innovation (start-up financing), Growth Capital (SMEs financing) and Infrastructure (projects financing). Demeter has already invested in more than 130 companies and infrastructure projects in the environmental and energy transition sectors. Demeter also enjoys a strong European presence through its offices in France (Paris – Grenoble – Metz), Spain (Madrid) and Germany (Munster), as well as its partnerships with investment funds Cycle Capital in Canada and eCapital in Germany, giving it a real international dimension.

The Demeter 3 Amorçage fund, investing in Ergosup, was raised with the support of the National Seed Fund (NSF) managed by Bpifrance Investment in the framework of the Program Investment of Future and with the support of the European Investment fund (EIF) through the framework Program of the European Union for the Competitiveness and the

Innovation (CIP). 

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About ALIAD:



Created in 2013, Air Liquide Venture Capital (ALIAD) is the Air Liquide Group's venture capital investor. ALIAD's mission is to take minority stakes in innovative technology start-ups. ALIAD's investment strategy targets three sectors concerned with major societal changes: energy transition, health and digital. ALIAD supports start-ups developing technologies of the future. This is done by setting up technological and/or business agreements between these young enterprises and entities within the Group.

For more information: <https://www.airliquide.com/group/aliad-venture-capital>

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About GO CAPITAL:



GO CAPITAL manages €200 million, and finances innovative companies in West and Central France, in various technology sectors: Energy, Digital, Health and Services for Industry. Through several funds (GO CAPITAL Amorçage and Ouest Ventures) GO CAPITAL invests in young innovative enterprises. Funds are available to help them accelerate their development from creation to international deployment. Today, GO CAPITAL has 47 companies in its portfolio. www.gocapital.fr

About Arkéa Capital:



As a minority shareholder, Arkéa Capital supports companies from start-ups to mid-size companies at all stages of their development, by maintaining the independence of the decision-making centres. Arkéa Capital is a subsidiary of Arkéa group dedicated to private equity activities. It has been active for more than 30 years in all sectors of activity throughout France, thanks to six regional offices and a team of experts. It supports companies and their managers over the long term through five complementary investment vehicles: Arkéa Capital Investissement, Arkéa Capital Partenaire, Arkéa Capital Managers, West Web Valley and We Positive Invest. Arkéa Capital has stakes in nearly a hundred companies and currently manages equity capital of approximately €1 billion.

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About Normandie Participations:



Flexible and responsive, Normandie Participations shares in the region's vitality alongside other local finance organisations. On a principle of co-investment with private funders, Normandie Participations, with capital derived 100% from the Normandy Region, targets at enterprises in the fields of start-up, innovation, development, creation, transmission and recovery. The regional fund has allocated 38 participations; these amount to €27 million of investments in just over two years. Normandie Participations also manages Normandie Horizon, a €40 million regional equity loan fund, and sponsors FFWD, the regional acceleration programme for growth companies.

About Kouros:



As an actor in the fight against global warming, the Kouros Group works on the decarbonisation of heavy transport and the production of electricity. Through its Scale-Up Programme, Kouros supports start-ups and small and medium energy enterprises in their industrialisation. A strategic dialogue between company directors and Kouros experts defines the most appropriate form to launch or accelerate the development of innovative energy enterprises through venture capital, industrial and/or commercial partnership agreements.

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