



## BALYO announces its 2019 annual results

Ivry-sur-Seine, France, March 9, 2020, 5.45 pm CET – **BALYO** (FR0013258399, Ticker: BALYO, eligible for PEA-PME), a technological leader in the design and development of innovative robotic solutions, today announces its 2019 annual results, as approved by the Board of Directors on March 6, 2020.

**Pascal Rialland, CEO of BALYO, says:** “2019 was impacted by operational difficulties regarding the roll-out of the Company’s solutions, which led to a decline in the activity and a loss greater than the previous year. Remediation actions undertaken by the technical teams have gradually enabled us to deal with these difficulties more effectively, avoid their repetition and improve installation processes. These measures resulted, at the end of the year, in significant order commitments for 2020 from the Company’s two industrial partners. The operating model has been simplified, with a greater involvement of our partners in the marketing and installation of robots in 2020. Strengthening the partnerships as well as the technical and managerial actions we have implemented enable us to target revenue growth of over 50% in 2020”.

### 2019 annual results\*

In millions of euros	December 31, 2018	December 31, 2019
<b>Sales revenue</b>	<b>23.26</b>	<b>20.43</b>
Cost of sales	-16.98	-19.14
<b>Gross margin</b>	<b>6.28</b>	<b>1.29</b>
<b>Gross margin ratio</b>	<b>27.0%</b>	<b>6.0%</b>
Research & Development	-5.74	-5.94
Sales & Marketing	-4.64	-5.88
Overheads	-6.80	-6.97
Share-based payments	-1.25	-0.11
<b>Operating profit/loss</b>	<b>-12.14</b>	<b>-17.61</b>
<b>Financial income</b>	<b>0.24</b>	<b>-0.15</b>
<b>Tax</b>	<b>-</b>	<b>0.06</b>
<b>Net profit/loss</b>	<b>-11.89</b>	<b>-17.70</b>
<b>Cash position</b>	<b>14.93</b>	<b>4.56</b>

\*The consolidated financial statements have been audited.

The certification report will be issued once the management report has been verified and the requisite procedures have been finalized.



As announced when the Company published its 2019 annual sales revenue, sales totaled €20.4 million incorporating the IFRS 2 charge associated with the allocation of BSA equity warrants, or €21.2 million before restatement. Taking into account new orders of €3.8 million in Q4 2019, the backlog stood at €14.1 million at December 31, 2019, compared with €20.1 million at the end of 2018.

The commercial agreement signed at the beginning of the year with one of the world leaders in e-commerce resulted in a turnover of around €2.2 million in 2019; orders recorded last year with this customer also amounted to €1.1 million.

Over the past year, the gross margin ratio reached 6%, or 10% before the IFRS 2 restatement, illustrating the operational difficulties encountered in 2019, a transitional year for BALYO during which the teams carried out structuring work, in association with our industrial partners Linde MH and Hyster-Yale Group, to simplify the installation processes, train our partners' teams and strengthen quality controls. These measures, combined with the order commitments received at the end of the year, are intended to ensure a recovery in sales momentum in 2020 while returning to the historical level of gross margin recorded by the Company.

The increase in operating expenses is mainly due to the rise in Sales & Marketing expenses (+27%). For the most part, this change is due to the increase in sales and marketing staff between the second half of 2018 and the first half of 2019. R&D costs and General & Administrative expenses increased by 3%.

As a result, the operating loss was -€17.61 million in 2019 vs. -€12.14 million in 2018. Once a financial loss of -€0.15 million, associated with foreign exchange losses is taken into account, the net loss was -€17.70 million in 2019 compared with -€11.89 million in 2018.

The Company had a cash position of €4.6 million at December 31, 2019, vs. €14.9 million at the end of 2018. The operating losses were partly offset by a €7.0 million improvement in Working Capital Requirements following the renegotiation of payment terms with industrial partners at the end of September 2019.

## Strategy and outlook

At the start of the year, BALYO presented a commercial strategy focused on strengthening its historical partnerships, launching direct marketing of robotic solutions to independent intralogistics integrators and testing a pallet-movement "As a Service" offering.

The various drivers of this new strategy, mainly the order commitments from its two industrial partners for a total of 394 robots in 2020, and the delivery of the backlog at December 31, 2019, should allow the Company to generate 2020 sales revenue in excess of €30 million, a growth of 50% compared to 2019. The Company also aims to get closer to break-even during the second half of 2020.

To support this strategy and the success of its transformation plan, BALYO continues to look for financing solutions adapted to its needs.



In the context of the Coronavirus virus epidemic, BALYO has not experienced any interruption of its business or difficulties within its supply chains at this stage. As a reminder, the Company generates 10% of its sales in the APAC region. However, BALYO has taken preventive measures regarding the conditions for the safe return of certain employees from high-risk areas. Depending on the evolution of the situation, in particular the possible limitation of travel in Europe, the Company could experience certain delays in the execution of projects in the installation phase.

### Key H2 2019 events

- September 2019: improvement in the contractual payment conditions with Linde Material Handling, illustrating the industrial partner's confidence in the potential of BALYO's solutions and allowing the Company to benefit from a significant cash inflow.
- November 2019: change in BALYO's governance, with the appointment of Pascal Riolland as Chief Executive Officer from January 1<sup>st</sup>, 2020.
- December 2019: strengthening of BALYO's intellectual property with 15 patents delivered in 2019, taking the total number of patents to 50, in 10 patent families versus 3 families in 2016.
- December 2019: significant order commitments from the Company's two industrial partners, representing a total of 394 robots for 2020, close to twice the volume of orders received in 2019.

### Key events post-closing

- January 2020: announcement of a new commercial strategy based on strengthening of BALYO's historical partnerships for better industrial and commercial efficiency, launching direct marketing of robotic solutions to independent intralogistics integrators and testing an "As a Service" pallet movement offering.
- In order to fully focus on its new strategy, BALYO has signed an agreement with Norcan entrusting it with the operational development of the Sherpa range via the Sherpa Mobile Robotics (SMR) company created by Norcan for this purpose. Pursuant to the terms of this agreement, BALYO will sell the assets specifically developed for the Sherpa range to SMR and transfer its teams dedicated to the development of the range. In return, BALYO will receive BSA equity warrants giving it access to up to 30% of SMR's capital.
- February 2020: in line with the strategy announced at the beginning of the year, BALYO is now commercially engaged with three independent companies for the distribution of its solutions. In addition, the testing of our "As-a-Service" offering is also progressing as expected, as the first monthly invoices associated with this service have been issued.

The annual financial report will be available shortly in the Investors section of the Company's website: <https://www.balyo.com/Investor>



## 2020 financial schedule\*:

- Q1 sales revenue: April 20, 2020
- Shareholders' Meeting: May 25, 2020
- Q2 sales revenue: July 27, 2020
- H1 results: September 28, 2020
- Q3 sales revenue: October 26, 2020

\* Indicative schedule that may be modified. Press releases are generally published after market.

## ABOUT BALYO

Balyo transforms standard forklift trucks into standalone intelligent robots thanks to its breakthrough proprietary Driven by Balyo™ technology. The geoguidance navigation system developed by Balyo allows vehicles equipped with the system to locate their position and navigate autonomously inside buildings. Within the automated handling vehicle market, Balyo has entered into two strategic agreements with Kion Group AG (Linde Material Handling's parent company) and Hyster-Yale Group, two major operators in the material handling sector. Balyo is present in three major geographic regions (Americas, Europe and Asia-Pacific). Its sales revenue reached €20.4 million in 2019. For more information, please visit our website at [www.balyo.com](http://www.balyo.com).



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