

 Press Release

2021 half-year results: the Group enters a new phase of industrialization within a market in full structuring

- Revenues for the first half of 2021 at €5.2 million, stable compared to the first half of 2020
- Cash position of €185 million at 30 June 2021
- Launch of major industrialization projects with the new station production site in Grenoble and the pre-selection of Belfort as location for the electrolyzer Gigafactory
- A solid portfolio of technological and commercial opportunities with the Group's partners despite a slowdown in activity due to delays in the decision-making process for some projects
- Change in governance to support the acceleration of the transition to industrial scale

La Motte-Fanjas, July 27 2021 – 5:45 pm CEST – McPhy (Euronext Paris Compartment C: MCPHY, FR0011742329), specialized in zero-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), today announces its 2021 half-year results.

Luc Poyer, Chairman and CEO of McPhy, stated: “McPhy operates in a market where projects are progressively changing in scale, driven by the European Green Deal and the French National Hydrogen Strategy. The Group is particularly well positioned with equipment designed to meet the expectations of the two market segments at the heart of this transformation: industry and mobility. In order to prepare itself for an acceleration of its growth, McPhy, strengthened by its technological choices and attentive to its customer's needs, is intensifying its industrialization efforts and is strengthening its teams in its three countries of operation in accordance with its strategy.”

Simplified income statement

| (€ millions, limited review) | S1 2020 | S1 2021 |
|---|--------------|--------------|
| Revenues | 5.4 | 5.2 |
| Other operating income | 0.3 | 0.8 |
| Income from ordinary activities | 5.7 | 6.0 |
| Purchases consumed | (2.9) | (1.8) |
| Personnel costs | (4.1) | (5.7) |
| Other operating expenses | (2.2) | (4.4) |
| Depreciation, amortization and provisions | (0.6) | (1.8) |
| Recurring operating profit (loss) | (4.1) | (8.4) |
| Financial result | (0.1) | (0.2) |
| Net profit (loss) | (4.3) | (8.6) |

Half-year consolidated accounts approved by the Board of Directors on July 27 2021

2021 half-year results

McPhy's revenues for the first half of 2021 amounted to €5.2 million compared to €5.4 million in the first half of 2020. Revenues is made up of 58% of electrolyzer sales (of which 45% are large capacity and 17% smaller capacity) and 42% of hydrogen station sales. Although the dynamics of the decarbonized hydrogen market are still very favorable, sales in the first half of the year were impacted by delays in decision-making by certain stakeholders.

Purchases consumed decreased significantly as R&D costs were capitalized in the first half of 2021 for an amount of €1.4 million.

Based on a still very promising medium-term outlook, the Group pursues its investment efforts in order to secure the necessary resources to respond to the massification of projects, increase its technological lead and strengthen the key know-how in its sector. As expected, McPhy recruited 24 people in the first six months of the year, bringing the workforce to 134 people as of 30 June 2021, in line with the objective of welcoming 50 new employees over the entire year, and has also incurred expenses to support its growth. This acceleration and these efforts have an impact on personnel costs and operating costs, which have been brought respectively to €5.7 million and €4.4 million.

During the period, net provisions increased by €1.8 million and mainly correspond to the estimation of: (i) the potential impacts of the incident that took place at the EnergieDienst site in Grenzach-Wyhlen while awaiting the expert report (costs estimated to date at €1.3 million provisioned) and (ii) the costs of dismantling two completed demonstration projects equipped with McPhy storage technology (MgH₂ pellets) for an amount of €0.6 million provision. This leads to an operating loss of €8.4 million and a net loss of €8.6 million.

Cash consumption was €13 million in the first half of 2021 and included (i) a €2.5 million contribution to the liquidity contract in line with the increase in trading volumes of McPhy shares, (ii) €2 million in investments, (iii) the repayment of State Guaranteed Loans of €4 million.

As of June 30, 2021, McPhy holds €185 million in cash, a significant increase compared to the same period last year, due to the capital increase that took place in the second half of the year 2020.

Highlights of the first half of 2021

- **1st half-year activity**

During the first half of the year, McPhy observed a slowdown in firm order intake, notably due to the global health context and related restrictions and the wait-and-see attitude of certain stakeholders dependent on public funding mechanisms. In this context, the Group was nevertheless able to achieve new operational achievements:

New strategic and technological partnerships

Already associated with leading industrial stakeholders such as EDF, Chart Industries and Technip Energies to support its industrial scale-up work, McPhy has expanded its network of partners by signing several agreements during the first half of the year. McPhy has concluded a technological partnership with Plastic Omnium, in order to optimize the filling protocols and interfaces between hydrogen stations and high-pressure tanks, as well as with TSG, which reinforces the 24/7 maintenance service provided on McPhy hydrogen stations.



This partnership ecosystem is both a powerful commercial lever, particularly in calls for tender, and a cooperation in a sector logic to pool expertise, develop an industrialized and standardized approach, and increase the competitiveness of hydrogen mobility.

- **Industrialization continues at an accelerated pace**

Merger of McPhy's station activities on a single site in Grenoble

McPhy pursues its transition to an industrial scale with a new hydrogen station production site located in Grenoble, which will be operational by March 2022. This site will increase McPhy's production capacity to 150 stations per year, representing a sevenfold increase of its current production capacity. This merger of activities, currently located in La Motte-Fanjas and Grenoble, on a single site will enable the optimization of project execution times and a better service to customers. At full load, it will lead to the creation of more than 100 new jobs in the Isère region.

Pre-selection of the Belfort site for the electrolyzer Gigafactory

McPhy has announced the pre-selection of the Belfort site to build its electrolyzer Gigafactory. This gigawatt-scale electrolyzer production site, whose implementation remains subject to obtaining financing under the IPCEI, will create more than 500 McPhy jobs at full load (including about 400 in France and a hundred in Germany and Italy), and several hundred indirect jobs in France and Europe. This is the Group's industrial response to the strong growth prospects of the alkaline electrolyzer market in Europe.

In parallel with these major developments, McPhy pursues the optimization of its supply chain by strengthening partnerships with key suppliers and implementing new processes under the responsibility of the Chief Manufacturing Officer who joined the Group at the beginning of the year.

- **Update on the situation at the EnergieDienst site in Grenzach-Wyhlen**

On June 25, McPhy reported a potassium hydroxide leakage from its electrolyzer that occurred on Thursday, June 24, 2021 at the Grenzach-Wyhlen power-to-gas plant in Germany, operated by EnergieDienst.

Since then, McPhy, in consultation with EnergieDienst, has appointed Gexcon as an independent expert to determine the exact cause of the incident. The Group is investigating further and expects the first conclusions of the expert report in the course of September.

- **A new governance for McPhy**

The Board of Directors following the General Meeting of 17 June 2021 appointed Luc Poyer as Chairman. He succeeds Pascal Mauberger who remains a director of the Group and becomes its Honorary Chairman.

McPhy also announced on 12 July the evolution of its governance. A selection process for a new Chief Executive Officer was immediately initiated and Luc Poyer will assume the role of Chief Executive Officer during this transition phase. His priority is to ensure the smooth running of operations, ongoing projects and the satisfaction of the Group's customers and partners while accelerating the industrialization phase of the Company, in close collaboration with the teams.



• Outlook

The market outlook remains well oriented for the Group, particularly in Europe where the Group is strongly established, with its activities in France, Germany and Italy. Beyond the long-term objectives, Europe has confirmed, in the framework of the Green Deal, an objective of 6 GW of Electrolysis and 500 H₂ stations by 2024.

The second half of 2021, with revenues expected to be close to the one recorded in the second half of 2020, should enable the Group to continue to build up its technological and industrial capacities and to equip itself with the appropriate organization to meet the requirements of the sector effectively.

The Group intends to continue the deployment of its business model based on the continuous improvement of its green hydrogen technology, which can only be conceived over long cycles. Thanks to the mobilization of its teams and the support of its industrial partners, McPhy is more confident than ever in its medium and long-term growth prospects.

Next financial event

- **2021 Full-Year Revenue**, on January 25, 2022 (after market)

About McPhy

Specialized in hydrogen production and distribution equipment, McPhy is contributing to the global deployment of zero-carbon hydrogen as a solution for energy transition. With its complete range of products dedicated to the industrial, mobility and energy sectors, McPhy offers its customers turnkey solutions adapted to their applications in industrial raw material supply, recharging of fuel cell electric vehicles or storage and recovery of electricity surplus based on renewable sources. As designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy has three development, engineering and production centers in Europe (France, Italy, Germany). Its international subsidiaries provide broad commercial coverage for its innovative hydrogen solutions. McPhy is listed on Euronext Paris (compartment C, ISIN code: FR0011742329, MCPHY).

To learn more: www.mcphy.com

McPhy is eligible PEA-PME

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