

McPhy 2023 First-Half Results

Continued development and increase in the backlog

- Revenue of €7.0 million in the first half of 2023, within the expected range
- Backlog¹ of €33.4 million as of June 30, 2023, up 9% vs. December 31, 2022
- EBITDA of €(21.6) million, reflecting the ongoing development strategy
- Cash position of €97 million as of June 30, 2023
- Double-digit revenue growth target for the full year

Grenoble (France), July 27, 2023 – 6:00 pm CEST – McPhy Energy, specialized in low-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), today announces its consolidated results for the first half of its 2023 fiscal year, ended June 30, approved today by the Company's Board of Directors.

2023 First-Half Results²

(€ million)	H1 2023	H1 2022	Change
Revenue	7.0	5.2	35%
Other operating income	0.7	0.5	29%
Income from Operating Activities	7.7	5.7	34%
Purchases consumed	(5.2)	(5.2)	1%
Personal costs	(11.2)	(7.9)	42%
External costs	(12.9)	(9.7)	33%
EBITDA	(21.6)	(17.1)	27%
Depreciation, amortization and net provisions	(3.3)	(2.3)	41%
Operating Income (EBIT)	(24.8)	(19.4)	28%
Financial Result	1.4	0.2	562%
Income Tax	(0.0)	(0.0)	n.s.
Net Result	(23.5)	(19.7)	

¹ Firm order intake not yet recorded as revenue.

² Half-year consolidated financial statements have been subject to limited review by the statutory auditors.

Jean-Baptiste Lucas, CEO of McPhy, says: *“During this first semester of 2023, McPhy achieved several milestones on the road to becoming a key player in the hydrogen ecosystem in Europe and beyond. We signed our first significant contracts in the industrial sector, the biggest market for low-carbon hydrogen. Our industrial scale-up has accelerated with the automation of the stack assembly line in our San Miniato plant and the start of construction of our Gigafactory in Belfort. We have also begun our international development through a highly promising partnership with the Indian group Larsen & Toubro (L&T) and structured our policy regarding corporate social responsibility. Over the coming months, we will continue these actions while stepping-up our commercial penetration and strengthening our execution capabilities. The low-carbon hydrogen market is making gradual progress and must accelerate its growth to meet the targets set by major public and private operators. McPhy is leveraging all available means to make the most of this amazing opportunity”.*

Revenue within expected range and increase in the backlog

2023 first-half **revenue** totaled €7.0 million, within the expected range of €6 to 8 million announced in April. It represents **growth of 35%** compared with the data published for the first half of 2022 and, remains stable compared with the 2022 figures restated for the takeover of two older generation stations. Although solid, the Group’s performance was nevertheless impacted by the postponement of the CEOG contract, one of the largest projects in which McPhy is a stakeholder. However, during the semester, the Group benefited from the contribution of contracts whose implementation has now begun, such as VEO-ArcelorMittal and HYPE. Sales are divided between the supply of electrolyzers, either large capacity McLyzer or from the Piel range (59%), and the supply of stations (41%).

The semester’s **commercial momentum** is illustrated by the first two major contracts won by McPhy in the **industrial sector**:

- McPhy is a stakeholder in an ambitious **low-carbon steel project with ArcelorMittal and VEO**, with the construction of an electrolysis pilot plant in Eisenhüttenstadt, Germany, in collaboration with the Brandenburg Technical University. McPhy will supply two McLyzer electrolyzers with an output of 1 MW each and will perform a 5-year service contract,
- McPhy is also involved in a **“green metal” project with the Plansee Group**. McPhy will supply a McLyzer 800-30 electrolyzer that will be installed on Reutte site in Austria and will also provide long-term equipment maintenance services.

Furthermore, the Group has signed an **agreement with Indian conglomerate L&T** whereby McPhy has granted an **exclusive license** for its pressurized alkaline electrolyzer technology **for the manufacture of electrolyzers**. L&T is planning to build a large-scale (Gigawatt) electrolyzer manufacturing plant in India based on McPhy’s technology to serve the needs of Indian domestic market, as well as selected geographical areas³. This partnership enables McPhy expansion beyond the European market, notably in India, a high-potential market whose low-carbon hydrogen production capacity should reach at least 5 million tons a year by 2030.

Finally, these new references resulted in **€10.9 million in firm orders** in the first half of 2023 and took the **backlog to €33.4 million** at June 30, 2023, an increase of **9%** vs. December 31, 2022.

Operating result reflecting the Company’s ongoing development

In the first half of 2023, the Group pursued its strategy of commercial and industrial development. This led to a rise in current expenses linked to innovation and R&D expenditure on the one hand, and engineering resources for project and services on the other.

Within this context, **personnel expenses** increased by 42%, reflecting the recruitment of **30 new employees** during the semester (and 54 over the past 12 months), bringing the workforce to 232 employees at June 30,

³ Oman, Qatar, Kuwait, Bahrain) and South Asian Association for Regional Cooperation countries (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives).



2023. **Other external expenses** amounted to €12.9 million in first-half 2023, primarily to strengthen the Group's industrial and technical expertise.

As a result, **EBITDA** came to **€(21.6) million**, compared with €(17.1) million in the first half of 2022. The **Operating Result** was **€(24.8) million**, while the **Financial Result** improved substantially to **€1.4 million** thanks to the favorable impact of interest rate rises on cash investments. The **Net Result** was **€(23.5) million** in the first half of 2023 compared with €(19.7) million for the same period in 2022.

Solid cash position

Net cash consumption was **€(38.5) million in the first half of 2023**, impacted by investments relating to the construction of the Gigafactory, and the increase in working capital requirements associated with the development of the Company's activity. At **June 30, 2023**, McPhy had a **cash position of €97.0 million**, compared to €135.5 million at December 31, 2022, and thus has the financial leeway to continue implementing its projects.

Implementation of a structured ESG policy and Governance

About **ESG**, the Group is continuing to implement a **structured policy** to achieve the best standards, with the aim of obtaining a rigorous certification by 2025. The Group has already improved its MSCI rating from BBB to A⁴ in just one year.

Moreover, the **Board of Directors, now made of 8 members⁵**, has set up a **specific committee (the CSR Committee)** to ensure that corporate social responsibility issues are considered when determining and implementing the Group's strategy and activities.

Post-closing events

- Within the framework of the **Djewels green hydrogen project⁶**, McPhy has signed a contract to supply Augmented McLyzer electrolyzers to the Delfzijl site in the Netherlands. The latter, with a **capacity of 20 MW** will be built by Technip Energies and operated by HyCC (which owns 100% of Djewels B.V.). With an annual production capacity of 3,000 tons of green hydrogen from renewable power and water, this is a large-scale and innovative project whose other stakeholder companies include Gasunie, DeNora and Hinicio.
- Based on the information the Group is currently aware of, the **CEOG project⁷**, which concerns the construction of the Western Guiana Power Plant, **could resume shortly**. However, the actual restart of the project should take several months.
- McPhy has also partnered with **Dyneff⁸ to commission the first hydrogen refueling station on a highway in France**. This new reference allows McPhy to position itself at the forefront of the nascent highway hydrogen mobility market, which is set to expand under the European Commission's Repower EU plan.

⁴ At end-2022.

⁵ Composition recently modified following the non-renewal of the mandate of Pascal Mauberger (whose term of office expired on the date of the Shareholders' Meeting of May 24, 2023) and the termination of the directorship of Technip N.V. (from June 1, 2023) with no replacement appointed yet.

⁶https://www.mcphy-finance.com/images/PDF/cp/gb/2023/20230704-Press_Release-McPhy_and_Technip_contracted_for_Djewels_VEN_410d1.pdf

⁷<https://mcphy.com/en/press-releases/ceog-project/>

⁸https://www.mcphy-finance.com/images/PDF/cp/gb/2023/PR_071123-McPhy_Dyneff_EN_26b54.pdf



Outlook

Given its backlog and the time it takes to implement projects due to their size and complexity, McPhy anticipates **double-digit annual revenue growth in 2023**.

The Group will continue its **industrial investments**, in particular the construction of its Gigafactory in Belfort for an estimated amount of €20 million in 2023, whose commissioning is still scheduled for the first half of 2024.

The 2023 half-year financial report, including consolidated financial statements for the first half of 2023 and the auditors' report on first-half financial information, can be found on the Company's website (www.mcphy-finance.com).

ABOUT MCPHY

Specialized in hydrogen production and distribution equipment, McPhy Energy is contributing to the global deployment of low-carbon hydrogen as a solution for the energy transition. With its comprehensive range of products dedicated to the industrial, mobility and energy sectors, McPhy Energy offers its clients turnkey solutions adapted to their applications in industrial raw material supply, the recharging of fuel cell electric vehicles and the storage and recovery of surplus electricity from renewable sources. A designer, manufacturer, and integrator of hydrogen equipment since 2008, McPhy Energy 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 Energy is listed on Euronext Paris (compartment B, ISIN: FRO011742329, Ticker: MCPHY).

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APPENDICES

Cash-flow Statement

(€ million)	H1 2023	H1 2022
Net result	(23.5)	(19.7)
Cash-flow from operations	(19.9)	(17.7)
Working capital requirement	(8.3)	(2.1)
Operating subsidies	(1.6)	—
Net cash-flow from operating activities	(29.8)	(19.9)
Net cash-flow from investing activities	(8.0)	(15.1)
Net cash-flow from financing activities	(0.8)	(0.4)
Change in cash and cash equivalents	(38.5)	(35.3)
Closing cash position	97.0	141.8

First-half consolidated financial statements have been subject to limited review by the statutory auditors.



Balance Sheet

ASSETS		
(€ million)	H1 2023	2022
Goodwill	2.5	2.5
Intangible assets	8.1	7.6
Tangible assets	27.1	18.1
Other non-current assets	13.2	12.9
NON-CURRENT ASSETS	50.9	41.1
Inventories	14.8	12.0
Trade and other receivables	21.2	19.1
Current tax assets	1.4	1.1
Cash and cash equivalents	97.0	135.5
CURRENT ASSETS	134.5	167.7
TOTAL ASSETS	185.4	208.8
LIABILITIES		
(€ million)	H1 2023	2022
Share capital	3.4	3.4
Premium issued	171.3	191.6
Treasury shares	(1.1)	(0.9)
Retained earnings	(62.0)	(59.2)
SHAREHOLDERS' EQUITY	111.5	134.9
Investment grants	2.5	2.5
Provisions - over 1 year	7.3	2.5
Financial debit & borrowings - over 1 year	4.8	4.5
Deffered tax liabilities	0.7	0.7
NON-CURRENT LIABILITIES	15.3	10.2
Provisions - under 1 year	2.9	5.7
Financial debit & borrowings - under 1 year	1.7	1.6
Trade and other payables	14.5	18.2
Other current liabilities	39.4	38.2
CURRENT LIABILITIES	58.6	63.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	185.4	208.8

First-half consolidated financial statements have been subject to limited review by the statutory auditors.

