Haffner Energy

Decarbonize · Innovate · Regenerate

FOR IMMEDIATE PUBLICATION

Haffner Energy publishes H1 FY 2024-2025 results at 09/30/2024

A half-year marked by the completion of strategic projects

Vitry-le-François, December 17, 2024, 06:00 pm (CEST), France

- **A half-year marked by the completion of strategic projects**:
  - Commissioning of the Marolles renewable hydrogen and gas production, testing and training center, which received over €1 million in public funding. Imminent hydrogen production at the site will unlock contracts awaiting signature and generate new sales.
  - Partnerships with leading international players, particularly in the SAF market.
- **Confirmed pipeline* at €1.4Bn** at 09/30/2024 and growing weight of projects linked to the SAF market, particularly in North America.
- **EBITDA** improved significantly by 15% at -€4,672k** at 09/30/2024, up from -€5,477k at 09/30/2023.
- **Consolidated net income of -€5,416k** at 09/30/2024.
- **Net available cash of €3,637k** at 09/30/2024 and **fundraising in progress**.
- **Business Plan** incorporates strong potential of new markets addressed by Haffner Energy and **confirms the overall outlook** announced at the time of publication of the annual results for FY 2023-2024.

HAFFNER ENERGY (code ISIN : FR0014007ND6 – Mnémonique : ALHAF) just published its consolidated results (IFRS standards) for H1 FY 2024-2025 at 09/30/2024, approved by the Board of Directors on 12/16/2024. These results are included in a progress report on the Group's business development over the period and its prospects.

Philippe HAFFNER, Co-founder and Chairman and CEO of HAFFNER ENERGY said:

"The past six months have been marked not only by the completion of strategic projects, but also by a significant improvement in our EBITDA. We believe the Marolles site, which was inaugurated on November 22, is home to the world's first unit for the continuous production of hydrogen and syngas from both solid biomass. It will provide an income stream for Haffner Energy through the sale of the hydrogen it produces, as well as a formidable boost for the conversion of the project pipeline into orders, since the production of hydrogen from biomass offers decisive economic advantages over alternative solutions.

On the business front, Sustainable Aviation Fuel (SAF) is a sector that remains as promising as ever, and Haffner Energy won the trust of IðunnH2 and LanzaJet regarding the major benefits of our technological processes. When it comes to renewable hydrogen, several projects have made significant progress despite the ongoing delay with the whole sector's take-off.

On the financial front, the cash preservation plan we have been implementing since November 2023 has enabled us to significantly reduce our expenses and improve our cash burn rate. Lastly, the Business Plan we have drawn up broadly confirms our previously announced outlook. We are confident about the outcome of the current fund-raising process."

I. HALF-YEAR MARKED BY STRATEGIC ADVANCES: COMMISSIONING OF THE MAROLLES RENEWABLE HYDROGEN AND GAS PRODUCTION, TESTING AND TRAINING CENTER & NEW PARTNERSHIPS

Following the expansion of Haffner Energy's addressable market well beyond hydrogen and the growth of its project portfolio, which began mid-2023, the first half of FY 2024-2025 is characterized by the shaping up of key projects for the company: commissioning of the Marolles renewable hydrogen and gas production, testing and training center, and the signing of partnerships with leading players, particularly with regard to biomass procurement and the SAF market.

The commissioning of the **Marolles renewable hydrogen and gas production, testing and training center**, located in the vicinity of Haffner Energy's headquarters, is a key element in realizing the company's commercial potential. Syngas production kicked off in June 2024 (see 6/20/2024 press release). The installation of new equipment designed to produce renewable hydrogen followed over the past half-year (see 11/22/2024 press release).

This showcase site is a strategic instrument for the Group's commercial and industrial development. It will make it possible to bring some 120 tonnes of hydrogen per year to market, generating revenue. As such, after closing, **a Memorandum of Understanding for the supply of renewable hydrogen was signed** with a French operator specializing in hydrogen shipping and distribution, to collect and sell hydrogen produced on site in order to decarbonize mobility and industry (see page 5).

A showroom of the company's know-how, this site, designed to operate continuously 8,000 hours a year, presents a wide range of Haffner Energy's solutions: production of "super green" hydrogen and gas, co-production of electricity, as well as production and/or gasification of biocarbon**** and/or biochar.

This site was inaugurated on November 22, 2024, during Industry Week, (see 11/22/2024 press release and press kit) after a year of development, including archaeological excavations and assembly of the equipment. It attests to the technological maturity of Haffner Energy's technologies, as well as to their economic and ecological relevance.

Most likely the first site in the world to produce hydrogen from solid residual biomass

The Marolles site is most likely to stand out as the world's first unit to produce hydrogen from solid residual biomass. This is a major competitive advantage. Eagerly awaited by customers in the process of finalizing contracts, the center is a determining factor to accelerate the conversion of the pipeline into orders (see page 4).

"Super green" hydrogen produced from biomass is competitive when compared to alternative technologies, water electrolysis in particular, thanks to the low cost of the intrant (biomass) combined with great energy yield (above 75% for >20-MW projects). This hydrogen is labeled "super green" because of its carbon-negative LCA when biochar, a biogenic carbon sink, is the co-product.

Biomass agnostic feature: a critically differentiating factor

Based on its 31-year experience, Haffner Energy is confident in biomass availability. Annual global biomass volume can generate 12 times as much energy as the fossil oil extracted each year. And yet, biomass is often confronted with conflicts of use, particularly with food, because the majority of players compete for the same types of biomass. As a result, a large number of organic wastes and agricultural residues are neglected, as conventional technologies are unable to create value from these types of biomass.

This is the unique and major difference introduced by the proprietary technology developed over almost 15 years by Haffner Energy: all biomass, including organic sludge, animal manure and renewable organic waste can be used.

One of the critical benefits of the Marolles site is precisely that it allows the company to carry out industrial-scale tests on all types of biomass for its customers, who will be better able to secure procurement. As importantly, Marolles will enable Haffner Energy to provide customer training at its own site.

The Marolles project could be carried out in part thanks to the support and commitment of the French public authorities through many stakeholders. To date, i.e. after the closing date, it has received over €1M in public funding (see 11/22/2024 press release and press kit). This substantial support demonstrates confidence in the Group's potential and its alignment with the French government's reindustrialization strategy.

***

While achieving this major milestone for its industrial and commercial development, **Haffner Energy also succeeded in forging several partnerships with leading international players in the SAF market during the same period.**

- **A collaboration was launched with US company LanzaJet, a world leader in ATJ (Alcohol-To-Jet) technology, distinguished by TIME magazine as one of the "100 Most Influential Companies" in 2024. For now, this collaboration centers on the "Paris-Vatry SAF" project** led by Haffner Energy and announced in May 2024 (see 05/16/2024 and 06/06/2024 press releases). This will be the first French project to produce SAF from biomass thermolysis. Developed in collaboration with several public and private partners, Paris-Vatry SAF will be installed at Vatry airport in the Marne department in Grand Est Region. This project will have a production capacity of 60,000 tons per year.
- **In Iceland,** a key agreement was signed in September 2024 (see 09/02/2024 press release) with **IðunnH2, the green hydrogen and sustainable e-fuel project developer in charge of the country's largest e-SAF production plant project** (65,000-tonne capacity). Located near Keflavík International Airport and scheduled for commissioning in 2028, it will be supplied with biogenic carbon from biocarbon gasification by Haffner Energy's patented technology. This solution was chosen by IðunnH2 for its ability to significantly reduce costs and increase productivity in the e-SAF production process. Indeed, in Iceland, limited local biomass reduces access to biogenic carbon, an essential component of SAF. Haffner Energy's procurement of solid biocarbon to be gasified on-site by its Gasiliner®, will provide a competitive and flexible alternative to the traditional option of biogenic CO_2, a gas that is expensive to capture, transport and store.

Trust from these operators, who are among the most advanced in the SAF market, illustrates the Group's ability to build the partners' network that is required to aim for pole position in this particularly buoyant market segment.

The period was also used by Haffner Energy to **move forward on other strategic fronts**. **In France,** a **new agreement** was signed in August 2024 (see 09/24/2024 press release) to ensure that **sources of sustainable biomass**, the largest source of renewable energy in France and around the world, are **diversified**. Concluded **with Bambbco, France's leader in the bamboo supply chain,** this partnership aims to improve the biomass-to-energy supply chain, particularly on marginal lands and in desert areas, by creating local ecosystems for sustainable fuel production projects. This agreement is in **line with the strategic approach behind the partnership signed in March 2024 with Hexas,** a US company specializing in the production of raw materials from its regenerative crop: XanoGrass™ (see 03/13/2024 press release).

Furthermore, Haffner Energy has been striving to **structure its activity and future developments on the SAF front** by launching the creation of an **SPV (Special Purpose Vehicle) for the Paris-Vatry SAF project** and by announcing **the upcoming launch of SAF Zero,** a spin-off designed to maximize the Group's

potential in the booming Sustainable Aviation Fuels (SAF) market (see 09/12/2024 press release). Finally, the **creation of Haffner Energy Inc., an unconsolidated US subsidiary, was completed in May 2024** (see 05/29/2024 press release). Its first closing will occur on March 31, 2025.

II. BUSINESS DEVELOPMENT IN H1 FY 2024-2025: STRENGTHENED PROSPECTS

During FY 2023-2024, Haffner Energy's pipeline had grown exponentially (€1.4Bn as of 06/20/2024 up from €0.3Bn as of 03/31/2024), boosted by the launch of a higher capacity offer on the syngas market (see 10/03/2023 press release), a new SAF offer (see 07/06/2023 press release), and the steps taken in the United States. **In the past half-year, progress was made with several of these projects**, although these have yet to be converted into orders. In particular, **two significant projects which could be converted into orders in the very short term** are in fact awaiting the start of hydrogen production at the Marolles site, whose completion, postponed by delays in connection to the medium-voltage electricity grid, is imminent.

More generally, the pipeline at 09/30/2024, which is stable at €1.4Bn, confirms the level of commercial activity observed before the summer. Haffner Energy is now focusing on consolidating its pipeline to accelerate its conversion into orders. The likelihood that the latter will be converted increased significantly during the first half of the year.

- **In Europe,** Haffner Energy is continuing its development in a more favorable environment, particularly with regard to syngas as a replacement for fossil natural gas in industry. In addition, while the hydrogen market has been lagging behind, it should be noted that the two projects that are expected to quickly convert into contracts after the start of hydrogen production in Marolles are part of the European renewable hydrogen market.
- **In North America,** Haffner Energy has been actively pursuing its efforts to promote its technology in the United States. These efforts were rewarded last April with the CSR "Coup de Coeur" Booster Award from Business France and the appointment of Philippe Haffner, co-founder and CEO of Haffner Energy, as an ambassador for Team France Export. The unpredictability perceived in Europe as to what will happen to the development of renewable energies under the Trump Administration may turn out to exaggerated given the commitments made at the Federal level to facilitate the financing of new projects under the Inflation Reduction Act.
- Elsewhere, Haffner Energy is continuing its commercialization efforts in **South America**, **Asia** and **Africa**, a continent which is seeing a significant increase in the likelihood of projects being converted into contracts, particularly in **sub-Saharan Africa**.

In terms of customer segments, the past half-year confirms the interest of industry in Haffner Energy's decarbonization solutions, while the land mobility market is still slow to get off the ground. The SAF market has the greatest potential in the medium to long term.

In addition, Haffner Energy picked up **encouraging signs in the hydrogen market despite a context that has not been conducive to its development, particularly in Europe:**

- For the past two years, players in this promising market have been facing the **slow start of the renewable hydrogen ecosystem**, particularly in Europe where insufficient application prospects and lack of "off-take or pay" contracts make the majority of projects difficult to finance. Although the European regulatory environment did not change significantly during the past half-year, Haffner Energy recorded some encouraging progress due to the quality of its technical solution and its biomass-and-waste agnostic characteristic, a particularly differentiating element. In September 2024**, the Nede'HY project**, carried by a consortium of industrial players led by the Nedey Automobiles group and in which Haffner Energy is associated, was selected as a **laureate of the call for territorial**

hydrogen ecosystem projects (EcosysH2) launched last year by France's ecological transition agency ADEME. The green hydrogen production and distribution station, which will be located in the Technoland business park in Montbéliard, will implement the **HYNOCA®** solution. It will produce 240 tonnes of hydrogen and about 1,000 tonnes of biochar per year from biomass whose procurement is already secured. The hydrogen will be consumed by local manufacturers and by the Pays de Montbéliard Agglomération (PMA) public transit network.

- The **HYNOCA® solution**, which was awarded the INNOVANA Energy Decarbonization Award in September 2023 (see 09/21/2023 press release) was selected in September 2024, together with the **SYNOCA® solution,** for a **project that aims to produce renewable gas and hydrogen for industrial use and mobility in the North Lozère Industrial Territory (Occitania Region).** Its development is planned in two phases: first, producing syngas to replace the fossil natural gas currently consumed by ArcelorMittal; second, transforming part of this syngas into renewable hydrogen to meet the needs of industry and mobility. The project's steering committee has launched a Call for Expressions of Interest (CEI) to identify industrial players who will contribute to the financial and operational support of the project. A decision is expected in early 2025.
- The end of the first half also saw the **signing of a renewable hydrogen supply agreement** with a French operator specializing in hydrogen shipping and distribution, to collect and sell hydrogen produced on site in order to decarbonize mobility and industry (see page 2).

Finally, throughout H1 F1 2024-2025, Haffner Energy pursued its efforts in the **syngas market.** Syngas provides great benefits, since it is competitive with fossil natural gas while allowing industry to decarbonize and secure energy procurement. Despite this benefit, the vast majority of industrial players prefer to commit to purchasing energy rather than owning and operating their own energy production units.

Haffner Energy is currently working on solutions that will enable it, in partnership, to make the investments needed to set up facilities designed to supply syngas to industries currently connected to fossil natural gas.

In particular, the company is working with partners capable of identifying, developing and investing in projects such as Eren and Resilient Hydrogen (see 07/12/2023 press release). The current fundraising is also intended, notably, to enable Haffner Energy to invest in its own projects.

III. SIGNIFICANT IMPROVEMENT OF EBITDA BY H1'S END

The consolidated financial statements for H1 FY 2024-2025, prepared in accordance with IFRS, were approved by the Board of Directors on 12/16/2024.

H1 FY 2024-2025 remains insignificant in terms of activity. It ended with **an ever so slightly positive revenue of €207k,** mainly due to the consolidation of Jacquier, the company acquired in June 2023 (see 06/15/2023 press release).

As a reminder, in H1 FY 2023-2024 revenue was negative (-€343k) due to the cancellation of revenue on the R-Hynoca contract (-€461k), which was terminated on 12/13/2023 (see 12/14/2023 press release).

During the past half-year, and as part of a **cash preservation plan initiated in November 2023**, Haffner Energy has continued to **reduce its expenses while conserving the resources needed to achieve its** short- and medium-term objectives.

- **Reduction of overhead:** In addition to reinforced budget management and expenditure control measures, the company has notably reduced fees, eliminated non-essential service or subcontracting contracts whose missions could be carried out internally, changed payroll manager, renegotiated the

commercial conditions of other contracts, and limited travel and associated travel expenses to bare essentials.

- Regarding payroll, in addition to **freezing hiring and replacements,** and abstaining from any **wage increase** during FY 2023-2024, Haffner Energy has carried out a **targeted economic redundancy plan** in the summer of 2024, resulting in the elimination of **9 positions**.
- Regarding office space, **leased space was significantly reduced in Paris during the past half-year and will be even more so by the end of the year.** For example, to date, in Paris, annual rental costs have been reduced by 27% and will be reduced by another 42% due to the move planned for January 2025.

At 09/30/2024**, EBITDA was up 15% at -€4,672k, from -€5,477k at 09/30/2023.** This change is mainly due to the revenue increase (+€20k at 09/30/24, up from -€343k at 09/30/2023), a reduction in personnel expenses, and the reduction in travel costs.

Operating income deteriorated to -€5,418k at 09/30/2024, from -€3,531k at 09/30/2023. This change is explained in particular by the effect of a reversal of provisions for loss at completion of €4,000k and, to a lesser extent, a slight increase in non-stocked purchases and external charges for an amount of €300k.

In thousands of euros	09.30.24 (12 months)	09.30.23 (12 months)
Revenue	**207**	**-343**
EBITDA**	**-4,672**	**-5,477**
Operating income	**-5,418**	**-3,531**
Consolidated net income	**-5,416**	**-3,333**

In thousands of euros	09.30.24 (6 months)	03.31.24 (6 months)
Equity	**21,165**	**26,768**
Free cash	**3,637**	**11,042**

The cash preservation plan activated since November 2023 also includes:

- **Postponed non-priority investments** such as those related to the installation of a new ERP (impact €1.3M).
- Renegotiations **with strategic partners** to review certain delivery schedules and payment invoice schedules (impact €3M).
- **Deferrals of payments illustrating the commitment of all internal stakeholders to the company,** such as the postponed payment of the individual portion of employees' target-based bonuses due for the year 2023-2024 and the payment of directors' fees from June 2024 to November 2024; finally, it should be noted that the two **founding managers and shareholders,** Philippe and Marc Haffner, chose to forego the variable part of their remuneration.

As a result of all these measures, **Haffner Energy's cash burn rate has been reduced by 58% or €1.4M** over the last twelve months to reach an average monthly level of €1M.

As of 09/30/2024, working capital stood at €14,291k, up from €13,368k as of 09/30/2023, mainly due to the increase in inventories and work-in-progress in Marolles. **Available cash at 09/30/2024 amounted to €3,637k.**

The other elements of Haffner Energy's financial position did not vary substantially during the period, with the exception of:

- **On the assets side, inventories and assets under management continued to increase to €13,395k** (up from €10,145k at 03/31/2024, i.e. +€3,250k) mainly due to the installation of the Marolles site, taken into account on the basis of equipment costs. This movement was broadly offset by the **decrease in other current assets,** to €8,171k (down from €11,590k at 03/31/2024, i.e. -€3,419k), under the combined effect of the reduction in receivables under the CIR and VAT.
- **On the liabilities side,** the **decrease in shareholders' equity** from €26,768k at 31/03/2024 down to €21,165k (i.e. -€5,534k) mainly due to the allocation of n-1 income in reserve and a decrease in current liabilities from around €12,849k at 03/31/2024 down to €10,821k (i.e. -€2,028k), due in particular to the reduction in financial and supplier debts. It should be noted that there was a very slight increase in provisions for risks (+€130k).

The company has carried out a review of its liquidity risk and considers that it will have sufficient cash to finance its activities until September 30, 2025. This assertion is based in particular on the continuous production of hydrogen at its **new site in Marolles early 2025**, enabling the signature of equipment contracts for hydrogen production in H2 FY 2024-2025, and on the successful completion, **before the end of the fiscal year at March 31, 2025,** of the fundraising in progress.

IV. PROJECTS ET PROSPECTS

In H2 FY 2024-2025, Haffner Energy's teams will remain focused on **three major strategic priorities:**

- **Starting green hydrogen production at the Marolles site,** which conditions the signing of the first contracts expected by the end of FY 2024-2025 ;
- **Finalizing the fund-raising round announced last June.** Led by the investment bank Avolta, steps taken to seek additional financing to support Haffner Energy's growth and expansion of its business model have enabled the company to keep **a busy schedule of meetings with investors specializing in energy and cleantech over the past few months.** In this context, a great deal of work has been done to reassess the company's prospects. Advanced discussions are underway with several counterparties. The company is very confident that this process will be completed by the end of the financial year (31/03/2025) ;
- **The conversion of two hydrogen production projects into orders,** which should take place as soon as hydrogen production stabilizes at the Marolles site.

In the longer run, the Group's outlook as defined by the Business Plan drawn up at the time of the fundraising project is based on the following bases:

- **Addressable markets** (SAF for aviation, syngas for industry and heating networks, green hydrogen for industry and mobility, biogenic carbon for industry and the production of SAF and e-SAF, methanol for maritime transport or hydrogen transport) **are expected to grow globally, estimated at 90x by 2050 compared to 2024**, reaching €1,603 Bn globally. In the shorter term, **by 2030, they are expected to increase globally by more than 10,** from €18Bn this year to

€207Bn in 2030, driven by a global momentum of new regulations and incentives *(Sources: EY report, Strategy & SAF 2022 report, McKinsey Hydrogen 2023 report).*

- The competitive benchmark carried out by Avolta confirms the **major competitive advantage that the biomass agnostic characteristic of its technology and the value of the co-products from its biomass thermolysis technology should represent for Haffner Energy**.

These prospects are reflected in particular in a **gradual acceleration in revenue expected after the closing of FY 2024-2025 to reach €145M at 03/31/2027 and €385M at 03/31/2028.**

As a reminder, goals announced by Haffner Energy when its FY 2023-2024 annual results were published, were:

- Revenue of €165M at 03/31/2027, before a strong acceleration expected to come from SAF projects, with a revenue target of €330M at 03/31/2028
- EBITDA at breakeven at 03/31/2026

The Business Plan drawn up with Avolta at the time of the fundraising therefore confirms the overall relevance of the medium-term objectives, while reassessing the overall potential of the market.

At the date of this press release, audit procedures are in progress.

Upcoming events

Shareholders webinar	December 18, 2024 at 6:00 p.m. by videoconference
(Registration :	*https://events.teams.microsoft.com/event/c46ec8ca-a608-47b1-b37f-6fddb67018b5@414841cd-89de-41c6-bae3-ce20aefb6f9b)*
2024-2025 Annual Results	June 18, 2025
Annual General Meeting	September 10, 2025

More detailed financial information on the half-year financial statements as of 30/09/2024 is available on the www.haffner-energy.com website.

About Haffner Energy

Haffner Energy is a French company providing solutions for the production of competitive clean fuels. With 31 years of experience converting biomass into renewable energies, it has developed innovative proprietary biomass thermolysis and gasification technologies to produce renewable gas, hydrogen and methanol, as well as Sustainable Aviation Fuel (SAF). The company also contributes to regenerating the planet, through the co-production of biogenic CO_2 and biocarbon (or char/biochar). Haffner Energy is listed on Euronext Growth. (ISIN code : FR0014007ND6 – Ticker : ALHAF).

Investors relations

investisseurs@haffner-energy.com

Glossary :

* **Pipeline** refers to a business opportunity when at least one of the following occurs:
  - a preliminary feasibility study for the installation of equipment is, or has been, carried out; or
  - a budget offer, or a preliminary business plan for the project, or a full commercial offer including specifications, has been sent to the customer and Haffner Energy is awaiting its response; or
  - a letter of intent is sent to Haffner Energy by the customer; or
  - Haffner Energy has received an invitation to participate and is part of a bidding process.

** **EBITDA** corresponds to operating income before depreciation and amortization, net impairment of reversals of fixed and current assets, and before operating provisions net of reversals.

*** **EBIT** (Earnings Before Interest and Taxes) takes into account depreciation. According to French accounting standards, EBIT is therefore similar to Operating Income, i.e. Net Income excluding corporate income tax and financial income.

**** **Biocarbon** is a carbon-rich solid material. Biocarbon contains the biogenic carbon absorbed from the atmosphere by plants via photosynthesis. This characteristic makes it a major carbon sink if it is used as an amendment for agricultural soils by direct application or by incorporation into fertilizers (this is called biochar), or as a component for building materials (this is called char). Biocarbon is also a very dense renewable energy source (31 MJ/kg) that can be gasified on-site to increase the production of biofuels such as bio-SAF or renewable hydrogen production, or can also be transported and gasified to another site that is usually far away, especially for the production of e-fuels.