

McPhy 2022 Annual Results Accelerated Investment and Solid Cash Position

- Annual revenue of €16.1 million, driven by strong growth of +37% in the second half of the year
- Increase in the *backlog*¹ to €30.6 million, i.e. a growth of +51% generated by strong firm order intake in 2022
- EBITDA of €(36.8) million within the expected range
- Net result of €(38.2) million, benefiting from a positive financial result
- Cash position of €135.5 million as of 31 December 2022 enabling growth funding

Grenoble, March 7, 2023 - 5:45 pm CET - McPhy Energy, specialized in low-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), today announces its consolidated results for the financial year 2022, ended December 31, approved today by the Company's Board of Directors².

Simplified P&L³

(€ million)	2022	2021	Change
Revenue	16.1	13.1	+22%
Other operating income	1.9	1.5	+27%
Income from Operating Activities	17.9	14.6	+23%
Purchases consumed	(15.9)	(10.5)	+51%
Personal costs	(17.7)	(11.6)	+52%
External costs	(21.1)	(8.0)	+169%
EBITDA	(36.8)	(15.5)	
Depreciation, amortization and net provisions	(1.6)	(8.0)	(81%)
Operating Income (EBIT)	(38.4)	(23.5)	
Financial Result	0.4	(0.1)	n.s.
Income Tax	(0.1)	(0.0)	n.s.
Net Result	(38.2)	(23.6)	

¹ Order intake not yet recorded as revenue

² The Group's statutory and consolidated financial statements will be formally approved by the Board of Directors on April 6, 2023

³ The audit work is in progress and the statutory auditors plan to issue their reports after Board of Directors' approval

Jean-Baptiste Lucas, CEO of McPhy, states: *"In 2022, McPhy has achieved several key milestones towards its industrial scale-up in a market context displaying the first signs of acceleration. Indeed, large-scale projects have materialized and will certainly expand in the coming years to reach the carbon neutrality objectives set by the French government and European institutions. To meet this challenge, we have significantly increased the production capacity of our two product lines. Small and medium-capacity electrolyzers on the San Miniato site, which is now automated for mass production. Large-capacity electrolyzers through the start of construction of our Gigafactory in Belfort. As for the refueling stations, we are now located in Grenoble in a new factory which will enable us to produce 150 hydrogen distribution stations per year over time. This site brings together all our teams and is now the company's headquarters. From a commercial perspective, McPhy has recorded at the end of the year a first major contract in the industry with one of the world's largest steel manufacturers. This project confirms the tremendous potential of low-carbon hydrogen in manufacturing applications. We now have two challenges to meet: accelerating our commercial penetration and pursuing the industrialization of mass production of reliable and competitive high-capacity equipment. To achieve such objectives, our roadmap is based on two priorities: the continuation of our industrialization phase and the development of our technological enhancements. In this respect, we can count on accelerated market growth, a solid balance sheet and the support of our partners. All these elements are assets to achieve McPhy's ambition to play a leading role in the future of low-carbon hydrogen".*

Return to sustained sales growth in 2022 and strong order intake

Revenue for fiscal year **2022** increase **by 22%**, compare to 2021, to **€16.1 million**. Restated for the **takeover of two old generation stations sold** during previous years (which amount **deducted from** the revenue of the first half of the year), **revenue** would be **€18.3 million** compared to €13.1 million in 2021, i.e. a **growth of +39%**. This return to growth primarily results from the execution of the first orders under the major contracts signed over the past years. Sales are split between the supply of large capacity electrolyzers from the MCLyzer and Piel range (68%) and the supply of stations (32%).

In addition, McPhy recorded a strong **growth of +53% in firm order intake to €29.4 million**, bringing the **order backlog to €30.6 million as of December 31, 2022**, up **+51%** compared to December 31, 2021.

As of 31 December 2022, McPhy had a portfolio of projects signed, commissioned and/or under execution representing a cumulative 45 MW for the supply of electrolyzers and 40 stations.

The Group has furthermore been identified as a preferred partner and/or selected as a supplier for a total capacity of 148 MW and 56 stations, bringing its portfolio of opportunities to 193 MW for the supply of electrolyzers and 96 for the supply of stations.

Operating result reflecting growth investments

In fiscal year 2022, to support the expected growth in its business, the Group has continued its development strategy. This has resulted in an increase in current expenses linked to :

- the structuring of the teams and active recruitment plan;
- innovation and R&D expenditure related to the improvement of current products and the development of its new ranges of electrolyzers and stations;
- the strengthening of its engineering resources for the execution of customer projects.

In this context, personnel expenses increased by approximately €6 million in 2022, as a result of the recruitment of 85 new employees, and reached €17.7 million. Other external expenses amounted to €21.1 million, a significant increase due to the **Group's commitment to structuring and enhancing its industrial, engineering and R&D activities** (subcontracting services, prospection costs, technical expertise).



EBITDA, which includes for an amount of €1.6 million the share of IPCEI grant⁴ applicable to the eligible expenses over the period, stands at €(36.8) million and is within the range announced at the time of the annual revenue publication.

The **Operating result is €(38.4) million**, with no significant difference to EBITDA, unlike the previous year. This is explained by changes in provisions related to the Energiedienst incident in 2021, including a reversal with utilization of €2.6 million in 2022 (prior year accrual was €4.5 million): restated for these items, net provisions are comparable year-on-year.

Taking into account a positive financial result, the **Net Result stands at €(38.2) million**, compared to €(23.6) million in 2021.

Solid cash position as of December 31, 2022

Net cash consumption was €(41.7) million in fiscal year 2022, including:

- cash flow from operating activities of €(43.7) million (excluding the IPCEI⁴ operating grant), due to the change in EBITDA and a €(7.8) million change in working capital requirements;
- this net working capital requirement is explained by the sustained growth and the increase in inventories, due to the anticipated procurement of some critical components;
- the initial payment of the IPCEI⁴ public aid for an amount of €26.9 million, including the €1.6 million deduction for the share taken to the profit and loss statement;
- the investments necessary for the Group's scale-up amounting to €(13.1) million, of which €(7.7) million dedicated to the Gigafactory;
- the financial investment of €(12.4) million in the Hype convertible bonds subscribed as part of the strategic partnership concluded in December 2021.

As a result, McPhy holds a **cash position of €135.5 million as of December 31, 2022** compared to €177.2 million as of December 31, 2021.

Acceleration of industrial scale-up with the launch of the Gigafactory project

In the framework of the eligibility of its **electrolyzer Gigafactory project** to the European IPCEI⁴ scheme, the Company concluded a **public aid** agreement with the French State through Bpifrance, for a **maximum amount of €114 million**. Following the signature of this agreement, McPhy has made its final investment decision and received a first payment of €28.5 million from Bpifrance in the last quarter of 2022. Work has already started on the commissioning of the future plant in Belfort, with a launch scheduled for the first half of 2024, followed by a gradual ramp-up to reach an **annual production capacity of 1 GW**. The amount of **investments dedicated to the Gigafactory** should be around **€25 million for the year 2023**.

Concurrently, McPhy has continued its efforts to scale up the **electrolyzer** part of the business by increasing its **production capacity to 300 MW at its San Miniato site**, in order to meet market demand while awaiting the commissioning of the Gigafactory.

For the **stations** business, McPhy has finalized the regrouping of all the activities of this business line on its new site in the heart of **Grenoble** in an existing industrial building of more than 4,000 sqm. This new site will have a **production capacity of 150 stations per year**.

Outlook

The level of its *backlog* and the continued ramp-up of the hydrogen market allow McPhy to anticipate another year of **sustained growth in 2023**.

⁴ IPCEI ("Important Project of Common European Interest") is a funding scheme that supports projects deemed essential for Europe's competitiveness, allowing state members to fund initiatives beyond the limits usually set by European regulations. A PIIEC or IPCEI Hydrogen was launched on 17 December 2020 and the Group's electrolyzer Gigafactory project validated by the European Commission in July 2022.



The annual financial report will be made available as part of its 2022 Universal Registration Document no later than April 30, 2023, on the Company's Investor website, in the “Financial reports” section (<https://www.mcphy-finance.com>).

Upcoming financial events :

- **Annual General Meeting**, on May 24, 2023
- **2023 First-Half Results**, on July 27, 2023, after market close

ABOUT MCPHY

Specialized in hydrogen production and distribution equipment, McPhy is contributing to the global deployment of low-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 B, ISIN code: FR0011742329, MCPHY).

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APPENDICES

Cash-flow Statement

(€ million)	2022	2021
Net result	(38.2)	(23.6)
Cash-flow from operations	(35.9)	(15.8)
Working capital requirement	(7.8)	4.5
Operating subsidies received	26.9	-
Net cash flow from operating activities	(16.9)	(11.3)
Net cash flow from investing activities	(23.0)	(5.1)
Net cash flow from financing activities	(1.6)	(4.0)
Change in cash and cash equivalents	(41.7)	(20,5)
Closing cash position	135.5	177.2

The audit procedures have been carried out and the audit report on the certification is being issued.



Balance Sheet Statement

Assets (€ million)		
	2022	2021
Goodwill	2.5	2.5
Intangible assets	7.6	3.7
Tangible assets	18.1	4.8
Other non-current assets	12.9	0.5
Non-current assets	41.1	11.5
Inventories	12.0	4.3
Trade and other receivables	19.1	11.1
Current tax assets	1.1	0.7
Cash and cash equivalents	135.5	177.2
Current assets	167.7	193.2
TOTAL ASSETS	208.8	204.8
Liabilities (€ million)		
	2022	2021
Share capital	3.4	3.4
Premium issued	191.6	201.9
Treasury shares	(0.9)	(1.2)
Retained earnings	(59.2)	(31.4)
Shareholders' Equity	134.9	172.6
Investment grants	2.5	-
Provision - over 1 year	2.5	2.2
Financial debt & borrowings - over 1 year	4.5	3.5
Deferred tax liabilities	0.7	0.6
Non-current liabilities	10.2	6.4
Provisions - under 1 year	5.7	6.5
Financial debt & borrowings - under 1 year	1.6	1.1
Trade and other payables	18.2	6.7
Other current liabilities	38.2	11.5
Current liabilities	63.7	25.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	208.8	204.8

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