

## 2019 results: confirmation of McPhy's industrial scaling up

- Strong revenue growth of 43% to €11.4 million in 2019, driven by excellent sales momentum over the year with orders booked in France and Europe
- Acceleration of the Group's development, preparing the industrialization phase
- Strengthening of the financial structure with a cash position of €13 million at end-2019, notably following the success of the capital increase of almost €7 million carried out in November 2019
- Confirmation of medium-term growth prospects with McPhy's industrial scaling up

**La Motte-Fanjas (France), March 10, 2020 – 5:45 pm CET – McPhy (Euronext Paris Compartment C: MCPHY, FR0011742329)**, a specialist in hydrogen production and distribution equipment, today announces its annual results for the year to December 31, 2019, as approved by its Board of Directors.

*“We are more ready than ever to continue seizing new opportunities, and more particularly projects on an industrial scale.”*

**Laurent Carme, Chief Executive Officer of McPhy**, states: *“Within a promising and high-potential market context, McPhy has been able to continue its ramping up and the consolidation of its technological leadership on its key markets.*

*Thanks to excellent commercial activity throughout the year, our revenue increased by 43% to €11.4 million in 2019. This buoyant growth, combined with good control over our operating costs, has enabled us to improve our results.*

*Following this rich and promising year, we are more ready than ever to continue seizing new opportunities, and more particularly projects on an industrial scale in order to sustainably support the necessary transition to a low-carbon, secure and competitive economy.”*

## Simplified income statement

<i>(€ millions)</i>	2019	2018	Change
Revenue	11.4	8.0	+43%
Other operating income	4.5	1.1	+296%
<b>Income from ordinary activities</b>	<b>15.9</b>	<b>9.1</b>	<b>+75%</b>
Purchases consumed	(6.1)	(4.6)	+35%
Personnel costs	(7.1)	(6.1)	+17%
External costs	(6.1)	(5.7)	+7%
Depreciation, amortization and provisions	(2.6)	(2.1)	+23%
<b>Recurring operating profit/loss</b>	<b>(6.0)</b>	<b>(9.4)</b>	<b>+36%</b>
Other operating income and expenses	(0.1)	(0.0)	-
<b>Operating profit/loss</b>	<b>(6.1)</b>	<b>(9.4)</b>	<b>+35%</b>
Financial result	(0.1)	(0.0)	-
Income tax	(0.1)	(0.1)	-
<b>Net profit/loss</b>	<b>(6.3)</b>	<b>(9.5)</b>	<b>+34%</b>

### Strong revenue growth and improved result

In 2019, McPhy recorded a +43% increase in revenue to €11.4 million, versus €8 million in 2018. This growth was driven by the taking and completion of a number of orders for electrolyzers and hydrogen production and distribution stations in France and abroad.

The increase in other operating income was associated with the cancellation of the €3.5 million debt as part of the Pushy project<sup>1</sup> following the notification by BPI Financement in July 2019.

Purchases consumed and external costs evolved in line with activity, but only saw a limited increase given the cost reduction measures implemented to ensure a continual improvement in competitiveness. Moreover, the Company continued its research and innovation efforts.

To ensure the success of its industrialization phase, the Group strengthened its teams. The net recruitment of 12 people over the year thus took the total number of staff to 98 at December 31, 2019.

The increase in depreciation, amortization and provisions was primarily due to the mandatory effective date, on January 1, 2019, in accordance with the IFRS 16 (leasing contracts) for €0.6 million and the depreciation of 50% of the accrued receivables for the Hebei contract (project in China<sup>2</sup>) for €0.6 million.

At December 31, 2019, McPhy had a cash position of €13 million, notably following the success of the capital increase by private placement of almost €7 million carried out last November.

As a reminder, McPhy's Extraordinary Shareholders' Meeting of January 16, 2020 approved the resolution concerning the issuance of 14,773,307 BSA stock warrants ("BSA") enabling all shareholders (with the exception of Fonds Ecotechnologies and EDF Pulse Croissance Holding, who have agreed not to exercise any warrants allocated to them) to participate in the operation and benefit from the same subscription conditions. The stock warrants can be exercised from January 17, 2020 until May 18, 2020, i.e. two days before the Company's Annual General Meeting called to approve its annual accounts for the year to December 31, 2019. The exercise of the stock warrants could strengthen the Company's shareholders' equity by a maximum of €2.8 million.

<sup>1</sup> This project was aiming at developing two innovative technological offers (OSSHY and LASHY) combining hydrogen production through the electrolysis of water and its storage in the form of hydrides.

<sup>2</sup> 4 MW Power-to-Gas application project whose timeline is uncertain due to the Covid-19 outbreak.



## 2019 highlights

- **€13 million in orders booked in France and abroad, reflecting excellent sales momentum over the year**
  - Order for 7 stations taken from SIEGE 27 and SDEC Energie<sup>3</sup> for the roll-out of hydrogen mobility as part of the “EAS-HyMob” project in Normandy
  - Order from Atawey<sup>4</sup> for a 40 kg per day 30-bar electrolyzer for a first hydrogen station in Chambéry, as part of the Auvergne-Rhône-Alpes region’s “Zero Emission Valley” project
  - Order for 2 MW of high-pressure electrolysis in Germany for the Energy market for a Power-to-Power application
  - Record order for McPhy’s PIEL range, with 11 electrolyzers for the Bangladesh Meteorological Department
  - Order for a McFilling 200-350 station in Germany for refueling hydrogen buses, following a first order for a McLyzer 400-30 electrolyzer at the start of 2019
- **April 2019: launch of “Augmented McFilling”, McPhy’s new smart hydrogen station architecture for heavy-duty vehicles**
  - “Augmented McFilling”, an innovative architecture for heavy-duty vehicles, able to address the massive hydrogen needs inherent to the necessary decarbonization of heavy-duty transport and long-distance vehicles (trains, trucks and buses), combining compression, storage, cooling and vehicle delivery functions
  - Managed by McPhy’s smart supervision software, which makes the station dynamically reconfigurable for an infinite number of usage scenarios and real-time adaptation to clients’ requirements with no capacity limits
- **June 2019: inauguration in the Hauts-de-France Region of the first refueling station for hydrogen buses in France**
  - In Houdain, northern France, a Artois-Gohelle Transport Authority (SMT-AG) project led by ENGIE GNvert, which has entrusted to McPhy the construction of a station with a daily capacity of 200 kg fueled by 0.5 MW of electrolysis
  - A genuine innovation in France, this 100% hydrogen bus line and its refueling station are precursors of the “zero emission mobility” revolution that is becoming increasingly widespread in France, in Europe and on a global scale
  - The entire clean hydrogen production, storage and distribution chain is equipped with McPhy technology

<sup>3</sup> Project supported by EU funding via the European INEA (Innovation and Networks Executive Agency) as part of the CEF-T (Connecting Europe Facility – Transports) infrastructure program.

<sup>4</sup> [www.atawey.com](http://www.atawey.com)



## Confirmation of the transition to hydrogen production on an industrial scale

As previously announced<sup>5</sup>, McPhy has been chosen by Nouryon and Gasunie, two leading industrial groups,<sup>6</sup> to equip the first zero-carbon hydrogen production plant on a large scale in Europe, thus strengthening its leadership position on its market.

Designed, manufactured and integrated by McPhy, the 20 MW zero-carbon hydrogen production platform uses the Company's innovative "Augmented McLyzer" electrolysis technology. Each year, 3,000 tons of clean hydrogen will thus be generated by electrolysis from green electricity. This hydrogen will be used to produce bio methanol used in industrial processes and will contribute to reducing CO<sub>2</sub> emissions by up to 27,000 tons a year, the equivalent of the annual emissions of 4,000 French households.

McPhy will be involved in the pre-engineering phase from this year, and subsequently in the detailed engineering, production and commissioning of the electrolysis platform.

This major project marks a change in McPhy's size, confirming its transition to an industrial scale with the aim of reducing zero-carbon hydrogen production costs and thus boosting the emergence of efficient and competitive hydrogen ecosystems with the highest quality and safety levels.

## Update on the Covid-19 outbreak and its potential impact on the Group's activity

Given the uncertainty regarding the future chain of events, it is currently difficult to quantify the impacts of the Covid-19 epidemic on the Group's activity in 2020, notably in terms of revenue, results and delays for the completion of some projects. In accordance with domestic and international governmental recommendations, McPhy has implemented all necessary safety measures to limit its employees and partners' travel and exposure to the virus.

In China, at this stage, McPhy's exposure to the coronavirus epidemic is limited to a Power-to-Gas application project in Hebei province, a project that is currently affected by delays in its execution. As a reminder, in June 2017 McPhy delivered 4 MW hydrogen production equipment enabling the transformation into zero-carbon hydrogen and storage of excess energy produced by a 200 MW wind farm<sup>7</sup>.

In Italy, McPhy has a subsidiary based in San Miniato (Tuscany) devoted to the assembly of electrolyzers and the production of stacks. The Group is closely monitoring the evolution of the outbreak and its expansion and has particularly noted the decree communicated by the Italian government extending the containment measures to the entire country.

In this context of uncertainty and volatility, McPhy is currently assessing the potential impact of the outbreak on its activity.

## Upcoming events

- Annual General Meeting, on May 20, 2020
- Publication of 2020 first-half results, on July 28, 2020 (after market)

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<sup>5</sup> See press release of January 22, 2020.

<sup>6</sup> Nouryon, global leader in specialty chemicals, and Gasunie, gas infrastructure company.

<sup>7</sup> See press release of June 29, 2017.



## About McPhy

In the framework of the energy transition, and as a leading supplier of hydrogen production and distribution equipment, McPhy contributes to the roll-out of zero-carbon hydrogen throughout the world.

Thanks to its wide range of products and services dedicated to the industrial, mobility and energy markets, McPhy provides turnkey solutions to its clients adapted to their applications in industrial raw material supply, fuel cell electric car refueling or renewable energy surplus storage and valorization.

As a designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy has three development, engineering and production units based in Europe (France, Italy, Germany).

The company's international subsidiaries ensure a global sales coverage of McPhy's innovative hydrogen solutions.

McPhy is listed on NYSE Euronext Paris (Segment C, ISIN code: FR0011742329; ticker: MCPHY).

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**Balance sheet<sup>8</sup>**

<b>Assets</b> (€ millions)	<b>2019</b>	<b>2018</b>
Goodwill	2.5	2.5
Other fixed assets	3.0	2.6
Other non-current assets	0.3	0.4
<b>Non-current assets</b>	<b>5.8</b>	<b>5.5</b>
Inventories	1.9	2.2
Trade and other receivables	7.7	6.6
Current tax assets	0.7	0.7
Financial assets	-	-
Cash and cash equivalents	13.0	14.9
<b>Current assets</b>	<b>23.4</b>	<b>24.4</b>
<b>Total assets</b>	<b>29.2</b>	<b>29.9</b>
<b>Liabilities</b> (€ millions)	<b>2019</b>	<b>2018</b>
Share capital	2.1	1.8
Issue premium	30.9	31.2
Treasury shares	(0.1)	(0.1)
Retained earnings	(16.3)	(17.2)
<b>Shareholders' Equity</b>	<b>16.6</b>	<b>15.7</b>
Provisions – over 1 year	0.8	0.6
Financial debt & borrowings – over 1 year	1.8	5.2
Other non-current liabilities	0.6	0.5
<b>Non-current liabilities</b>	<b>3.1</b>	<b>6.2</b>
Provisions – under 1 year	0.6	0.8
Financial debt & borrowings – under 1 year	1.1	0.8
Trade and other payables	4.9	4.2
Other current liabilities	3.0	2.3
<b>Current liabilities</b>	<b>9.5</b>	<b>8.0</b>
<b>Total Shareholders' Equity and liabilities</b>	<b>29.2</b>	<b>29.9</b>

<sup>8</sup> Audit procedures have been carried out and the audit certification report is currently being prepared.

