

## McPhy Energy: stable<sup>1</sup> First-Half Revenue and strong acceleration in order intake

- Revenue of €5.2m impacted by after commercial repurchase of two old generation refueling stations
- 2.2 M€ (+ 42%) increase in sales excluding commercial recovery 44% increase in backlog over the first half of the year
- €8.9 million (+ 44%) increase in the order book for the first half of the year
- Deterioration of the margin on business due to the increase in R&D expenses
- Progressive operational start of large-scale hydrogen projects
- Commissioning of the new station production site in Grenoble
- Validation by the European Commission of the Gigafactory project for IPCEI funding<sup>2</sup>
- Continued dynamic activity and growth investments expected in the second half of the year

**Grenoble, France, July 28, 2022 5:45 pm CEST – McPhy**, specialized in low-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), today announced its preliminary results for the first half of fiscal year 2022, as of June 30, closed today by the Company's Board of Directors prior to the publication of the Half Year Financial Report ("HYR") in September.

### 2022 First-Half Results\*

Mcphy Energy	H1 2021	H1 2022
Revenue	5.2	5.2
Other operating income	0.8	0.5
Income from ordinary activities	6.00	5.75
Purchases consumed	(1.8)	(5.1)
Staff	(5.7)	(7.9)
Other costs	(4.4)	(9.6)
Depreciation, amortization and net provisions	(2.4)	(2.3)
Other		(0.1)
Recurring operating profit/loss	(8.3)	(19.4)
Other income and expenses	(0.0)	(0.5)
Non-current allocations		
Operating profit/loss	(8.4)	(19.8)
Financial Result & Excep & Tax	(0.2)	0.1
<b>Net profit/loss</b>	<b>(8.6)</b>	<b>(19.7)</b>

<sup>1</sup>Half-year consolidated accounts under limited review by the mandatory auditors

<sup>1</sup> Compared to H1 2021

<sup>2</sup> IPCEI ("Important Project of Common European Interest") is a funding scheme that supports projects deemed essential for Europe's competitiveness, allowing Member States to fund initiatives beyond the limits usually set by European regulations. An IPEC or IPCEI Hydrogen was launched on 17 December 2020.

**Jean-Baptiste Lucas, CEO of McPhy, stated:** *“To respond to the gradual acceleration of the market, McPhy has just completed its industrial facilities with the opening of a new site in Grenoble dedicated to the production of our hydrogen filling stations. At the same time, McPhy is pursuing its strategy to develop its pressurized alkaline electrolysis technology with an investment in capacity at its San Miniato plant, complemented by the recruitment of engineering and R&D teams in Wildau. These investments mark the Group's change of scale and increase its production capacity to meet the demand of the European market. Finally, also in the electrolyzers area, the validation of the Gigafactory project by the European Commission within the framework of the PIIEC scheme confirms the potential of low-carbon hydrogen, and is a key step in the Group's decision-making process.*

*On the operational side, McPhy has started to benefit this semester from the implementation of the large-scale hydrogen projects in which it is engaged. Intrinsic performance was affected by the take back of two stations already ordered due to non-standard technical and commercial requirements for both the two customers concerned and for McPhy.*

*This adjustment neutralizes the dynamism observed in the good progress of the last few months in the first half of the year.”*

### Dynamic commercial activity with increased order intake

- **2022 First-Half Revenue is stable compared to 2021 at €5.2 million.** This is mainly due to the **repurchase of two old generation stations** sold in previous years to German customers, whose related amount has been subtracted from 2022 First-Half Revenue. The buyback of this equipment **was deducted** from 2022 First-Half Revenue. **Adjusted for this effect, revenue would be €7.4 million** compared with €5.2 million in the first half of 2021, **representing growth of 42%**. This solid performance is the result of the completion of the first orders on the major projects in which McPhy is involved, while the market continues to show a wait-and-see attitude regarding the release of public funding.
- The supply of electrolyzers, either large capacity (McLyzer) or from the Piel range, and McFilling hydrogen stations contribute to this half-year performance and demonstrate their perfect complementarity in generating growth.
- The Group's recently won tenders on large-scale projects are beginning to generate substantial revenues, which are expected to increase significantly with new orders received under the framework of these projects:
  - R-Hynoca<sup>3</sup>, regarding the implementation of the first hydrogen station in Strasbourg;
  - CEOG<sup>4</sup>, regarding the construction of the West Guyana Power Plant. It will combine photovoltaic energy and massive electricity storage, mainly in the form of hydrogen;
- McPhy also signed a contract at the beginning of the year with a subsidiary of Eiffage to equip a site in Belfort<sup>5</sup> with a 1 MW electrolyzer and a refueling station able to distribute up to 800 kg per day in order to fuel a fleet of hydrogen buses.
- Finally, McPhy received two first orders under the framework of its strategic partnership with Hype<sup>6</sup>, consisting in supplying: (i) two 2 MW alkaline electrolyzers whose capacity can be increased to 4MW, and (ii) two Dual Pressure stations with a capacity of 800 kg per day respectively, to be installed in the Paris region.

<sup>3</sup> <https://mcphy.com/en/press-releases/mcphy-will-equip-the-r-hynoca-project-in-strasbourg/>

<sup>4</sup> <https://mcphy.com/en/press-releases/ceog-project/>

<sup>5</sup> <https://mcphy.com/en/press-releases/hydrogen-mobility-contract-with-eiffage-energie-systemes-clemessy/>

<sup>6</sup> <https://mcphy.com/en/press-releases/mcphy-signs-a-first-order-with-hype/>



The commercial dynamism during the first half of the year is reflected in **firm orders** totaling **€16.1 million**, bringing the backlog to €29.1 million at 30 June 2022, an increase of **44% compared to 31 December 2021**.

### Recurring operating result reflecting growth investments and prudent project management

- During the first half of the year, in order to support the expected growth of its business, the Group continued its development strategy. This resulted in an increase in current expenses due to:
  - the development of its industrial capacities with the opening of the new station production site in Grenoble;
  - innovation and R&D expenses in relation to the future introduction of its new range of electrolyzers and stations;
  - the structuring of the teams and the active recruitment policy.

In this environment, personnel costs increased by €2.2 million year-on-year to €7.9 million in the first half of 2022, reflecting the net recruitment of 32 new employees during the period. Other expenses amounted to €4.4 million in the first half of 2021 and €9.6 million in the first half of 2022, of which €6 million were incurred to strengthen the Group's industrial and R&D teams (industrial subcontracting, recruitment costs and technical expertise).

- To cover a possible additional cost related to the technical warranty of its installed base of new generation electrolyzers, the Group has also made a provision of around €3 million in non-recurring expenses.
- The **recurring operating loss** thus reached - €19.4 million in the first half of 2022, compared with - €8.3 million in the first half of 2021.
- **Net loss** for the first half of 2022 was **€19.7 million**, compared with €8.6 million for the same period in 2021.

### Strong cash position thanks to controlled cash consumption

- As of 30 June 2022, McPhy had a cash position of €141.8 million compared to €177.2 million at 31 December 2021. Cash consumption amounted to slightly more than €35 million during the first half of the year, including €12 million for the financial investment in the Hype Convertible Bonds subscribed under the framework of the strategic partnership with this company<sup>7</sup>. The balance of €23 million is the result of the cash consumption required by the Group to finance its industrial and R&D investment policy.

### 2022 First-Half highlights: accelerating industrial scale-up and strengthening partnerships

- McPhy finalized the consolidation of all the activities dedicated to **refueling stations on its new site in the heart of Grenoble** on an existing industrial building of more than 4,000 m<sup>2</sup>. The new site will have a production capacity seven times higher than today's, increasing from 20 to 150 units per year, and will lead to the creation of around one hundred direct jobs at full load. This new facility completes the Group's network of stations and strengthens its **presence in Auvergne-Rhône-Alpes**, one of the most dynamic regions in Europe for the development of green hydrogen solutions. It perfectly illustrates McPhy's ambition to become a major player in the hydrogen mobility segment.
- At the same time, McPhy maintained its efforts to scale up **the electrolyzer part** of its business with a major investment bringing the **production capacity to 300 MW on the San Miniato site**, in order to

<sup>7</sup> <https://mcphy.com/en/press-releases/signature-of-a-strategic-partnership-with-hype/>



meet the market traction while waiting for the potential commissioning of the Gigafactory. To begin with, its facilities will be based on the Wildau site for the design and engineering of very high capacity electrolysis systems (multi-MW / GW), and on the San Miniato site for the design, production and assembly of stacks. **The construction of the Gigafactory**, with the addition of 1 GW, would bring the production capacity to 1.3 GW and McPhy would thus have a pan-European industrial facility unmatched by any other electrolyzer manufacturer.

- McPhy pursued the **strengthening of its partnership ecosystem** with key players such as Chart Industries, Technip Energies and TSG, which complement and confirm the quality of McPhy's offer while providing important commercial leverage. McPhy thus participated in various tenders through joint bids, notably with Technip Energies.

### Continued active recruitment policy and implementation of a structured ISR policy

- The Group strengthened its governance with the appointments of Laëtitia Peyrat as General Counsel and Secretary to the Board, and Benoît Barrière as Chief Technology Officer<sup>8</sup>.
- McPhy hired 32 **net new employees** in the first half of 2022 in a context of intensified talent hunting. At the same time, the Group developed internal mobility in order to retain its managers, while pursuing an active policy to attract young graduates to the hydrogen sector through the promotion of internships which, in most cases, lead to hiring.
- In terms of **ISR**, the Group is pursuing the implementation of a **structured policy** to get closer to the best standards with the aim of achieving a demanding certification by 2025.

### Post-closing event: validation by the European Commission of the McPhy Gigafactory project under the Hydrogen IPCEI program<sup>9</sup>

- **The European Commission validated the electrolyzer Gigafactory project** among the projects submitted by France under the framework of the **Hydrogen IPCEI**. This decision demonstrates the interest of the project for the hydrogen sector in France and in Europe.
- The final investment decision will be taken by McPhy soon, after final confirmation by the French authorities of the amount of public aid and the contractualization of the terms of the provision of this aid with Bpifrance.

### Outlook

Based on 2022 First-Half Results, McPhy observes that the low-carbon hydrogen market is still gradually gaining momentum and anticipates a more **moderate growth of its revenue for the year 2022 than initially anticipated**.

During the second half of the year, the Group will continue its **industrial investments**, notably by communicating its final decision on the construction of a Gigafactory. It also intends to maintain its active human resources policy, with a target of more than 60 net recruitments in 2022.

As the market in which McPhy operates remains strong, the **Group will also continue to accelerate its growth investments**, in particular in R&D, which will consequently impact its profitability.

### Agenda

<sup>8</sup> <https://mcphy.com/en/press-releases/mcphy-combined-general-meeting/>

<sup>9</sup> Please refer to footnote #1 above.



- Availability of the half-yearly financial report: **September 15, 2022**, after market close
- Publication of Full-Year Revenue: **January 24, 2023**, after market close

## About McPhy Energy

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).

To learn more: [www.mcphy.com](http://www.mcphy.com)  
McPhy is eligible PEA-PME

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**Appendix :****Balance sheet - Summary table**

	<b>H1 2021</b>	<b>H1 2022</b>
<b>Non-current assets</b>		
Goodwill	2.5	2.5
Intangible assets	1.7	5.3
Property, plant and equipment	4.2	7.8
Financial assets	-	12.0
Other assets	0.4	0.6
<b>Current assets</b>		
Inventories	3.6	6.1
Trade and other receivables	14.6	19,1
Other assets	0.3	0.4
Cash and cash equivalents	184.8	141.8
<b>TOTAL ASSETS</b>	<b>212.1</b>	<b>195.7</b>

<b>Shareholders' Equity</b>	<b>H1 2021</b>	<b>H1 2022</b>
Issue premium	204.0	193.6
Retained earnings	(17.6)	(41.0)

<b>Non-current liabilities</b>		
Provisions – over 1 year	1.5	4.9
Financial debt & borrowings – over 1 year	3.0	5.0
Other non-current liabilities	0.6	0.6
<b>Current liabilities</b>		
Provisions – under 1 year	2.7	4.8
Financial debt & borrowings – under 1 year	0.9	1.5
Trade and other payables	6.6	10.4
Other current liabilities	9.3	15.9
<b>Total Shareholders' Equity and liabilities</b>	<b>212.1</b>	<b>195.7</b>



**Cash flow - Summary table**

<b>Net profit for the period</b>	<b>H1 2021</b>	<b>H1 2022</b>
Net income (loss) for the period	(8.6)	(19.7)
Cash flow	(7.0)	(17.9)
Before cost of debt and taxes		
Net cash flow from (used in) operating activities	(7.3)	(19.9)
Net cash flow from (used in) investing activities	(2.0)	(15.1)
Net cash flow from (used in) financing activities	(3.6)	(0.4)
Net increase (decrease) in cash and cash equivalents	(12.9)	(35.3)
<b>Opening cash position</b>	<b>197.7</b>	<b>177.2</b>
<b>Treasury at Closing</b>	<b>184.8</b>	<b>141.8</b>

