

McPhy First-Half Year 2024 Results Growth in Electrolyzer Revenue

- Half-year revenue up +35% to €9.5 million, driven by growth in the electrolyzer business (+120%), despite a market that remains far from expected levels
- Total Backlog¹ of €27.7 million, including €21.6 million for electrolyzer alone
- EBITDA of €(24.7) million reflecting the difficult execution of legacy projects and a still insufficient level of activity
- Successful execution of the funding plan and cash position of €57.6 million as of June 30, 2024
- Signature of an agreement with Larsen & Toubro extending the technology transfer and exclusive license to McPhy XL (4 MW)
- Estimated full year 2024 revenue between €18 million and €22 million

Foussemagne (France), October 29, 2024 – 6:00 pm CET – McPhy Energy, a leading French player in electrolyzer technology and manufacturing, today announces its consolidated results for the first half of its 2024 fiscal year, ended June 30, approved on October 28 by the Company's Board of Directors.

Simplified Profit & Loss Statement²

(€ million)	6/30/2024	6/30/2023	Change
Revenue	9.5	7.0	35%
Other operating income	0.6	0.7	-8%
Income from Operating Activities	10.1	7.7	31%
Purchases consumed	(10.3)	(5.2)	x2
Personal costs	(13.5)	(11.2)	21%
External costs	(11.0)	(12.9)	-15%
EBITDA	(24.7)	(21.6)	14%
Depreciation, amortization and net provisions	(2.6)	(3.3)	-20%
Operating Income (EBIT)	(27.3)	(24.8)	10%
Other income and expenses	(5.0)	(0.0)	x5
Financial Result	0.3	1.4	-78%
Income Tax	(0.0)	(0.0)	n.s.
Net Result	(32.0)	(23.5)	36%

¹ Firm orders not yet accounted for in Revenue.

² Interim consolidated financial statements not subject to a limited review by the Statutory Auditors.

Jean-Baptiste Lucas, Chief Executive Officer of McPhy, states : *“During this first half of 2024, McPhy has profoundly accelerated its transformation by successfully completing several major projects: the completion of the sale of its station business to Ataway, with the Group now positioned as a player focused on the manufacture of electrolyzers; the on-time delivery of its Gigafactory, initiating the development and mass production of large-scale, new-generation electrolyzers; the start-up of the first industrial contracts, notably across the Rhine; and finally, the implementation of a funding plan that gives the Group the financial resources it needs until early 2026 to pursue its development. Added to this is the extension of the license with L&T for new generation electrolyzers, representing both significant additional resources and a partnership of trust with a group of international stature, established in promising markets. McPhy has thus succeeded in selling its station business, starting up its Gigafactory and implementing its funding plan at a time when the hydrogen sector has experienced turbulence, illustrating its ability to move forward in a high-potential market where uncertainty and volatility remain significant.”*

2024 half-year revenue up +35%, +120% for electrolyzers alone

In the **first half of 2024**, McPhy reported **total revenue of €9.5 million**, up **+35%** on the first half of 2023. This growth is mainly due to the ongoing execution of major projects in the **Electrolyzers** business, achieving revenue in the first half of 2024 of **€9.1 million**, up **+120%**. The **station business**, whose sale has now been finalized, made a small contribution of **€0.3 million** over the period.

The Group benefited primarily from the contribution of three significant projects which have now started up to supply:

- A **4 MW McLyzer 800-30 electrolyzer** with Swedish company **AAK**, a major global player in the edible oil processing industry, to produce low-carbon hydrogen as a process gas;
- **Two electrolyzers** (2 & 4 MW) and **two Dual Pressure stations** as part of its partnership with **Hype**;
- A **4 MW McLyzer 800-30 electrolyzer** as part of a **“green metal” project** with **the Plansee Group** at the Reutte site in Austria.

Revenue was also driven to a lesser extent by:

- The low-carbon steel project with **ArcelorMittal and VEO**, which involves the construction of an electrolysis pilot plant in Eisenhüttenstadt, Germany, in collaboration with Brandenburg Technical University. McPhy supplied two McLyzer electrolyzers, each rated at 1 MW, and a Dual Pressure station, and will provide a five-year service contract;
- **Sales of the Piel range of small and medium capacity electrolyzers**, mainly dedicated to applications in jewelry and small-scale industry, amounting to €1.2 million;
- The **re-launch of the CEOG** project, which involves the production of hydrogen using a high-powered electrolyzer, the Augmented McLyzer 16 MW, supplied by McPhy, linked to a photovoltaic solar farm, coupled with a hydrogen storage unit and high-powered fuel cells to reduce the carbon footprint associated with supplying electricity to 10,000 homes in French Guiana.



Update on current business

<i>In €m</i>	06/30/2024	12/31/2023	Change
Firm order intake	14.9	13.0	+14%
Total Backlog ³	27.7	23.8	+17%
Backlog – Electrolyzer	21.6	20.0	+8%

McPhy recorded **firm order intake** of **€14.9 million**, including **€10.8 million** for the **electrolyzer** business alone. The Group's **commercial success** over the half-year was mainly driven by:

- The signature of a firm contract for the supply of a **McLyzer 800-30 4 MW electrolyzer** and related spare parts with **the Swedish company AAK**, a major global player in the edible oil processing industry;
- McPhy's commitment to a large-scale project, "Rouen Vallée Hydrogène (RVH₂)", to support the energy transition in Normandy. Selected by the **VALOREM Group**, McPhy will supply a **1 MW electrolyzer** and a **McFilling 350 station** (subcontracted to Ataway as part of the sale of the station business).

The **total backlog thus stood** at **€27.7 million** on June 30, 2024, up **+17%** vs. December 31, 2023, and mainly driven by the **electrolyzer business**, now the Group's core business, which contributed **€21.6 million**.

The two projects below **are not included** in the firm order intake:

- The 20 MW **Djewels** green hydrogen **project** for which McPhy has signed a contract for the supply of Augmented McLyzer electrolyzers at the Delfzijl site in the Netherlands, with the **final investment decision expected at the end of 2024**; and
- The 16 MW **HMS phase I** green hydrogen pipeline **project**, for which McPhy has signed a contract to supply a McLyzer 3200-30, with a **final investment decision expected in 2025**.

Financial results reflect the difficult execution of legacy projects and a still insufficient level of activity

The completion of legacy projects remains difficult, leading to a deterioration in margin due to higher equipment purchase and installation costs. Purchases almost doubled to €10.3 million from €5.2 million as of June 30, 2023.

During the first half of 2024, the Group pursued its development and structuring, resulting in an increase in current expenses linked to:

- **Innovation and R&D expenditure** related to the optimization of current products and the development of the new XL electrolyzer range;
- **Structuring** and strengthening of the organization.

³ Firm orders not yet accounted for in Revenue.



Personnel costs rose by €2.3 million in the first half of 2024, due to the **recruitment of 28 employees** (vs. 70 over the past 12 months), and stood at **€13.5 million**, bringing the **number of employees to 258** (before the sale of the station business)⁴.

Other **external expenses fell by 15%** to €11.0 million. They mainly represent the purchase of subcontracting services and technical studies required to **pursue the Group's industrial, engineering and R&D development**.

EBITDA, which includes the IPCEI⁵ grants of €1.4 million share of eligible expenses over the period, came to **€(24.7) million** on June 30, 2024, compared with €(21.6) million for the first half of 2023.

Operating income, including depreciation and amortization of €2.6 million, came to **€(27.3) million on June 30, 2024**.

Net income for the period came to **€(32.0) million**, penalized by the €0.8 million **impairment of goodwill** and the €4.2 million impairment of fixed **assets** and inventories **held for sale**. The fair value of assets held for sale (i.e. those included in the sale of the station business), net of disposal costs, was determined considering only the fixed portion of the sale price (i.e. €12 million).

Cash position

Net cash consumption was **€(5.4) million** in the first half of **2024**, including:

- **Cash flow from operating activities of €(35.1) million**, (excluding the IPCEI subsidy), due to the change in EBITDA and an 11.0 million euros increase in working capital requirements, explained mainly by the increase in inventories due to the start-up of new projects;
- The second instalment of **IPCEI** public aid, amounting to **€7.2 million**, less the €1.4 million share included in EBITDA, resulting from the **successful achievement** of the project's **first milestone**;
- **Capital expenditure of €(8.2) million**, two-thirds of which was dedicated to the Gigafactory, to support the Group's continued industrial scale-up;
- **Financing flows of €30.5 million**, following the issue of bonds convertible into new ordinary shares and/or exchangeable for existing ordinary shares (OCEANEs) to EDF Pulse Holding and EPIC Bpifrance for a nominal amount of €30 million.

On June 30, 2024, McPhy had a **cash position of €57.6 million**, compared with €63.0 million on December 31, 2023, and the **financial flexibility** needed to continue its business **until early 2026, considering**:

- Projects to be implemented on schedule and at the cost estimated at the end of September 2024;
- The €16 million Gigafactory financing lease (see “Post-closing events” below);
- The payment in cash of the fixed price of €12 million, of which the balance of €11 million to be paid over the next 14 months, following the sale to Ataway of its station business (excluding any earn-out payable in cash and conditional on future orders relating to the scope of the business sold (see “Post-closing events” below); and
- The use of the equity financing line set up with Vester Finance on December 19, 2023 (subject to market conditions and compliance with exercise conditions).

⁴ Post-cession, the Group has 214 employees.

⁵ IPCEI - Important Project of Common European Interest



Post-closing events

McPhy pursued its funding plan by completing two transactions in July 2024:

- The completion, on July 11, of its financing lease for the Gigafactory for an amount of €16 million;
- The completion, on July 16, 2024, of the sale of its hydrogen station business to Atawey. The final amount of the sale was set at €12 million⁶, to be paid in instalments up to December 31, 2025, with the possibility of an earn-out based on future orders relating to the scope of the business concerned by the transaction. More than 40 employees joined the Atawey team, enabling the company to consolidate its know-how, cross-fertilize the experience of historical players in the hydrogen sector, and consolidate its expertise.

The Group also signed an agreement with the Indian conglomerate Larsen & Toubro (L&T)⁷ to extend the technology transfer and exclusive license to the McPhy XL (4 MW) product. This is a major milestone in the partnership between L&T and McPhy, reinforcing their commitment to a collaborative approach to providing advanced electrolyzer solutions for the green hydrogen sector.

Finally, effective August 9, 2024, McPhy shares have been transferred from Euronext Paris to Euronext Growth, and the Company's headquarters were transferred to Fossemaigne, where the Gigafactory will be located⁸.

Outlook

Given its order book, and despite a backlog sell-out rate lengthened by the longer duration of electrolyzer projects, McPhy is targeting revenue between €18 million and €22 million for the full year 2024 on its new scope, which would be close to or higher than the previous year's revenue.

In the medium term, with its industrial facilities now fully operational, the Group will step up its commercial efforts, focusing on the industrial sector, where the potential of hydrogen is expected to materialize most rapidly.

Half-year financial report availability

The half-yearly financial report is available on the Company's website(www.mcphy-finance.com), in the "Investors" > "Financial publications" > "Financial reports" section, in accordance with legal requirements.

⁶ An initial payment of €1 million was received on completion of the sale. The balance of €11 million, plus interest, will be paid as and when Atawey completes its funding plan for the combined business or, failing that, in Atawey shares.

⁷ As a reminder, in 2023 the L&T and McPhy signed an exclusive technology licensing and assistance agreement for the Company's electrolyzer technology, covering the following territories to date: India and the countries of the South Asian Association for Regional Cooperation (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives) and those of the Gulf Cooperation Council (Saudi Arabia, United Arab Emirates, Oman, Qatar, Kuwait, Bahrain).

⁸ Following a decision by the Board of Directors, which will be submitted for ratification to the next General Meeting of the Company's shareholders.



ABOUT MCPHY

Specialized in hydrogen production 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 Energy is listed on Euronext Growth Paris (ISIN code: FR0011742329, ticker: ALMCP).

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APPENDICES

Cash-Flow Statement

(€ million)	6/30/2024	6/30/2023	12/31/2023
Net result	(32.0)	(23.5)	(47.4)
Cash-flow from operations	(24.0)	(19.9)	(41.0)
Working capital requirement	(11.0)	(8.3)	(5.9)
Operating subsidies	7.2	(1.6)	(4.5)
Net cash-flow from operating activities	(27.8)	(29.8)	(51.4)
Net cash-flow from investing activities	(8.2)	(8.0)	(20.8)
Net cash-flow from financing activities	30.5	(0.8)	(0.3)
Change in cash and cash equivalents	(5.4)	(38.5)	(72.4)
Closing cash position	57.6	97.0	63.0

Unaudited data



Balance Sheet

ASSETS (€ million)		6/30/2024	12/31/2023
Goodwill		1.7	3.7
Intangible assets		4.0	0.0
Tangible assets		38.1	1.8
Other non-current assets		13.5	0.0
NON-CURRENT ASSETS		57.4	52.4
Inventories		11.0	7.6
Trade and other receivables		26.7	16.6
Current tax assets		4.1	2.0
Cash and cash equivalents		57.6	0.0
CURRENT ASSETS		99.5	92.8
ASSETS HELD FOR SALE		13.7	19.2
TOTAL ASSETS		170.5	164.4
LIABILITIES (€ million)		6/30/2024	12/31/2023
Share capital		3.5	3.4
Premium issued		130.8	171.5
Treasury shares		(0.4)	(0.6)
Retained earnings		(74.7)	(86.0)
SHAREHOLDERS' EQUITY		59.2	88.2
Investment grants		9.8	6.8
Provisions - over 1 year		5.1	3.7
Financial debit & borrowings - over 1 year		32.7	4.3
Deferred tax liabilities		0.6	1.8
NON-CURRENT LIABILITIES		48.3	16.6
Provisions - under 1 year		6.9	7.4
Financial debit & borrowings - under 1 year		1.0	0.6
Trade and other payables		12.0	13.4
Other current liabilities		41.4	36.5
CURRENT LIABILITIES		61.3	57.9
LIABILITIES HELD FOR SALE		1.7	1.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		170.5	164.4

Unaudited data

