L'HYDROGÈNE, PILIER DE LA
MOBILITÉ DÉCARBONÉE

2022/2023 FULL-YEAR RESULTS

STRONG GROWTH (+77%) AND OPERATING PERFORMANCE UNDER CONTROL
SOLID FINANCIAL STRUCTURE

2023/2024 REVENUE GROWTH TARGET: BETWEEN 50% AND 100%
RECURRING EBITDA EXPECTED TO BE POSITIVE BY JUNE 30, 2024

- **Recurring EBITDA[1] under control with a €2.0m loss for 2022/2023 and breakeven in H2**, thanks to tight cost control against a backdrop of strong growth;
- **Strong cash position of €30.5m;**
- **Order backlog of €108m at July 27, 2023,** Including around €26.7m still to be invoiced on stations currently in production;
- **Potential revenue** of €133m over the 2023-2026 period from a portfolio of projects shortlisted or at final negotiation stage.

Grenoble, October 5, 2023 – HRS, a European designer and manufacturer of hydrogen refueling stations, presents its audited results for the 2022/2023 financial year (from July 1, 2022 to June 30, 2023), which have been approved by the Board of Directors.

€000 - audited	2021/2022	2022/2023	*Change*
Revenue	**17,034**	**30,082**	**+13,048**
Operating expenses[2]	(16,382)	(32,074)	-15,692
Purchases consumed net of inventories	(9,765)	*(21,692)*	*-11,972*
Personnel expenses	(4,199)	*(6,877)*	*-2 678*
External expenses	(2,418)	*(3,505)*	*-1 087*
Recurring EBITDA[1]	**652**	*(1,992)*	*-2,644*
Free share plan (IFRS 2)	(278)	(1,659)	-1,381
EBITDA[3]	374	(3,651)	-4,025
Net depreciation, amortization and provisions	(778)	(2,561)	-1,783
EBIT (before non-recurring items)	**(404)**	**(6,212)**	**-5,808**
Financial income/(expense)	65	7	-58
Non-recurring income/(expense)	8	20	+12
Taxes	97	1,313	+1,216
Net income/(loss)	**(234)**	**(4,872)**	**-4,638**

[1] Recurring EBITDA, as presented in the consolidated financial statements, corresponds to revenue less direct costs, personnel expenses and overheads, excluding non-recurring expenses.
[2] Excluding depreciation, amortization and provisions
[3] According to the definition used by the Company, EBITDA is obtained by eliminating the following items from net income: depreciation and amortization of assets recognized in respect of business combinations; depreciation and amortization of fixed assets; other non-recurring operating income and expenses; net cost of debt and other financial income and expense; income tax expense.

Hassen RACHEDI, founding Chairman & CEO, said: *"HRS, a pure player in hydrogen refueling stations, has undergone a significant change in scope during this 2022/2023 financial year. We have exceeded our initial targets with growth of 77% driven by a significant increase in "Hydrogen Stations" revenue. Our impressive 1,100% growth over the past three years reflects the extent of our commercial success, the power of our strategic partnerships and the structuring of the company. Finally, our operational teams commissioned our new production facility, the only one of its kind in the world, on schedule, enabling the company to operate in the best possible conditions with increased productivity. The engineering and support function teams will move into their new workplace on 16 October 2023.*

During the year, we signed major strategic agreements with key players including Engie, Plug Power, GCK, a global player in the construction and public works sector, and pHYnix, while continuing to build on our partnerships with HYmpulsion and Hype. As you know, Hype has announced the opening of 44 hydrogen stations in France and abroad. We are now indisputably a leading European supplier of hydrogen refueling stations. I would like to take this opportunity to announce that HRS will be taking part in COP28 from November 30 to December 12, 2023, during which we will be presenting our new dispenser designed by Philippe Starck!

We have also proven our ability to combine this strong growth with tight control of our financial position, through rigorous day-to-day management. We posted positive EBITDA in the second half and remained close to breakeven for the year as a whole, despite operating investments to support growth and one-off additional costs mainly linked to the development and start-up of the new 1-tonne/day stations. Our financial structure also remains very solid, as shown by our sustained high cash position at €30 million.

I would like to congratulate all our employees, without whom this performance would not have been possible, for their commitment and professionalism in serving our customers and driving the energy transition.

From an organizational standpoint, we have reached an important milestone in the structuring of HRS, as the number of employees has increased to 135. We are ready to pursue our growth trajectory, mainly based on mass deployment of 1 tonne/day large-capacity stations, for which a pilot will be installed at the new Champagnier site by the end of November 2023. The 2-tonne/day stations further along our roadmap will be produced on the same site.

We have set ourselves a growth target for the 2023/2024 financial year of between 50% and 100% of revenue, i.e. between €45 million and €60 million. To achieve this, we will draw on our order backlog and on the projected conversion of the best opportunities in our commercial pipeline."

HRS, EUROPEAN LEADER IN HYDROGEN REFUELING STATIONS, CONTINUES ITS STRONG GROWTH

As anticipated, **HRS** enjoyed another year of intense expansion illustrated by numerous orders in a buoyant European market. Full-year 2022/2023 revenue is up 77% to €30.1 million, including €26.6 million from the Hydrogen Stations segment (up 75%), with the first 14 1-tonne/day stations ordered by Hype, PHynix and HYmpulsion (ZEV) going into production. Revenue for the Industrial Piping core business also grew sharply, up 87% to €3.5 million, boosted by two contracts signed with long-standing customers.

The Company recorded a €2.0 million recurring EBITDA loss for the 2022/2023 financial year, down €2.6 million on the previous year. **Recurring EBITDA achieved breakeven in the second half of the year**. Recurring EBITDA was impacted by two factors over the year:

- Operating expenses rose in line with growth to €10.4 million. They include external expenses of €3.5 million (up €1.2 million, under control) related to the cost of services and sales and marketing activities. Personnel expenses increased by €2.7 million to €6.9 million, in line with the increase in the number of employees (+50 employees compared to June 30, 2022) and with the structure adopted by the Company to manage its strong business growth;

- The gross margin has not yet normalized, although it improved by two percentage points in the second half compared with the first. The initial effects of the first H40 stations (1 tonne/day) were mitigated throughout the year, and the Company has set itself the goal of continuing to improve the gross margin as sales volumes of H40 stations increase.

After the non-cash impact of the plan to grant free shares to all employees announced at the time of the HRS IPO, 2022/2023 EBITDA is under control with a €3.7 million loss (application of IFRS 2).

In addition, the strong sequential increase in sales in the second half of the year (+€8.3 million vs. H1 2022/2023) absorbed a significant portion of operating expenses.

After net depreciation, amortization and provisions of €2.6 million, including €1.2 million for impairment of receivables after one customer filed for bankruptcy, the Company posted an EBIT loss of €6.2 million before non-recurring items.

After deferred tax income of €1.3 million and negligible financial income, the Company posted a net loss of €4.9 million for the 2022/2023 financial year.

A SOUND FINANCIAL POSITION TO SUPPORT HRS' AMBITIONS

Cash flow statement in thousands of euros	2021/2022	2022/2023
Cash flow before cost of financial debt and tax	(1,267)	(7,365)
Change in WCR	(10,950)	6,698
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	(12,289)	**(667)**
O/W net acquisitions of fixed assets	(16,211)	(16,230)
O/W net change in short-term investments	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	(16,489)	**(16,229)**
O/W net change in borrowings	5,005	12,320
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	5,010	**12,769**
CHANGE IN CASH FLOW (I + II + III)	(23,769)	**(4,126)**
CASH AND CASH EQUIVALENTS: CLOSING	34,669	**30,543**

Operating cash flow for the financial year ended June 30, 2023 amounted to a **limited outflow** of €0.7 million. This includes a gross operating cash outflow of €7.4 million before net cost of debt and tax, offset by a €6.7 million improvement in working capital. **Cash flow from investing activities** remained stable, amounting to a €16.2 million outflow, mainly due to i) the development of the new production facility (€13.9 million) and ii) R&D (€2.3 million). **Cash flow from financing activities** amounted to a €12.8 million inflow due to new borrowings totaling €14.4 million to finance the new facility and the repayment of €1.4 million in borrowings over the period.

HRS posted cash and cash equivalents of €30.5 million as of June 30, 2023, compared to €34.7 million as of June 30, 2022, and gross borrowings, mainly related to the financing of the new site, of €21 million excluding lease liabilities.

SIGNIFICANT COMMERCIAL SUCCESS

During the year, **HRS** signed major agreements and secured orders in both France and Europe with major players including Hype, Engie, pHYnix, Plug Power, GCK and a leading French public works company[4]. The partnership with HYmpulsion (ZEV) has also intensified, with the upgrade of several stations to HRS40.

The **order backlog**[5] including customer framework agreements stood at €108 million as of July 27, 2023, representing 87 stations of which 12 have already been installed in Europe. The gradual conversion of the backlog into revenue over the coming years, including an expected €23 million in 2023/2024, will fuel the dynamic growth targeted by the Company's 2021-2025 plan. In addition, **HRS** booked a new order from GCK in September 2023 after the closing date.

Meanwhile, the **HRS commercial pipeline**, which is updated every six months, includes potential orders and projects identified **at the final negotiation or selection stage** in calls for tenders, representing potential revenue of **€133 million**, with deliveries staggered over the 2023-2026 period. This amount has risen sharply thanks to a buoyant heavy transport sector, with 80% of requirements corresponding to HRS40 stations (1 tonne/day).

TARGETING STRONG GROWTH AND POSITIVE RECURRING EBITDA BY JUNE 30, 2024

On the strength of its order backlog and ongoing negotiations with a large number of existing and prospective customers, **HRS is targeting further strong revenue growth up to June 30, 2024, with an expected increase of between 50% and 100% over the current 2022/2023 financial year.**

Growth in headcount will slow significantly over the coming months, in line with **HRS**' operational and financial efficiency targets, which aim to **deliver positive recurring EBITDA by June 30, 2024, also benefiting from gradual improvement in the gross margin.**

HRS is therefore pursuing its business plan aimed at strengthening its position as European leader in the design and construction of hydrogen refueling stations, with a focus on heavy transport, and is accelerating its industrial and commercial deployment, notably through:

- **Its new production facility, the largest in the world dedicated to hydrogen mobility refueling.** The 14,300 m² facility now has a production capacity of at least 180 stations per year designed to meet the ongoing acceleration in global demand.

- **Deployment of a sales force in Europe.** Two business developers have been recruited to strengthen the sales force in France, alongside the Iberian sales force and the partnership with Simplifhy in Italy. The hiring of business developers for German-speaking regions and Northern Europe remains a priority. **HRS**' presence in Spain has been strengthened through the creation of a subsidiary in July 2023. In addition, in view of the growing momentum of the Italian market, **HRS** intends to set up a subsidiary to address this market before the end of 2023. Finally, the enthusiasm for hydrogen mobility in North America, China and the Middle East is prompting **HRS** to step up discussions with industrial and commercial partners to capture these markets.

[4] See press release of July 10, 2023: HRS receives order for hydrogen refueling station for bus depot
[5] Order backlog, updated every six months: purchase orders received + order commitments likely to be fulfilled under long-term partnerships

2025 OUTLOOK CONFIRMED

HRS reaffirms its target of generating revenue of €85 million by June 30, 2025, aiming to deliver 100 new stations over the 2021-2025 period. **HRS** also confirms its target of achieving an EBIT margin before non-recurring items (EBIT/revenue) of around 20% by June 30, 2025.

UPCOMING PUBLICATIONS AND FINANCIAL COMMUNICATIONS EVENTS

- HRS will publish its H1 2023/2024 revenue on January 18, 2024 after close of trading.
- The Company has launched a plan to publish its first non-financial report by the end of 2023. The aim of this publication will be to communicate **HRS**' ESG strategy, including its carbon footprint, materiality matrix and corresponding targets/KPIs.
- Finally, on November 23, 2023, **HRS** will organize an investor day at its site in the south of Grenoble (HRS Capital Markets Day) to give investors the opportunity to visit the new hydrogen station production facility.

ABOUT HRS

Founded in 2004, Hydrogen-Refueling-Solutions (**HRS**), formerly TSM, is pioneer in hydrogen mobility. European designer and manufacturer of hydrogen refueling stations, for over ten years, the Company has been committed to reducing transport emissions.

At its new Champagnier site, **HRS** will have the mass production capacity to assemble up to 180 units a year, in record time - as little as 8 weeks.

The Company posted 2022/2023 revenue of €30.1 million. As of June 30, 2023, the company had 135 employees. (ISIN code: FR0014001PM5 - ticker symbol: ALHRS).

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Consolidated balance sheet assets

In €k	2023.06	2022.06
Goodwill	450	450
Intangible assets	3,284	1,534
Property, plant and equipment	27,235	9,680
Rights of use	1,461	1,78
Financial assets	6,176	6,142
Deferred tax assets	**4,721**	**2,805**
Non-current assets	**43,327**	**22,392**
Inventories and work in progress	**3,816**	**2,119**
Trade receivables and related accounts	**36,172**	**24,308**
Other current assets	**2,676**	**1,879**
Cash and cash equivalents	**30,543**	**34,670**
Current assets	**73,206**	**62,976**
Total ASSETS	**116,533**	**85,368**
Capital	**1,518**	**1,516**
Premiums related to capital	**68,206**	**68,208**
Revaluation surplus	**(4,956)**	**(3,062)**
Reserves	**(4,872)**	**(234)**
Net income (Group share)	**59,897**	**66,428**
Shareholders' equity (group share)	**59,897**	**66,428**
Pension and similar commitments	**112**	**120**
Non-current debt	**19,346**	**6,602**
Non-current lease liabilities	1,040	1,318
Other non-current liabilities	**1,374**	**1,205**
Non-current liabilities	**21,872**	**9,245**
Current provisions	**65**	65
Current indebtedness	**1,632**	**898**
Current lease liabilities	486	487
Trade payables and related accounts	**17,306**	**3,955**
Other current liabilities	**15,277**	**4,290**
Current liabilities	**34,765**	**9,694**
Total liabilities	**116,533**	**85,368**

P&L

In €k	2023.06	2022.06
Sales revenue	30,082,	17,034
Purchases	(23,190)	(11,944)
External expenses	(4,317)	(2,142)
Personnel expenses	(7,420)	(4,199)
Taxes	(120)	(98)
Net amortization, depreciation and provisions	(2,561)	(778)
Other current operating income and expenses	1,314	1,724
EBIT	**(6,212)**	**(404)**
Non-current operating income	16	10,
Non-current operating expenses	5	(2)
Other non-current operating income and expenses	20	8
Operating income	**(6,192)**	**(396)**
Gross cost of financial debt	(267)	(49)
Net cost of financial debt	(267)	(49)
Other financial income and expenses	274	115
Net financial expense	7	65
Income tax expense	1,313	97
Net income from continuing operation	(4,872)	(234)
Consolidated net income	**(4,872)**	**(234)**
Minority interests	,	(0)
Net income (Group share)	**(4,872)**	**(234)**
Actuarial gains and losses on pension obligations	3	22
Realized gain on securities		298
Unrealized capital loss on securities	(2,799)	(1,770)
Deferred tax	700	363
Total other comprehensive income, net of tax	(2,096)	(1,088)
Comprehensive income	**(6,968)**	**(1,322)**

Cash flow statement

In €k	2023.06	2022.06
Total net income of consolidated entities	**(4,872)**	**(234)**
Net depreciation, amortization and provisions	1,381	785
Elimination of gains and losses on disposal of assets	(2,807)	(1,770)
Elimination of capital gains and losses on asset disposals	(14)	(9)
Other items with no impact on cash	(8)	9
Cash flow after cost of financial debt	**(6,319)**	**(1,219)**
Cost of debt	267	49
Income tax expense for the period, including deferred taxes	(1,313)	(97)
Cash flow before cost of financial debt and tax	**(7,365)**	**(1,267)**
Change in WCR	6,698	(11,023)
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	**(667)**	**(12,289)**
Acquisitions of fixed assets	(16,246)	(16,221)
Acquisitions of intangible assets	(2,282)	(1,015)
Acquisitions of property, plant and equipment	(17,914)	(9,106)
Payables and receivables on fixed asset acquisitions/disposals	3 985	
Acquisitions of other financial assets	(35)	(6,100)
Disposal of fixed assets	16,	10
Reduction in other non-current financial assets	1	60
Impact of changes in scope of consolidation		(339)
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	**(16,229)**	**(16,489)**
Net change in borrowings	12,769,	5,005
Of which repayment of rights of use (IFRS16)	(449)	(502)
Net change in bank overdrafts	0	5
NET CASH FLOW GENERATED BY FINANCING ACTIVITIES(III)	**12,769**	**5,010**
CHANGE IN CASH FLOW (I + II + III + IV)	**(4,126)**	**(23,769)**
Opening cash position	34,669	58,438
Closing cash position	30,543	34,669