H1 2023/2024 RESULTS

FIRST HALF RESULTS IN LINE WITH USUAL SEASONAL PATTERN
LEADERSHIP CONFIRMED, WITH 13 DISTRIBUTION SITES INSTALLED IN 30 MONTHS
€480M IN POTENTIAL REVENUE FROM 237 STATIONS IN FINAL SELECTION OR NEGOTIATION STAGE

- **Record first half revenue of €12.8m, up 20%;**
- **H1 2023/2024 recurring EBITDA[1] loss limited to €4.1m** thanks to tight cost control;
- **Strategic review of order backlog, which now stands at €51m for 63 stations over 2024-2027;**
- **Plans to set up a subsidiary in the United States** in 2024 with the support of Bpifrance to accelerate entry into one of the world's most dynamic hydrogen markets**;**
- **Confirmation of 2023-2026 revenue growth targets,** backed up by the maturity of major European industrial plans for hydrogen mobility infrastructure.

Grenoble, April 29, 2024 – HRS, a European designer and manufacturer of hydrogen refueling stations, presents its results for the first half of the 2023/2024 financial year (from July 1, 2023 to December 31, 2023), approved today by the Board of Directors.

IFRS income statement – six months ended December 31, 2023:

En k€	S1 2022/2023	S1 2023/2024	*Variation*
Revenue	**10 897**	**12,835**	**+1,938**
Operating expenses[2]	-12,968	-16,938	-3,970
Purchases consumed and inventory var.	*-8,028*	*-10,211*	*-2,183*
Personnel expenses	*-2,837*	*-3,444*	*-607*
External expenses	*-2,108*	*-3,283*	*-1,175*
Recurring EBITDA[1]	**-2,071**	**-4,103**	**-2,032**
Net depreciation, amortization and provisions	-622	-1,124	-502
Adjusted EBIT[3]	**-2,693**	**-5,259**	**-2,566**
Free share plan (IFRS 2)	-922	-1,245	-323
EBIT	-3,615	-6,504	-2,889
Taxes	860	1,712	852
Résultat net	**-2,684**	**-4,955**	**-2,271**

[1] Recurring EBITDA, as presented in the consolidated financial statements, corresponds to revenue less direct costs, personnel expenses and overheads, excluding non-recurring expenses and excluding non-recurring expenses and the impact of the bonus share plan (IFRS 2).
[2] Excluding depreciation, amortization and provisions
[3] Adjusted EBIT corresponds, according to the definition used by the Company, to EBIT less the impact of the free share plan (IFRS 2).

Hassen Rachedi, HRS Founding Chairman and CEO, said: "*We posted an excellent first half with revenue up 20% in line with the business plan. We can therefore confirm our full-year revenue target of between €31 million and €40 million.*

We are proud of the fact that HRS is the only pure player in the manufacture of hydrogen refueling stations. Our unrivalled expertise strengthens our market position and our ability to meet growing demand for hydrogen infrastructure in Europe and other parts of the world.

We are currently in the final stages of commercial structuring and production, at a time when major European projects are gaining traction and benefiting from decisive institutional support. The European Union, for example, has recently allocated substantial funds to hydrogen mobility, €424 million for 42 projects[4] to be precise, with the aim of creating a network of 700 large-capacity stations at a rate of one station every 200 km on pan-European roads as stipulated in the European AFIR regulatory framework, which came into force on 13 April 2024[5].

Major sector players are joining forces to seize these opportunities in the European market, opening up great prospects for our Company. One example is the TEAL consortium made up of TotalEnergies and Air Liquide, which aims to install 100 stations by 2030. Meanwhile, major industrial players, manufacturers, transporters and logistics companies are in the consultation and deployment phase for refuelling infrastructure in Europe, which represents significant volumes for us.

We therefore expect major orders over the next year or so, as evidenced by the 3.6-fold year-on-year increase in our commercial pipeline to an all-time high of nearly €500 million in the final selection or negotiation stage. Although bidding and negotiation times have lengthened due to the size and scope of the projects, we are confident that we can capture a significant share of these contracts thanks to our experienced sales team, our globally unmatched production capacity and our technological lead in large-capacity modular stations.

We are also stepping up our expansion in high-potential regions outside Europe. The Biden-Harris Administration recently released its roadmap to accelerate the deployment of infrastructure for hydrogen-powered freight trucks. The goal is to have hydrogen refueling stations on all major highways by 2040. We therefore plan to set up a subsidiary in the United States in the near future, with the support of Bpifrance. By 2030, the country aims to have a comprehensive network of 4,300 stations, making a significant contribution to growth in hydrogen mobility worldwide.

Our discussions are also continuing in the Middle East, Africa[6] and Asia-Pacific, where projects already identified are enjoying backing from ambitious local players. The "Enabling Measures Roadmap for Low-Carbon Hydrogen Middle East and North Africa" developed by the World Economic Forum in collaboration with Accenture, calls for hydrogen refueling stations to be set up in the near future in these regions, opening up exciting new prospects for our Company.

Against this backdrop, we are more confident than ever that our expertise, dedication and resolutely forward-looking vision will enable us to continue to grow rapidly in the months and years ahead. Finally, I would like to thank all our employees for their commitment to our Company's development."

[4] https://transport.ec.europa.eu/news-events/news/eu-boosts-zero-emission-mobility-over-eu424-million-funding-42-projects-2024-04-10_en

[5] https://transport.ec.europa.eu/news-events/news/alternative-fuels-infrastructure-regulation-qa-operating-recharging-infrastructure-2024-04-12_en

[6] https://www3.weforum.org/docs/WEF_Enabling_Measures_Roadmap_for_Low_carbon_Hydrogen_in_the_Middle_East_and_North_Africa_2023.pdf

STRONG FIRST HALF REVENUE GROWTH AND TIGHT OPERATING CONTROL AMID USUAL FIRST HALF SEASONAL PATTERN

HRS posted record first half revenue of €12.8 million, up 20%, including €10.9 million in the Hydrogen Stations segment, up 18%. Hydrogen station revenue breaks down as follows:

- €3.1 million from the four stations ordered over the period;
- €7.8 million from the 39 stations under production or deployment, including 14 stations with a capacity of 1 tonne/day (HRS40);
- €159,000 from initial maintenance contracts, a figure that is set to grow significantly, as 12 stations had already been commissioned since the IPO by December 31, 2023.

The legacy Industrial Piping business also increased its revenue sharply to €1.9 million, boosted by recently signed contracts.

As in the previous year, it also includes an atypical gross margin of 20.4% (vs. 26.4% in H1 2022/2023) impacted by the lower margin of the first H40 stations (1 tonne/day), the effect of which will be mitigated in the second half. Gross margin will automatically improve due to control of production costs and increased sales volumes for H40 stations.

Recurring EBITDA for the first half of 2023/2024 was negative at €4.0 million, reflecting the standard seasonality of the business (one-third of revenue generated in the first half but more balanced expenses between the two half-years) and continued growth investments in line with the business plan.

In line with the phase of investment in the future and strong growth in HRS sales, operating expenses rose by 30.5% to €16.9 million, including external expenses up €1.2 million to €3.3 million, mainly incurred for R&D services and sales and marketing efforts to increase the commercial pipeline. Personnel expenses rose €0.6 million to €3.4 million, reflecting the increase in headcount (+44 more employees compared to December 31, 2022 to manage business growth.

After the negative non-cash impact of €1.2 million of the bonus share plan for all employees announced at the time of the IPO and net depreciation, amortization and provisions of €1.1 million, EBIT (before non-recurring items) was negative at €6.5 million.

Finally, after tax income of €1.7 million and net financial items close to zero, the Group posted a net loss of €5.0 million for H1 2023/2024, down €2.3 million on the previous year.

STRUCTURED FOR CONTINUED INDUSTRIAL AND COMMERCIAL EXPANSION

Cash flow statement in thousands of euros	2022/2023	**S1 2023/2024**
Cash flow before cost of financial debt and tax	(7,365)	(6,220)
Change in WCR	6,698	(2,898)
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	**(667)**	**(9,118)**
O/W net acquisitions of fixed assets	(16,246)	(7,427)
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	**(16,229)**	**(7,427)**
O/W net change in borrowings	12,769	1,837
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	**12,769**	**1,837**
CHANGE IN CASH FLOW (I + II + III)	**(4,126)**	**(14,713)**
CASH AND CASH EQUIVALENTS: CLOSING	30,543	**15,829**

Operating cash flow for the six months to December 31, 2023 amounted to a €9.1 million outflow, comprising a €6.2 million operating cash outflow before net cost of debt and tax, linked to the result for the period, and a €2.9 million outflow attributable to change in working capital related to business growth, with 39 stations currently being manufactured or deployed, and the corresponding increase in trade receivables.

Capital expenditure for the period amounted to €7.4 million, mainly related to the development of industrial facilities and the company's new head office (€5.2 million), in particular the only test area in Europe at the new production site[7], and R&D expenses totaling €1.6 million.

Cash flow from financing activities amounted to €1.8 million, mainly comprising €3.1 million in new borrowings contracted to finance industrial facilities and €1.3 million loan and interest repayments during the period.

As a result, gross cash and cash equivalents stood at €15.8 million as of December 31, 2023, compared to €30.5 million as of June 30, 2023.

As of December 31, 2023, HRS has a trade receivable amount of €46.6 million, including €17.3 million in invoices pending and €27 million in amounts already invoiced on the hydrogen stations business, consisting mainly of sums overdue from two main customers. Negotiations are underway with one of those customers to establish a more appropriate payment schedule, while discussions are ongoing with the second customer regarding the scope of the framework agreement ratified by the parties and payment terms.

These steps demonstrate HRS's commitment to effectively managing its trade receivables while maintaining strong relationships with its business partners.

ORDER BACKLOG REVISED TO €51M

During the first half, **HRS** recorded four new orders in Europe, including two under its agreement with Plug Power and two for a long-standing customer.

As of December 31, 2023, the order backlog stood high at €97 million, representing 39 stations to be brought into production between 2024 and 2027, mainly for Hype and Engie, plus a balance of €20 million for stations in production or deployment.

After a strategic review to bolster its order backlog, **HRS** decided to update it at the end of April, notably to reflect the lack of visibility provided by Hype regarding new orders. As a result, 25 stations for this customer have been assigned uncertain status and removed from the order backlog as of December 31, 2023, representing a total €62.5 million. **Also included is the recently signed agreement with Seven for five stations[8], bringing the backlog to €51 million[9] as of April 29, 2024, with 63 stations ordered or to be ordered by 2027.**

[7] See press release dated April 8, 2024
[8] See press release dated March 27, 2024
[9] Including €20 million in revenue still to be recognized as of December 31, 2023 on stations currently in production or deployment.

COMMERCIAL PIPELINE OF €480 MILLION MULTIPLIED BY 3.6 IN 9 MONTHS, UNDERPINNED BY MAJOR PROJECTS

The global momentum towards decarbonizing heavy transport through a variety of levers, including hydrogen, will inevitably fuel a boom in global infrastructure-building. As a result, Europe is currently adopting bold cross-border hydrogen transport projects, such as MosaHYc (France-Germany-Luxembourg) and BarMar-H2Med (France-Spain), to feed the exponential demand for green hydrogen.

Against this backdrop, the hydrogen mobility market continues to grow, driven by major European plans, as well as in many national markets, driven by the transport and logistics sectors and major oil companies. The European Union has issued calls for projects worth over €1 billion through the Alternative Fuels Infrastructure Fund (AFIF), which are expected to result in the construction of nearly 50 stations.

In addition, approximately 700 stations are expected to be deployed under the AFIR program spearheaded by the European Council, to install 1 tonne/day hydrogen stations every 200 km along the RTE-T network and in each urban node by the end of 2030.

HRS's **commercial pipeline** was significantly strengthened by all of these projects as of April 29, 2024. It is made up of potential orders and identified projects, including 237 stations included in European tenders currently in the **shortlist selection or final negotiation stage,** representing potential revenue of €480 million (up €347 million or multiplied 3.6-fold since the beginning of the year) with deliveries over the 2024-2030 period, naturally requiring in-depth preparatory phases. This amount does not yet include projects in new regions outside Europe.

TARGETED INTERNATIONAL DEVELOPMENT IN HIGH-POTENTIAL REGIONS

HRS is also pursuing its development in highly attractive international areas, which are expected to become new growth drivers for the commercial pipeline from 2025 onwards:

- North America is another priority business development target, according to a study published by the Fuel Cell and Hydrogen Energy Association (FCHEA)[10], entitled "Road Map to a US Hydrogen Economy Full Report", the US hydrogen mobility market is expected to grow strongly, with a projection of 4,300 stations specifically for the needs of Heavy Duty Vehicles (HDVs). According to the same report, 1.2 million FCEVs[11] are expected to be sold in the USA by 2030. Finally, California has set ambitious targets for creating a network of 1,000 stations by 2030. With th recent financial support from Bpifrance[12] totaling €1.3 million, **HRS** plans to set up a subsidiary in the United States in 2024, where there is strong political support for the development of hydrogen, with more than $50 billion in plans announced;
- In the Middle East, during the COP28 summit, **HRS** confirmed the strong potential of this market in terms of hydrogen mobility. Several relationships have been established and **HRS** is currently in advanced negotiations with major players operating in the region to rapidly deploy the first hydrogen stations and set up joint ventures with local players;
- In China, **HRS** continues to conduct market research and forge local ties in order to estimate local development potential before possibly committing further resources;
- In Asia-Pacific, where more than 20 station projects have been identified, HRS plans to hire a business developer to focus on the region.

[10] https://www.fchea.org/us-hydrogen-study
[11] Fuel Cell Electric Vehicules
[12] See press release dated April 29, 2024

ESG INITIATIVES AND ACTION PLAN

On 11 September 2023, HRS announced the launch of its in-house hydrogen training school. This innovative training programme aims to develop the skills of both its employees and new arrivals and, more broadly, to contribute to the development of the hydrogen ecosystem.

As part of its attractive remuneration policy and using it as a major lever for employee satisfaction and retention, HRS continues to distribute shares to the company's employees through its Free Share Allocation Plan. Over the past six months, 71,000 free shares were allocated to all employees.

On 24 November 2023, HRS published its first CSR report, which includes its dual materiality analysis, its carbon footprint and an action plan for the next two years. As a responsible company, HRS attaches the utmost importance to CSR issues. This first non-financial report was published voluntarily before the company became subject to the European CSRD (Corporate Sustainability Reporting Directive).

ANNUAL TARGETS CONFIRMED

HRS confirms its medium-term growth potential announced in January 2024 and is still the only hydrogen pure player to publish three-year growth and profitability targets:

- Revenue between €31 million and €40 million for the financial year ending June 30, 2024;
- Revenue between €45 million and €60 million and positive recurring EBITDA for the financial year ending June 30, 2025;
- Revenue of at least €85 million and a recurring adjusted EBIT margin[13] of around 20% for the financial year ending June 30, 2026.

HRS continues to roll out a bold plan underpinned by firm industrial roots, a strong cash position, and the support of numerous business partners. Our development is based on our unrivaled expertise in Europe, where tangible measures to promote decarbonization will establish hydrogen mobility infrastructures as a core component of the ecological transition. Furthermore, the business development focus on key accounts and the most buoyant regions should allow ongoing discussions to be finalized soon.

NEXT PUBLICATION

2023/2024 full-year revenue, July 25, 2024 after close of trading

[13] Adjusted EBIT corresponds, according to the definition used by the Company, to EBIT as published in the financial statements less the impact of the free share allocation plan (IFRS 2).

ABOUT HRS

Founded in 2004, Hydrogen-Refueling-Solutions (**HRS**), formerly TSM, is a pioneer in hydrogen mobility in Europe. With its unique know-how and experience, **HRS** has been committed for over 10 years to decarbonising transport by designing and manufacturing a complete range of hydrogen refuelling stations that can be used by all types of fuel cell vehicles and are perfectly suited to the needs of a fast-growing European market.

At its new Champagnier site, **HRS** 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 december 31, 2023, the company had 142 employees. (ISIN code: FR0014001PM5 - ticker symbol: ALHRS).

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