L'HYDROGÈNE, PILIER DE LA
MOBILITÉ DÉCARBONÉE

ANNUAL RESULTS 2023/2024 - HRS IDEALLY POSITIONED FOR THE FUTURE: COMPLETION OF MAJOR INVESTMENT CYCLE AND ACCELERATING INTERNATIONAL EXPANSION

- **EUROPEAN LEADER WITH 27 STATIONS INSTALLED WORLDWIDE BY THE END OF 2024 AND 29 OTHER STATIONS TO BE DEPLOYED**
- **R&D INVESTMENTS DOUBLED TO INSTALL THE 4 FIRST 1 TON/DAY HRS40 STATIONS BY 2024**
- **EBITDA IN LINE WITH EXPECTATIONS**
- **REBOUND IN TURNOVER GROWTH BETWEEN €30M AND €40M EXPECTED IN 2024/2025**
- **ORDER BOOK OF ABOUT €47 MILLION**

Grenoble, October 9, 2024 - HRS, French designer and manufacturer, European leader and Pure Player in hydrogen refueling stations, presents its annual results for the 2023/2024 financial year (period from July 1, 2023 to June 30, 2024), approved today by the Board of Directors. The audit process is currently being finalized.

Income statement on June 30, 2024, presented under IFRS:

En k€	2022/2023	2023/2024	*Variation*
Revenue	**30,082**	**24,781**	**-5,301**
Operating expenses[1]	(32,074)	(33,545)	-1,471
Purchases consumed and inventory var.	*(21,692)*	*(20,020)*	*+1,672*
Personnel expenses	*(6,877)*	*(10,968)*	*-4,091*
External expenses	*(3,505)*	*(4,578)*	*-1,073*
Recurring EBITDA[2]	**(1,992)**	**(8,765)**	**-6,773**
Net depreciation, amortization and provisions	(2,561)	(2,672)	-111
Adjusted EBIT[3]	**(4,553)**	**(11,437)**	**-6,884**
Free share plan (IFRS 2)	(1,659)	(2,021)	-362
EBIT	(6,212)	(13,458)	**-7,246**
Taxes	1,313	3,302	+1,989
Net income	**(4,872)**	**(10,411)**	**-5,539**

[1] Excluding depreciation, amortization and provisions.
[2] 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).
[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, founder and CEO of HRS, a pure player in hydrogen refueling stations:

"The results we are releasing today clearly mark the end of a strategic cycle of "unprecedented" investments, both industrially and commercially, thanks in particular to the funds raised at the time of our IPO and the support of our financial partners. These essential investments have enabled us to consolidate our leading position in the market for large-capacity hydrogen refueling stations, strengthen our technological lead over our competitors, build a first-rate industrial base and develop our international coverage and reputation.

During this period, we also faced a number of challenges, notably the lengthening of market decision-making cycles and the difficulties encountered by some of our customers in honoring their commitments. We quickly took corrective action, notably with the successful conclusion of contract negotiations on stations for one of our customers. HRS remains determined to pursue its development, based on a strategy of adaptation and operational flexibility.

All the more so as our market remains extraordinarily attractive,** as illustrated by the "Hydrogen Insights 2024 Report", which forecasts global investments reaching 680 billion USD by 2030, including 68 billion specifically allocated to hydrogen refueling infrastructures. In Europe alone, thanks to the AFIR regulation, Europe is planning a massive expansion, with the installation of 650 new stations. **Our strategy for capturing this potential is based on four fundamental pillars:

*First and foremost**, International Expansion**, which we got off to a good start during the year. Recent contract wins in the Middle East, France, Italy and the UK illustrate this momentum, and testify to our growing reputation. We are currently positioned to win major tenders for the deployment of multi-country infrastructure. The opening of our HRS-USA subsidiary, scheduled for the end of the year, is part of this high-potential market.*

*Then **Product Innovation,** with the strong and differentiating choice to develop modular, high-capacity stations (200 kg to 4 tonnes of hydrogen per day). This modularity enables us to meet the specific needs of local markets, whether for bus fleets or heavy vehicles. Technological innovation remains a key element of our DNA. We are the only station manufacturer involved in the Rheadhy project, which aims to refuel vehicles with tanks of 100 kg of hydrogen in 10 minutes at 700 bar. This keeps us ahead of the market.*

*Then **Recurring Revenues**, including the growth of our maintenance and after-sales services is a central element of our business model. Each station installed comes with a maintenance contract, guaranteeing long-term support for our customers. These recurring revenues, which are growing every year, will account for a significant proportion of our sales in the years to come, giving us excellent financial visibility and reinforcing the confidence of our customers.*

*And finally, **Partnership Opportunities and Strategic Growth.** We remain open to strategic opportunities that could consolidate our market position and bring us new resources. We are currently exploring opportunities to collaborate with local players to increase our presence in the UK and the USA. This approach enables us to remain flexible and quickly identify the best opportunities to support our growth and that of the sector.*

*I am particularly enthusiastic about this new stage in our development. Over the last few years, we have built up a solid group with all the assets needed to seize all market opportunities first, without having to rely on short-term financial markets. **We confirm our ambition to become the world leader in this high-potential market**.*

Finally, I would like to extend my warmest thanks to our teams, whose commitment has enabled us to achieve some major achievements this year, strengthening our unique position in the hydrogen station market."

OPERATING AND FINANCIAL HIGHLIGHTS FOR THE 2023/2024 FINANCIAL YEAR

HRS European leader in hydrogen stations

Today, **HRS** has one of the largest installed bases with 22 stations operational in 42 months, and 5 to be installed by the end of the year, i.e. an average of one station installed every 8 weeks. During the 2023/2024 financial year, **HRS** installed and commissioned sites in Paris area in Bercy for Hype, Buc for the 2004 summer's major sporting events in Paris, Charade (Auvergne-Rhône-Alpes) for GCK and 3 sites for Plug Power in France and the UK. In October, **HRS** will inaugurate its first station in Saudi Arabia, installed in August, to supply a fleet of buses and light vehicles, and meet our customer's needs.

In particular, **HRS** has supported GCK in refueling retrofitted autocars with 700-bar large-capacity tanks (20 kg), operated for the 2004 summer's major sporting events in Paris. This demonstrates the ability and professionalism of teams to adapt filling protocols to new vehicles, and the ability of the HRS14 station to meet very different needs (cabs, buses, trucks, 350 and 700 bars) and to install the station on a temporary site in just a few weeks, while complying with safety regulations. The after-sales service teams took over to ensure continuous use and a high level of availability.

Over the 2^{e} half-year 2024, **HRS** will install and start up 3 HRS40 stations, 2 HRS14 stations of which a slow-charge bus depot, in line with its capacity to produce, install and commission these new-generation stations.

New HRS production site fully operational

The new 14,300 m² production site in Champagnier has been fully operational since the autumn of 2023. It increases **HRS**' annual production capacity to at least 180 stations. The test area is also operational, with an HRS14 station and an HRS40 station (1 ton/day) in the operational test phase. It was financed by €3.1 million in bank financing for its hydrogen refueling station test zone, supported by BPI and SOMUDIMEC, with the participation of BNP Paribas, Crédit Coopératif, LCL and SG Auvergne-Rhône-Alpes.

Start of maintenance contracts

HRS has started maintenance contracts on 100% of its operating base. These recurring revenues will provide a significant contribution to sales in the medium term and are already contributing €0.5 million to 2023/2024 sales.

Amendment to framework agreement with pHYnix

On June 20, 2024, **HRS** announced an amendment to the framework agreement with pHYnix for the delivery of 6 stations by the end of 2027, worth a total of €12.5 million. The new payment schedule runs from June 2024 to December 2027. Two HRS40 stations initially ordered were cancelled but have since been redirected and adapted to the specific requirements of other orders.

Support from BPI with €1.35 million for innovation and international development

On April 29, 2024, **HRS** announced that it had received €1.35 million in funding from Bpifrance to accelerate its international expansion and step up its R&D activities, particularly in the field of large-capacity stations. Key advances in the development of solutions for heavy mobility and the rapid transfer of large masses of hydrogen (40-50kg) at high pressure (700 bar) have been validated.

HRS plans to set up a US subsidiary in the second half of 2024, supported by Bpifrance's Garantie de Projets à l'international, marking a major step forward in its global expansion strategy.

EBITDA 2023/2024 IN LINE WITH S1 AS INVESTMENT CYCLE WINDS DOWN

HRS experienced an intense year, marked by a second half of high operational and commercial activity, while maintaining a cost structure virtually unchanged from the first 6 months of the year. Annual sales for 2023/2024 came to €24.8 million, down 17.6% on the previous year, of which €21.9 million for Hydrogen Stations with:

- **€13.2 million** from 7 new stations ordered over the period in Europe, including 2 as part of the agreement with Plug Power, 4 stations for existing customers (including GCK, Hympulsion and SEVEN) and 1 station for Saudi Arabia;
- **€10.3 million** from stations in production or deployment signed in previous years;
- **€0.5 million** from initial maintenance contracts;
- **-€2.1 million** due to the negative impact of the cancellation of 2 HRS40 stations (see below).

At the same time, the long-standing Industrial Piping business, which is complementary in training and developing key skills for hydrogen stations, contributed €2.9 million.

Annual performance could have been better, thanks to the expected materialization of new orders linked to major projects still in the final negotiation phase, for which **HRS** is well positioned. This should also have offset the impact of renegotiations with 2 customers (see press release of July 25, 2024), but tender decisions were postponed by a few months. With all other customers, mainly major accounts, progress on major projects was on schedule.

As in the previous year, gross margin for 2023/2024 is non-normative at 19.2% (vs. 27.9% for 2022/2023), due to the impact of the development of the first HRS40 stations (1 ton/day). Gross margin will improve mechanically thanks to the learning effect on production costs and higher sales volumes from HRS40 stations.

Current EBITDA[1] 2023/2024 stands at -€8.8 million and, as announced at the end of July 2024, reflects a second half of the year almost symmetrical to the first, marked in particular by the finalization of R&D investments in the test area and the HRS40 high-capacity station.

HRS has managed to keep its costs under control during this phase of investment for the future, while anticipating the strong growth in sales to come. In fact, operating expenses rose by just €1.4 million. They include purchases down by €5.3 million, and external expenses up to €4.6 million (+€1.6 million), due in particular to R&D service fees and to sales and marketing efforts to strengthen the sales pipeline. Personnel costs rose by €4.1 million to €11.0 million, reflecting the finalization of **HRS**'s human resources restructuring plan (+31 FTE compared with June 30, 2023), particularly in R&D, support functions and maintenance, enabling us to capture the expected growth in the sector, which could have materialized as early as this year.

After the non-cash impact of -€2.0 million of the free share allocation plan for all employees announced at the time of the **HRS** IPO, and net depreciation, amortization and provisions of €2.7 million, operating income recurring (OIR) came to -€13.5 million.

Net income for the fiscal year 2023/2024 is therefore -€10.4 million, down €5.5 million on the previous year.

CASH EVOLUTION: REFLECTING STRONG COMMERCIAL AND INDUSTRIAL INVESTMENT

Cash flow statement in €k	2022/2023 12 months	S2 2023/2024	2023/2024 12 months
Cash flow before cost of financial debt and tax	(7,365)	(5,689)	(11,909)
Change in WCR	6,698	(1,319)	(4,217)
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	**(667)**	(7,008)	**(16,126)**
O/W net acquisitions of fixed assets	(16,246)	(4,418)	(11,845)
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	**(16,229)**	(4,412)	**(11,839)**
O/W net change in borrowings	12,769	+2,278	**4,111**
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	**12,769**	+2,278	**4,115**
CHANGE IN CASH FLOW (I + II + III)	**(4,126)**	(9,137)	**(23,850)**
CASH AND CASH EQUIVALENTS: CLOSING	30,543	6,694	6,694

Cash flow from operating activities amounted to -€16.1 million on June 30, 2024, comprising -€11.9 million in cash flow from operating activities before cost of net debt and tax, linked to earnings for the period, and a €4.1 million increase in WCR, linked mainly to the increase in trade receivables.

At the same time, CAPEX amounted to -€11.8 million, mainly linked to the completion of the development of the company's industrial facilities and new headquarters, in particular the unique European test area at the new production site, and to R&D efforts to the tune of €7.7 million.

Cash flow amounted to €4.1 million, mainly due to the subscription of €7.4 million in new loans, dedicated to the financing of industrial facilities opposite to €2.8 million loan repayments over the period.

As a result, **HRS** had gross cash and cash equivalents of €6.7 million on June 30, 2024, compared with €30.5 million on June 30, 2023. However, this one-off low point does not reflect the financial reality of the company. In fact, **HRS** has a significant customer receivables position, with €32 million still to be collected, of which approximately one third have to be settled by our customers during the current financial year, as well as €19 million of invoices to be issued (FAE), which represent future revenues that will strengthen our cash position, part of which will also be paid in the current financial year as the station installation work progresses.

This situation, while temporarily affecting our liquidity, also testifies to **HRS**' strong resilience, with its proven ability to withstand significant WCR during its ambitious investment cycle, which is now complete. From now on, station deliveries will be made once payments have been settled for 80-90% of the station price, further strengthening the financial position.

To improve its cash position, **HRS** will also be able to count on the expected clear reduction in industrial CAPEX and the optimization of R&D expenditure, notably outsourced, now that the industrial tool and test area are fully operational. In general, the Group has demonstrated its ability to mobilize financial resources from financial partners, including its majority shareholder, through a cash management agreement.

These steps demonstrate HRS' commitment to the efficient management of its trade receivables, while maintaining solid relationships with its business partners.

BALANCE SHEET

In k€	30 June 2023	30 June 2024
Non-current assets	**43,327**	**53,351**
Intangible assets	3,284	5,829
Property, plant and equipment	27,235	32,255
Long-term investments	6,176	6,231
Current assets	**73,206**	**64,645**
Inventories and work-in-progress	3,816	1,833
Accounts receivable	36,172	50,355
Cash and cash equivalents	30,543	6,694
Other current assets	*2,676*	5,764
TOTAL ASSETS	**116,533**	**117,996**

	30 June 2023	30 June 2024
Total shareholders' equity	**59,897**	**50,905**
Non-current liabilities	**21,872**	**22,895**
Non-current debt	19,346	21,953
Current liabilities	**34,765**	**44,197**
Trade accounts payable	17,306	21,862
Other current liabilities	15,277	17,843
TOTAL EQUITY & LIABILITIES	**116,533**	**117,996**

The financial structure on 30 June 2024 shows total assets of around €118 million. This structure reflects an increase in capital expenditure (capex) with a direct impact on fixed assets, with a major focus relating to the management of trade receivables.

On the assets side of the balance sheet, non-current assets rise from €43.3 million in 2023 to €53.4 million in 2024, mainly due to the increase in property, plant and equipment (from €27.2 million to €32.3 million), which is attributed to the end of the investment cycle (capex) for the new state-of-the-art industrial site and test area.

In line with the announcement made at the time of the half-year results at the end of April 2024, trade receivables will increase to €50.3 million in 2024, compared with €36.2 million in 2023. This reflects future invoicing and amounts to be collected: €19 million in invoices to be issued and €32.4 million to be collected.

Of the €50.3 million trade accounts receivable, around €25 million relates to two specific customers, as already announced on April 30, 2024. Concerning the first customer, **HRS** communicated on June 20, 2024, announcing the signature of an amendment to the framework agreement with pHYnix for the delivery of 6 stations by the end of 2027, with a total value of €12.5 million. For the second customer, the renegotiation process aimed at facilitating this customer's cash management is continuing, as announced at the time of the half-year results. It is important to note that **HRS** has complied with its contractual obligations. Thus, in accordance with the provisions of the framework agreement signed with this customer, **HRS** has already ordered the components needed to manufacture the hydrogen stations covered by the framework agreement, and has begun assembling them, but has not delivered any stations pending payment. In the absence of any factual indications that these receivables may become uncollectible, **HRS** has decided not to depreciate this customer's receivables.

On the liabilities side of the balance sheet, non-current liabilities increased slightly, with long-term borrowings rising from €19.3 million to €21.9 million. Equity fell from €59.9 million to €50.8 million, reflecting the net profit for the year.

PIPELINE OF €343M MULTIPLIED BY 2.9 IN 12 MONTHS, WITH DECISION CYCLES LENGTHENING

HRS' **commercial pipeline** strengthened significantly during the 2023/2024 financial year, driven by the many projects already underway. It is made up of potential orders and identified projects, including 170 stations **in shortlist selection or final negotiation** on still-active European tenders, representing potential sales of €343 million with deliveries over the 2024-2030 period, naturally requiring in-depth preparatory phases.

The figure of €343 million on July 25, 2024, updated every six months, mainly comprises projects for major accounts in Europe. The company plans to increase this pipeline by actively prospecting in new regions outside Europe.

Indeed, the global drive to decarbonize heavy mobility through a variety of levers, including hydrogen, necessarily implies the development of a global infrastructure. As a result, Europe is currently developing ambitious transnational hydrogen transport projects, such as MosaHYc (France-Germany-Luxembourg) or BarMar-H2Med (France-Spain), to supply the exponential demand for green hydrogen.

In addition, the "Hydrogen Insights 2024" report confirms major opportunities for **HRS** in the hydrogen sector. Global investments are expected to reach 680 billion USD by 2030, with 68 billion USD specifically dedicated to hydrogen refueling infrastructures.

HRS is ideally positioned to capture a significant share of this market, particularly in key regions such as Europe, the USA and the Middle East.

In Europe, expansion supported by regulations such as AFIR and the deployment of at least 650 high-capacity stations for heavy vehicles give **HRS** a head start.

In the United States, the creation of HRS-USA enables us to seize opportunities in a fast-growing market, stimulated by federal incentives.

In addition, the inauguration of our first station in the Middle East strengthens our presence in this strategic region.

With our 160 employees and our unique 14,300 m² production site, we are continuing our worldwide development as a pure player in hydrogen refueling infrastructures.

AMBITION: GROWTH REBOUND EXPECTED BETWEEN 20% AND 60% TO REACH SALES OF BETWEEN €30M AND €40M

Given the longer decision-making cycles due to the increasing size of projects and associated financing, **HRS** is targeting a rebound in sales in 2024/2025 to between €30 and €40 million, representing growth of between 20% and 60% compared with 2023/2024.

HRS will be able to draw on its order book, which stood at €47 million on June 30, 2024, including €19 million worth of work still to be done on hydrogen stations currently in production, most of which should be converted into sales in the 2024/2025 financial year.

Since the end of the year, **HRS** has also booked new orders for 2 HRS14 stations from Element 2 in the UK and an Italian manufacturer.

HRS maintains its ambition to achieve sales of €85 million with a time horizon to be confirmed, by building on the potential of its pipeline, while aiming for significant profitability with a positive EBIT margin as early as 2026.

HRS continues to lead an ambitious project, with a strong industrial base, an unrivalled installed base of stations with capacities in excess of 200 kg/day, a solid financial structure and the support of numerous commercial partners. Its development is underpinned by expertise that is unique in Europe, where concrete measures to promote the decarbonization of uses will enable hydrogen mobility infrastructures to become a key element in the ecological transition.

ACCELERATED INTERNATIONAL BUSINESS DEVELOPMENT IN HIGH-POTENTIAL REGIONS

At the same time, **HRS** is continuing to develop its business in highly attractive international regions, which could be new growth drivers for the sales pipeline:

- In the Middle East, **HRS** confirmed at COP28 the strong potential of this market in terms of hydrogen mobility. On June 18, 2024, **HRS** announced the first order for an HRS14 hydrogen station for a project developer in Saudi Arabia. The station, today operational, will fuel a fleet of 20 buses and light vehicles. This first sale outside Europe, with significant economic opportunities, marks a decisive step in **HRS**' strategy to expand in high-potential regions such as the Middle East;
- North America remains a priority target for commercial development: according to a study published by the Fuel Cell and Hydrogen Energy Association (FCHEA)[4] , entitled "Road Map to a US Hydrogen Economy Full Report", the US hydrogen mobility market is expected to grow strongly, with a projected 4,300 stations specifically for the needs of Heavy Duty Vehicles (HDVs), whereas the country currently has just 68 stations. According to the same report, by 2030, 1.2 million[5] FCEVs are expected to be sold in the USA. Finally, California has set ambitious targets to create a network of 1,000 hydrogen stations by 2030 and has just announced the creation of the 1er hydrogen hub for the USA. With the recent financial support of BPI France[6] for a total of €1.3 million, **HRS** aims to open a subsidiary in the United States in 2024, where there is strong political support for the development of hydrogen, with over $50 billion in announced plans;
- In China, **HRS** is continuing its studies of the market, suppliers and local contacts in order to estimate local development potential before possibly committing additional resources;
- In Asia-Pacific, with the recruitment of a *business developer* to address the region where over 20 station projects have already been identified and we are participating in calls for tender.

NEXT PUBLICATION

Half-year sales 2024/2025 end of January 2025 after market close

[4] https://www.fchea.org/us-hydrogen-study
[5] Fuel Cell Electric Vehicles
[6] See 04/29/2024 press release

ABOUT HRS (Hydrogen Refueling Solutions)

HRS is one of the **world's leading manufacturers of high-capacity hydrogen refueling stations**. **HRS** offers a complete and unique range of modular and scalable stations, from 200 kg/day to 4 tons/day.

Pure player from station design to commissioning, **HRS** has state-of-the-art industrial production facilities capable of **assembling up to 180 stations a year**, with **lead times of 6 to 12 weeks**. This industrial site includes a **test area, the only one of its kind in Europe**, to test and trial the range of stations and develop future products and solutions for the hydrogen mobility market.

HRS takes a source-agnostic approach to hydrogen, allowing the use of any type of hydrogen (green, blue, gray, etc.). Our stations are compatible with all hydrogen production solutions and independent of electrolyzer manufacturers. This flexibility enables customers to choose the hydrogen supplier best suited to their needs in terms of cost, availability and carbon footprint.

HRS also **offers a comprehensive service package, including** 24/7/365 on-call maintenance. The performance of stations installed in Europe and around the world is monitored in real time from the **state-of-the-art control room**.

HRS now has one of the largest installed bases of high-capacity stations on the market, with 22 **200 kg/day stations, representing a cumulative capacity of more than 4 tonnes/day**. All the stations' terminals are bi-pressure and equipped with 350-bar, 350-HF and 700-bar nozzles, meeting all the needs of hydrogen mobility.

HRS stands out for its **rigorous economic discipline**, offering long-term financial solidity while continuing to allocate substantial resources to R&D, thus ensuring its position at the forefront of innovation.

ISIN code: FR0014001PM5 - mnemonic: ALHRS.

For more information, visit our website www.hydrogen-refueling-solutions.fr

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