



Haffner Energy announces the publication of its annual results ending March 31st, 2023

- Order intake of 14.9 million euros, bringing order book to 17.5 million euros
- Start of contract execution with sales of 0.3 million euros
- EBITDA of (12.5) million euros, net income of (16.5) million euros
- Cash available of 35.5 million euros
- Growth in backlog (65 million euros) and pipeline (252 million euros) in a more favorable regulatory environment
- Significant growth potential in Sustainable Aviation Fuels (SAF)
- Strong sales growth expected by March 31, 2024; sales target of 250 million euros postponed by one year to March 31st, 2027

Vitry-le-François, France, June 28th, 2023, 8.00 am CEST

HAFFNER ENERGY (ISIN code: FR0014007ND6 – Mnemonic: ALHAF), today announces the publication of its annual results ending March 31st, 2023, approved on June 27th, 2023 by the Company's Board of Directors.

Key figures ending March 31, 2023 (IFRS standards)

In thousands of euros	31.03.23 (12 months)	31.03.22 (12 months)
Order book	17,460	2,854
Net sales	303	384
Other income	26	1,013
EBITDA	(12,480)	(2,704)
Operating result	(16,484)	(4,726)
Net income	(16,461)	(4,807)
Shareholders' equity	36,887	54,253
Cash available	35,476	61,429

Philippe HAFFNER, Chairman and CEO of HAFFNER ENERGY, commented: "During the 2022/2023 financial year, we have set the milestones that will enable us to accelerate the deployment of our strategy, by structuring our teams, developing our R&D and achieving our first commercial successes. All HAFFNER ENERGY employees are mobilized to transform our ever-growing prospects into orders, to continue the technological development of our solutions, and to industrialize the production of our Synoca® and Hynoca® modules. The changing regulatory environment, our technological roadmap and the recent acquisition of the industrial company JACQUIER support these objectives. Our new organization also reflects our ambitions in the United States of America, driven by the opportunities offered by the IRA (Inflation Reduction Act). Thanks to our unique technology, we are also firmly committed to the development of sustainable aviation fuels, for which we provide an agile and operational solution."

Order book of 17.5 million euros

The order book has grown significantly, with the signing of three orders with CARBONLOOP, worth a total of 14.9 million euros: a contract, signed on September 30th, 2022, for the supply, installation and commissioning of 1 SYNOCA[®] unit to produce renewable gas in the Yvelines region (78), and two contracts signed on March 31st, 2023, for the production of a total of 450 tonnes of hydrogen per year for heavy mobility applications at two French sites. These new orders are in addition to the July 2020 contract with R-Hynoca in Strasbourg, bringing the order book to 17.5 million euros on March 31st, 2023.

The first SYNOCA[®] contract with CARBONLOOP has begun to be deployed, resulting in the recognition of €303k in sales on March 31st, 2023.

Operating result reflecting the rise of the organization

To support the strong growth expected in its business, HAFFNER ENERGY has pursued an active recruitment policy, with 48 new hires during the year, taking the workforce to 72 by March 31st, 2023. This structuring of the Company has led to an increase in external expenses.

In addition, the financial statements to March 31st, 2023 show a loss of €2.4m in down payments to XEBEC, a Canadian supplier of PSA filters placed on September 29, 2022 under a Federally-protected accommodation act against creditors (CCAA). XEBEC's PSA production assets were acquired under a newly formed Canadian-entity, Ivys Adsorption Inc. (IVYS) specializing in hydrogen purification, carbon capture and renewable natural gas industries, on February 24th, 2023, led by US-based Ivys Energy Solutions specializing in hydrogen refueling stations, Canadian-based Enbridge Emerging Technology Inc., and a group of private owners. A new, non-exclusive supply contract was signed on April 6th, 2023 between HAFFNER ENERGY and IVYS for the supply of 8 PSA systems to the same specifications, for a total amount which largely takes into account the €2.4 million down payment made to XEBEC and from which HAFFNER ENERGY will benefit as from the 2023/2024 financial year.

Lastly, HAFFNER ENERGY scrapped €585k of capitalized development costs relating to technologies no longer part of the HYNOCA[®] concept.

EBITDA thus came to €(12,480)k, compared with €(2,704)k the previous year.

Operating result came to €(16,484)k, compared with €(4,726)k on March 31st, 2022. It includes a provision of €3,506k for loss on completion, to take into account both changes in the technology sold and a highly inflationary supply price environment.

Net income amounted to €(16,461)k, compared with €(4,807)k on March 31st, 2022.

On March 31st, 2023, available cash stood at €35,476k, compared with €61,429k on March 31st, 2022, representing a consumption of €25,953k over the year. In addition to EBITDA of €(12,480)k, this takes into account downpayments on supplier orders of €8,855k, and capitalized development costs of €5,322k.

Technological improvements and partnerships with strategic shareholders

As part of the R-Hynoca contract in Strasbourg, HAFFNER ENERGY continued to improve and test its industrial demonstrator, while developing a new version to be installed in the second half of 2023. In particular, the tests carried out have notably validated the technology's endurance for the production of a Hypergas® rich in hydrogen at over 50%, as well as assessing the compliance of co-produced biochar with the requirements of existing certifications such as EBC (The European Biochar Certificate), Puro Earth or Verra. These tests are continuing, with the installation of equipment enabling the production of mobility-quality hydrogen. The new industrial series module developed during the year benefits from feedback from the version currently in service, with an optimized architecture and increased capacities.

With its partner VICAT and other European partners, HAFFNER ENERGY also worked during the year to respond, on April 18th, 2023, to a European call for proposals under the Horizon Europe program. The aim is to develop a high-capacity demonstrator to produce hydrogen for industry from sustainable biomass residues and sewage sludge. The result of this call for proposals is expected early in the 4th quarter of 2023.

Contacts with EREN Industries also continued during the year. The aim of the two partners is to set up a 70% EREN/30% HAFFNER ENERGY joint venture and, in particular, to develop an initial hydrogen supply project for industrial applications.

Finally, on June 28th, 2022, HAFFNER ENERGY placed an order with its partner HRS for a hydrogen refueling station. This first project brings the partnership between HAFFNER ENERGY and HRS, signed in January 2022, into its operational phase, thus initiating the commercial deployment of joint infrastructures.

Strong growth in backlog⁽¹⁾ to €65 million and pipeline⁽²⁾ to €252 million

HAFFNER ENERGY's sales activity remains buoyant, driven by a team of 12 employees, up from 2 on March 31, 2022, and now headed by Warren Brower, recently arrived from the United States.

The backlog⁽¹⁾ of 33 million euros presented at the time of the IPO now stands at 65 million euros. In addition to CARBONLOOP/KOUROS and R-Hynoca, it still actively includes CORBAT and ROUSSEL. New additions to the backlog:

- ALKMAAR, for which a project company, in partnership with two developers, has been set up in the Netherlands to produce distributed hydrogen for mobility;
- SARA, (Société Anonyme de la Raffinerie des Antilles), with whom a long-term strategic partnership agreement was signed on March 31, 2023, which should rapidly translate into a firm order for the first HYNOCAs plant in the West Indies, France;
- ENERALYS, a developer of white-label renewable hydrogen production projects, with whom a project company has been set up for production in the Centre-Val de Loire region, France.

The pipeline⁽²⁾ of prospects, which amounted to €183 million at the time of the IPO, now stands at €252 million. It comprises 19 projects for 17 different customers, located 68% in Europe and 32% in North America.

Conversion to firm orders facilitated by a more favorable legislative and regulatory context

The conversion of these commercial prospects into firm orders could benefit from a more favorable legislative and regulatory context. In France, since May 2023, the "Hydrogen Territorial Ecosystems" call for proposals led by ADEME now includes the production of hydrogen from biomass among the technologies eligible for public funding. HAFFNER ENERGY is actively working alongside its customers to respond to this call for proposals, which is due to close on September 29, 2023.

In addition, the upcoming institutional calendar is dense (revision of the national hydrogen strategy to be published at the beginning of July, green industry bill before the summer, multi-year energy programming and energy-climate bill in the fall, agricultural orientation bill at the end of the year...) and HAFFNER ENERGY is pursuing its commitment to public authorities and stakeholders so that the production of hydrogen and its derivatives by thermolysis of biomass can find a concrete translation in the legislative texts to come.

In Europe, inter-institutional discussions concerning legislation applicable to renewable and low-carbon hydrogen are continuing (RED3 and gas package), and agreements have been reached on structuring texts for HAFFNER ENERGY (AFIR, Fuel EU Maritime, RefuelEU Aviation). In particular, these texts set decarbonization targets for heavy transport (road/maritime/aviation), offering HAFFNER ENERGY significant market prospects.

Europe has also recently communicated a proposal for a directive on the certification of negative emissions. There is a high probability that the inclusion of biochar, a co-product of HAFFNER ENERGY's sustainable biomass thermolysis process, will be among the technologies recognized by Europe for actively removing CO₂ from the atmosphere.

Finally, in the United States of America, the latest announcements from the Biden administration are also particularly favorable to HAFFNER ENERGY. The National Hydrogen Strategy, published at the beginning of June, puts forward major objectives for the production of clean hydrogen (10 million tons by 2030) and "Sustainable Aviation Fuels or SAF" (3 billion gallons by 2030). As the US strategy is technology-neutral and based on life-cycle assessment of carbon footprints, the production of hydrogen from biomass has a prominent place among the technologies identified.

The new HAFFNER ENERGY organization, announced in a press release dated May 25, 2023, is designed to accelerate international development, particularly in the United States of America.

Significant development potential in sustainable aviation fuels (SAF)

In addition to renewable hydrogen production, the technology developed by HAFFNER ENERGY is particularly well suited to making an agile, operational and competitive contribution to the production of sustainable aviation fuels (SAF) for the necessary decarbonization of aviation.

HAFFNER ENERGY has an optimal renewable Syngas to feed a Fischer-Tropsch process, a mature and well-known technology for producing Sustainable Aviation Fuels (SAF) with three comparative advantages over gasification technologies: diversity of the biomass used, competitiveness, and carbon neutrality in full life-cycle analysis.

Strong sales growth expected for March 31, 2024, and sales target of 250 million euros postponed by one year to March 31, 2027

HAFFNER ENERGY is continuing to build up its order book, and is expected to accelerate its order intake, enabling a very strong increase in sales to March 31, 2024. The extent of this growth will depend in particular on external factors, notably on the time required to obtain the necessary administrative approvals (building permits, operating permits, etc).

HAFFNER ENERGY initiates a first phase of its industrialization with the acquisition, announced on June 13th, 2023, of JACQUIER, a family business specializing in industrial boilermaking and general mechanics located in the Marne region of France, and a partner since 2017 for the manufacture of strategic equipment.

The biomass thermolysis developed by HAFFNER ENERGY represents a high-performance and agile technological alternative for producing hydrogen and renewable gas, while relieving growing electricity needs and contributing to the energy transition and decarbonization of uses. It also enables thermochemical production of sustainable aviation fuels (SAF). Against this very buoyant international backdrop, but due to offset in order intake since the IPO in February 2022, HAFFNER ENERGY is shifting its sales target of 250 million euros, initially announced for March 31st, 2026, to March 31st, 2027.

Upcoming events

Individual shareholder webinar: July 5th, 2023 at 6:00 pm by videoconference
(Registration details on <https://www.haffner-energy.com/webinaires/>)

Annual General Meeting: September 13th, 2023

More detailed financial information on the annual accounts ending March 31st, 2023 is available at www.haffner-energy.com.

About Haffner Energy

A listed family company co-founded and co-directed by Marc and Philippe Haffner, Haffner Energy has been a player in the energy transition for 30 years, designing and supplying innovative decarbonization solutions for mobility, industry and local authorities. Its HYNOCA® and SYNOCA® technologies, based on the thermolysis of biomass and protected by 15 patent families, enable customers to produce locally renewable hydrogen and gas, as well as other green energies such as Sustainable Aviation Fuel and methanol, while capturing carbon from the atmosphere through the co-production of biochar. Thanks to this "carbon-negative" technology, decoupled from the cost of fossil fuels and electricity, Haffner Energy provides an immediate, agile and competitive response to the strategic challenges of energy independence and decarbonization in France and abroad.

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Glossary:

- (1) The **backlog** designates a project when at least one of the following situations occurs:
- a deposit, linked to a contract comprising a precise number of modules to be ordered or a defined has been paid by the customer; or
 - a purchase contract or purchase order has been signed between Haffner Energy and a customer; or
 - a letter of intent or specification has been signed between Haffner Energy and a customer; or
 - a project company, created specifically for a given project involving the Company's equipment, has been set up and the sponsors have made a financial commitment; or
 - Haffner Energy is awarded a contract through a competitive bidding process.
- (2) **Pipeline** designates a commercial opportunity when at least one of the following situations occurs:
- a preliminary feasibility study for the installation of equipment is or has been carried out; or
 - a preliminary project budget or business plan, or a complete commercial offer including specifications, has been sent to the customer, and Haffner Energy is awaiting the customer's response; or
 - a letter of intent has been sent to Haffner Energy by the customer; or
 - Haffner Energy has received an invitation to participate and is part of a tender process.
- (3) **EBITDA** corresponds to operating income before depreciation, amortization and impairments net of reversals and before operating provisions net of reversals.