L'HYDROGÈNE, PILIER DE LA **MOBILITÉ DÉCARBONÉE**

H1 2022/2023 RESULTS

Strong growth and operating performance under control

INCREASE IN THE 2022/2023 ANNUAL REVENUE GROWTH TARGET FROM 50% TO 70%.

- **H1 revenue up 137% to €10.9m**
- **Increase of the 2022/2023 revenue target to €29m compared to an initial target of at least €25.5m, in line with the strong sales momentum**
    - **Order backlog of €109m as of January 19, 2023**
    - **Projects shortlisted or at final negotiation stage for a total amount of €92m**
    - **Commercial pipeline of around €1 bn at the prospecting stage**
- **Recruitment plan ahead of schedule**
- **Cash and cash equivalents of €27m**

Grenoble, April 27, 2023 – HRS, a European designer and manufacturer of hydrogen refueling stations, presents its half-year results for the 2022/2023 financial year (from July 1, 2022 to June 30, 2023), approved by the Board of Directors on April 27, 2023.

Hassen RACHEDI, founding Chairman & CEO said: *"Our 2022/2023 half-year results reflect the growth trajectory we have followed since the IPO to meet the growing demand for HRS hydrogen stations.*

Our sales momentum is reflected in the strong increase in our revenue, already visible in the first half, but also in our order backlog and sales pipeline, allowing us to increase our annual revenue target to €29 million, representing estimated growth of 70%.

This performance has been driven by the signing of major deployment of stations agreements since the beginning of the year with key players such as Engie, pHYnix and Plug Power, and by the ramp-up of the partnership with Hympulsion, all of which attest to the quality of our solutions and our ability to quickly and efficiently produce stations suited to the needs of a fast-growing market.

We are continuing to control our costs during this phase of structuring and growth, despite the isolated impact on our operating performance of the additional costs associated with the development and the start of production of the new 1-tonne/day stations. Our financial structure also remains solid with a comfortable cash position of €27 million and our 2025 objectives are maintained.

The year 2023 is an important one for HRS, marked by the inauguration of our new production and R&D site, one of the largest industrial sites in Europe for hydrogen mobility. This will provide us with all the capacity needed to achieve our goals and support the transition to sustainable mobility."

P&L at December 31, 2022 presented under IFRS :

€000	H1 2021/2022	H1 2022/2023	*Change*
Revenue	**4,591**	**10,897**	**+6,306**
Operating expenses[1]	(5,268)	(13,890)	-8,622
Purchases consumed	*(2,347)*	*(8,024)*	*-5,677*
Personnel expenses	*(1,877)*	*(3,759)*	*-1,882*
External expenses	*(1,045)*	*(2,108)*	*-1,063*
EBITDA[2]	**(677)**	**(2,993)**	**-2,316**
Net depreciation, amortization and provisions	(350)	(622)	-272
EBIT (before non-recurring items)	(1,027)	**(3,615)**	**-2,588**
Financial income/(expense)	(17)	**69**	+86
Taxes	242	**860**	+618
Net income/(loss)	**(794)**	**(2,684)**	**-1,890**

ACCELERATED GROWTH AND START OF PRODUCTION ON THE FIRST 1 TONNE/DAY STATIONS

The first half confirmed the positive momentum in the acquisition of new hydrogen stations orders, consolidating **HRS**' leading position in its market. **First half revenue rose 137% to €10.9 million, including €9.2 million for the *Hydrogen Stations* segment, up 141%.** *Hydrogen Stations* revenue comprised €1.4 million from the 21 stations that went into production during the previous two financial years and €7.9 million from the 11 stations that went into production this year. Meanwhile, the *Industrial Piping* core business posted revenue of €1.7 million, mainly boosted by two new contracts.

The Company recorded an EBITDA loss of €2.9 million for H1 2022/2023, down €2.3 million compared to the first half of the previous year, impacted by three factors during the period:

- First of all, the strong seasonality of revenues between the first and second half of the year, as 2/3 of sales will be realized in the second half;
- Then, personnel expenses and other operating expenses increased to support **HRS**' development and amounted to €5.9 million. They include external expenses of €2.1 million (up €1.1 million related to the cost of services and sales and marketing activities). Personnel expenses increased by €1.9 million to €3.8 million, in line with the increase in the number of employees (+23 employees compared to December 31, 2021) and in line with the Company's structure and strong growth;
- Finally, and to a lesser extent, a one-off impact on the gross margin, which fell from 38% to 26% in one year, mainly due to the start of production on the first HRS40 stations (1 ton/day), which are not currently generating their normalized gross margin. The initial effects of this new station will be optimized in the coming months and should allow for an improvement in gross margin as volumes of sales of the H40 stations increase.

[1] Excluding depreciation, amortization and provisions

[2] 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 for the year.

After net depreciation, amortization and provisions of €0.6 million, the Company posted an EBIT loss of €3.6 million before non-recurring items.

After tax income of €0.8 million and net financial income of €0.1 million, the Company posted a net loss of €2.6 million for H1 2022/2023, a decrease of €1.9 million compared to the previous year.

A SOLID FINANCIAL STRUCTURE TO SUPPORT THE CONTINUED INDUSTRIAL AND COMMERCIAL EXPANSION OF HRS

Cash flow statement in thousands of euros	2021/2022	**H1 2022/2023**
Cash flow before cost of financial debt and tax	(1,267)	(2,792)
Change in WCR	(10,950)	(1,815)
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	(12,289)	**(4,607)**
O/W net acquisitions of fixed assets	(16,211)	(6,777)
O/W net change in short-term investments	-	(2,136)
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	(16,489)	**(8,912)**
O/W variation nette des emprunts	+5,005	+5,822
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	+5,010	**+5,824**
CHANGE IN CASH FLOW (I + II + III)	(23,768)	**(7,695)**
CASH AND CASH EQUIVALENTS: CLOSING	34,669	**26,974**

Operating cash flow for the financial year ended December 31, 2022 amounted to a €4.6 million outflow, comprising a gross operating cash outflow of €2.8 million before net cost of debt and tax and a controlled increase in working capital to a €1.8 million outflow linked to the growth in activity with the start of production on 11 new stations, including the first H40 stations (1 ton/day). This increase in working capital is, however, 50% lower than on December 31, 2021, due, on the one hand, to an increased rate of conversion of invoices into cash and, on the other hand, to the use of inventories made to meet strong demand.

At the same time, cash flow from investing activities totaled €8.9 million, mainly including i) the development of industrial facilities totaling €5.8 million net, primarily for the new production site, ii) €0.9 million in R&D, and iii) a €2.1 million reduction in the value of the shares held in Gaussin and Haffner Energy at the closing date of the first half of the year on December 31, 2022.

Cash flow from financing activities amounted to a €5.8 million inflow due to new borrowings totaling €6.5 million to finance the new site and the repayment of €0.6 million in borrowings over the period. **HRS posted cash and cash equivalents of €27.0 million as of December 31, 2022, compared to €34.7 million as of June 30, 2022, and gross borrowings of €13.3 million excluding lease liabilities.** Cash and cash equivalents include the fair value of Gaussin and Haffner Energie shares €2.9 million on December 31, 2022.

SIGNIFICANT SALES MOMENTUM IN THE FIRST HALF - INCREASED VISIBILITY

During the first half of the year, **HRS** signed major deployment agreements in both France and Europe with Engie and pHYnix, as well as three other orders for a total of four additional stations, including one for a major city bus depot in France[3].

This sales momentum brought the **order backlog** to €109 million when the half-year revenue was published on January 19, 2023, comprising 74 stations to be delivered by 2026, of which 32 were already under construction, built or are being delivered during the first half.

Since this half-year update, the order book has increased, as **HRS** has intensified its partnership with Hympulsion within the framework of the ZEV program with the order of large-capacity stations, signed a major agreement with Plug Power and received a first order from Flex'hy, one of the eight companies comprising Green Corp Konnection. This portfolio of stations ordered or to be ordered will fuel growth in the second half of 2022/2023 and in the years ahead.

At the same time, the **HRS**'s **commercial pipeline** also updated half-yearly, reached €1,186 million in potential orders and identified projects on January 19, 2023. In detail, it is composed of:

- several stations in the **final negotiation or selection** stage in calls for tender representing potential revenue of €92 million (down €13 million) with deliveries staggered over the 2022-2030 period. This decrease is due to the transfer of a large number of stations to the order backlog;
- **calls for projects** and prospecting for which **HRS** has submitted additional station projects for delivery between 2023 and 2027, representing over €1,094 million in potential revenue (up €344 million). The market has notably accelerated, driven by major European cross-border plans (European Commission) and Southern Europe (Spain and Italy), where **HRS** is developing its sales network.

UPWARD REVISION OF ANNUAL GROWTH TARGET FOLLOWING STRONG NEW ORDER MOMENTUM

This excellent sales momentum and the production schedule provide the Company with excellent visibility. **HRS** has therefore revised its annual growth objective upwards and **is now targeting revenue of €29 million as of June 30, 2023, representing growth of 70%,** compared to the previous forecast of at least 50% revenue growth (approximately €25.5 million). The seasonal nature of the Company's business will once again be significant, as it was last year, with the second half of the year almost twice as strong as the first in terms of business.

SIGNIFICANT PROGRESS OF THE COMPANY'S DEVELOPMENT PLAN

HRS is pursuing its business plan aimed at turning it into a European leader in the design and construction of hydrogen refueling stations, with a focus on heavy transport. **HRS** is also pursuing its industrial and commercial deployment plan, particularly in the following areas:

- **The construction of its new production and R&D site, one of the largest industrial sites in Europe for hydrogen mobility.** The work initiated in 2021 is entering the completion phase. The production center will be delivered shortly and the offices towards the end of H1 2023. This 14,300 m² facility located on a 2.6-hectare site, the only one of its kind in Europe, will meet the strong increase in demand by boosting production capacity to 180 stations per year. The site houses a cutting-edge

[3] See press release of December 20, 2022: HRS receives order for hydrogen refueling station for bus depot

test area, a hydrogen refueling station for all types of vehicles, and a green hydrogen production facility. The building will also be fitted with 10,000 m² of solar panels. The building will be certified BREEAM Very Good, a certification method for the environmental and human performance of built environments;

- **Intensive recruitment plan to support robust business growth in France and Europe.** As part of its ambitious 2021-2025 recruitment plan, **HRS** almost doubled its headcount for the 2021-2022 financial year, adding 37 employees as of June 30, 2022. The company has stepped up the restructuring of its teams, in particular the design office and the operational teams for Commissioning/After Sales Service-Maintenance Together with the service providers, about 100 people are currently working for the development of **HRS** and numerous recruitments for the new production site are underway to support the upcoming projects;

- **Deployment of a sales force in Europe.** The recruitment of two business developers to strengthen the sales force in France was carried out in addition to the Iberian sales force, whose offices are due to open soon, and the partnership in Italy with Simplifhy. The recruitment of business developers, in the German-speaking and northern European zones, remains a priority. Furthermore, **HRS** is looking into expanding into the Middle East, where hydrogen mobility projects are being launched.

In addition, after the half-year closing, **HRS** concluded bank loans for a total of €3.5 million with its partner banks BNPP, Crédit Agricole, Crédit Coopératif, and Société Générale. These loans are intended to finance investments in the interior equipment of the new plant and the associated social buildings.

Then, in order to increase its financial flexibility, **HRS** has negotiated and continues to negotiate bilateral lines of credit with its partner banks for a total amount of approximately €8 million. These financings demonstrate the confidence that partner banks have in the **HRS** business model.

Based on all these elements and its commercial strength, HRS reaffirms its confidence in achieving the objectives of its 2021-2025 development plan

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

Next financial press release:

FY 2022/2023 revenue, July 27, 2023 after close of trading

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.

Thanks to its unique experience and know-how, **HRS** has developed a complete range of hydrogen refueling stations for all types of fuel cell vehicles that is perfectly suited to the needs of a fast-growing European market. At its Champ-sur-Drac site, **HRS** has mass production capacities that enable it to assemble up to 60 units per year in record time, in as little as 8 weeks.

The Company posted 2021/2022 revenue of €17.0 million. As of June 30, 2022, the company had 78 employees. (ISIN code: FR0014001PM5 - ticker symbol: ALHRS).

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APPENDICES

Consolidated balance sheet assets	31/12/2022	30/06/2022
Goodwill	450 339	450 339
Intangible assets	2 125 217	1 533 881
Property, plant and equipment	18 747 620	9 679 640
Rights of use	1 597 572	1 781 326
Investment property		
Financial assets	6 140 870	6 141 870
Investments in associates		
Deferred tax assets	4 204 176	2 804 768
Other non-current assets		
Non-current assets	**33 265 795**	**22 391 823**
Inventories and work in progress	2 123 504	2 119 218
Trade receivables and related accounts	27 358 788	24 308 268
Financial instruments assets		
Other current assets	3 258 141	1 878 812
Cash and cash equivalents	26 974 311	34 669 574
Current assets	**59 714 744**	**62 975 872**
Total ASSETS	**92 980 538**	**85 367 695**

	31/12/2022	30/06/2022
Capital	1 516 085	**1 516 085**
Premiums related to capital	68 207 846	68 207 846

Revaluation surplus		
Reserves	(4 818 815)	(3 062 103)
Net income (Group share)	(2 683 758)	(234 015)
Other reserves		
Shareholders' equity (group share)	**62 221 359**	**66 427 813**
Pension and similar commitments	110 155	120 187
Non-current provisions		
Deferred taxes - liabilities		
Non-current debt	12 694 964	6 602 481
Non-current lease liabilities	1 125 699	1 317 992
Other non-current liabilities	1 220 105	1 204 738
Non-current liabilities	**15 150 923**	**9 245 399**
Current provisions	65 168	65 168
Current indebtedness	964 295	897 922
Current lease liabilities	500 560	486 677
Trade payables and related accounts	5 774 492	3 954 911
Financial instruments liabilities		
Other current liabilities	8 303 741	4 289 806
Current liabilities	**15 608 256**	**9 694 484**
Total liabilities	**92 980 538**	**85 367 695**

P&L	31/12/2022	31/12/2021	**Variations**
Sales revenue	**10 897 329**	**4 590 945**	**6 306 383**
Production purchases	(8 027 840)	(4 118 864)	(3 908 976)
Change in inventories	4 285	1 771 671	(1 767 386)
Capitalized production		0	(0)
Gross margin	**2 873 774**	**2 243 753**	**630 021**
% MB / SALES	*26,4%*	*48,9%*	*10,0%*
Economic wage bill	(4 143 284)	(1 878 895)	(2 264 389)
Rentals (equipment)	(207 352)	(28 213)	(179 139)
Travelling expenses	(152 142)	(120 792)	(31 350)
Other overheads	(1 321 635)	(845 657)	(475 978)
Taxes and duties	(54 340)	(47 521)	(6 819)
Other income and expenses	12 215	(1)	12 216
EBITDA	**(2 992 764)**	**(677 326)**	**(2 315 438)**
% EBITDA / SALES	*-27,5%*	*-14,8%*	*-36,7%*
Depreciation and provisions	(621 940)	(349 966)	(271 974)
EBIT	**(3 614 704)**	**(1 027 292)**	**(2 587 412)**
% EBIT / SALES	*-33,2%*	*-22,4%*	*-41,0%*
Financial income	144 423	1 001	143 422
Financial expenses	(75 759)	(18 396)	(57 364)
Financial result	**68 664**	**(17 394)**	**86 058**
Extraordinary income	3 250	10 300	(7 050)
Extraordinary expenses	(721)	(1 244)	523
Extraordinary income	**2 529**	**9 056**	**(6 528)**
Income tax expense	859 754	241 931	617 822
Net income of the consolidated group	**(2 683 758)**	**(793 699)**	**(1 890 059)**
% SALES	*-24,6%*	*-17,3%*	*-30,0%*

Cash flow statement	31/12/2022	30/06/2022
Total net income of consolidated entities	**(2 683 758)**	**(234 016)**
Net depreciation, amortization and provisions	682 298	(984 884)
Elimination of gains and losses on disposal of assets	(20 270)	(9 056)
Other items with no impact on cash	14 003	9 025
Cash flow after cost of financial debt	**(2 007 726)**	**(1 218 930)**
Cost of financial debt	75 758	49 239
Income tax expense for the period, including deferred taxes	(859 754)	(96 824)
Cash flow before cost of financial debt and tax	**(2 791 722)**	**(1 266 515)**
Change in WCR	(1 815 174)	(11 022 879)
Cash flow from non-current assets held for sale and discontinued operations		
NET CASH FLOW FROM OPERATING ACTIVITIES (I)	**(4 606 896)**	**(12 289 394)**
Acquisitions of fixed assets	(6 780 259)	(16 220 908)
Disposal of fixed assets	3 250	10 300
Reduction in other financial assets	1 000	60 000
Impact of changes in the scope of consolidation		(338 566)
Net change in short-term investments	(2 136 040)	
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	**(8 912 049)**	**(16 489 174)**
Net change in borrowings	5 822 013	5 005 223
Borrowing issues	6 507 500	5 992 500
Borrowing reimbursements	(609 728)	(938 038)
Change in interest paid	(75 758)	(49 239)
Of which repayment of rights of use (IFRS16)	(245 413)	(501 881)
Net change in bank overdrafts	2 070	4 703
NET CASH FLOW FROM FINANCING ACTIVITIES GENERATED BY FINANCING ACTIVITIES(III)	**5 824 083**	**5 009 926**
VARIATION DE FLUX TRÉSORERIE (I + II + III + IV)	**(7 694 862)**	**(23 768 643)**
Cash flow: opening	**34 669 172**	**58 437 817**
Cash and cash equivalents: correction to new / reclassification		
Cash and cash equivalents: closing	**26 974 311**	**34 669 172**