Press release

The launch of the McPhy’s Gigafactory on the Belfort site

- Industrial set-up dedicated to electrolyzers without equivalent in Europe;
- Commissioning is scheduled for the 1st half of 2024, with a gradual ramp-up to reach an annual production capacity of 1 GW;
- Final decision of investment taken by the Board of Directors of McPhy;
- Public aid contract signed with Bpifrance to a maximum amount of 114 million euros, with a 1st payment of 28.5 million euros;
- Induced acceleration of development investments and expenses with an impact on the financial performance of the second half of 2022.

Grenoble, France, November 2, 2022 at 7:45 a.m. CET - McPhy Energy, specialized in low-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), announces the final decision of investment for its Gigafactory of electrolyzers on the Belfort site by its Board of Directors on October 26. This approval was followed by the signing with Bpifrance of the contract on the state aid by the French government, up to 114 million euros for the Gigafactory within the framework of the PIIEC scheme¹. The eligibility of the McPhy’s project to this scheme was approved by the European Commission last July.

Jean-Baptiste Lucas, Chief Executive Officer of McPhy, commented: "We are very pleased with the decision of our Board of Directors, which is a positive conclusion to the various favorable notices we have recently received about our Gigafactory project. This Gigafactory will be a decisive tool in the development and design of large-scale electrolyzers, which are essential for the use of green hydrogen in ambitious decarbonization projects for industry and heavy mobility. We will soon have an industrial set-up capable of mass-producing a wide range of electrolyzers on a continental scale, that is unmatched by any other player in decarbonized electrolysis in Europe."

¹ PIIEC ("Projet Important d’Intérêt Européen Commun") or IPCEI ("Important Project of Common European Interest") is a financing system that supports projects deemed essential for Europe’s competitiveness, authorizing Member States to finance initiatives beyond the limits usually set by European regulations. A PIIEC or IPCEI Hydrogen was launched on December 17, 2020.
Antoine Ressicaud, Chief Operating Officer of McPhy, says: “This is an inspiring project for the entire McPhy team, with 20,000 sqm dedicated to the manufacture and testing of multi-MW electrolyzers. Our desire is to implement the highest standards of industrial performance on this Belfort facility, through an ambitious social and environmental approach.”

The commissioning of the future plant on the Belfort site is scheduled from the 1st half of 2024, with a gradual ramp-up aimed at reaching an annual production capacity of 1 GW. The McPhy Group will then have a total annual production capacity of 1.3 GW\(^2\), including the capacity of the San Miniato site in Italy, in line with the growth prospects of the green hydrogen markets, particularly in industry.

A phased public aid with an initial payment from Bpifrance of 28.5 million euros by the end of 2022

The contract signed with Bpifrance provides for the terms and conditions for the implementation of the public aid. McPhy will receive by December 31, 2022 an initial payment of 28.5 million euros. Subsequent payments will take the form of reimbursements of expenses incurred, pursuant to the terms of the contract, following the satisfactory achievement of defined milestones, for a total amount, including the initial payment, of up to 114 million euros.

A strategic tool for McPhy's technological and industrial ambitions

With this Gigafactory, McPhy is pursuing 3 objectives:

- **Innovation**: through the development of new generation alkaline electrolyzers, in terms of size, components and integration within modules;
- **Industrialization**: with large-scale production to meet the needs of the European market in particular, to contribute to the decarbonization of industry, mobility and energy;
- **Collaboration**: with numerous partners of the Hydrogen ecosystem in Europe and the dissemination of knowledge with academic, industrial and research stakeholders.

The future plant in Belfort will host new developments and production of the large electrolyzers in the "Augmented McLyzer" range, a real technological breakthrough, enabling 20, 100 MW and beyond (GW) architectures to be equipped with an output pressure of 30 bar. This large-scale R&D and industrialization effort will provide the industry with equipment capable of producing hydrogen from renewable energies at a cost that is competitive compared to alternatives using carbon energy.

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\(^2\) Annual production capacity of the Belfort site of 1 GW, in addition to the 300 MW production capacity of the McPhy site in San Miniato, Italy.
The Gigafactory will further strengthen McPhy’s industrial set-up with, on one hand, the electrolyzers with the ongoing automation of the San Miniato site, dedicated to the production of electrolyzers of up to 1 MW capacity and, on the other hand, the stations, on the brand-new site in Grenoble.

Concurrently, Belfort’s location at the crossroads of many European countries, with a genuine research and development ecosystem dedicated to innovation and hydrogen, will foster the multiplication of potential industrial and commercial partnerships.

**Acceleration of development investments and expenses from the second half of 2022**

The beginning of the construction and the purchase of the land will result in a cash outflow related to the Gigafactory of 9 million euros by the end of the year. In addition, and as previously indicated, McPhy intends to make further investments in order to be able to meet the growing demand for large-scale equipment and facilities, by increasing its R&D resources and by strengthening its project and service teams. These efforts, which are being implemented now, will result in additional expenses in the second half of 2022 and are expected to lead the year-end cash position to a level comparable to the end of the first half, taking into account the Gigafactory-related Bpifrance initial payment and cash outflows.

**About McPhy**

Specialized in hydrogen production and distribution equipment, McPhy is contributing to the global deployment of low-carbon hydrogen as a solution for energy transition. With its complete range of products dedicated to the industrial, mobility and energy sectors, McPhy offers its customers turnkey solutions adapted to their applications in industrial raw material supply, recharging of fuel cell electric vehicles or storage and recovery of electricity surplus based on renewable sources. As designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy has three development, engineering and production centers in Europe (France, Italy, Germany). Its international subsidiaries provide broad commercial coverage for its innovative hydrogen solutions. McPhy is listed on Euronext Paris (compartment B, ISIN code: FR0011742329, MCPHY).

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