ENOGIA

Micro-turbomachinery for a more sustainable world

2023 half-year results

▪ Revenue up 126% (€2.4 million), in line with the acceleration of sales momentum

▪ Start of an operational efficiency plan, with full impact on profitability in 2024

▪ Confirmation of targets of 50% annual revenue growth over three years and positive free cash flow by 2025

Marseille, 18 October 2023 – 6 p.m.

ENOGIA (ISIN code: FR0014004974 – ticker: ALENO, an expert in micro-turbomachinery for the energy transition, is reporting its half-year results for the first half of 2023, approved by the Board of Directors on 18 October 2023, and providing an update on its recent strategic and financial milestones.

Since the start of the year, ENOGIA has worked simultaneously on number of defining initiatives. The Company has launched an operational efficiency plan and strengthened its financial structure and governance, while continuing to pursue sustained sales momentum and the performance of ongoing contracts.

The financial structure was strengthened in July by a capital increase with preferential subscription rights of approximately €4.6 million. This successful fundraising, oversubscribed 1.7 times, was accompanied by the arrival of two strategic investors, Éric Blanc-Garin and Yazid Sabeg, who now hold 11.93% of the capital and 8.58% of the voting rights (via their joint holding company Duna & Cie). Éric Blanc-Garin and Yazid Sabeg are seasoned entrepreneurs, having gained their experience at the head of the CS Group. They have agreed to put their expertise at ENOGIA's service by joining the Company's Board of Directors.

This strengthening of its financial position, shareholder base and governance provides ENOGIA with the resources it needs to accelerate its growth and move towards profitability. On the operational efficiency front, ENOGIA rolled out a plan built on three main pillars in the first half of 2023. The first pillar was a reorganisation and tightening of teams, with the introduction of a leaner organisation, the creation of a dedicated "ORC Standard" business unit, and the refocusing of the turbomachinery business on the provision of services. The second pillar was a reduction in the breakeven point by reducing fixed expenses: after €1 million in savings (on an annual basis) already achieved in the first half of 2023 by adjusting headcount, reducing overheads and optimising marketing costs, around €0.5 million in additional savings are planned for the second half of the current year. Lastly, the third pillar of this operational efficiency plan was based on a significant improvement in the gross margin on ORC projects, notably thanks to production in longer series, product re-engineering and supplier negotiations. The full impact of this improvement in gross margin is expected in 2024, from projects signed in the second half of 2023.

Strong sales momentum and new ORC contract in Germany

Building robust profitability over the long term will require increased operational efficiency combined with sustained sales activity. The good momentum that began in the second half of 2022 has been confirmed since the start of the year.

The first half saw the signing of an initial order for ORC modules as part of the new Green Shield offer (economy of use). This ten-year electricity sales (PPA model) and maintenance services contract with an agricultural grouping in Normandy, covering the recovery of waste heat from an anaerobic digestion plant, is the result of a joint investment with partner Eiffel Gaz Vert.

In the vast market for the decarbonisation of the maritime sector, which is a key environmental challenge, ENOGIA was selected in the spring as part of a consortium led by South Korea's STX Engine; the Company is responsible for supplying a turbomachine that will be integrated into a system for sequestering ship exhaust gases. This sector, which is subject to new regulations, also presents major opportunities for the sale of ORC modules.

On current contracts, the rollout in Germany of the largest anaerobic digestion plant has gathered pace, with the commissioning of 10 ORC modules in August 2023. Delivery of the next 30 machines is scheduled for the second half of 2023, with completion in early 2024. Moreover, this referencing has already led to the sale of four other ORC modules for agricultural biogas in Germany.

2023 half-year results

In € thousands	H1 2022	H1 2023	Change
Revenue	1,041	2,353	+1,311
Operating income	2,251	3,329	+1,078
EBITDA[1]	(1,534)	(1,497)	+37
Operating profit/(loss)	(2,171)	(2,216)	-45
Net financial income/(expense)	(40)	(76)	-36
Net exceptional income/(expenses)	255	389	+134
Tax credits	189	96	-93
Net profit/(loss)	(1,767)	(1,807)	-40

[1] *EBITDA is operating profit before depreciation, amortisation and provisions, and after capitalised production. It is an aggregate that illustrates a company's ability to finance its operations beyond its financing structure and taxation.*

In the first half of 2023, the Company recorded revenue of €2.4 million, 96% of which from exports (compared with 83% for the same period in 2022). It achieved growth of 126%, benefiting in part from a favourable comparison base after a first half marked by the freezing of the Chinese contract in 2022, as well as from progress on the German contract.

The ORC Modules business more than doubled to €2.2 million (+137%) in the first half of 2023. The turbomachinery division recorded revenue of €0.13 million, an increase of 26%.

Over the first six months, operating income increased by 47.9%. This is the result of strong business growth, while capitalised production fell by 21.5% to €0.84 million, due to the adjustment of R&D investment in Hydrogen.

Purchases and external expenses were up 16.5% at €2.6 million, reflecting the performance of the German contract. Personnel expenses were down 3.5% at €1.3 million, reflecting the initial impact of the operational efficiency plan launched in the first half of 2023. First-half EBITDA was €(1.5) million and the operating loss was €2.2 million. After taking into account the research tax credit of €0.1 million, the net profit was €1.8 million, the same level as in the first half of 2022.

Three-year business targets confirmed
EBITDA breakeven targeted for the second half of 2023

More than ever, ENOGIA is operating in an environment rich in opportunities, characterised by unprecedented needs for energy efficiency linked to high energy prices and ecological challenges. At 30 June 2023, the company had a sales pipeline[2] of over €140 million and an order book[3] of more than €5 million (€3.7 million excluding the ORC contract in China), giving it good visibility over the second half.

Over the period, business will be driven by the performance of the German contract, the acceleration of sales of ORC modules and the Green Shield offer, and the ramp-up of turbomachinery development services. ENOGIA remains confident of achieving its target of revenue growth in excess of 50% for the full year in 2023.

In the second half, the path to profitability will be driven by a number of levers: economies of scale linked to the acceleration of activity and series production, improved operating efficiency following the reorganisation, the continued lowering of the breakeven point, and the increase in gross margins – particularly on the German contract. ENOGIA aims to achieve EBITDA breakeven in the second half.

The Company is reiterating all of its medium-term financial targets. Revenue growth is expected to average more than 50% per year in both 2024 and 2025. This growth, combined with the operational efficiency plan that will come fully into play in 2024, should enable us to achieve positive free cash flow from 2025.

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[2] *Projects for which a detailed or preliminary estimate has been issued.*

[3] *Cumulative orders signed less the amount of progress on the contract. Progress is calculated as the ratio between the expenses incurred and the project expenditure budget.*

Next releases:

Annual revenue on 26 February 2024 after trading

Annual results, 27 March 2024 after trading

About ENOGIA

ENOGIA responds to the major challenges of the ecological and energy transition with its unique and patented technology of compact, light and durable micro-turbomachinery. As the French leader in heat-to-electricity conversion with its wide range of ORC modules, ENOGIA enables its customers to produce decarbonised electricity and to recover waste or renewable heat. Since 2020, ENOGIA has also been marketing air compressors for Hydrogen Fuel Cells, thereby contributing to the development of hydrogen mobility, a booming market. With sales in more than 25 countries, ENOGIA continues to prospect for new customers in France and internationally. Founded in 2009 and based in Marseille, ENOGIA has some 60 employees involved in the design, production and marketing of environmentally friendly technological solutions. ENOGIA's CSR commitment represents an "Advanced" level of performance according to EthiFinance.

ENOGIA is listed on Euronext Growth Paris.

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