

**ERREDUE S.P.A. BOARD OF DIRECTORS APPROVES
HALF-YEAR REPORT AT 30 JUNE 2024**

**FURTHER GROWTH OF TOTAL BACKLOG¹ AT 31 AUGUST 2024 AMOUNTING TO € 22 MILLION
TO SUPPORT FUTURE BUSINESS ACCELERATION**

**OUTSTANDING PERFORMANCE OF THE HYDROGEN SEGMENT (70% OF PLANT SALES) AND SHARP
INCREASE IN ORDERS FROM ENERGY TRANSITION**

**FIRST MARGIN IN LINE, EBITDA AFFECTED BY SIGNIFICANT R&D COSTS
FULLY EXPENSED IN THE SIX MONTHS**

**STRONG CASH GENERATION
CONFIRMING THE SOLID FINANCIAL STRUCTURE**

- **Revenue from Sales and Services: € 7.7 million** (€ 7.9 million at 30 June 2023, **-2.2% YoY**)²; considering the 2 contracts deferred to the second half of the year worth € 950 thousand, revenue would amount to **€ 8.7 million** (+10% YoY at 30 June 2023)
- **Value of Production: € 9.1 million** (€ 9.1 million at 30 June 2023)
- **EBITDA: € 2 million** (€ 2.8 million at 30 June 2023); **€ 2.5 million** considering the two contracts with delivery deferred to the second half of the year
- **Profit for the year: € 1.0 million** (€ 1.4 million at 30 June 2023)
- **Net financial debt: cash of € 17.3 million** (cash of € 16.3 million at 31 December 2023)

Livorno, 27 September 2024 – The Board of Directors of **ErreDue S.p.A.** ("**ErreDue**" or the "**Company**"; **EGM: RDUE**), a company active in the design and production of highly innovative and customized solutions for the on-site production, mixing and purification of technical gases (hydrogen produced by water electrolysis, nitrogen, oxygen), met today and reviewed and approved the Half-Year Report at 30 June 2024, subject to limited audit.

In the words of Enrico D'Angelo, Founder and CEO of ErreDue: *"In the first half of the year, our business focused on hydrogen, which, despite the period's downturns, is increasingly a key player in the energy transition. As a result, our business model has adapted and become more verticalized to meet the demands of a market increasingly focused on achieving decarbonization goals. Our development plans for constructing hydrogen production plants - from Megawatt scale and beyond - are moving in this direction, aimed at meeting the needs of companies in Power to Gas, sustainable fuel cell mobility, and hard-to-abate sectors, using both alkaline and PEM technology. To prepare for this commitment, we have expanded our staff with increasingly specialized roles, aiming to structure ourselves properly for the near future. Indeed, 2025 will mark the start-up of the first pilot plants, with our strong backlog confirming this, both in Italy, thanks to the PNRR grants, and abroad, where 70%*

¹ Unaudited figure.

² The figures in brackets refer to operating figures at 30 June 2023 and to balance sheet figures at 31 December 2023.

of the backlog is concentrated, reflecting greater preparedness and readiness for hydrogen use in the industrial sector. At the same time, we will continue investing in R&D, which allows us to remain a cutting-edge partner, strengthening our collaborations with research institutes and universities to develop increasingly innovative and high-performance products. The complete transfer of activities to our new Giga Factory is planned by the end of next year, though we are considering advancing the relocation of specific departments, such as large plants, to the middle of the year. This is a strategic decision for us, enabling us to structure ourselves for anticipated production growth and prepare for upcoming market challenges.”

INCOME AND FINANCIAL FIGURES AT 30 JUNE 2024

Revenue from Sales and Services amounted to € 7.7 million, a slight decrease of 2.2% versus € 7.9 million at 30 June 2023.

The reduction in sales was primarily due to two factors: the postponement of generator deliveries at the request of purchasing companies, and a sharp slowdown in domestic demand in the "traditional" on-site generator sector for industrial activities. The first factor is time-based: the deliveries delayed in May and June, worth approximately € 1 million, are now nearly fully completed. The situation in traditional industrial markets is different, where, despite an increase in ongoing negotiations, we are seeing a significant slowdown in contract closures due to external market factors.

Revenue from sales and services does not include i) internal construction related to generators for lease; ii) change in inventory of work in progress, semi-finished and finished products; and iii) tax receivables-related grants.

A breakdown of revenue by business category and product type is shown below.

(migliaia di Euro)	Periodo di sei mesi chiuso al				Var.	Var. %
	30/06/2024	%	30/06/2023	%		
Generatori e altri prodotti	4.781	62,2%	5.214	66,4%	(433)	(8,3%)
Assistenza e ricambi	1.715	22,3%	1.548	19,7%	167	10,8%
Affitto di generatori	1.186	15,4%	1.093	13,9%	93	8,5%
Totale	7.682	100,0%	7.855	100,0%	(173)	(2,2%)

(migliaia di Euro)	Periodo di sei mesi chiuso al				Var.	Var. %
	30/06/2024	%	30/06/2023	%		
Idrogeno	4.769	62,1%	3.404	43,3%	1.365	40,1%
Altri gas	2.621	34,1%	3.347	42,6%	(726)	(21,7%)
Altri prodotti	292	3,8%	1.104	14,1%	(812)	(73,6%)
Totale	7.682	100,0%	7.855	100,0%	(173)	(2,2%)

It should be noted that, due to the increase in sales volumes of PEM hydrogen generators, starting in 2024, revenue previously classified under "other products" has been reclassified into the corresponding gases to which they refer.

(migliaia di Euro)	Periodo di sei mesi chiuso al				Var.	Var. %
	30/06/2024	%	30/06/2023	%		
Vendita generatori H ₂	3.362	70,3%	2.729	52,3%	633	23,2%
Vendita generatori altri gas	1.419	29,7%	2.485	47,7%	(1.066)	(42,9%)
Totale	4.781	100,0%	5.214	100,0%	(433)	(8,3%)

The hydrogen segment has seen significant growth, driven by the ecological transition and promising developments in the energy sector. Along with the sharp increase in sales in the first half of the year, there has been a substantial rise in orders for plants to be delivered by 2024, with further growth expected in 2025.

Specifically, the hydrogen segment recorded a 40% increase in sales at 30 June 2024 versus the same period of 2023.

Sales of generators for on-site technical gas production declined significantly versus the prior year, with a rather sharp reduction in the nitrogen segment, where sales dropped by 58% between first half 2024 and first half 2023. Signs of a slowdown in traditional markets had already appeared in last quarter 2023, when a decline in orders was reported, initially attributed to the end of the Industry 4.0 program and uncertainties surrounding the new 5.0 incentives.

The **Value of Production** remained basically steady at € 9.1 million (€ 9.1 million at 30 June 2023) and includes, in addition to revenue, increases in fixed assets for internal work, changes in inventory of work in progress, semi-finished and finished products, and other revenue and income.

Among cost items, **personnel expense** rose by 12.3%, reaching € 2.2 million (€ 2.0 million at 30 June 2023), driven by the hiring of new employees, many of whom are engaged in training activities in anticipation of future developments.

EBITDA stood at € 2.0 million, down versus the same period of the prior year (€ 2.8 million at 30 June 2023). The reduction can be attributed to several factors, including:

- the deferred delivery of two major orders, initially scheduled for the first half of the year, moved to the second half at the customers' request and invoiced to date, worth a total of approximately € 1 million. EBITDA, taking into account these orders, would have amounted to approximately € 2.5 million;
- a shift in the product mix toward larger generators for the energy transition; the profitability of these generators, which involve substantial research and development activities, is currently lower than that of conventional generators. Mention should be made that at 30 June 2024, research and development costs were fully expensed in the income statement;
- increased personnel expense due to the hiring of new employees, many of whom are currently engaged in training activities in anticipation of future developments.

The **EBITDA Margin**, owing to the above items and structural investments, stood at 25.7% versus 35.9% in first half 2023.

EBIT came to € 1.1 million (€ 1.9 million at 30 June 2023).

As a result of the above items, **Net Profit** amounted to € 1.0 million versus € 1.5 million at 30 June 2023.

Fixed assets amounted to € 10.4 million versus € 11.3 million at 31 December 2023.

Net Working Capital amounted to € 4.0 million versus € 4.3 million at 31 December 2023.

Equity stood at € 30.6 million (€ 30.9 million at 31 December 2023), following the distribution of dividends of € 1.4 million.

Net Financial Debt shows a **positive cash of € 17.3 million** versus a positive cash of € 16.3 million at 31 December 2023, and includes the distribution of dividends of € 1.4 million.

At 31 August 2024, the Company's **total backlog amounts to approximately € 22 million**, with 35% related to the current year, comprising approximately € 5 million from generator sales, approximately € 2 million from spare parts and maintenance, and € 1 million from leases. The remaining 65% is related to the coming year, confirming the significant growth anticipated in 2025.

SIGNIFICANT EVENTS IN AND AFTER FIRST HALF 2024

On **30 January 2024**, the Company announced the awarding of the tender called by Enea for the supply of a hydrogen generator with a PEM electrolytic cell worth over € 200,000. This order adds to the estimated € 14 million backlog, with additional orders to be completed by 2024, according to the company's business model of 120-day average delivery.

On **20 February 2024**, the Company announced the delivery to Snam, a top player in gas infrastructure in Italy and Europe, following the award of a tender for the supply of a mobile hydrogen generator with an alkaline electrolytic cell.

On **29 April 2024**, the Company announced the mutual termination of the appointment of CFO SIM S.p.A. as Euronext Growth Advisor and the appointment of Invest Italy SIM S.p.A. as the new Euronext Growth Advisor.

On **23 May 2024**, the Company announced that Rolando Robustelli, CFO of the Company, resigned effective 31 May 2024. The position of CFO was assigned to Francesca Barontini, CEO of the Company.

On **4 June 2024**, the Company announced the signing of an agreement with one of Italy's leading players active in natural gas distribution to supply a Power to Gas, Plug&Play plant for the production of green hydrogen. The supply is worth approximately € 900,000.

On **18 June 2024**, the Company announced the signing of an agreement with a Dutch company - active in the development of hydrogen and electric solutions for vehicles - to build a 1.5 MW plant intended for the production of hydrogen for the retail and refuelling areas of vehicles and heavy vehicles. The supply is worth approximately € 2 million.

On **7 August 2024**, the Company announced the finalization of a new order with a Portuguese company - active in gas distribution - for the construction and sale of a 1.25 MW plant worth € 1.7 million. The plant, to be delivered in first quarter 2025, consists of 5 generators with alkaline technology, which will be fully powered by renewable energy.

On **3 September 2024**, the Company announced the signing of a lease and maintenance agreement with a well-established multinational company active in the refrigeration industry for 3 state-of-the-art PEM electrolyzers with delivery scheduled by first half 2025. The 72-month contract, tacitly renewable, envisages annual revenue of approximately € 100 thousand.

ESG POLICIES

ErreDue has always been strongly committed to ESG issues and, to monitor its environmental footprint, has completed the measurement of greenhouse gas emissions (CO₂, CH₄, N₂O, CFCs, etc.), both direct and indirect, resulting from its operations. Standard: ISO 14064:2019.

This study provided a snapshot of the greenhouse gas emissions impact from the production activities of ErreDue S.p.A. in 2022; it can serve as a baseline for future studies that may delve deeper into the assessment of the company's emissions. The study marks the first step in a long journey the Company has committed to, aiming to reduce its environmental impact and set an example for other companies in the sector or the local business community.

Indeed, the Company plans to conduct a comprehensive Life Cycle Assessment (LCA) study on one of its flagship products, which could have significant repercussions on the global green hydrogen production market and contribute to the environmental transition process that the European Union and the world must pursue. This planned LCA study will allow ErreDue S.p.A. to obtain an Environmental Product Declaration (EPD) certification for an innovative type of machinery, for which no similar assessments currently exist.

In addition to addressing environmental issues, ErreDue is focused on fostering an inclusive work environment and is in the process of finalizing the paperwork to obtain gender certification. This process will certify ErreDue's commitment to promoting an inclusive, equal-opportunity organizational culture, ensuring pay equity, professional growth opportunities, and a gender-responsive work environment.

BUSINESS OUTLOOK

Future operating results will continue to be impacted by prolonged international conflicts, which have led to the suspension of activities in those regions, as well as by the contraction witnessed in the metal, automotive, and textile sectors in the first quarter.

The substantial backlog forecast for 2025, primarily tied to the energy transition market, confirms that it will be the year the first pilot plants are launched, both abroad (representing approximately 70% of the 2025 backlog) and in Italy, supported in part by the PNRR grants. The draft of the National Hydrogen Strategy, promoted by the Minister of Environment and Energy Security, focuses primarily on electrolyzers to meet at least half of the estimated demand for 2030, with an electrolytic hydrogen production of approximately 3.4 MTEp, equal to approximately 19,000 Megawatts.

Thus, all development plans for the construction of large-scale hydrogen production plants (from Megawatt scale and beyond) remain confirmed, enabling the Company to meet the needs of sustainable fuel cell mobility, synthetic fuels, and hard-to-decarbonize ("hard-to-abate") sectors, using both alkaline and PEM technologies.

Expenditure in R&D, bolstered by partnerships with research institutes and universities, continues to drive the development of increasingly innovative and high-performance products.

The complete transfer of operations to the new production unit is expected by the end of next year, with the possibility of advancing it to mid-year for the large plant division. This strategic decision will enable ErreDue to address the anticipated production growth, effectively meeting new challenges and seizing every development opportunity the market presents.

FILING OF DOCUMENTS

The documents relating to the Half-Year Report at 30 June 2024, as per current regulations, will be made publicly available at the registered office (Via Gozzano 3 - Livorno) as well as through publication on the Company website www.erreduegas.it, "Investor Relations/Bilanci e Relazioni" section within the time limits of law, as well as on the website www.borsaitaliana.it, "Azioni/Documenti" section

This press release is available on the Company website www.erreduegas.it in the Investor Relations section and on www.1info.it.

About ErreDue

ErreDue is a pioneer in zero-emission hydrogen electrolysis, at the forefront of research and development, production and marketing of electrolyzers for the on-site generation of clean hydrogen and generators of other technical gases (nitrogen and oxygen) for various industrial, laboratory, medical applications and for new applications related to the energy transition such as power-to-gas, sustainable mobility (small hydrogen refuelling stations) and industrial decarbonization. ErreDue is based in Livorno and in 2023 achieved a Value of Production of 19.3 million, up 40% compared to the previous year. Since 6 December 2022, ErreDue has been listed on the Euronext Growth Milan market organized and managed by Borsa Italiana S.p.A.. For more information: <https://www.erreduegas.it/>

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Attached are the Reclassified Income Statement and Statement of Financial Position at 30 June 2024 and the Statement of Cash Flows at 30 June 2024 using the indirect method.

PRESS RELEASE

(migliaia di Euro)	30/06/2024	%	30/06/2023	%	Var.	Var. %
Ricavi delle vendite e delle prestazioni	7.682	100,0%	7.855	100,0%	(173)	(2,2%)
Incrementi di immobilizzazioni per lavori interni	324	4,2%	703	9,0%	(379)	(53,9%)
Variazione rimanenze di prodotti in corso di lavorazione, semilavorati e finiti	958	12,5%	318	4,0%	639	n.a.
Altri ricavi e proventi	126	1,6%	237	3,0%	(111)	(47,0%)
Valore della produzione	9.090	118,3%	9.113	116,0%	(24)	(0,3%)
Costi per materie prime, sussidiarie, di consumo e merci	(3.341)	(43,5%)	(4.325)	(55,1%)	985	(22,8%)
Variazione rimanenze di materie prime	18	0,2%	1.560	19,9%	(1.542)	(98,8%)
Costi per servizi	(1.439)	(18,7%)	(1.449)	(18,4%)	9	(0,6%)
Costi per godimento di beni di terzi	(41)	(0,5%)	(36)	(0,5%)	(6)	15,7%
Costi per il personale	(2.210)	(28,8%)	(1.968)	(25,0%)	(242)	12,3%
Oneri diversi di gestione	(83)	(1,1%)	(69)	(0,9%)	(14)	19,8%
Accantonamenti per rischi	(18)	(0,2%)	(3)	(0,0%)	(15)	n.a.
Margine operativo lordo (EBITDA)	1.976	25,7%	2.824	35,9%	(848)	(30,0%)
Ammortamenti	(870)	(11,3%)	(842)	(10,7%)	(28)	3,4%
Svalutazioni	(8)	(0,1%)	(66)	(0,8%)	57	(87,3%)
Risultato operativo (EBIT)	1.098	14,3%	1.917	24,4%	(819)	(42,7%)
Proventi/(oneri) finanziari	324	4,2%	141	1,8%	183	n.a.
Risultato ante imposte	1.422	18,5%	2.058	26,2%	(636)	(30,9%)
Imposte sul reddito	(380)	(5,0%)	(509)	(6,5%)	128	(25,2%)
Utile netto	1.041	13,6%	1.549	19,7%	(507)	(32,7%)

(migliaia di Euro)	Periodo di sei mesi chiuso al		Var.	Var. %
	30/06/2024	31/12/2023		
Immobilizzazioni immateriali	676	802	(126)	(15,7%)
Immobilizzazioni materiali	9.657	10.504	(847)	(8,1%)
Immobilizzazioni finanziarie	21	16	5	28,4%
Totale immobilizzazioni	10.354	11.323	(969)	(8,6%)
Rimanenze	6.618	5.642	976	17,3%
Crediti verso clienti	3.260	3.675	(415)	(11,3%)
Debiti verso fornitori	(2.535)	(2.600)	65	(2,5%)
Acconti	(1.418)	(986)	(432)	43,8%
Capitale circolante netto commerciale	5.925	5.730	194	3,4%
Altri crediti e ratei/risconti attivi *	912	1.036	(124)	(12,0%)
Altri debiti e ratei/risconti passivi **	(2.819)	(2.447)	(372)	15,2%
Capitale circolante netto (CCN)	4.017	4.319	(301)	(7,0%)
Trattamento di Fine Rapporto (TFR) e altri fondi	(1.086)	(1.005)	(81)	8,0%
Capitale investito netto (CIN)	13.285	14.636	(1.351)	(9,2%)
Patrimonio netto	30.581	30.941	(360)	(1,2%)
Indebitamento finanziario netto	(17.295)	(16.304)	(991)	6,1%
Totale fonti	13.285	14.636	(1.351)	(9,2%)

(migliaia di Euro)	AI		Var.	Var. %
	30/06/2024	31/12/2023		
(Disponibilità liquide)	(3.246)	(4.692)	1.446	(30,8%)
(Attività finanziarie che non costituiscono immobilizzazioni)	(17.948)	(14.346)	(3.602)	25,1%
Debiti verso banche correnti	298	361	(63)	(17,4%)
Debiti verso altri finanziatori correnti	187	186	2	0,8%
Indebitamento finanziario corrente	(20.708)	(18.490)	(2.218)	12,0%
Debiti verso banche non correnti	1.614	1.760	(146)	(8,3%)
Debiti verso altri finanziatori non correnti	1.799	426	1.373	322,2%
Indebitamento finanziario netto	(17.295)	(16.304)	(991)	6,1%