

SARL AUDIT EUREX

Technosite Altéa  
196, rue Georges Charpak  
74100 Juvigny

S.A.S. au capital de 5 746 901 €  
417 626 280 RCS Annecy

Société de Commissariat aux Comptes inscrite  
à la Compagnie Régionale de Chambéry

DELOITTE & ASSOCIES

6, place de la Pyramide  
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €  
572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite à la  
Compagnie Régionale de Versailles et du Centre

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## Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2022

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*This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.  
This Statutory Auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.  
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders' Meeting of McPhy Energy,

### Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of McPhy Energy for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## **Basis for Opinion**

### **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

### **Independence**

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### **Justification of Assessments - Key Audit Matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### ***Accounting for long-term contracts: recognition of revenue on a percentage of completion basis and measurement of provisions for losses at completion for onerous contracts***

*(Notes 2.6.17 and 3.8 to the consolidated financial statements)*

#### **Risk identified**

As indicated in the notes to the consolidated financial statements, the Group applies IFRS 15 “Revenue from contracts with customers” and recognises a significant proportion of revenue over time, as and when control is progressively transferred on long-term contracts. The Group measures transfer of control based on the costs already incurred on the contract, in relation to the total amount of costs to be incurred on the project.

The remaining amount of costs to be incurred on long-term contracts is determined using estimates, especially budgeted costs at completion, that are regularly updated by project managers.

Estimating costs at completion requires the exercise of judgment and has impacts on revenue recognition, the recognition of the margin relating to each long-term project in progress at the accounts closing date and the measurement of provisions for losses at completion for onerous contracts. These estimates are based on the reliability of the budgetary processes adopted by management and the estimated progress, margin at completion and provisions for losses at completion. This led us to consider the recognition of revenue on a percentage of completion basis and measurement of provisions for losses at completion for onerous contracts to be a key audit matter.

#### Our response

To address the risk of accounting for contracts using the percentage of completion method, we:

- assessed the design of the relevant controls for the recognition of contracts using the percentage of completion method and performed a walkthrough test;
- selected contracts to be tested based on criteria then by sampling, reconciled accounting information with budget monitoring, corroborated the degree of completion used for recognition, in particular by examining technical documentation, contracts, cost analyses and budgetary reviews;
- tested the substance of the costs actually incurred during the period for projects selected by statistical sampling using the cost breakdown;
- verified the calculation of provisions for losses at completion based on the estimated budget at completion, the calculated progress and the margin recognised at the year-end.

#### **Measurement of capitalised development costs**

*(Notes 2.6.2 and 3.1 to the consolidated financial statements)*

#### Risk identified

As indicated in Note 2.6.2 “Research and development – Internal research and development work” to the consolidated financial statements, development costs are recognised as intangible assets when the criteria defined by IAS 38 are met. As at 31 December 2022, total capitalised costs represented a net carrying amount of €6.2 million.

Project eligibility is reviewed every six months in agreement with Executive Management, the Technical Department and the Group Finance Department.

As part of our audit, we focused on these development costs as their capitalisation is based on judgement and estimates particularly for the following two criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The probability that the expected future economic benefits are attributable to the asset.

Considering the significant judgement underlying the capitalisation of development costs, we considered the valuation of net development costs to be a key audit matter.

#### Our response

Our work mainly consisted in:

- obtaining an understanding of the processes set up to measure development costs;
- verifying the existence and accuracy of the amounts recognised for development costs. We also reconciled the capitalised amounts with internal data covering the tracking of time and we also tested, on a sampling basis, capitalised external expenses;
- interviewing the finance department and the technical department and using the latter's documentation to assess the reasonableness of the main data and assumptions underlying this capitalisation, particularly the future profitability outlook and the project's technical feasibility;
- corroborating the various information obtained from these interviews with the projected sales data for the firm orders obtained by the group in connection with the capitalised projects;
- identifying any indications of impairment for these projects that would require impairment testing.

We also assessed the appropriateness of the disclosures in Notes 2.6.2 "Research and development – Internal research and development work" and 3.18 "Research and development costs" to the consolidated financial statements.

#### **Specific Verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## **Other Legal and Regulatory Verification or Information**

### **Format of presentation of the consolidated financial statements intended to be included in the annual financial report**

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### **Appointment of the Statutory Auditors**

We were appointed as Statutory Auditors of McPhy Energy by the Shareholders' Meetings of 27 February 2014 for SARL Audit Eurex and 19 December 2013 for Deloitte & Associés.

As at 31 December 2022, SARL Audit Eurex was in its 9th year of total uninterrupted engagement and Deloitte & Associés in its 10th year, both being in their 9th year since the company securities were admitted for trading on a regulated market.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## **Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

### **Objective and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Juigny and Paris-La-Défense, April 21, 2023

The Statutory Auditors

SARL AUDIT EUREX

DELOITTE & ASSOCIÉS

Guillaume BELIN

Hélène DE BIE