2023 UNIVERSAL REGISTRATION

Annual Financial Report

McPhy

Driving clean energy forward

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McPhy

Driving clean energy forward

2023 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

AMF

This universal registration document was filed with the French Financial Markets Authority (AMF) on April 26, 2024 as the applicable authority under regulation (EU) no. 2017/1129 without prior approval, in accordance with article 9 of said regulation.

This universal registration document may be used for a public offering of securities or the admission of securities to trading on a regulated market, if accompanied by a securities note and where necessary, a summary and all modifications made to the universal registration document. The whole thus formed is approved by the AMF in accordance with regulation (EU) no. 2017/1129.

This document is an official reproduction of the universal registration document including the annual financial report 2023, which has been prepared in ESEF (European Single Electronic Format) filed with the AMF, available on the Company's website and that of the AMF.

This document is a translation into English of the universal registration document issued in French and is available on the Company's website. This free translation is for information purposes only and should there be any difference between the French and English version, the French version shall prevail.

DISCLAIMER

- In this universal registration document (the “**Document**”) the terms “**Company**” or “**Issuer**” refer to McPhy Energy SA and the terms “**McPhy**” or “**Group**” refer to the Company and its subsidiaries together as a whole.
- The Document provides the consolidated financial statements for the Group, prepared according to IFRS accounting standards adopted by the European Union (the “**Financial Statements**”) for the fiscal years ending on December 31, 2022 and December 31, 2023. Unless otherwise stipulated, the financial information relating to the Company indicated in the Document is taken from the Financial Statements.
- The Document contains **forward-looking statements** about the **Group’s targets and development objectives**. Such statements may in certain cases be identified by the use of the future or conditional tense, or by forward-looking words including but not limited to “consider”, “envisage”, “think”, “target”, “expect”, “intend”, “should”, “aim”, “estimate”, believe, “wish”, “may”, etc. or where necessary, the negative form of these same terms, as well as other variants or similar terms. The reader’s attention is drawn to the fact that these targets and development objectives depend on circumstances or facts, the occurrence or achievement of which are uncertain. These targets and development objectives are not historical data and should not be interpreted as guarantees that the facts and data indicated will occur, that assumptions will be justified, or that objectives will be reached. By their very nature, these objectives may not be achieved, and statements or information provided in the Document may be revealed to be factually incorrect. In no way does this bind the Company to any obligation to update said statements, subject to applicable regulations and especially the general regulations of the AMF.
- The Document contains also **information relating to Group activities, as well as the markets and industries** in which it operates. Some information originates from sources outside the Company and has not been independently verified.
- Investors are urged to pay careful attention to the **risk factors** described in Chapter 2 (*Risk factors and internal control*) of the Document prior to making any investment decisions. The materialization of one or more of these risks could have an adverse effect on the Group’s activities, financial position, results, or targets. Furthermore, other risks not yet identified or considered as not material by the Company could have the same adverse effect and investors could lose all or part of their investment.

INTRODUCTION

2023 was marked by significant progress for the hydrogen sector, characterized by continued technological developments linked to scaling-up, substantial investment in the construction of electrolyzer production capacity, as well as increased political support in France and Europe. Geopolitical events have heightened awareness among many players of the need to take crucial decisions on the energy transition, leading to a significant increase in the size and volume of projects, and putting the market on a favorable course.

To achieve its objective of 40 GW of electrolysis capacity by 2030, the European Union is developing incentive strategies to accelerate usage, offering financial support mechanisms including the creation of a Hydrogen Bank. The REPowerEU plan was introduced in 2022 and aims to produce 10 Mt in Europe and import 10 Mt of renewable hydrogen by 2030, to reduce dependence on fossil fuels. It could result in an objective of over 100 GW of electrolysis capacity by 2030. These efforts will create opportunities for economic growth and employment.

McPhy has been a major player in the global hydrogen market since 2008. We support national, European and international customers in industry, mobility and energy in their efforts to decarbonize their activities. Our ambition is to offer equipment for the large-scale production and use of hydrogen in adequate volumes to provide a competitive solution for rising market needs.

This conviction is guiding the Group's transformation and scaling-up. Becoming an industrial group can only be achieved through the reliability, standardization and definition of industrial design and production processes, made robust by supporting major projects.

Throughout 2023, we have continued to pursue these objectives by developing leading technology platforms, securing a portfolio of business references, industrializing our production tools, and recruiting experts in key hydrogen technologies, particularly in R&D positions.

By transiting to the industrial stage while sustaining a significant technological development program, McPhy will be capable of working on major projects. This is in line with France's ambitions to install 6.5 GW of electrolysis capacity by 2030, which represents the production of 600 Kt/year of low-carbon hydrogen.

The Group's growth is based on four pillars:

Strengthen our technological leadership

In June, we signed a major strategic partnership with the Indian conglomerate Larsen & Toubro, consolidating our progress in pressurized alkaline electrolysis. This agreement covers a technology transfer and a manufacturing license agreement for our electrolyzers to be marketed on the Indian subcontinent and in the Arabian Gulf countries. This joint project represents a tremendous opportunity for business development in a fast-growing region. This agreement will be of benefit to both companies by generating a cost advantage through local manufacturing and sourcing of certain equipment components

Consolidate our references

This year was marked by significant commercial successes, especially in the industrial sector, which is acknowledged as one of the most strategic and promising sectors for the implementation of low-carbon hydrogen projects.

Our partnership with ArcelorMittal has led to the signature of an initial agreement on the construction of a pilot electrolysis plant and a hydrogen refueling station. We are also proud to be working with the Plansee Group in Austria on an innovative low-carbon metals production project, as well as with HYCC, a subsidiary of Nobian and Macquarie. The latter involves the Djewels project, an emblematic green hydrogen production site for a methanol plant in the Netherlands. We have also signed an agreement with HMS Oil & Gas in Germany to supply a 64 MW electrolyzer, strengthening our position in the conversion of gas infrastructures to hydrogen applications. The project is divided into two phases, starting with the supply of a 16 MW McLyzer 3200-30, to be commissioned in late 2025. The second phase is due to commence in 2026 and includes a further three McLyzer 3200-30 units to be commissioned in 2027. These electrolyzers offer a total capacity of 64 MW and will be powered by electricity from a wind farm and photovoltaic plants close to the station. They will produce up to 10,000 tonnes of low-carbon hydrogen per year. The final investment decision for phase I will be taken in 2024 and for phase II at the end of 2025.

Be more competitive

The year was marked by the ramping up of major projects. We tripled the capacity of our San Miniato plant in Italy from 100 to 300 MW per year, with the commissioning of our automated stacks production line. Our Gigafactory in Belfort is the first electrolyzer manufacturing plant in France. Construction is now complete, and production will start in the second quarter of 2024. Our partnership with Vulcain Engineering Group for the installation and commissioning of electrolyzers and stations enables us to respond rapidly to requests for large-scale projects, and to benefit from the expertise of leading engineering and services provider in the energy sector. Recent successes, such as the commissioning of electrolyzers based on our new generation of 1 MW stacks in Toulouse and Belfort, as well as refueling stations at Toulouse airport, Brétéché in Vendée, Strasbourg, Belfort and Clermont-Ferrand, attest to our readiness to complete significant projects, both in terms of production capacity and execution.

Develop our talent

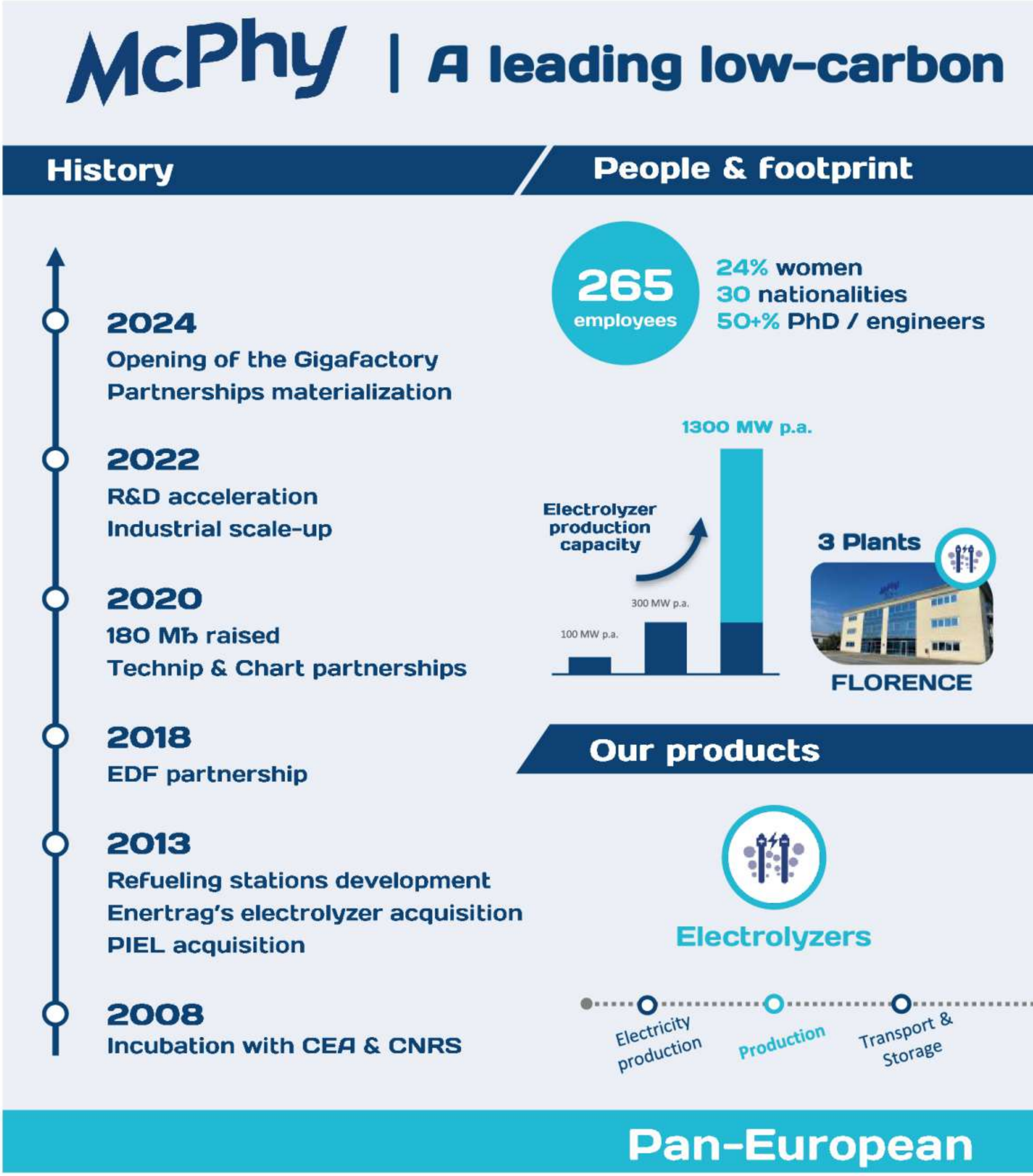
With 265 employees of over 30 nationalities, our teams have been strengthened and are now supported by experienced experts who share their know-how. McPhy is now a European company with four sites: Grenoble and Belfort in France, Wildau in Germany, and San Miniato in Italy. We support our business development by increasing the skills and autonomy of our employees, strengthened by selective recruitment in 2024.

In 2023, we celebrated the Group's 15th anniversary by paying tribute to its founder, Pascal Mauberger, whose vision and courage I would like to salute. Thanks to Pascal, the McPhy adventure began and our DNA was created: innovation, agility, commitment and respect.

Today, I am confident in our ability to play a key role in the low-carbon hydrogen economy, by developing competitive systems and technologies for its multiple uses, from industry to mobility, and actively contributing to the energy transition.

Jean-Baptiste Lucas, Chief Executive Officer of McPhy

KEY FIGURES [1]



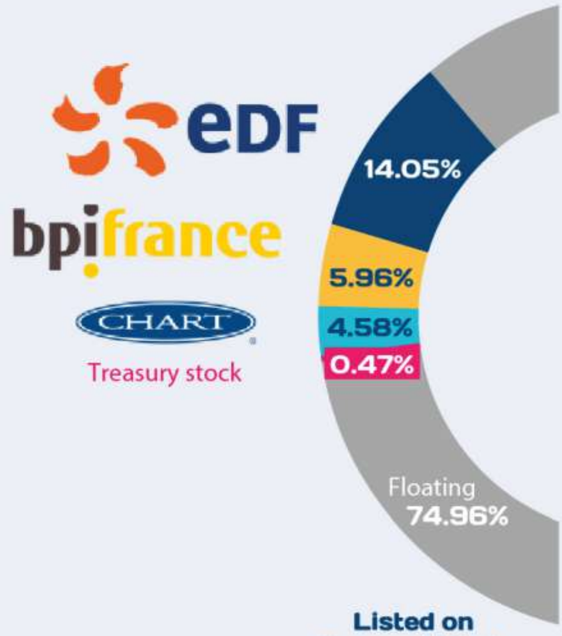
[1] At the date of this Document, the contemplated sale by the Group of its stations business is underway. For further details, please refer to sections 5.1.5 (note 1.2) and 5.5 of this Document. Pro forma sales for this business amounts to €5m.

H_2 Equipment Manufacturer

Shareholders & partners

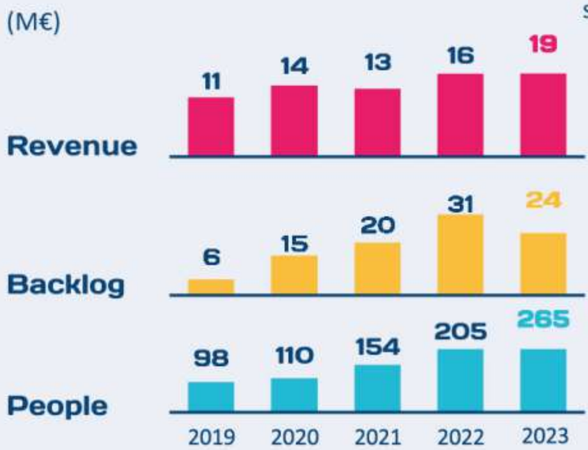
BELFORT

GRENOBLE



Listed on Euronext Paris

Key figures



Pure Player

KEY INFORMATION ABOUT MCPHY

LEADING INDUSTRIAL GROUP IN HYDROGEN TECHNOLOGIES

As a leading industrial player in hydrogen production and distribution equipment, McPhy contributes to the global development of low-carbon hydrogen as a solution for the energy transition.

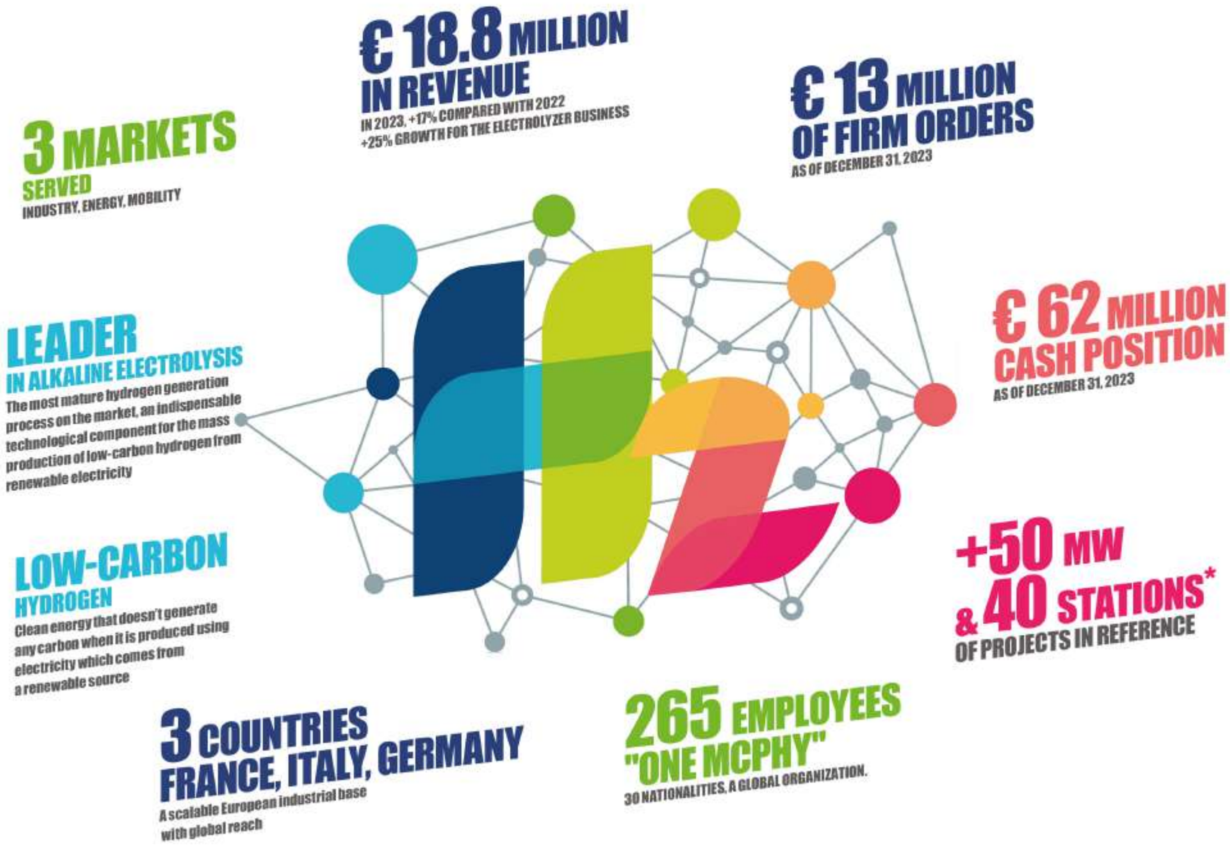
By its nature, its business model depends on supporting national and European customers active in industry, mobility, and energy, in their efforts to decarbonize their activities.

As a pure player in hydrogen, McPhy enjoys a singular positioning and proposes a range of production and/or distribution equipment to suit all activities and the needs of any type of organization. Its system-based approach combines electrolyzers and hydrogen stations to be an integral part of low-carbon industrial or territorial ecosystems.

"We help our customers in the industry, mobility, and energy sectors to successfully transition to business models based on low-carbon hydrogen, reconciling economic performance and corporate social responsibility."

Since 2021, McPhy has undertaken a significant scaling-up to make a competitive and industrial contribution to the completion of projects involving significant environmental, technological, and economic challenges. By reinforcing our teams and their fields of expertise, by committing to ongoing innovation and the increasing industrialization of our manufacturing processes, we are today able to consolidate our position as a key technological and industrial partner for the hydrogen market, and secure participation in flagship projects.

McPhy is a genuine European Native with three centers of expertise in France, Germany, and Italy. Its industrial and commercial foundations are resolutely European.



* References as of January 2024. 50+ MW & 40 stations of signed projects in reference. "Signed projects": orders with signed purchase orders.

CHAPTER

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Presentation of the Group and its activities

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mcphy.com

1.1 Market Context and Stakes

1.1.1 Energy transition

The energy transition is essential to meet major challenges such as the depletion of natural resources, climate change, inequalities between countries, and air pollution.

Today's fossil fuels, including oil, gas and coal, are finite and highly polluting, contributing significantly to climate change through their CO_2 emissions.

The aim is to gradually replace these fossil fuels with more environmentally sound renewable alternatives, such as solar, wind, hydro, biomass, geothermal and hydrogen energy.

This change requires international cooperation and the commitment of all those involved, whether governments, businesses, or citizens.

In this sense, participating leaders at COP28 in Dubai in December 2023 reached an historic agreement, which involved "Transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science;" and "Tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 203 0[(1)]."

A necessary reduction in CO_2 emissions

In 2022, global CO_2 emissions were around 37 gigatonnes (Gt) [(2)], an increase of 11% on 2021, largely due to the economic recovery after COVID-19 and continued reliance on fossil fuels. Without major action to reduce greenhouse gases, global emissions could reach 41 Gt in 2030 and remain at this level until 2050.

It is therefore essential to adopt new methods of producing and consuming energy in a sustainable way, giving priority to clean, renewable energies. This energy transition will help protect the planet's resources, reduce CO_2 emissions, improve air quality, promote energy independence and stimulate the local economy through decentralized energy production.

A regulatory environment that aims to facilitate the energy transition

Regulations designed to accelerate the global energy transition have intensified in recent years.

In Europe, the Green Deal has set in motion the legislative work needed to equip the European Union with a regulatory arsenal capable of achieving carbon neutrality by 2050. The "Fit for 55" package, which sets out an interim plan to reduce greenhouse gas emissions by 55% by 2030 (compared with 1990), is now in place. In 2023, the revision of the Renewable Energy Directive (RED) and the publication of the ReFuelEU regulation for aviation, both contributed to this. In France, the Climate & Resilience law adopted in 2021 and the law on the acceleration of renewable energy production in 2023 testify to this same climate ambition. Across the Atlantic, the Inflation Reduction Act (or "IRA") provides the United States with nearly $400 billion to finance ten-year measures aimed at reducing greenhouse gas emissions by 50 to 52% by 2030 compared to 2005 levels.

In Europe, against the backdrop of the Ukraine conflict, these climate objectives were supported by another strong political commitment to strengthen the continent's energy sovereignty and its reindustrialization. The RePowerEU project embraces this dual priority of combating climate change and driving energy independence. The draft European regulation for a "Net Zero" industry [(3)] and the French law on green industry of 2023 are tangible expressions of these political ambitions.

All these regulations are aimed at developing low-carbon hydrogen and related technologies. Now that the objectives have been clarified, the regulatory framework is becoming clearer (the rules for renewable hydrogen production have been defined at European level for 2023) and support mechanisms are being put in place. Two examples in 2023 are the launch of the European Hydrogen Bank and the introduction of a French support mechanism for hydrogen production.

(1) Source: https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era
(2) Source: essd.copernicus.org: Global Carbon Budget 2023 - December 05, 2023
(3) Source : Net-Zero Industry Act (NZIA) - March 16, 2023

1.1.2 Hydrogen: an essential factor in a successful energy transition

1.1.2.1 Benefits and sources of hydrogen production

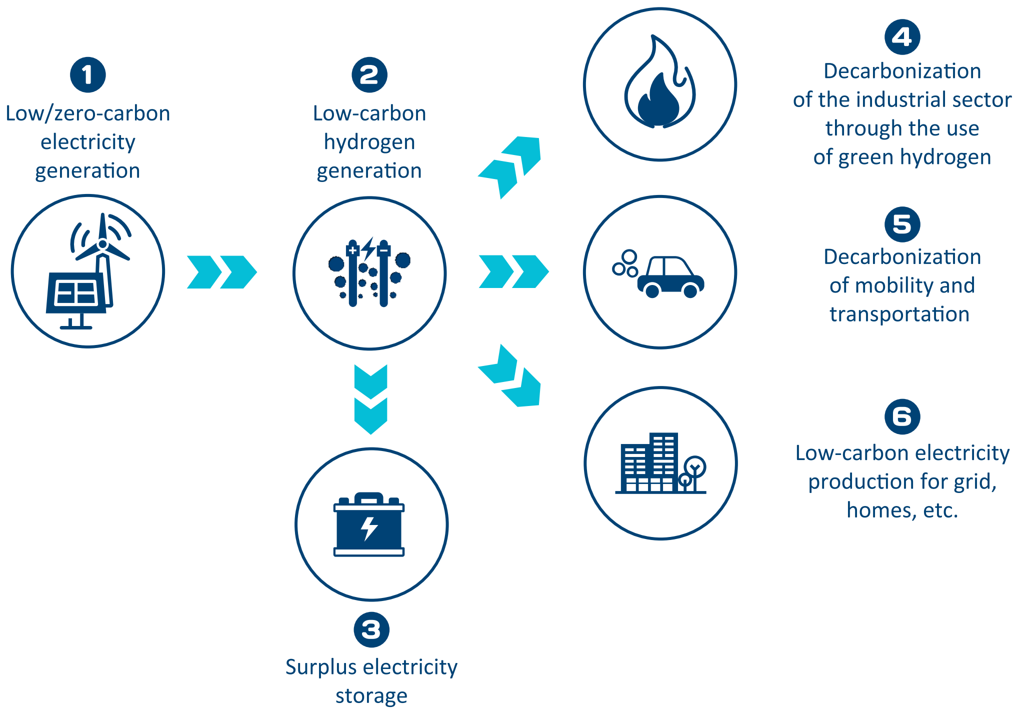
Benefits of low-carbon hydrogen

Hydrogen brings significant benefits in a number of areas such as industry, mobility and power grid management:

- In industry, it serves as a clean alternative to fossil fuels, particularly useful in energy-intensive processes such as steel production, or as a basic component in chemical production. When hydrogen is produced using low-carbon energy, its use helps to reduce greenhouse gas emissions and makes an effective contribution to the fight against climate change.
- In the mobility sector, hydrogen is used to power fuel cell vehicles, offering a low-carbon option for heavy and long-distance transport vehicles such as trucks and buses. These vehicles benefit from extended range and rapid refueling times, similar to those of traditional gasoline-powered vehicles, and therefore much faster than a recharge for battery-powered vehicles.
- In terms of power grids, hydrogen plays a crucial role in energy storage. It enables surplus energy from renewable sources such as wind and solar power to be stored and redistributed during periods of high demand or low production. This storage capacity enhances the stability of power grids and ensures a more reliable energy supply, while promoting greater integration of renewable energies.

Hydrogen is therefore an essential element in the transition to a cleaner, more sustainable energy future.

Multiple applications of hydrogen



Hydrogen production

In 2022, global hydrogen production reached around 95 million tonnes, up almost 3% on 2021. This increase is part of a continuous growth trend, interrupted only in 2020 by COVID-19. In North America and the Middle East, hydrogen demand rose sharply, while in Europe it fell due to higher natural gas prices and the energy crisis resulting from Russia's invasion of Ukraine.

The hydrogen produced in 2022 came mainly from fossil fuels. Hydrogen is mainly used in traditional industrial applications such as chemical production, oil refining and the steel industry.

The spectrum of technologies and processes for hydrogen production is broad and follows the nomenclature below:

Production methods / Terminology		Technology	Raw material & source of electricity	Carbon emissions	2022 production volume
Hydrogen production via electricity	Green hydrogen	Electrolysis	Solar, wind, hydro, etc.	Minimal	0.04%
	Pink hydrogen		Nuclear		
	Yellow hydrogen		Electricity mix	Moderate (depending on electricity mix)	
Hydrogen production using fossil fuels	Blue hydrogen	Natural gas + CO_2 capture and storage	Natural gas	Moderate	~ 1%
	Turquoise hydrogen	Pyrolysis	Natural gas	Low to high	99%
	Gray hydrogen	Natural gas		High (~10kg CO_2/kg H2)	
	Brown hydrogen	Coal gasification	Coal (lignite)	Very high	
	Black hydrogen	Coal gasification	Black coal		

The production of gray hydrogen (using fossil resources without carbon capture) generated around 1,000 million tonnes of CO_2 in 2022 [(1)].

The production of low-carbon hydrogen by water electrolysis offers the most low-carbon hydrogen, on the condition that the electricity itself is low-carbon. Also, this process is increasingly promising through the development of leading-edge technologies and growth in low-carbon electricity production capacities. This growth is supported by international initiatives such as the *Hydrogen Council* [(2)], which brings together over 150 businesses and organizations from around the world and advocates the production and uses of hydrogen.

Note that reserves of white hydrogen (i.e. naturally present in certain soils, where it is generated by the interaction of rocks and water, and therefore requires no additional energy source) do exist. These deposits are not yet exploited on an industrial scale in Europe.

Hydrogen production by electrolysis

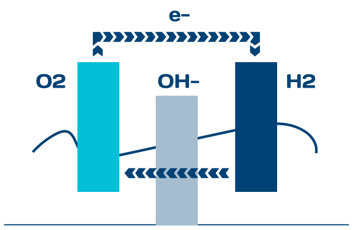
Electrolysis was discovered at the end of the 18th century and used from 1800 onwards. The process produces hydrogen and oxygen from water using an electric current. The process requires an electrolysis cell with two electrodes (anode and cathode) and an ion-conductive electrolyte. When a direct current passes through the cell, the water breaks down into hydrogen and oxygen.

Below are descriptions of the three main electrolysis technologies, each with its own characteristics and technological maturity. These levels are assessed based on the Technology Readiness Levels (TRL) of ISO 16290:2013, on a scale of 1 to 9. For companies like McPhy, achieving level 9 for alkaline electrolysis technology is crucial to the industrial scale-up of electrolysis.

(1) Source : International Energy Agency data.
(2) Source : Hydrogen Council: Hydrogen Insights (2022).

1 Alkaline electrolysis (ALK)

Produces hydrogen at the cathode by passing hydroxyl ions through a diaphragm filled with electrolyte.



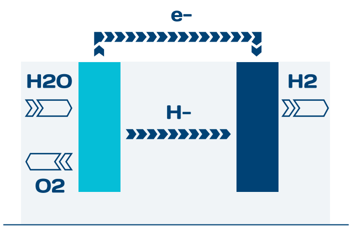
Diaphragm

TRL : 8-9

Cathode Anode

2 Polymer electrolyte membrane (PEM)

In a PEM electrolyze, the electrolyte is a special solid plastic material.



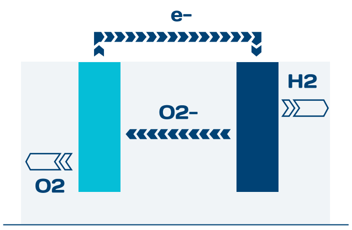
Membrane

TRL : 8-9

Cathode Anode

3 Solid oxyde electrolysis (SOEC)

Generates hydrogen using a solid ceramic material as an electrolyte which drives oxygen at high temperatures.



Ceramic oxyde

TRL : 6-7

Cathode Anode

McPhy manufactures alkaline electrolyzers, a mature and efficient technology for producing hydrogen. These electrolyzers are capable of meeting the hydrogen needs of industry and mobility, by supplying low-carbon hydrogen at a competitive cost. They include a power supply, electrolysis cells, a water purification system, and a hydrogen purification unit. An instrumentation and control system is also integrated. The use of alkaline technology for water electrolysis, combined with low-carbon energies, therefore offers a sustainable method for producing hydrogen, storing energy in an environmentally sound way, powering low-carbon mobility solutions and helping industry transition to low-carbon.

1.1.2.2 Strong growth drivers for the hydrogen market

Price per tonne of CO_2

The carbon tax was established in France since 2014 as part of the Energy Transition Law for Green Growth. In 2023, its current rate is €44.55 [3] per tonne of CO_2. Despite the economic challenges, global carbon pricing covers almost a quarter of global greenhouse gas emissions. Revenues from these taxes and CO_2 emissions trading schemes reached around $95 billion in 2023.

By raising the cost of CO_2 emissions, these carbon pricing policies encourage the adoption of cleaner solutions such as low-carbon hydrogen, by making these alternatives more competitive and attractive on the market. This encourages the transition to low-carbon technologies and supports efforts to reduce greenhouse gas emissions.

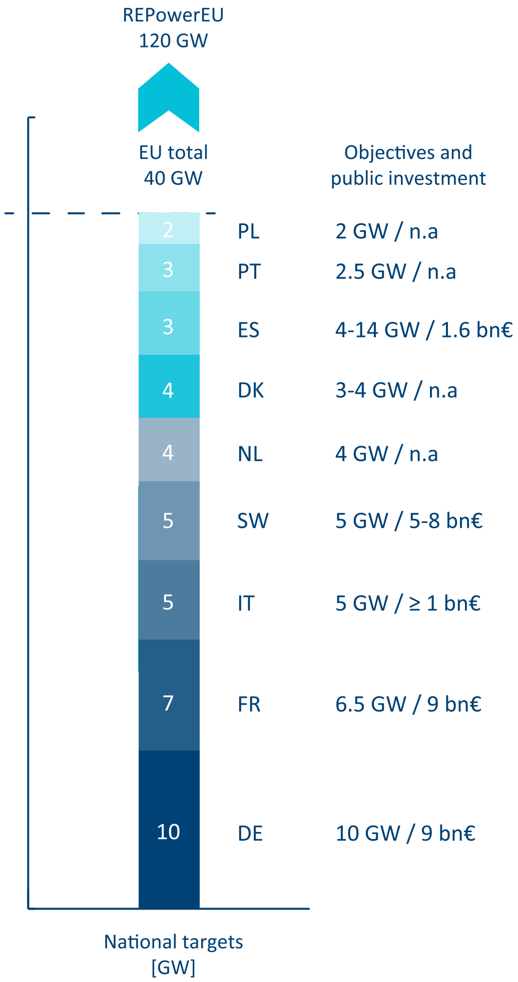
National objectives and international initiatives

As part of the European Commission’s target of 40 GW of electrolysis capacity by 2030, the European Union is developing hydrogen strategies to stimulate market growth and innovation. The REPowerEU plan was introduced in 2022 and aims to produce and import 20 Mt of renewable hydrogen by 2030, to reduce dependence on fossil fuels. It could result in an objective of over 100 GW of electrolysis capacity by 2030. These efforts are supported by the European Hydrogen Bank, which finances renewable hydrogen projects, creating opportunities for economic growth and employment.

[3] Source : “Connaissance des Énergies: Quel est le montant de la « taxe carbone » en France ?” (Energy Knowledge: How much is the "carbon tax" in France?)

Hydrogen roadmaps are currently being rolled out in almost all EU Member States [(4)] :

National Hydrogen Roadmaps



As of Jan 31, 2023
The data presented (in GW and €million) are estimates which may vary according to the announcements and the actual future State programs.

Competitive price of low-carbon hydrogen

In December 2023, the European natural gas market saw a significant drop in prices, with tariffs fluctuating between €40 and €50 per megawatt-hour (MWh), down sharply from over €150 per MWh in December 2022. This has had a dual impact on the hydrogen sector: on one hand, it has increased the competitiveness of gray hydrogen, which is produced using natural gas and fossil resources, by making its production more economical; on the other hand, it has also favored low-carbon hydrogen, as the drop in the price of natural gas has led to a corresponding reduction in the cost of electricity.

In fact, 60-70% of the cost of producing hydrogen by water electrolysis is attributable to the price of electricity. Despite a significant drop in the price of low-carbon electricity in France, produced mainly from nuclear power, from €240.18 per MWh in November 2022 to €117.84 [(5)] per MWh in November 2023, its significant share of the total cost keeps low-carbon hydrogen at a relatively high price.

So, with fossil fuel prices falling, gray hydrogen could remain more competitive in the short term. However, the situation is evolving and influenced by multiple factors, including the geopolitical situation and technological advances in the production of low-carbon hydrogen. The long-term trend towards lower costs for low-carbon hydrogen could eventually reverse this trend, especially if production and equipment costs for low-carbon hydrogen fall by more than 30% by 2030, as expected.

Hydrogen demand expected to rise significantly by 2050

Global hydrogen demand increased slightly in 2022, reaching 95 Mt/year [(6)]. This increase of almost 3% compared to 2021, when demand topped 93 Mt/year, reflects growing needs in traditional industrial applications rather than wider adoption of hydrogen in new sectors. The majority of demand continues to be concentrated in industry and chemicals, with a very small share for emerging sectors such as mobility and power generation.

(4) Source : National Hydrogen roadmaps
(5) Source : Kelwatt by Selectra : “Prix du marché de gros 2023 : Epex Spot Electricité - Bourse”
(6) Source : IEA : Global Hydrogen Review 2023

In 2023, the International Energy Agency highlighted the rapid expansion of announced projects for low-carbon hydrogen production. However, it is important to note that only 4% of this potential production is currently supported by final investment decisions.

Outlook for 2030

Low-carbon hydrogen plays a crucial role in achieving the IEA's Net Zero Emissions scenario [(7)], which aims to achieve net zero greenhouse gas emissions by 2050. Projects announced for hydrogen production could reach 37 Mt by 2030, with a significant share coming from electrolysis and carbon capture. In Europe, the aim is to install 40 GW of electrolysis capacity to produce 5 Mt of hydrogen per year.

Worldwide, projects representing some 250 GW of electrolysis capacity are under examination or development, with 100 GW considered feasible by 2030. These developments open up a major potential market for players like McPhy, estimated at nearly 100 GW in total worldwide by 2030.

Outlook for 2050

Global demand for hydrogen could reach around 660 Mt annually by 2050 [(8)]. The International Energy Agency predicts that the electrolysis capacity needed to meet this demand should reach around 3,670 GW, reflecting a significant need for low-carbon hydrogen production. According to the Hydrogen Council, hydrogen could supply up to 20% of the world's final energy consumption by 2050, contributing to a substantial reduction in annual CO_2 emissions, and hydrogen-related markets could be worth $3 trillion, generating over 30 million jobs.

Development of electrolyzer projects: a reality

Momentum in the hydrogen sector continues to accelerate, with more than 1,000 projects announced worldwide, requiring investments of $320 billion up to 2030 [(9)]. Nearly 800 of these projects are scheduled to be operational before 2030.

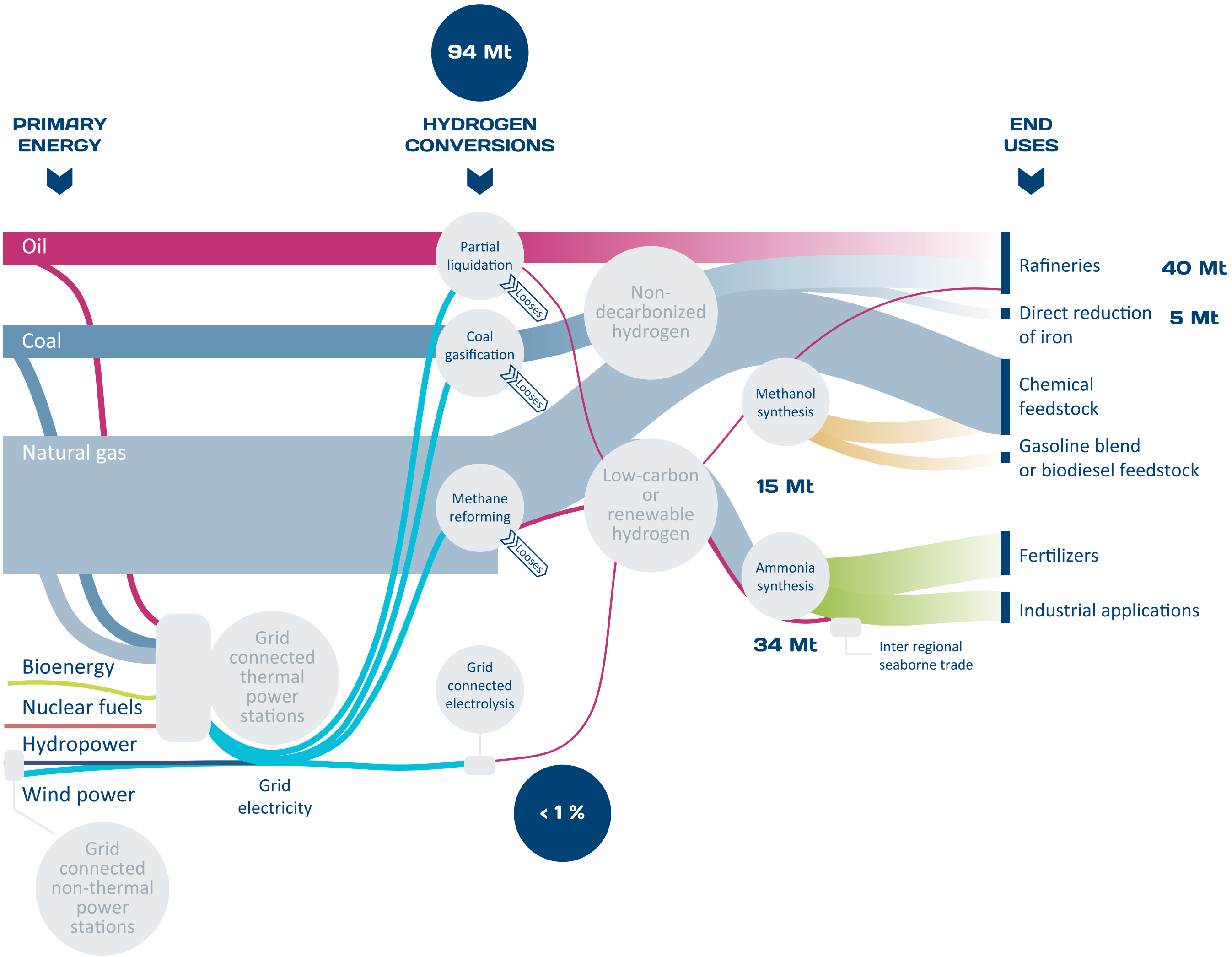
[(7)] Source: Net Zero Emissions Scenario (NZE) from the International Energy Agency
[(8)] Source: McKinsey : Five charts on hydrogen’s role in a net-zero future - 2022
[(9)] Source: Hydrogen Council's Hydrogen Insights 2023 report

1.1.3 Industrial hydrogen market and its issues

Industrial hydrogen market

Hydrogen is a key element in a number of industrial sectors, including the chemical industry, oil refining, petrochemicals, the production of various materials and the steel industry. Its ability to adapt to different sectors, combined with its energy efficiency, makes hydrogen an essential vector for boosting the competitiveness and attractiveness of industrial companies.

The following are examples of current end uses for hydrogen in industry:



Chemical industry

In 2022, the chemical industry increased its production compared to 2021: ammonia, from 34 to 38.1 Mt, and methanol, from 15 to 16 Mt. Ammonia, the most widely produced component worldwide, is made from hydrogen and nitrogen, and its growth is leading to greater demand for hydrogen.

Petroleum industry

In 2022, the oil refinery industry was the largest consumer of hydrogen as it consumed 41 million tonnes of carbon-rich hydrogen. This industry is the main source of industrial carbon emissions, as it uses hydrogen to purify petroleum fuels and oil sands to manufacture biofuels.

Metal and steel production industry

In 2022, the metal and steel industries used 5 Mt of hydrogen for smelting furnaces and metal processing.

The stakes of the industrial hydrogen market

By 2030, based on the International Energy Agency's Net Zero Emissions scenario, the hydrogen requirement for industry is expected to reach around 100 Mt of the total 150 Mt estimated to be needed to meet carbon-neutral targets, i.e. around 66% for industry. The transition to low-emission hydrogen is essential to meet the growing needs of industry while significantly reducing CO_2 emissions.

By 2050, according to the Hydrogen Council and DNV, global demand for low-carbon hydrogen could reach between 400 and 660 Mt. This demand will mainly apply to industrial applications, notably in the steel and metal, chemical and petroleum industries. It will also include emerging sectors such as synthetic fuel production.

1.1.4 Hydrogen Mobility Market and Its Stakes

The transport sector is responsible for nearly 30% of CO_2 emissions worldwide [(1)]. To achieve the objective of the Paris Agreement on limiting global temperature rise to below 2°C, we need to reduce these emissions by 40% by 2050. Low-carbon hydrogen is an alternative that can significantly reduce atmospheric pollution in the transport sector.

Hydrogen mobility market

Hydrogen is seen as a low-carbon alternative to fossil fuels in the transport sector.

Hydrogen vehicles such as personal cars, taxis, utility vehicles, buses, heavy-duty vehicles and forklifts are powered by a fuel cell which converts hydrogen into electricity to power the vehicle’s electric motor. Hydrogen vehicles have a range reaching up to several hundred kilometers and can be refueled in a few minutes. They are increasingly popular amongst local authorities, vehicle makers and fleet managers, as well as operators of stations and logistics hubs. Moreover, over time, hydrogen could also be used in the rail, sea and air transport sectors.

The Stakes of the Hydrogen Mobility Market

Modularity

Hydrogen recharging stations need to be adaptable to different pressures for different types of vehicles (700 bar for cars, 350 bar for heavy-duty vehicles). To meet the needs of a wide range of fleets, flexible modular stations are essential, especially for captive fleets such as buses and taxis. They can evolve according to customer needs, encouraging the gradual adoption of hydrogen mobility.

Low-carbon hydrogen

Connecting on-site hydrogen stations to low-carbon hydrogen production equipment such as electrolyzers, creates a low-carbon mobility chain.

Decarbonization of heavy-duty transport

Heavy-duty transport incorporates buses, goods vehicles and trains. It represents a significant source of CO_2 emissions. Because of their weight and limited range, electric batteries are not suited to the requirements of this transport category. Hydrogen is a viable and competitive technology able to meet the needs of heavy-duty transport in terms of capacity and range.

Increase in number of fuel cell vehicles

The hydrogen vehicle and its fuel cell mark a major step forward in sustainable mobility. Models such as the BMW iX5 and the future Hyundai Nexo boast long ranges of up to 800 km. Although demand for hydrogen-powered vehicles increased by 40% between 2021 and 2022, reaching more than 72,000 [(2)] units on the road, the increase is still lagging behind that of electric and hybrid models.

The composition of the world fleet is as follows: 80% is made up of cars and light vehicles, the remaining 20% includes trucks, buses and other heavy vehicles. The main hydrogen markets are dominated, in order, by South Korea, the United States and China, which together account for more than half of the global hydrogen vehicle fleet.

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(1) Source: INSEE: “Émissions de gaz à effet de serre par activité” (Greenhouse gas emissions by activity) - 2023

(2) Source: H2 Mobile: “Le nombre de véhicules hydrogène a progressé de 40 % en 2022” (The number of hydrogen vehicles increased by 40% in 2022) - 2023

1.1.5 Hydrogen for the grid market and its issues

Low-carbon hydrogen will become increasingly essential for increasing the proportion of renewable energies in the energy mix. This importance is explained by the need to stabilize energy production in the face of the inherent intermittent nature of these renewable sources. Hydrogen can store excess low-carbon electricity, facilitating the integration of renewable energies.

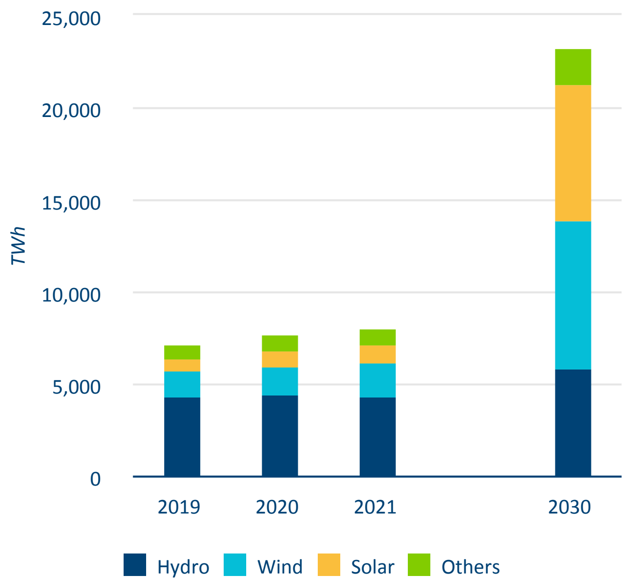
The CEOG project in French Guiana, in which McPhy is a stakeholder, is an example of this use: it combines photovoltaic energy with the on-site production and storage of green hydrogen. Using a 16 MW electrolyzer, this project will supply electricity to over 10,000 households. A number of players are also specializing in the development of hydrogen-powered power plants. Other initiatives such as the injection of hydrogen into gas-fired power plants and gas distribution networks are also being explored to promote a gradual transition to low-carbon energy.

Hydrogen for the grid market

To achieve the Paris Agreement objective of limiting global warming to 1.5 degrees, massive use of renewable energies and a predominant share of such sources in the global energy mix is necessary.

Under the IEA Net Zero Emissions scenario, the portion of renewables must increase by 12% every year between now and 2030. Wind-powered electricity generation will therefore grow from 1,600 TWh in 2020 to 8,000 TWh in 2030, with solar generation rising from 821 TWh to 7,000 TWh. This growth in renewables will support the growth of hydrogen due to their complementary nature and the reduction in the cost of hydrogen it entails.

Trends in electricity production by hydropower, wind and solar [1]



In 2022, solar and wind power represented over 22% [2] of Europe's electricity mix. This represents a significant increase on the 5% level of 2020. The European Union aims to increase this share to 42.5% [3] by 2030. In this context, low-emission hydrogen is ideally placed to facilitate and benefit from this transition. Low-carbon hydrogen production will thus play a crucial role in the energy sector, due to its strong synergy with renewable energy sources.

(1) Source: IEA “Net Zero Emissions” - 2023
(2) Source: Energy Monitor : “Europe: Renewables in 2022 in five charts – and what to expect in 2023” - 2022
(3) Source: European Parlement : “How the EU is boosting renewable energy”- 2022

Hydrogen for the grid market

Grid stability

The development of renewable energy sources requires a new paradigm for electricity grids. Production is changing from a centralized model to a distributed model with local production and from demand-controlled production to production controlled by meteorological factors.

The smoothing and storage of energy produced therefore appear as significant issues for grid operators, to which hydrogen produced by electrolysis can provide a response. It can be used to bridge the gap:

- Hydrogen production from renewable energies in case of massive production surpluses or consumption troughs (price of green electricity attractive);
- Storage in the form of strategic reserve;
- Later reuse on demand from grid operators in the form of hydrogen injected into the gas grids (Power to Gas) or reconverted to electricity (through a fuel cell process).

The production costs of renewable energies, particularly photovoltaic and wind power, have fallen sharply in recent years and are now below grid parity, which refers to the point at which the production cost of a renewable energy source becomes equal to or lower than the cost of electricity produced by conventional energy sources. This strengthens the attractiveness of these electricity sources in a global context marked by the search for solutions that aim to mitigate the impact of human activities on the climate.

Heat and power generation for buildings

The energy transition for buildings envisages hydrogen as an additional source of heat and power by 2030, aiming to replace the currently dominant fossil fuels. However, the adoption of hydrogen requires major infrastructure and remains dependent on distribution networks, delaying its widespread use until 2030.

Integrating hydrogen into today's heating systems is a challenge, with possibilities for combustion or for electricity generation via a fuel cell. One option under consideration is to blend it with natural gas to facilitate its use in existing infrastructures.

The International Energy Agency estimates that demand for hydrogen to decarbonize buildings will only reach 1 Mt by 2030, so the application of hydrogen in this sector will remain negligible.

Power to Gas (Electricity storage via hydrogen production)

Power to Gas (P2G or PtG) [4] brings flexibility to networks and raises the proportion of renewable energies while offering control over the investment required. Indeed, it depends on the use of existing grid infrastructures and requires little in the way of investment in infrastructure to adapt:

- The 3 million km of gas pipelines across the world [5] ; and
- The 5,000 km of hydrogen pipelines already installed around the world (specifically in the USA, Belgium, and Germany).

Just in Europe, if hydrogen were injected into the gas network to a level of 5% by volume, 25 GW of electrolysis capacity would be required [6].

Power to Gas **development potential** [7]

[4] See glossary (section 9.2).
[5] Source: IEA, The Future of Hydrogen, November 2019 | p. 182 and 76.
[6] Source: IEA, The Future of Hydrogen, November 2019 | p. 182.
[7] Source: GRHYD PtG project press pack: http://grhyd.fr/wp-content/uploads/2018/06/GRHYD_DossierPresse_A4_v3_BD-1.pdf

1.2 McPhy strategy and objectives

1.2.1 Vision & Ambition

Energy is transforming the world. Hydrogen is transforming energy. By boosting the development of an energy mix based on renewable energies which are more sustainable and related to the region; hydrogen is contributing to the emergence of a carbon-neutral social model.

Vision

Our slogan and corporate project

Hydrogen encourages the large-scale integration of renewable energies. It has the potential to massively decarbonize industry, transportation and energy. McPhy's plan is to deliver equipment in volumes and with levels of technological performance capable of responding competitively to the massive needs of these three sectors.

Ambition

Clean. Smart. Scalable. Unlimited Hydrogen.

The aim is to pursue the group's scaling up to boost the attractiveness and competitiveness of low-carbon hydrogen:

- by continuously improving the performance of its equipment while providing the highest standards in terms of quality and safety;
- through the continuous industrialization of its production processes and equipment;
- with a view to continuing to reduce the cost of low-carbon hydrogen.

1.2.2 Strategic positioning in the value chain

Of the five main stages in the low-carbon hydrogen value chain, McPhy has positioned itself on two key stages:

1. Electricity production and supply to electrolyzers.
2. **Hydrogen production by electrolysis:** our range of alkaline electrolyzers enables the mass production of hydrogen, thus helping to decarbonize entire sectors of the economy (industry, mobility, energy).
3. Hydrogen storage and transport.
4. **Hydrogen distribution:** McPhy refueling stations distribute hydrogen and help decarbonize the mobility sector.
5. Fuel cell systems

1.2.3 Pillars of the growth strategy

McPhy has developed leading technological platforms and secured a portfolio of commercial references which confirm the relevance of its offering on an industrial scale. McPhy intends to continue its development strategy along the four lines identified below :

1.2.3.1 Confirm technology leadership

McPhy has pursued its technological and commercial development in two areas:

- Electrolyzers: small and medium capacity with the PIEL® range, large and soon extra-large capacity with the Augmented McLyzer® range.
- Refilling stations: small to extra-large capacity, with the McFilling® range.

McPhy's product strategy aims to extend the ranges to products offering larger sizes and capacities, to meet the growing needs of decarbonization and customer demands for unit capacities and large scale projects. We are therefore stepping up our R&D efforts to develop new generations of products.

AuxHYGen | Forerunner project for low-carbon mobility concerning heavy-duty transport in France. In 2019 the Artois-Gohelle mixed transport association (SMT AG) ordered a McFilling® station and a McLyzer® electrolyzer from McPhy to fill six hydrogen buses.

This technological leadership is underpinned by a strong safety culture and a policy of continuous innovation.

Safety

McPhy constantly strives to guarantee the highest level of safety for its equipment and systems. In particular, McPhy applies the IEC standard 61511 ("Functional safety - Safety instrumented systems for the process industry sector") which is internationally renowned as one of the most stringent.

McPhy complies with European regulations and ISO standards, aiming for Group-wide integrated certification for ISO 14001 (environment) and ISO 45001 (safety) for its Management system by the end of 2024. The Group's ISO 9001 certification (quality) was renewed at the end of 2023.

In its design work and processes, McPhy applies the most demanding standards in its risk management policy: HAZOP, FMECA, ATEX studies etc., authorization requests to the applicable authorities in each country where projects are realized.

Innovation Policy

McPhy's origins lie in research carried out by CNRS and CEA in the field of hydrogen materials and storage, notably as part of the European projects HYSTORY (HYdrogen STOrage in Hydrides) between 2002 and 2005 and NESSHY (Novel Efficient Solid Storage for Hydrogen) from 2006 to 2011.

McPhy invests a significant portion of its revenue in Research and Innovation to continuously improve its products. In 2023, total R&D spending amounted to €16.7 million, of which €0.7 million was capitalized and €3.7 million subsidized (mainly via the IPCEI). The net R&D spend is therefore €12.3 million, which represents 18% of Group spending (excluding research tax credits).

McPhy continues to cooperate with research centers

McPhy pursues a proactive and voluntary collaboration policy with private and public research centers, as well as the most prestigious academic institutions in France, Germany, Italy and elsewhere in Europe.

These collaborative projects enable McPhy to:

- contribute to disseminating know-how and knowledge developed to the benefit of the whole hydrogen sector with an inclusive intellectual property policy; and
- benefit from the best knowledge and work by institutions on the leading edge of their sector (hydrogen or non-hydrogen, to benefit from technological and industrial advancements).

McPhy has developed a technical partnership with the Universities of Technology of Belfort-Montbéliard (UTBM), Compiègne, Troyes and the General Electric, GRTGaz and Ineris groups. In 2023, McPhy continued to support four hydrogen-related theses and as part of its partnership with UTBM, McPhy once again taught a course on electrolysis as part of the "Hydrogen Energy" Specialized Master's program.

McPhy joined the Joint Industry Project coordinated by DNV with 17 other partners, all equipment builders and operators in the production of low-carbon hydrogen. Other bilateral or multilateral partnerships are under development.

These partnerships to support education and academia in general (universities, research centers, laboratories) are being extended to contribute to developing skills and building a hydrogen sector in France and in Europe. For example, in 2023, McPhy started and funded a post-doctorate project with TU-Delft, and also continued a thesis with the University of Florence started in 2022. The Group has also become a stakeholder in the CleanHyPro project and started the E2NGEL project with Rheinmetall and DLR.

Intellectual property

Patents and other intellectual property rights are essential in the Company's sector of activity and represent one of the barriers to entry for its competitors. To the best of its knowledge on the date of publication of this Document, the Company's intellectual property is not disputed by a third party.

Patents

The Company's strategy is to systematically submit priority patent applications, for example in France. For other countries, the Company uses the Patent Cooperation Treaty (PCT) process, which enables it to register a patent in over

100 countries [1]. McPhy can benefit from its patents by marketing its products using patented inventions to its customers and potentially by issuing licenses.

Trademarks

The Group uses the following main trademarks in its business activities: McPhy, McLyzer® and Piel® as well as McFilling®. Apart from the agreements defined in the technology transfer agreement between McPhy and L&T [2], none of the Company's trademarks is licensed to a third party as of the date of this document.

Domain names

The Group uses the single domain name “mcphy.com”. All other domain names contained within its portfolio of domain names redirect to mcphy.com. Domain names owned by Group companies will be renewed on expiry.

Pledges of industrial property rights

None.

1.2.3.2 Consolidate sales references

McPhy strives to provide its customers with the best possible value by focusing on benchmark industrial projects such as large-scale industrial electrolysis plants, Power-to-Gas and Power-to-Power projects [3], as well as mobility projects for buses, trucks and trains.

To consolidate its position in Europe, McPhy is primarily targeting the French, German, Italian, Dutch, Portuguese and Spanish markets, as well as the countries of Northern and Eastern Europe. McPhy is also aiming to accelerate its international development, with equipment already installed or being installed in China, Singapore, Latin America (French Guiana) and India.

McPhy is also committed across the sector to promote low-carbon hydrogen and create partnerships and alliances within the hydrogen ecosystem in France, Europe and internationally:

Involvement in the construction of the hydrogen sector

McPhy operates a proactive policy in contributing to the hydrogen sector, to support market growth and the adoption of hydrogen in multiple uses. In this respect, McPhy is an active member of multiple hydrogen organizations and associations which work to develop the sector, in France (on regional and national levels), on its other main markets (Italy and Germany), or on European and international levels.

As part of its involvement in the hydrogen community, McPhy is a member of more than 10 hydrogen associations in France, Germany and Italy, as well as at European and global level.

A partnership strategy based on three objectives

Partnerships are designed to complement:

- McPhy's technological expertise, through its know-how in integration and in specific technologies (e.g. De Nora for electrodes), adjacent technologies (e.g. Chart Industries in liquid hydrogen);
- McPhy methods and processes in product development on integrated platforms, in project development (e.g. EDF-Hynamics for turnkey projects in the energy grid, transport or industrial sectors);
- market access, for integrated indirect sales in each of the three segments (primarily industry, as well as mobility and energy) and to open up commercial outlets in France, Europe and internationally (e.g. Chart Industries for the United States, Larsen & Toubro for India and Gulf countries).

A solid commercial strategy

McPhy has adopted a commercial strategy based on three areas for development:

- Direct sales: McPhy deals directly with some of its customers, either through requests for proposals in competitive tenders, or via direct approaches;
- Consortium: to submit bid responses to requests for quotations on large projects that involve multiple skills and resources, McPhy participates in consortia which combine several industrial firms as well as research centers where necessary, and which can propose a full range of skills for the project;
- Distributor network: to market its small capacity electrolyzers, McPhy has a network of distributors around the world who account for a significant share of this business.

McPhy relies on a wide range of customers, including:

- EPC (Engineering, Procurement, Construction) firms or technology integrators who use McPhy equipment to integrate hydrogen into their systems;

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(1) PCT filing takes place one year after priority filing. This PCT application is later transformed into national or regional filings to cover the country or groups of countries selected according to the desired geographical coverage.

(2) See section [8.5.1].

(3) See glossary (section 9.2).

- industrial users such as energy firms but also end customers who use hydrogen in their production processes (steel, chemicals, ammonia, methanol, etc.);
- Project development specialists who use McPhy equipment to develop hydrogen-based projects; and
- Local and public authorities seeking to decarbonize their public transport systems and captive fleets.

1.2.3.3 Be more competitive

McPhy is committed to reducing the costs of its products to offer a competitive technological alternative to today's polluting technologies. To this end, the company has developed a cost reduction roadmap for its equipment and is developing industrial capacities to create economies of scale and use new production tools and processes. This scaling up to industrial scale and this approach to costs will reduce the cost of hydrogen produced by electrolyzers and/or hydrogen distributed by refueling stations.

1.2.3.4 Develop our talent [4]

The strategic deployment depends on the 265 people in the Group [5], who are experts in low-carbon solutions and reflect extensive cultural diversity across 30+ different nationalities. McPhy was established in France and is now a European group with three sites in France, Germany and Italy. This rich diversity confers on the Group its immense capacity for adaptation and organizational agility.

The company's development is underpinned by a steady increase in the workforce [6], which McPhy intends to continue through selective recruitment in 2024. Internal and external skills development is a core feature of this strategic approach. McPhy works upstream with the academic world to encourage vocational pathways and enrich hydrogen-related skills. The Group considers the attraction and retention of talented individuals to be key factors in its success.

Furthermore, to handle the growth on hydrogen markets, the Group has scalable and modular design, production, and assembly capacities that are dimensioned to change scale in pace with market growth and demand in France, Germany and Italy.

1.2.4 Regulatory environment

As a designer, manufacturer, and integrator of hydrogen systems since 2008, McPhy operates development, engineering, and production centers in France, Italy, and Germany.

Given the spread of production activities across the Group, the environmental issues are primarily borne by the industrial sites in France and Italy, where activities are subject to specific regulations concerning the environment, occupational health and safety. These requirements are reviewed annually in each country.

Consequently, the Company is subject to strict requirements concerning the operation of sites potentially subject to ICPE rules in France, especially in terms of the prevention of atmospheric pollution, the protection of water resources and aquatic mediums, waste management, the prevention of noise pollution and vibrations, the prevention of technological risks, as well as the monitoring of emissions and their effects on occupational health and the environment.

Control over the environmental effects of activities involves four areas of action:

- Compliance with environmental regulations applicable to ICPE facilities subject to declaration.

Under ICPE regulations, the Grenoble and Belfort sites are subject to declaration (rather than authorization). For McPhy, this means that dihydrogen storage capacity has been deliberately limited to less than one tonne.

As a reminder, a facility covered by the ICPE declaration regime (D) is an activity that does not present a serious hazard or nuisance. However, it must comply with certain operating regulations.

The declaration includes installations, structures, works and activities that are necessary to the classified facility, or whose proximity is likely to significantly modify the dangers or drawbacks.

(4) See section 6.5.6.1 of this Document.
(5) Group headcount at December 31, 2023.
(6) 70 people joined the company in highly technical jobs, including over 80% in direct functions (engineers, technicians, operators, etc.). The Group has almost tripled its workforce between 2020 and 2023.

This ICPE declaration system is highly streamlined and does not require any regular inspections forwarded to the supervisory authorities, except in the case of a major accident or accidental pollution, where we would be required to communicate with the authorities (DREAL, BARPI) on the nature and quantities of pollutants released into the receiving environment, and the methods intended to remedy the damage and ensure that the environment can be restored to its initial quality.

- Selection of manufacturing processes with a low environmental impact;
- Control of waste management and especially hazardous waste;
- Regular employee information campaigns on climate and energy issues.

Regulatory environment applicable to hydrogen facilities

Rapid changes in the regulatory and standards environment in terms of hydrogen production and use, although favorable to the development of the hydrogen sector, require constant adaptation of the design and manufacture of McPhy products. In this respect, the Company has developed regulatory and legal intelligence tools to address environmental, health and safety-related factors within the Group.

Furthermore, McPhy continues to work closely with professional bodies involved in hydrogen, with a view to defining and even improving design and operation practices for equipment intended for industrial operators.

As a builder and integrated supplier of highly technical equipment, McPhy must ensure a robust and sustainable product quality for customers. To do so, the Company has bolstered its quality policy across the whole value chain, based on three main areas:

- Improvement of the supplier qualification process via a detailed assessment mapping for each component used in the assembly of its equipment;
- Reinforced quality control procedures on factory reception of incoming components; and
- Routine quality inspections during the product assembly phases and prior to shipment to customer sites.

To be authorized on the market, any product subject to European requirements requires prior certification. All McPhy products are CE-certified and compliant with the following European Directives [1].

In this respect, McPhy appoints a notified body that will approve each electrolyzer and hydrogen refueling station as safety compliant.

[1] Namely: Machinery Directive 2006/42/EU; Low Voltage Directive 2014/35/EU; EMC Directive 2014/30/EU; ATEX Directive 2014/34/EU; Pressure Equipment Directive (PED) 2014/68/EU.

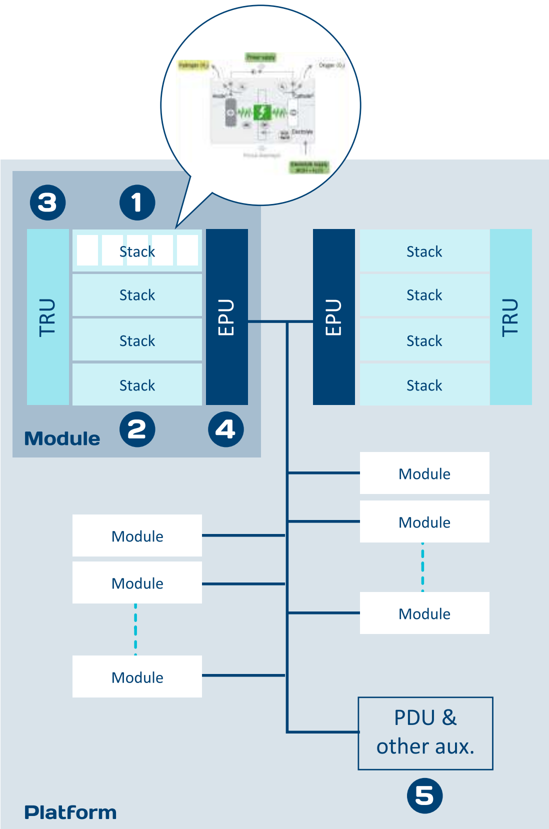
1.3 What McPhy offers

1.3.1 Electrolyzers

1.3.1.1 Products

An electrolyzer is the combination of several components:

From cell to electrolysis platform



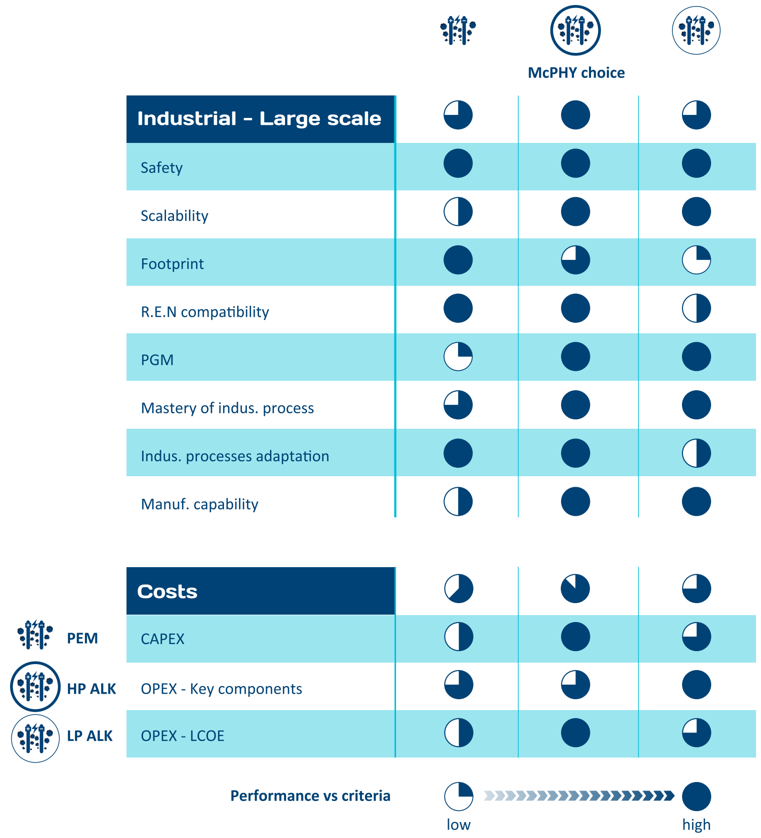
Item	Components	Function
1 Cell	Cell packaging, cell frame, membrane/diaphragm	Enables the electrolysis reaction (H_2O -> H_2 + 1/2 O_2)
2 Stack	Cells, pressure rings and end flanges	Multiplies the electrolysis reaction
3 Transformer & Rectifier Unit (TRU)	Transformer & Rectifier	Used to raise or lower the AC while a rectifier converts the AC into DC.
4 Electrolyzer Process Unit (EPU)	H2/O2 separators, H2/O2 chillers, electrolyte chillers, pumps, electrolyte tanks (KOH)	Separates the two-phase flow in the stack into gases (H2 + O2) and liquid
5 Purification & Drying Unit (PDU)	Dryer, hydrogen blower, hydrogen/water separator	Raises the purity of the hydrogen to the required level

In terms of technology choice for hydrogen production [(1)], McPhy opted for pressurized alkaline electrolysis, which is considered the most advanced technology on the market and preferred for large-scale industrial projects.

(1) For more ample information on available technologies, see also section 1.1.2.2 of this Document.

This technological orientation towards pressurized alkaline is the best suited to meeting the challenges and needs of Group customers, for the main reasons detailed below [2] :

Technology benchmark for large-scale projects



The results presented are the result of McPhy's internal research and analysis.

The company may not use them to influence any investments or otherwise.

Iridium overview

Annual Production [t]	2022 PEM exposure [t/GW]	Estimated '30 PEM market need [t]	Financial €/g (05 march 23)
-	up to 1.5	-15	-140

METHODOLOGY
- 20MW+ projects considered
- Worldwide data
- Chlor-Alkali projects excluded
- Stack lifetime based on announced data, not measured

Sources : IEA reports, IEA hydrogen database, IRENA « Green Hydrogen Cost reduction » (2020), Trade Association, www.dailymetalsprice.com, McPhy Internal Analysis. Estimated values 2020 – 2021 unless mentionned otherwise

Small and medium capacity electrolyzers

McPhy has a wide range of electrolytic hydrogen generators with capacities of less than 100 Nm^3/h, known as the PIEL® range, perfectly suited to the requirements of light industry, such as jewelry, glass, and metal cutting, which need small quantities of high-purity hydrogen for a variety of uses.

For example, in the jewelry industry, hydrogen can be used as a fuel to solder jewels, while in the glass making industry, it can be used as fuel for high-temperature furnaces. Similarly, in metal cutting, hydrogen can be used as a fuel for high-pressure water jet cutting.

Features of small and medium capacity electrolyzers [3]

	Model	Pressure [bar(g)]	Rated hydrogen flow [Nm3/h]	Power [kW]
PIEL®	P Serie	1 – 2,5	1 – 1,6	6-9
	M Serie	1 – 2,5	2,4 – 4,4	14 - 26
	H Serie	4 – 8	3 – 10	18 - 60

[2] IEA reports, IEA hydrogen database, IRENA « Green Hydrogen Cost reduction » (2020), Trade Associations, www.dailymetalsprice.com, McPhy Internal Analysis. Estimated values 2020 – 2021 unless mentionned otherwise.

[3] For further information, please refer to the Company's website (https://mcphy.com/en/equipment-services).

PIEL® electrolyzers

The PIEL® range features hydrogen generators offering from 1 to 10 Nm^3/h production flow and from 1 to 8 bar pressure.

It is the result of over ten years of expertise in the gold-smithing sector, the treatment of precious metals and metalworking. It is ideal for a large range of applications around the world, from welding and brazing to the fashion industry. PIEL® hydrogen and oxygen generators represent an ideal solution for light industry.

PIEL® technology:

- A fully integrated **turnkey** solution: hydrogen is produced on site, on demand and delivered at the right pressure for industrial processes;
- Industry 4.0: **remote supervision and support module**, intuitive and user-friendly human-machine interface to facilitate daily operation of the equipment;
- **Cost control:** approx. 5.5 kWh are needed to produce 1 m^3 of gas, which represents considerable savings**;**
- **Separate production of gases** (hydrogen and oxygen);
- **Plug and play technolog**y for 24-hour production, on demand and according to your needs.

Focus on a "Hydrogen for light industry" achievement in February 2022

McPhy installed and remotely commissioned a PIEL® "H-series" production line (hydrogen and oxygen generators with their auxiliaries) for the Indian luxury group *Titan Company Limited*, the largest jewelry producer in India.

Illustration of an H series Piel®

Large capacity electrolyzers

McPhy designs, develops, and manufactures large capacity electrolyzers from 200 Nm^3/h to 3,200 Nm^3/h which can be deployed in series (McLyzer® ranges).

Augmented McLyzer® In 2018, McPhy introduced the Augmented McLyzer® technology, a unique combination of 30 bar high pressure alkaline electrolysis and advanced integrated electrodes (high current density), specially designed for extra-large capacity platforms.

Since 2023, McPhy has also proposed its new 16 MW electrolyzer in its Augmented McLyzer® range, currently equipped with 1 MW stacks. In the future, this electrolyzer will be integrated into McPhy's new "XL Stack", which will have a unit capacity of 4 MW, boosting its performance and production capacity, necessary for extremely large platforms. It is the most mature and robust technology, blending reliability and the maturity of alkaline technology with extensive flexibility. It is also acknowledged amongst market leaders as one of the most promising in terms of future developments.

Characteristics of McPhy large capacity *electrolyzers* [(4)]

	Model	Pressure *[bar(g)]*	Rated hydrogen flow *[Nm^3/h]*	Power *[MW]*
McLyzer®	McLyzer 200-30	30	200	1
	McLyzer 400-30	30	400	2
	Aug. McLyzer 800-30	30	800	4
	Aug. McLyzer 3200-30	30	3200	16

(4) For further information, please refer to the Company's website (https://mcphy.com/en/equipment-services/.

Focus on an innovative project

McPhy will deliver two Mclyzer® 1 MW electrolyzers for an innovative project with *Vulkan Energiewirtschaft Oderbrücke GmbH* (VEO), a joint venture controlled by the **ArcelorMittal** group to equip a low-carbon steel production project on its Eisenhüttenstadt industrial site. The McPhy electrolyzers will produce hydrogen for direct use in the production of steel, notably the final surface annealing processes.

1.3.1.2 Target markets: positioning and strengths in three main markets

Industry

The massification of this key market for hydrogen will enable the scaling-up of hydrogen production technologies and the generation of economies of scale needed to improve the cost competitiveness of low-carbon solutions.

McPhy enjoys a solid position to capture opportunities in this high-growth sector. Amongst the leaders in alkaline electrolysis, McPhy is a forerunner in the industrial hydrogen market, having installed an electrolyzer capable of powering the industrial processes of an Audi production site in Werlte, Germany, back in 2013.

McPhy targets industrial operators who use sufficient quantities of hydrogen in their production processes to justify the installation of production units on site.

- **Core target market:** "heavy" industry and major industrial sites with extensive needs for hydrogen (multi-MW / GW):
  - Oil & gas, refineries: fuel desulfuring, e-fuels;
  - Chemicals: methanol, ammonia production for fertilizers;
  - Others: steel working, coal-fired power stations, thermal power stations (alternator cooling), metal production, glass, electronics, etc.

To meet the needs of heavy industry, McPhy has developed the **McLyzer® and Augmented McLyzer® ranges.**

- **Light industries** or discontinuous operation:
  - Jewelry (cutting, brazing);
  - Meteorology (inflating weather balloons);
  - Glass production and treatment (optical fiber, flat glass);
  - Electronics (quartz melting);
  - Metal working (cutting, welding, brazing, sintering);
  - Thermal treatments;
  - Agri-food.

For light industry, McPhy relies on its **PIEL®**range.

Energy

McPhy designs turnkey solutions to turn surplus electricity production into low-carbon hydrogen.

The market maturity phase will bring rising needs for flexibility and services from electricity networks, while the extra-large scale integration of renewable energies will become critical in the medium and long term. McPhy has strong positions on these markets, which it views as future growth drivers.

The McLyzer® range is the ideal solution for stabilizing electricity grids which accept a growing portion of electricity from renewable sources, which is mainly intermittent, and for contributing to primary and secondary grid balancing reserves:

- up to 800 Nm^3/h as standard;
- Augmented McLyzer® range for 20 - 100 MW models and beyond (design based on 4 or 16 MW modules),
- Modular systems;
- Swift response: from 0 to 100 % in under 30 seconds and from 100% to 0 in under 5 seconds;
- High flexibility: instant adaptability to variations in electric power supply resulting from renewable energies;
- High energy efficiency;
- Economically competitive;
- Reliability and robustness of a mature technology demonstrated through data collected, for example, since 2014 on the “H2Ber” Power-to-Gas project in Berlin,
- Ease of use and maintenance.

CEOG project McPhy successfully reached technology and commercial milestones that were key to preparing the future, especially by being selected in September 2021 to outfit the first hydrogen-powered multi-megawatt electricity generation plant in the world.

The **CEOG** ("Centrale Electrique Ouest Guyanais") plant will be equipped with 16 MW of high-power Electrolyzers supplied by McPhy, to participate in the bulk storage of renewable energy in hydrogen form. Scheduled for commissioning in 2026, the hydrogen production platform will feature Augmented McLyzer® technology, a unique combination of high-pressure (30 bar) alkaline electrolysis and integrated high-current-density electrodes, enabling the production of around 860 tonnes of low-carbon hydrogen per year. Based on non-polluting energies, the CEOG will prevent the emission of 39,000 tonnes of CO_2 per year compared to a fossil-fuel plant.

Mobility

Electrolysis plays a crucial role in the development of hydrogen mobility, providing a greener alternative for the transport sector and mobility in general. By producing low-carbon hydrogen from low-carbon energy sources, electrolysis directly contributes to reducing the carbon footprint of fuel cell vehicles.

This method of producing hydrogen is therefore favorable to the needs of mobility, ultimately reducing CO_2 emissions. Moreover, the ability of electrolysis to adapt quickly means it can respond effectively to fluctuations in hydrogen demand, which is essential for vehicle recharging stations. This flexibility ensures a constant supply of hydrogen even during peaks in demand, which is crucial for maintaining the continuity of mobility services.

In addition, the growing adoption of electrolysis is stimulating the development of dedicated infrastructures for recharging hydrogen-powered vehicles, either with on-site production systems or production hubs. The energy efficiency of electrolysis, especially when powered by renewable energy sources, means that fuel costs for hydrogen-powered vehicles could be competitive with those of traditional fuels.

These benefits, combined with ongoing technological innovation such as that demonstrated by McPhy electrolyzers, make electrolysis a leading technology in the field of hydrogen mobility.

1.3.1.3 Strategy

The Group's four strategic pillars, as described in greater detail in section 1.2 of this document, are adapted to the Electrolyzer activity.

Technology leadership

The product strategy aims to extend the ranges to products offering larger sizes and capacities, to meet the growing needs of decarbonization and customer demands for unit capacities and large-scale projects. For example:

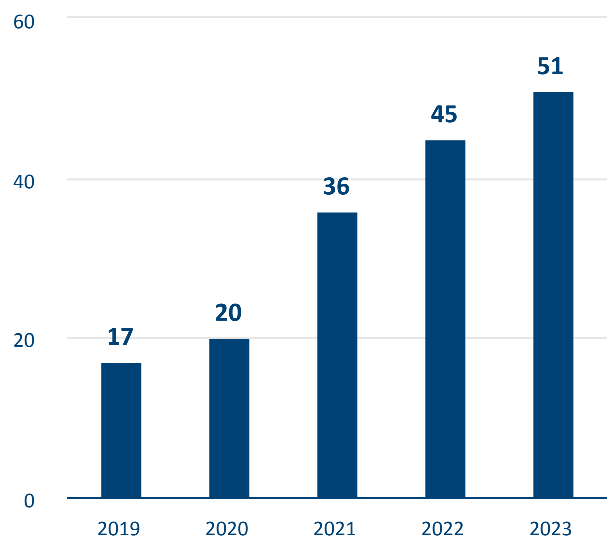
- High-capacity stacks from 1 to 4 MW, with improved power consumption;
- Modules from 4 to 16 MW;
- Platforms offering tens and hundreds of MW installed.

The development of large-size electrolyzers remains focused on the development of pressurized alkaline electrolysis with high-current-density electrodes, while being capable of integrating other technologies as McPhy has done on some projects.

Develop references in Europe

By the end of 2023, McPhy had signed agreements to supply electrolyzers with a total capacity of 51 MW. These quality references consolidate McPhy's position as a market leader.

Projects signed
[Electrolyzers - MW]



Current McPhy references (commissioned projects, execution ongoing or status as preferred partner and/or preferred supplier) are mainly in Europe and represent 193 MW of electrolyzers and 96. The PIEL® range is sold in over 50 countries.

International development

In 2023, McPhy signed a partnership with the Indian multinational consortium Larsen & Toubro (L&T), which specializes in EPC projects, product manufacture and the delivery of high-tech services, through a technology transfer concerning McPhy electrolyzers for manufacture in India as well as marketing in India and the Gulf countries by L&T. For more details, please see section 8.4.1 of this Document.

Cost reductions

To continue improving the competitiveness of its electrolyzers, McPhy has taken action in two areas:

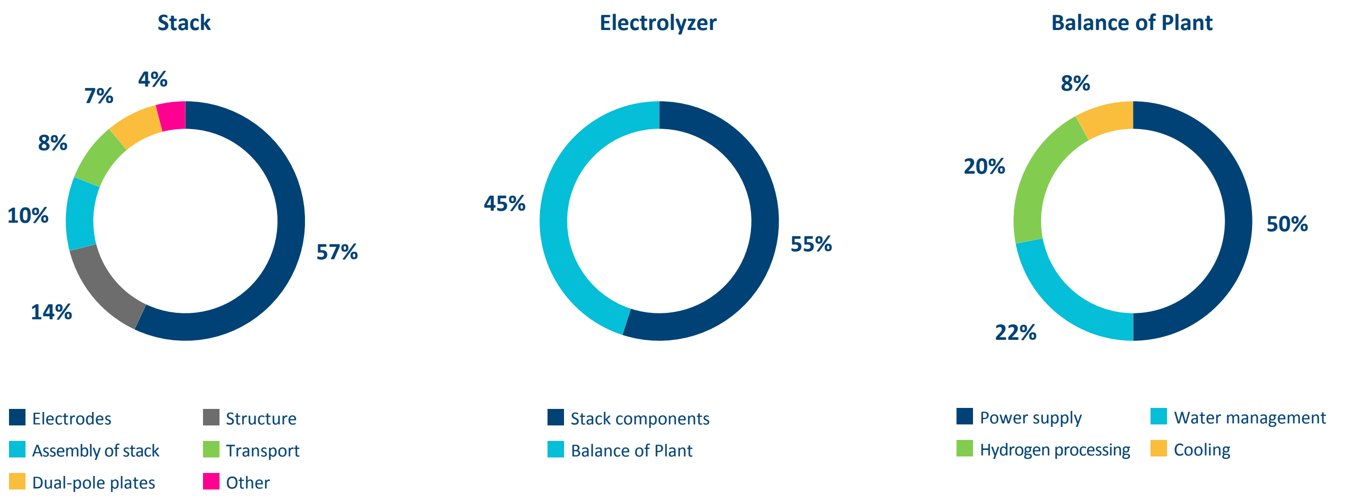
R&D

- Optimized use of core materials to reduce the cost of the Stack and greater use of the Make or Buy strategy;
- Development of new Stacks to raise their performance and capacity;
- Creation of large platforms producing tens of MW, using serial-production equipment;
- Improved electrolyzer efficiency (i.e. Lower electricity consumption for the same amount of hydrogen produced).

Industrial capacity

- Increased industrial capacity to benefit from economies of scale, with an increase from 100 to 300 MW at the San Miniato plant in Italy and the creation of a 1 GW Gigafactory in Belfort, France;
- Internal manufacture of key electrolyzer components.

Illustration of the cost structure of a 1 MW alkaline electrolyzer [5]



[5] Source: IRENA: Green Hydrogen Cost Reduction: "Green Hydrogen Cost Reduction: Scaling up Electrolyzers to Meet the 1.5 °C Climate Goal" (Dec 2020).

By 2030, the Group aims to significantly reduce the cost of Stacks and EPUs, targeting a reduction in capital expenditures (CAPEX) by over 30%. This goal will be supported by decreased electricity costs from renewable energy sources to produce low-carbon hydrogen.

Procurement

In parallel to the major developments described above, McPhy continues to optimize its supply chain through stronger partnerships with key suppliers and the introduction of new qualification and procurement processes.

McPhy has adopted a flexible production model, primarily based on integrated system assembly across the whole process, from initial product design to manufacture and installation on site. This agile model enables the Company to focus its efforts on activities generating higher added value, i.e. the design and assembly of innovative systems, while benefiting from the best technology and innovation through partnerships (certain exclusive) with suppliers specialized in their field. Consequently, McPhy attaches great importance to selecting its suppliers and subcontractors.

For electrolyzers, the main elements purchased and outsourced are:

- electrodes,
- membranes;
- systems and automation;
- mechanical components;
- Containers (shelters), metal tanks, piping and valves, electrical systems and components.

Industrial scale-up

McPhy's electrolyzer production facilities are organized by product type:

- Small capacity electrolyzers: the San Miniato site (Italy) is home to the entire PIEL® range, from design to production and installation;
- Large capacity electrolyzers: McLyzer® 200 & 400;
  - Design / R&D of Stacks and EPUs, integration: Wildau (Germany)
  - Stack design and production, assembly and testing: San Miniato (Italy), with capacity increased from 100 MW to 300 MW to meet future demand.
- Extra-large capacity electrolyzers: Augmented McLyzer® 800 & 3200;
  - Design / R&D of Stacks and EPUs: Wildau (Germany) and Belfort (France);
  - Design and production of Stacks and EPUs, assembly and testing: from 2024, at the Belfort site (France), with an eventual capacity of 1 GW.

McPhy site in Wildau, Germany

McPhy site in San Miniato, Italy.

Acceleration of electrolysis strategy through the Belfort Gigafactory

McPhy site in Belfort (France)

Work on the electrolyzer Gigafactory in Belfort began in the fourth quarter of 2022 and continued throughout 2023, with commissioning scheduled for the first half of 2024.

IPCEI program

McPhy is receiving public funding from the French government for its electrolyzer Gigafactory project in Belfort, as part of the IPCEI (Important Project of Common European Interest) called "Hydrogen, Hy2Tech" [6]. The project includes three areas of innovation:

- **Product innovation,** through the development of new-generation alkaline electrolyzers, in terms of their capacity, components, and integration into platforms;
- **Industrial scaling-up of production to large scale** to meet the needs of the European market, to help decarbonize the industry, transportation and energy sectors;
- **Collaboration with multiple partners in the hydrogen ecosystem** in Europe and dissemination of knowledge with academic, industrial and research stakeholders.

This program and the associated funding reinforce the operational roll-out of the four strategic pillars above, by speeding up:

- Technology leadership: development of new-generation electrolyzers;
- Commercial attractiveness: product functions and prices that address the challenges of decarbonization and the requirements of the large platforms operated by industrial customers;
- Industrial competitiveness: construction of a GW factory with automated and innovative processes, aiming for the highest environmental criteria;
- Scaling up in terms of human resources with the creation of over 400 full-time direct jobs at full capacity.

Maugis fund

McPhy has also received external private financing from the Fonds de Revitalisation Industrielle (known as the "Maugis Fund") for its move to Belfort (Burgundy-Franche-Comté) [7].

1.3.1.4 Competitive landscape

Except for a few consolidation operations and partnerships, the competitive landscape for electrolyzer manufacturers is still relatively fragmented. It includes players of vastly different sizes and operational focus, ranging from hydrogen equipment specialists such as McPhy, either independent or backed by groups (in varying proportions), to major manufacturers with diversified activities including hydrogen equipment.

The electrolyzer market features many interactions between hydrogen equipment manufacturers seeking an industrial and commercial strike force and large industrial operators seeking expert knowledge of the technology involved. Industrial operators in sectors such as energy, automotive, chemicals, etc., which all consume hydrogen in the production of materials and products, can thereby enrich their value chain.

Partnerships between these different players take many forms, such as:

- distribution or industrial partnership, without capital input;
- minority interest, sealing a privileged alliance;
- majority interest;
- joint venture.

Focus on competitive environment of electrolyzers

A variety of technologies at different stages of maturity

Players in the electrolyzer market have made different choices in terms of technologies, with varying degrees of maturity (as described in greater detail in section 1.1 of this Document). Some focus on:

[6] For more details, please see section 8.4.2 of this Document.
[7] For more details, please see section 8.4.2 of this Document

- “ALK" alkaline technology, whether atmospheric or pressurized, with high or low density;
- proton membrane technology (PEM), which is nonetheless not yet considered to be as mature as alkaline technology;
- other players have opted to invest in less advanced technologies, with a potential commercial roll-out by 2030, such as the solid oxide electrolysis cell or SOEC.

Most players deploy a single technology, with the exception of a few who use two different technologies, often the result of external growth. .

Diverse players and an emerging market

There are around thirty players worldwide, including twenty or so European and nrth American players with a regional operational focus, and ten or so Asian players, notably Chinese.

The electrolyzer market is an emerging market that is being structured progressively. Although the types of players vary greatly in terms of their size, geographical influence and technology choices, this market is nonetheless characterized by the desire shown by all players to industrially scale up their operations. As a result, annual industrial electrolyzer production capacity worldwide has risen from less than 5 GW in 2022 to almost 10 GW in 2023. 50 GW is expected by 2030 [8]. Electrolyzer manufacturers are increasing their industrial capacity by expanding existing production facilities (brownfield), or by building new Gigafactories (greenfield).

Therefore, in line with the growth of the electrolyzer market, McPhy:

- has increased its capacities at San Miniato in Italy from 100 to 300 MW; and
- has built a 1 GW Gigafactory in Belfort, France.

	Pressurized alkaline	Atmospheric alkaline	PEM	SOEC
McPhy	✓			
elogen			✓	
GENVIA				✓
nel	Under development	✓	✓	
ITM POWER Energy Storage | Clean Fuel			✓	
H2B2 Electrolysis Technologies			✓	
sunfire	✓			✓
GREEN HYDROGEN SYSTEMS	✓			
John Cockerill	✓			
thyssenkrupp nucera		✓		
Hydrogen pro	✓			
Cummins	✓		✓	
PLUG POWER			✓	

Competitors on the electrolyzer segment include but are not limited to the above [9].

[8] On the basis of factory projects publicly announced at the date of this document
[9] Source: McPhy analysis based on public information

1.3.2 Hydrogen stations

McPhy is one of the pioneers in the hydrogen mobility sector. In 2014, it was already part of a consortium to deploy a hydrogen station at Berlin airport (delivery of hydrogen production equipment for the station).

At the date of this Document, a contemplated sale of the Group's stations business is underway. For further details, please refer to sections 5.1.5 (note 1.2) and 5.5 of this Document.

1.3.2.1 Broad product range

Since 2014, McPhy has successfully reached the essential technological and commercial milestones to prepare the future, in particular by equipping the FaHyence project in 2018: the first hydrogen station connected to an electrolyzer in France. In 2019 it supplied equipment for the first hydrogen fueling station for buses in France (project managed by ENGIE GNVERT and SMT AG).

The Group has developed a wide range of hydrogen refueling stations which deliver in excess of 1,300 kg per day at 350 and 700 bar, for all types of industrial vehicles.

McFilling® stations can be supplied either by pressurized mobile hydrogen tanks, or by on-site production made possible by McPhy electrolyzers or other production solutions.

McPhy supports its customers in dimensioning their projects (number of kg of hydrogen, pressure etc.) and their implementation (project management, support in regulatory formalities and deployment of safety measures on site, etc.).

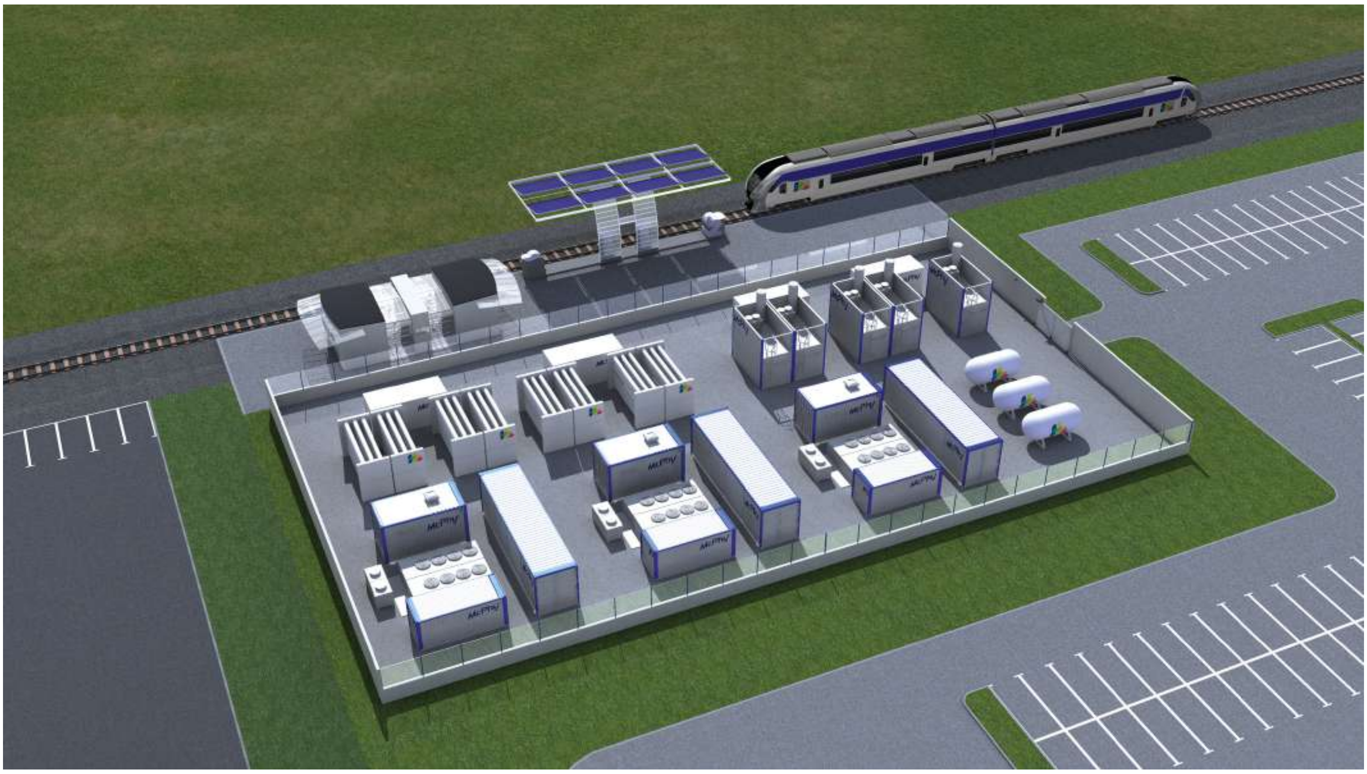
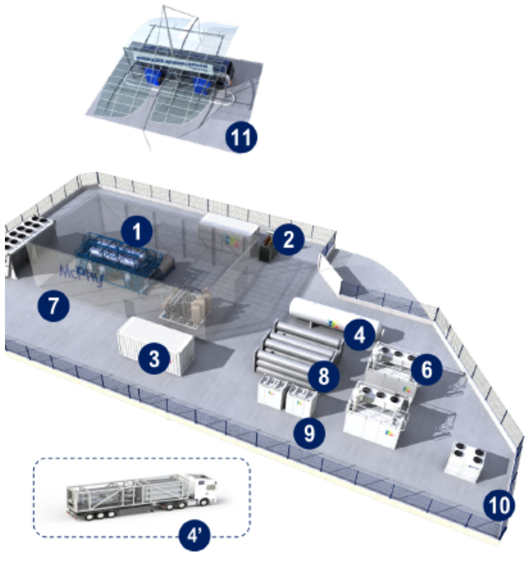


Illustration of the Augmented McFilling® range in 2-tonne/day configuration, for heavy-duty mobility.

General station operation



Components	Function
1 Electrolyser	Hydrogen production
2 Electrolyser's transformer & rectifier	Supply the Electrolyser with electricity
3 Electrolyser's auxiliaries	Supply with demineralized water; purify H_2 production
4 Low pressure buffer	Short time storage (30 barg)
5 Tube trailer	Supply the station with purified H_2 @ 200/350 barg
	Supply the station with purified Hydrogen (ISO 22734)
6 McFilling dual pressure containers	Hydrogen compression @300 / 500 / 900 barg
7 Air cooler	Compression unit cooling
	Feed storages with compressed H_2
8 Medium pressure storage	Medium time storage ~1-2 days (300 / 500 barg)
9 High pressure storage	Short time storage to feed the dispensers (900 barg)
	Store ready-to-refuel H_2
10 Cooling unit	H_2 cooling @ -20°C / -30°C / -40°C
11 Dispensers	Dispense H_2 to vehicles or tube trailers @350 bar / 700 barg
	Refuel vehicles or tube trailers @350 / 700 barg

McPhy station range

The McFilling® range of refueling stations delivers modular and flexible solutions to charge hydrogen-fueled electric vehicles provides modular and flexible solutions to handle larger vehicle fleets and proposes platforms capable of generating 20 kg to over 1 tonne per day to refuel large hydrogen vehicle fleets.

Small capacity stations

To fast-track the deployment of a hydrogen refueling infrastructure, in 2015 McPhy developed a starter kit (McFilling® station 20-350 with a 20-50 kg capacity of hydrogen per day at 350 bar) and 700 bar of pressure). It features robust technology that has demonstrated a very high level of availability. Its design is compact and enables any charging protocol for all types of vehicles.

	Model	**Pressure** *[bar(g)]*	**Quantity of hydrogen per day** *[kg]*	**Source of hydrogen**	**Vehicles**	**Physical footprint** *[m²]*
Starter Kit	**McFilling 20 - 350**	350 and 700	Up to 50	• Tube trailer (200 bar)	All types of mobility	16.5 (containerized compression)

Le Mans (France)| In March 2020, McPhy was appointed by Total Energies amongst other partners as part of the Le Mans hydrogen project led by the Automobile Club de l'Ouest and installed a McFilling® 20-350 station delivering up to 20 kg of hydrogen per day.

Large-capacity stations

McPhy has developed a comprehensive range of standard large-capacity McFilling® hydrogen stations (offering in excess of 1300 kg/day) to refuel large fleets of hydrogen vehicles.

They can interface with an on-site hydrogen production system (by electrolysis or other method) coupled with local renewable energy sources for flow-carbon mobility.

McFilling® modules are scalable: number of modules, number of charging points, types of charging points, etc.

Augmented McFilling®, launched in 2019, is an intelligent, reconfigurable architecture for heavy-duty transport and intensive use. By blending the best of alkaline electrolysis and hydrogen station technologies, Augmented McFilling® is a modular, intelligent system capable of dynamic reconfiguration to offer customers multiple operating modes that will maximize their TCO (Total Cost of Ownership) in real time.

Characteristics of McPhy high-capacity charging stations [(1)]

	Model	Pressure *[bar(g)]*	Quantity of hydrogen per day *[kg]*	Source of hydrogen	Vehicles	Physical footprint *[m²]*
McFilling®	**McFilling 350**	350	Up to 1300	• On-site electrolyzer (30 bar) • Tube trailer (200 bar)	Heavy-duty mobility (buses, trains, trucks, boats)	16,5 (containerized compression)
	McFilling Dual Pressure	350 & 700	Up to 800	• On-site electrolyzer (30 bar) • Tube trailer (200 bar)	All types of mobility	16,5 (containerized compression)

(1) For further information, please refer to the Company's website (https://mcphy.com/en/equipment-services/.

McPhy supplied Hynamics with the equipment needed for the AuxHyGen project, comprising an electrolyzer and a refueling station. This technology combination will enable the station to produce and distribute up to 400 kg of low-carbon hydrogen per day, initially supplying a fleet of five buses and reducing CO_2 emissions by 2,200 tonnes per year.

1.3.2.2 Positioning and strengths on the hydrogen mobility market

The mobility segment is one of the growth drivers for the hydrogen market

The "general public" reach and high media profile of this segment can facilitate the social acceptance of hydrogen and accelerate its mass adoption. Its integration into territorial development plans is becoming more common.

The outlook for the decarbonization of the transport sector is vast and we are now looking at scaling up with growing demand for multi-tonne equipment. In the short term, the captive fleet market is developing through buses, refuse collection vehicles, utility vehicles, forklift trucks, etc., as well as the heavy mobility market with trucks. In the medium and longer term, the passenger car, marine, rail and air markets are also set to grow.

McPhy enjoys a solid position to capture opportunities in this high growth sector

With its compact and modular stations, McPhy's target audience includes local authorities, builders and managers of vehicle fleets / public transportation, logistics hub operators. It supplies all forms of mobility: captive fleets, public transport, city cars and also heavy-duty transport vehicles. Specifically:

- The starter kit range is perfectly suited to the needs of captive fleets (utility vehicles) and logistics hubs (forklifts). It offers tried and tested technology that has already been selected for use on many projects, in particular the cities of Paris and Rouen, and on the EAS-HyMob project in Normandy (France);
- The McFilling® range proposes a large storage and daily distribution capacity, from 200 kg to over 1,300 kg per day. McPhy has multiple McFilling® stations in operation;
- The Augmented McFilling® range is a modular solution delivering up to 2 tonnes / day. This range is suited to large hydrogen vehicle fleets (buses, trucks, trains); and
- The Dual Pressure® range is also a high-capacity solution for dispensing hydrogen at both 350 bar and 700 bar pressure, meeting all the needs of this sector..

1.3.2.3 Strategy

The Group's four strategic pillars, as described in greater detail in section 1.2 of this document, are well-suited to the Stations activity.

Technology leadership

Since the creation of this business through organic growth nearly 10 years ago, McPhy has continued to invest in R&D and develop its hydrogen distribution products.

McPhy has developed:

- several compression levels (350 or 700 bar; 350 and 700 bar for the Dual Pressure range);
- several capacities from 40 kg/day soon to reach 2 tonnes;
- scalable products (several dispensers for one station, for example);
- transportable, easy-to-install products (e.g. Starter Kits);

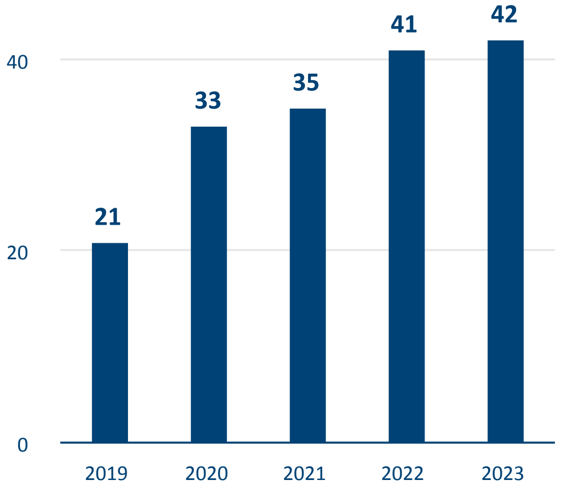
to meet the varied and changing needs of its customers, in terms of number and category of vehicles to fuel, availability requirements, or standards.

In 2023, McPhy validated the "MC Formula", enabling its stations to comply with the most stringent regulatory requirements in France and Europe, and thus opening up possible new business opportunities.

Develop references in Europe

At the end of 2023, McPhy references (commissioned projects, ongoing execution or status as preferred partner and/or preferred supplier) are mainly in Europe, represented 96 stations and a further 15 confirmed projects.

Projects signed
[Stations - #]



Alongside an installed base that is already among the largest (in terms of kg of distributable hydrogen) in Europe, McPhy is co-developing the decarbonization of heavy and light mobility with major customers. Based on commercial successes that validate the relevance of its technological choices, McPhy secures unit sales or framework agreements for station deployment (multi-country, multi-product) with major manufacturers, local authorities and fuel station network operators. In 2021, McPhy signed a co-exclusive partnership agreement for 50 stations (some of which had already been ordered by the end of 2023) with Hype, a hydrogen cab company, as part of its planned roll-out across Europe [2].

McPhy stations are installed in public or private sites, on highways, industrial sites or transport hubs in France or abroad (UK, Singapore).

Cost reductions

McPhy is working to reduce costs at its Stations in order to lower the cost of distributed hydrogen. This involves optimized design (design to cost) and a collaborative "Make or Buy" policy with subcontractors and suppliers of key components (compression, storage, etc.) to limit the cost of materials and equipment.

The high-capacity plant in Grenoble (France) in operation since 2022 is an integral part of the industrial growth roadmap, so as to benefit from economies of scale and innovative assembly processes.

Industrial scale-up

The Grenoble site includes one of Europe's largest operating units and aims to produce up to 150 stations a year at full capacity. It also includes an on-site test area, enabling equipment operation and performance to be verified before delivery to customer sites.

McPhy site in Grenoble.

[2] For more details, please see section 8.4.3 of this Document.

1.3.2.2 Competitive environment for stations

The station market is relatively fragmented, with 10 to 15 equipment manufacturers worldwide, most of them European, and three categories of players:

- Large players with over 100 stations installed, serving a market beyond Europe, in Asia and North America;
- Medium-size players present in Europe, McPhy being amongst them;
- Niche players active in only one or two countries.

With the exception of a few major industrial groups (e.g. Air Liquide or Linde), station manufacturers are essentially small, specialized and independent players who have developed through adjacent diversification from other hydrogen-related, piping, or compression businesses. Hardly any of these specialists are currently backed by a major industrial group.

Like McPhy, a number of electrolyzer manufacturers are also present on the hydrogen station market, including NEL ASA and Plug Power. They are often managed as a separate activity from the electrolyzers.

McPhy
HRS
atawey
nel
Air Liquide
CALVERA Hydrogen
Linde
Resato
MAXIMATOR
Wystrach
enlywhere
Iwatani
pdc
MADIC group

Competitors on the refueling station segment include but are not limited to the above [3].

[3] Source: McPhy analysis based on public information

CHAPTER

2

Risk factors and internal control

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2.1 Risk factors

In accordance with regulations, the risks referred to in section 2.1 are those identified by the Group, at the time of publication of this Document, as having the potential to have a specific and significantly unfavorable effect on its activity, its image, its financial position, its stock market performance, its results, or its growth outlook.

The risk factors presented are identified by the Company following a process to determine the risks likely to impair the achievement of its objectives. The main component of this process is risk mapping, including the identification of risks inherent to the hydrogen sector.

The Company updates its risk assessment at least once a year to assess the level of control of its organization with regard to these identified risks. This approach is part of a continuous improvement approach and has the following primary objectives:

- generate a risk map from a risk aversion matrix (materiality and potentiality threshold) to identify the exposure to risk situations for each process and the associated levels of vulnerability;
- assess each risk identified according to an impact scale featuring several criteria in terms of finance, image and reputation, legal, human, and operational factors;
- identify the control and mitigation mechanisms associated with the risks identified to assess their effectiveness and determine the residual (or net) vulnerability of the Company to each of these risks;
- define an improvement plan aiming to introduce or optimize appropriate measures, where necessary to correct malfunctions detected, and thereby raise the level of risk control. An action plan aiming to improve existing measures has been developed. The risks identified are allocated by process or by type of risk, to a person responsible for implementing appropriate risk mitigation actions.

The table in section 2.1.1 of this Document summarizes the Group's significant and specific risks, organized into four main categories (namely risks relating to strategy, business, financial situation, and legal and regulatory risks). Within each category, the most important risk factors are listed first. The significance of risk factors is assessed on the basis of the probability of their occurrence and the estimated magnitude of their negative impact, after taking into account the control and mitigation mechanisms deployed within the Company.

The detailed presentation of risks in sections 2.1.2 to 2.1.5 of this Document describes, for each risk, the risk itself and then the key risk control actions which, in the case of actions already implemented at the risk assessment date, have been taken into account in estimating residual vulnerability.

The list of risks identified in Chapter 2 of this Document is not exhaustive, other risks as yet unidentified or considered as insignificant or non-specific by the Group on the same date could also unfavorably impact the Group.

At the date of this Document, a project to dispose of the Group’s stations business is in progress. The risks referred to below should therefore be reviewed as necessary following the completion of said disposal. For more details on the disposal project, please refer to sections 5.1.5 (note 1.2) and 5.5 of this Document.

2.1.1 Overview of principal risks [1]

Category	Risk identification	Net vulnerability 2023	Net vulnerability 2022
Risks related to the Group's strategy	Low-carbon hydrogen market	High	Medium
	Development of existing solutions or emergence of new competing technologies	High	High
	Group's capacity to adapt to high growth	Medium	Medium
	Group's reputation and notoriety	Medium	Medium
Risks related to the Group's business activity	Product development	High	High
	Industrial incidents, employee health and safety	Medium	Medium
	IT infrastructure	Medium	Medium
	Talent attraction and retention	Medium	High
	Geopolitical conflict and pandemic	Medium	High
	Procurement	Low	Medium
Risks related to the Group's financial health	Medium and long-term profitability of the Group	High	High
	Liquidity and uncertain additional financing	Medium	Medium
Legal and regulatory risk	Regulations and government support policy concerning renewable energies	Medium	Medium
	Environment and climate	Medium	Medium
	Intellectual property	Low	Medium

2.1.2 Risks related to the Group's strategy

2.1.2.1 Risks related to the low-carbon hydrogen market

Description of the risk

The hydrogen production and distribution markets where McPhy operates are still emerging, with business volumes that remain limited at this time. These markets may develop less rapidly or differently than McPhy or industry analysts foresee. Several factors could slow the growth of low-carbon hydrogen and make renewable energies less attractive than other energy sources such as oil, coal or natural gas. These factors include:

- **comparison with traditional energies**: renewable energies may not be as efficient, reliable or available as traditional energy sources;
- **fluctuations in energy prices**: a drop in oil or gas prices and a reduction in the cost of producing electricity using fossil fuels could make McPhy's solutions less attractive. In addition, unstable gas and electricity prices, for example due to geopolitical conflicts such as the one between Russia and Ukraine, could affect the attractiveness of McPhy products and disrupt the value chain;
- **costs and efficiency of other technologies**: changes in the costs, efficiency and investment required for other power generation technologies may also have an impact.

The occurrence of one or more of these risks could have a material adverse effect on McPhy's business, financial health, results and outlook. However, Europe's growing interest in energy sovereignty and low-carbon energies, of which hydrogen is a part, is likely to limit the risk of McPhy's products and solutions losing their appeal.

Key risk mitigation measures deployed in the Group

McPhy monitors trends on the low-carbon hydrogen market and developments in the energy sector very closely, to ensure it can adapt to change and maintain its competitive advantage.

McPhy is a member of professional associations and regularly takes part in think tanks to promote hydrogen as a clean, sustainable energy source.

[1] As explained in the introduction to section 2.1 of this Document, risks have been assessed taking into account the risk mitigation measures in place within the Group.

2.1.2.2 Risks related to the development of existing solutions or emergence of new competing technologies

Description of the risk

Although the Group considers that it has a technological head start by proposing (i) a full range of electrolyzers offering up to several MW of power and dispensing pressures from atmospheric pressure up to 30 bar and (ii) refueling stations for hydrogen vehicles offering in excess of 1300 kg/day, it may be exposed to competition on certain markets, in particular energy storage markets:

- from certain competitors already active on the same markets or seeking to penetrate them, who may have more extensive commercial, financial, technical or human resources than the Group; and
- from certain customers who may decide to internalize the design or production of products and services sold by the Group.

Current or future competitors of McPhy may succeed in developing or marketing technologies that are more efficient or less costly than those developed or marketed by McPhy, or technologies that could render its business model obsolete or less competitive.

The pressure this competition is likely to be exert on prices could force the Group to limit its sale prices and reduce its profit margins, to restrict its business development plan or significantly increase its research and development budget, thereby impairing its capacity to generate the expected returns within the intended timeframe.

If McPhy's technologies do not meet with the expected success, and in the absence of alternative solutions developed by the Group, its growth outlook, financial health and results could be significantly affected.

Key risk mitigation measures deployed in the Group

McPhy implements the following risk mitigation measures: (i) rapidly adapt to possible technology developments and the competitive environment, (ii) improve the performance, power, energy density, and reliability of its products and technologies, (iii) reduce the costs of its products to increase its competitive advantage, notably through a rigorous "Make or Buy" strategy to identify what needs to be produced internally or externally, by which first-rank suppliers, as well as the industrial scale-up of its production sites.

2.1.2.3 Risks related to the Group's capacity to adapt to high growth

Description of the risk

Notwithstanding the sale process in progress concerning its stations business, the Group expects to see strong growth in its activity, which requires the development of suitable resources (industrial sites, recruitment, investments, etc.) and the gradual structuring of its key management tools and processes to keep pace with the increase in transaction volumes, while ensuring the quality of the data and ultimately, of the products and solutions sold to customers. However, initiatives to mobilize material and human resources can run into difficulties and delays. Successful scaling-up depends in part on the Group's ability to anticipate growth and manage it effectively, particularly the additional working capital requirements generated by growth.

If the Group were to encounter serious difficulties in managing and adapting to this growth, this may have a significant effect on its income, reputation, and financial health.

Key risk mitigation measures deployed in the Group

To support its development, McPhy has introduced new processes at all levels of the organization, supported by rigorous methodologies, notably for project management (Project Management Office or PMO). This approach enables effective monitoring of the progress of strategic and operational initiatives, while developing action plans to rectify any deviations from objectives.

As part of its digital transformation, the Group is currently deploying an Enterprise Resource Planning (ERP) system to improve the overall management of its activities.

At the same time, McPhy has adopted a dynamic recruitment strategy, focused on the careful selection of young or experienced talent, essential for managed and sustainable growth. Furthermore, the Company works closely with external service providers to meet its transformation requirements and to implement its control and compliance systems effectively.

Finally, the Group has set up a financial forecasting process with sensitivity analyses, to anticipate cash requirements and target appropriate financing opportunities.

2.1.2.4 Risks related to the Group's p reputation and notoriety

Description of the risk

McPhy is a listed company and has quite a strong reputation in Europe, even though it does not market its products and services to the general public. Preserving its reputation is therefore essential to its development (customer acquisition and loyalty, employee recruitment, access to markets, relations with regulators, etc.) and its company value, particularly through its market capitalization.

As more and more hydrogen equipments are installed around the world, McPhy's image could suffer from an incident involving one of its systems or the use of hydrogen equipment in general, from the unwillingness of civil society to accept hydrogen-based installations. Its reputation could also be impacted by negative publicity resulting from difficulties or accidents involving hydrogen equipment, whether it is held liable or not. McPhy cannot guarantee that such situations will not occur in the future.

If McPhy's reputation among its customers, shareholders, employees, and suppliers were to deteriorate, the Group's financial health, stock market performance, results or growth outlook could be significantly affected.

Key risk mitigation measures deployed in the Group

To preserve its reputation, McPhy has implemented actions and monitoring including:

- measuring its image among customers through regular surveys and a complaints collection and processing tool;
- forward-looking risk management, with a vulnerability analysis including the impact on reputation;
- listening to stakeholders and using appropriate internal and external communication tools (see section 6.3 of this Document);
- employee information campaigns on the need to identify risk situations in advance and implement mitigation measures;
- training its Executive Committee in crisis management, to be better prepared to react and contain the effects of a crisis once it has occurred.

2.1.3 Risks related to Group's business activity

2.1.3.1 Risks related to product development

Description of the risk

Of the possible technologies, McPhy has made the strategic choice to design electrolyzers using pressurized alkaline technology. The Company's success is strongly dependent on its technology development projects which are complex and require extensive investment. These projects may be affected by the occurrence of a certain number of difficulties, which include negotiations with partners, regulatory authorities, suppliers, customers and other third parties; securing project financing; controlling investment and the costs of research and development; obtaining adequate return on investment in an acceptable deadline; compliance with performance schedules; recruitment and retention of key individuals and skills.

If its research and development projects are not successfully completed, the Company's financial health, operational results and cash flows could be significantly impacted.

Key risk mitigation measures deployed in the Group

To mitigate the risks associated with managing its R&D programs, the Company has set up internal monitoring meetings to oversee R&D schedules and involve the appropriate resources. McPhy is also working to secure the financing needed for these R&D investments (see section 2.1.4.2 of this Document).

To mitigate the risks associated with product design in terms of achieving the key performance and reliability characteristics desired by customers, in 2023 the Company deployed a product development model comprising six key validation stages, guaranteeing synchronized progress by all Group departments, and thus the appropriate level of consideration of the challenges faced by all at each key stage of development. At each stage, this process ensures that all objectives are met, a prerequisite for moving on to the next stage.

Furthermore, to mitigate the risks associated with data configuration management and to guarantee data integrity, the Company uses proven software solutions from Dassault Systèmes.

2.1.3.2 Risks related to industrial incidents, employee health and safety

Description of the risk

Certain manufacturing processes, notably at the Grenoble (France) site for the stations activity and at the San Miniato (Italy) site for the electrolyzers activity, or at customer sites during equipment installation and commissioning, could be the cause of accidents, especially high-pressure connection operations or component assembly. In the event of malfunction on a hydrogen production or distribution system, or due to a human error, employees or third parties may suffer serious physical or psychological injury. McPhy could be held liable for any resulting human, material or immaterial damage, which could have a material adverse effect on its reputation, results, growth or financial health, and expose the Company to legal risks.

Crisis management plans implemented within the parent Company and its subsidiaries to handle emergency situations may not be sufficient to minimize the impacts on third parties, employee health and safety, or the environment. Furthermore, the regulatory constraints weighing on the Group could also be tightened, particularly following an industrial incident. Such constraints could take the form of increased financial guarantees, regulatory authorizations being more difficult to obtain, and a significant increase in insurance premiums.

McPhy could also be held liable for design defects in a complex solution or a malfunction attributable to its interface with other systems. The malfunction of a solution could imply costs related to product recall, generate new development expenditure, and/or monopolize technical and financial resources. Such costs could have a significant impact on the Group's profitability and cash position. McPhy's commercial reputation could also be tarnished, leading to the loss of certain customers and a significant reduction in its revenue. McPhy may nonetheless be exonerated from liability if it can demonstrate that at the time of delivery of the product, the state of scientific and technical knowledge was insufficient to detect the existence of the defect or that the product defect is due to its compliance with legal or regulatory imperatives.

Lastly, the psycho-social risks for employees could have a significant impact on the Group, especially concerning the health and well-being of employees, productivity, quality of work and in the end, customer satisfaction.

Key risk mitigation measures deployed in the Group

McPhy has implemented strict safety standards to ensure prevention and correction, applicable to its industrial sites or customer sites, to its employees and external service providers, to minimize the risks of occurrence and the severity of risk of industrial incidents.

Indeed, any product marketed in compliance with European standards requires prior certification. All McPhy products are CE certified and comply with the following European Directives:

- Machinery Directive 2006/42/EU;
- Low Voltage Directive 2014/35/EU;
- Pressure Equipment Directive 2014/68/EU ;
- Electromagnetic Compatibility Directive 2014/30/EU;
- ATEX Directive 2014/34/EU.

In this respect, McPhy appoints a certified organization that certifies each electrolyzer and hydrogen refueling station complies with essential safety regulation.

In 2023, the Group also secured the renewal of ISO 45001 certification for its San Miniato (Italy) site, an international standard that defines the requirements for occupational health and safety (OHS) management. The scope of this certification will be extended to France and Germany in 2024.

The Group also achieved ISO 9001 multi-site quality certification in 2023. Obtaining this global certification is an important step in unifying our processes.

McPhy also aims to achieve ISO 14001 environmental certification for all its sites by 2024.

However, existing regulations are dense and fragmented according to the activity carried out (production, transportation, or storage of hydrogen) and according to the type of application (stationary, mobile, and portable). It is therefore incumbent on the Group to identify European and National regulations applicable to each product developed for its business activity and to observe the requirements. McPhy may be unfavorably affected if a regulation were to be poorly identified or interpreted. Therefore, the Group's growth, its financial health and its results are closely linked with favorable or unfavorable changes to regulations and their appropriate application.

Lastly, McPhy implements several measures to limit psycho-social risks and raise the quality of life at work of its employees. To this end, the Company has modified its work organization by proposing flexible working hours and working from home, as well as premises with adjustable office space, collaborative spaces and relaxation areas. To limit the psycho-social risks, McPhy assesses potential risks and implements preventive measures, in accordance with the Single Occupational Risk Assessment Document (DUER). The Company also monitors absenteeism indicators on a monthly basis and regularly hears its employees' requirements through an annual interview process, "voice of employee" and collaborative work groups if changes are implemented to incorporate employee remarks and ideas. The Group also promotes best practices for quality of life at work and for the prevention of psycho-social risks, which are incorporated into its HR policies. If certain situations arise, McPhy offers internal and external support to employees and managers. These measures help to create a positive work environment that respects the needs and requirements of McPhy employees.

2.1.3.3 Risks related to the IT infrastructure

Description of the risk

The Group may suffer computer failures and disruptions in its networks and systems used across all its activities (including in its installed products, electrolyzers and/or stations) caused by system update issues, natural catastrophes, accidents, electrical failures, telecommunications breakdowns, acts of terrorism, computer viruses, cyber-attacks, physical or digital intrusions, or malicious acts. These failures or disruptions could seriously compromise the Group's operational capacity as well as its administrative, technological and commercial activities, while also causing the loss of sensitive data. Furthermore, a failure in the product monitoring system (oriented to availability, activity and efficiency of the system) could lead to a loss of business, non-observance of Group contractual obligations towards its customers, and leave vulnerabilities in the IT system.

Key risk mitigation measures deployed in the Group

Since 2022, to strengthen its digital security and anticipate the management of cyber incidents, the Group has implemented the following risk mitigation measures:

- strengthen its IT team;
- sign agreements with external service providers to ensure systems continuity and enhance skills;
- align its approach with the best practices defined by the French National Agency for Information Systems Security (ANSSI), notably by implementing digital security governance as well as preventive and corrective action plans;
- conduct regular security audits to ensure compliance with security policies: in particular, the Group has set up a phishing simulation program designed to reinforce employee behavior and awareness of malicious e-mails;
- signature by each employee of an IT charter to raise awareness of the need to protect sensitive equipment and data;
- limit access to sensitive data to authorized persons only, VPN access, encryption of sensitive data to protect them from unauthorized access, as well as password rules to ensure the security of user accounts.

Digital security initiatives are reported to the Company's Executive Committee and the Audit Committee.

2.1.3.4 Risks related to the capacity to attract and retain talent

Description of the risk

The Group's human capital is an essential factor in its sustainability and development. A major advantage for McPhy is to enjoy the presence of key employees in strategic positions in the Group. Even if the multiple skills available in the management team limits the dependency of the Group, the departure of a team member may have a negative effect on its capacity to achieve its medium-term objectives. The ongoing disposal of the station business could result in the loss of key skills that the Group may find difficult to recover or replace.

The installation of McPhy solutions on a customer site requires the intervention of specialized teams. To do so, McPhy has set up an engineering department along with a logistics and maintenance support system. Given their general expertise in industry, their knowledge of the Group's operational processes and their relationships with partners, the departure of one or more of these persons could have a significant unfavorable effect on the Group's revenue growth, project execution, financial health and results.

As the Group extends its activities, its sector-specific portfolio and geographical coverage, its operational success and capacity to achieve its medium-term objectives depend largely on its capacity to attract and retain further qualified personnel with specific technical or sector-specific expertise, across its national and international sites. The Company is in competition with other organizations (competing businesses, research bodies and academic institutions etc.) to recruit and retain qualified personnel. Insofar as this competition is intense, the Company might not be able to attract or retain such key personnel.

Moreover, employees with technical or sector-specific skills may leave, and if the Group is unable to rapidly appoint or recruit qualified and operational successors or incapable of efficiently managing the temporary non-existence of expert skills, or other disruptions engendered by such departures, this could have a significantly unfavorable effect on its activities, strategy and growth.

The Company's incapacity to retain key personnel and to attract new talent could thus unfavorably impact its growth strategy, its activity, its revenue, its results and its financial health.

Key risk mitigation measures deployed in the Group

The new recruitment process, especially the creation of a dedicated McPhy Careers website and a digital applicant management system on "Teamtailor", the introduction of incentive measures such as co-opting, have enabled strong growth in headcount through high recruitment numbers.

As part of its incentive and employee retention plan, McPhy (i) reinforced its human resources management teams and formally defined its processes to attract, integrate, retain and develop talented individuals and (ii) continued the deployment of the retention system through the distribution of free shares (refer to section 3.4.7 of this Document). Specific attention is paid to technical profiles to ensure the suitable integration, development and retention of certain profiles, notably in R&D and Engineering.

McPhy may use transitional managers, internal promotions and external service providers to cover employee departures or to limit its fixed costs.

2.1.3.5 Risks related to geopolitical conflict and pandemic

Description of the risk

Due to an uncertain geopolitical context, particularly concerning the current conflict involving Russia and Ukraine, the Company is confronted with a general market risk related to price increases for energy (as already observed in 2022 and 2023 for gas and electricity prices) and certain materials, as well as the potential consequence on investment decisions, supply chains and logistics. Furthermore, if another pandemic were to occur, especially in Europe, and limit international trade, this situation could impact the Group's procurement capacities and its production operations.

Key risk mitigation measures deployed in the Group

The Company is attentive to changes in the geopolitical context, the emergence of a pandemic and their potential consequences on its business and results, but the uncertainty associated with these external factors does not allow the Group to make a more precise assessment.

However, during the Covid-19 pandemic, McPhy adapted some of its management methods, to manage the inherent limitations as effectively as possible, such as the switch of "non-production" posts to remote working, tight management of safety stocks to continue operations despite external slowdowns or blockages, review of agreements to limit the Group's legal and financial exposure, as well as a stronger supply chain in terms of lead times and logistics flows.

2.1.3.6 Risks related to procurement

Description of the risk

Growth on markets where the Group is active could be delayed or otherwise impacted by price fluctuations and difficulties in procuring certain elements (such as components, raw materials such as metals, or energies such as gas and electricity) notably in case of geopolitical tension as it was the case in 2023.

Similarly, a scarcity of raw materials could delay production or require modifications to product developed, manufactured or used by the Group, which would impact its capacity to complete projects within specified deadlines. Price changes for certain components could also generate significant changes in the Group's production costs, which it may not forcibly offset by increasing its own prices.

Also, McPhy products incorporate specific components, with a very limited number of suppliers in the world, who themselves use highly specialized and specific production processes (such as hydrogen compressors, high-pressure connectors specific to hydrogen or high-pressure storage tanks). The small number of suppliers might create a risk for McPhy's activities and the loss of one of them could have a negative impact on the Group. While it has to deal with a limited number of alternatives, the Group may indeed (i) be exposed to process drift in the manufacturing processes implemented by suppliers, outage in production lines, export embargoes, refusal to supply by certain suppliers, (ii) be confronted with high procurement prices in an oligopolistic environment, and (iii) by failing to meet supply obligations (on-time, quality, quantity, costs), be obliged to replace a strategic supplier, which may drive high additional costs, especially for tooling.

All these risks could have a significant impact on Group profitability, its competitiveness, and the success of McPhy products and solutions.

Key risk mitigation measures deployed in the Group

McPhy selects and monitors suppliers according to their quality, price and reliability, and when possible, implements a dual sourcing policy so that one supplier may be replaced by another in case of difficulties. The rapid replacement of a component supplier may nonetheless require adaptations to Group products and cause disruption in its organization and the completion of projects.

Moreover, the use of long-term framework supply agreements can reduce the risks related to procurement, while offering visibility on price and quantity available over a given period. Lastly, McPhy incorporates a price revision condition in its agreements with its most significant Customers

2.1.4 Risks related to the Group's financial health

2.1.4.1 Risks related to the Group's medium and long-term profitability

Description of the risk

The Group has reported accounting and fiscal losses since starting its activities in 2008. These operating losses are primarily due to ongoing investment in the development and fine-tuning of its new generation electrolyzer and refueling station technologies, alongside a far-reaching recruitment plan in order to implement the Group's structuring and growth plan. As the hydrogen market is a developing market, many uncertainties remain concerning the market price of future products, the production costs that could be impacted by fluctuations in component prices, and the public sector aids needed to support growth in the sector.

Given these uncertainties related to these external factors, the Group could subsequently not be able to achieve profitability, despite the monitoring and management actions put in place. It may be obliged to slow down its research and development activities and commercial or industrial activities, while ensuring its continuity of business.

Key risk mitigation measures deployed in the Group

McPhy deploys suitable measures to monitor and manage its profitability over time. Such actions include the validation of business proposals by a sub-committee, a monthly review of project completion and the related profit margin, the regular update of production costs and close control over spending commitments. The Group also deploys levers to improve its longer-term profitability, such as standardizing its offering and scaling-up to industrial production.

2.1.4.2 Risks relating to liquidity and uncertain additional financing

Description of the risk

Since the Group was created, it has funded its growth by extending its equity through successive capital issues (in particular with the acquisition of stakes by Bpifrance, the EDF group, Chart Industries and Technip Energies), refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

McPhy may need to raise further funds in the future, particularly in the event of postponement of its business plan, to act on tangible business opportunities, to permit the acquisition of other companies or technologies, or to meet a market need not addressed at this time. The Group's capacity to raise further funding will depend on the applicable financial, economic and contextual conditions, alongside other factors over which it has no or only limited control. In this respect, if the renewable energies or hydrogen market were to develop less rapidly or differently than foreseen, the appetite for investors in this field may shrink and McPhy may encounter difficulties in achieving its growth objectives or business development objectives.

Moreover, the Group cannot guarantee that additional funds will be made available when it needs them and where applicable, that said funds be available at acceptable conditions, especially given the higher cost of credit. If the necessary funding is not available, the Company may be obliged to limit or postpone the deployment of its production capacities or the development of new products, depriving it of access to new markets, or from maintaining its competitive positioning. This situation may impair McPhy's business continuity. Furthermore, insofar as the Company raises capital by issuing new shares or instruments which offer future access to the Company's capital (such as an equity financing line or a convertible bond issue) [(2)], its shareholders may be diluted in varying proportions.

Key risk mitigation measures deployed in the Group

Cash and cash equivalents amount to almost €62 million at December 31, 2023, and financial debt (excluding leases and long-term contracts) is less than €1 million.

To strengthen its liquidity, the Group has initiated financing projects for a total amount of around €60 million, some of which are in progress at the date of this Document, namely:

- Convertible Bond issue for new shares and/or exchangeable for existing shares for a minimum amount of €30 million. As of March 7, 2023, the Company has already received subscription commitments, for an amount of €15 million each, from EDF Pulse Holding, an existing shareholder, and EPIC Bpifrance, acting on behalf of the French government under the French Tech Sovereignty agreement dated December 11, 2020. This Convertible Bond issue will require the prior authorization of shareholders at the Mixed General Meeting on May 30, 2024. McPhy will study the possibility of issuing an additional amount to other investors, depending on market conditions.
- Disposal of the refueling stations business for a price comprising a fixed portion of between €11 and €12 million, and a variable portion of up to several million euros. The transaction is expected to be finalized in the second quarter of 2024, subject to completion of the financing and fulfillment of customary conditions precedent.
- Implementation by July 31, 2024 of a property lease for the Belfort Gigafactory, for which a binding notification of agreement was signed on February 29, 2024 with a banking pool representing a financing contribution of €16 million.
- Potential use of the equity financing facility set up with Vester Finance on December 19, 2023, beyond the minimum commitment of €2 million, depending on market conditions and compliance with exercise conditions.

On the basis of the business plan and this financing plan of around €60 million currently being implemented, the Company:

- considers that it will be able to finance its working capital requirements for at least the next twelve months.
- will possess the financial resources needed to fund its growth and working capital requirements until early 2026 on its narrower scope involving the electrolyzer business.

2.1.5 Legal and regulatory risks

2.1.5.1 Risks related to regulations and support from government policies concerning renewable energies

Description of the risk

McPhy activities are currently widely supported by public policies in favor of low-carbon energy sources. For example, McPhy has benefited from a research tax credit of approximately €1 million for 2022, and an initial payment of €28.5 million out of a maximum of €114 million for its electrolyzer Gigafactory project, which is eligible for the European IPCEI scheme (see also section 8.4.2 of this Document). Despite this favorable context, McPhy is unable to rule out the possibility that political commitments may be less proactive or even unfavorable to the development of some of its activities.

For example, certain policies in favor of the development of refueling stations could be adjusted or even reversed in France, to the benefit of alternative solutions and/or with a reduction in the budget currently allocated to the development of hydrogen mobility. Developments in European regulations (notably the "gas package") could also be unfavorable. In particular, it must be envisaged that the provisions of the "gas package" could restrict the development of low-carbon hydrogen and thus adversely affect McPhy's commercial development.

Furthermore, although the growth outlook for the coming years is generally considered as strong, estimates concerning the levels potentially achievable by renewable energy markets vary significantly and the rapidity of their development remains uncertain, especially in light of the possible changes in applicable government policies.

[(2)] Refer to paragraph 7.4.3.2 concerning the new equity financing line created in 2023 and to paragraph 7.4.3.3 concerning the convertible bond issue project proposed to the 2024 General Assembly.

If the regulatory framework were not sufficiently clear and stable despite the willingness and announcements made by public authorities, and the funds available to support it were reduced and/or delayed, this could have a negative impact on McPhy's business activities, financial situation, results and outlook.

Key risk mitigation measures deployed in the Group

In addition to its regulatory intelligence, which since 2022 has been internalized within the Strategy department and carried out by a Public Affairs manager, McPhy actively contributes on its own behalf and alongside associations, to providing information to policy makers on the evolution of hydrogen-related regulations. In this respect, McPhy regularly interacts with the European Commission and the competent authorities in each country where it operates, to ensure that the interests of the French and European industry are defended.

Moreover, McPhy ensures regular dialog with regional, national and European authorities on their decarbonization projects. To this end, the Group has reinforced its internal and external resources with suitable experts.

2.1.5.2 Risks related to the environment and climate

Description of the risk

The Group is a player in the energy transition. Low-carbon hydrogen generates no polluting particle emissions nor carbon at the point of use, and thereby contributes to the European objectives for a low-carbon economy and facilitates the emergence of a low-carbon social model.

Given the spread of activities across the Group, the environmental issues are primarily borne by the industrial sites in France and Italy, where activities are subject to specific environmental regulations.

Although favorable to the development of the sector, rapid changes in the regulatory environment in terms of hydrogen production and use require constant adaptation of the design and manufacture of McPhy products.

Beyond the regulatory framework, the Company's environmental policy and the assessment of its environmental impact could in the short or medium term become specific requirements from the Company's customers, partners and other stakeholders, especially its investors. As a reminder, the Company is subject to strict requirements concerning the operation of the ICPE, the prevention of atmospheric pollution, the protection of water resources and aquatic mediums, waste management, the prevention of noise pollution and vibrations, the prevention of technological risks, the monitoring of emissions and their effects.

If the Company did not meet the applicable environmental requirements and the demand of its stakeholders, it would be exposed to risks of non-compliance, impacting its reputation and attractiveness, which could have a significant negative effect on the development of its activities and its financial health.

Key risk mitigation measures deployed in the Group

The Company committed to a voluntary and structured approach to Corporate Social Responsibility in 2022, notably by assessing its carbon footprint (scopes 1, 2, 3) and developing an improvement trajectory with a view to minimizing its greenhouse gas emissions (see section 6.5.3.1 of this Document). The drive to reduce greenhouse gas emissions, in line with the Paris Agreement and the identified areas for improvement, supports the management of this risk.

Control over the environmental effects of activities involves four areas of action: compliance with applicable environmental regulations, selection of manufacturing processes with a low environmental impact, control of waste management, especially hazardous waste, regular informative campaigns for personnel on environmental issues.

As part of its involvement in the hydrogen community (France Hydrogène, Hydrogen Europe and the Hydrogen Council) and monitoring regulatory developments, the Group has also developed its regulatory and legal intelligence activities on health and safety and environmental matters.

2.1.5.3 Risks related to intellectual property

Description of the risk

The Group's success depends heavily on its ability to differentiate itself in an emerging hydrogen market where the technologies in use have not yet reached maturity. This differentiation is embodied in the Group's intellectual property, and in particular in proprietary titles (such as patents and trademarks) granting exclusive rights of use.

The Company is exposed to two types of intellectual property risk:

1. Unauthorized use, misappropriation or other misuse;
2. Unauthorized use of intellectual property owned by others.

These risks could reduce or eliminate the competitive advantage that has been developed. Furthermore, if a technology, manufacturing process, or product necessary to the Group's activity is found to infringe the intellectual property rights of others, the Group may be obliged to:

- cease the sale or use of certain of its products;
- acquire a suitable license for its use;
- change the design or delay the launch of some of its products.

The occurrence of any of these events could have a negative impact on the Company's business, particularly on its market share, financial health, results and outlook.

Key risk mitigation measures deployed in the Group

McPhy has implemented the following measures to mitigate intellectual property risks:

- stronger management of its intellectual property and appointment of an IP officer, with the support of specialized firms, to inform and provide coordinated assistance to employees;
- stronger portfolio of intellectual property rights to better protect and broaden the coverage of its activities, products and key technologies;
- monitored development activities to guard against inadvertent use of third-party property rights;
- agreements with employees and external service providers defining rules of confidentiality and intellectual property management.

2.2 Insurance and risk cover

The Group has set-up suitable insurance cover to protect its assets and revenue from identifiable and insurable risks that are inherent to its activity, with reputable, internationally renowned insurance providers with a solid financial position. Working closely with a leading specialist brokerage firm, the Group seeks out the most suitable solutions with the best balance possible between costs and coverage in line with market practices and available offers.

Starting in 2022, McPhy reviewed and extended its Group insurance coverage to take into account its rapidly expanding growth. The program was adopted in a mindset to extend the cover to foreign subsidiaries in line with the proactive approach to prevent the evolution of the Group’s technology-related and industrial risks.

The main policies taken out cover the following areas: (i) civil liability, (ii), damage to property and loss of operations and (iii) others such as environmental civil liability, business travel, the civil liability of corporate officers and goods transport.

The Group considers that at the time of writing, its insurance policy is suitable (in its scope, the insured amounts and the guarantee limits) for the normal risks encountered in the course of its activity. However, the Group is not insured against all potential risks.

The Group’s insurance program is likely to be modified according to insurance market conditions (especially due to higher tension), one-off opportunities and the Group’s assessment of the risks encountered, as well as the suitability of their coverage.

In addition to the insurance program, the Group continues to focus on prevention and team awareness, as well as risk management and protection.

2.3 Internal control and risk management

2.3.1 Organization of internal control

The main players involved in internal control activities within McPhy are:

- **Executive Committee:** The Executive Committee comprises the principal Directors of operations and functions. It handles all matters concerning the Group's operations and financial performance. The Committee meets on a monthly basis and whenever this frequency is not compatible with the urgency of the topics to address, during a designated weekly time slot. Each member is responsible for internal control within his department. A power of authority has been defined for Executive Committee members, who may not commit to expenditure above a certain threshold on their own. The prior authorization of another Executive Committee member being required above the first threshold, potentially supplemented by prior authorization of the Chief Executive Officer for significant commitments up to the limit of their powers. Please refer to section 3.2.2 of this Document for further details on the Executive Committee.

- **Financial control and internal control:** the missions of the financial controllers of each subsidiary are split between financial control and internal control. This function, as well as the dual mission of auditing and controlling the accounts of each subsidiary, is the responsibility of the Group's Finance Controller, who reports to the Group's Chief Financial Officer, in liaison with the financial controllers of each subsidiary.

The Company statutory and consolidated financial statements are audited annually by the Company's statutory auditors. These audits are carried out at the end of the first half of the year, in the form of a limited review, and at year-end, in the form of a preliminary review, supplemented by a full audit of the financial statements for the year. Any recommendations made by the statutory auditors with regard to internal control are analyzed and followed up by the Company.

2.3.2 Definition of internal control and procedures

Internal control is a Company mechanism defined and implemented under its responsibility, aiming to ensure:

- compliance with laws and regulations;
- application of instructions and orientations set out by Company governance;
- correct implementation of the Company's internal processes, in particular those contributing to safeguarding its assets;
- the reliability of financial information.

By helping to prevent and control the risks of not achieving the objectives set by the Company, the internal control mechanism plays a key role in the oversight and steering of its activities. Nonetheless, internal control cannot provide an absolute guarantee that these risks can be fully eliminated and that the Company's objectives can be achieved.

The internal control mechanism described in this section 2.3.2 covers all operations conducted within the Group, both in the parent Company and subsidiaries included in the scope of consolidation.

The section concerning internal control procedures implemented by the Company has been drawn up based on an inventory and factual description of existing procedures. This approach is part of ongoing efforts which will enable the Company to improve the effectiveness of its internal control.

The procedures implemented aim to:

- ensure operations and management decisions as well as employee behavior are all carried out within the framework defined by Executive Management, applicable laws and regulations in effect and the Company's internal rules, and to
- verify that the information provided to corporate bodies is reliable and faithfully reflects the Company's business and situation.

One of the main objectives of internal control is to prevent and control risks resulting from the Company's activities, in particular the risks of error or fraud, and especially in accounting and finance. There are also major internal control activities relating to operational processes carried out by the Quality department, which is responsible for quality control of products and their components.

Given its size, the Group does not have a dedicated internal audit team. Internal control is monitored by members of the Financial Department, who conduct any examination or investigation they deem necessary. The Audit committee also plays an active role in overseeing the Group's risk management system. Similarly, certain functions referred to below do not systematically have a dedicated organization and the duties are distributed between members of the Financial Department depending on the specific skills required. The duties may nonetheless be accumulated by the members in observance of the principle of segregation of duties.

Quality

The Quality department oversees the Quality Management System (QMS) implemented within the Company. The QMS approach is supported by quality correspondents in subsidiaries, who ensure its deployment, management and follow-up in each of the Company's departments. Periodical reviews serve to regularly inform the Company's Management team of the achievement of objectives, the completion of actions undertaken to continuously improve activities and to ensure the overall effectiveness of the QMS.

The Quality department bases its work on the ISO 9001 standard and on the Group's quality manual. This manual describes the provisions applicable within the Group to ensure that the products delivered respect the standards of compliance. These provisions are based on processes that are identified and defined by a document system containing procedures, instructions and operating methods which describe the functions and operations executed within the Company.

Accounting

The objectives of accounting are to ensure:

- the reliability of the collection and processing of raw data used to generate financial information;
- that the Company and consolidated financial statements are drawn up in observance of applicable standards and regulations in effect and provide a faithful representation of the Company's activity and situation;
- the availability of financial information in a format enabling their understanding and effective use;
- the production of the Company financial statements and Group consolidated financial statements within applicable time frames in respect of legal obligations and the requirements of the financial markets;
- the application of financial security procedures, in particular observance of the principle of segregation of duties;
- the integration of financial security procedures in the accounting and management information systems, and the implementation of any other changes necessary.

The Company's accounting processes are based on the following references:

- Legal and regulatory requirements applicable in France;
- The Chart of Accounts given in regulation 2016-07 adopted by the French accounting standards authority (Autorité des normes comptables - ANC);
- European regulation no. 1606/2002 on international IAS/IFRS accounting standards;
- Later opinions and recommendations.

Consolidated reporting statements are produced based on locally applicable references. Restatements to harmonize with Group principles are done centrally.

The Company had been using Navision ERP since 2016 and in 2023 began its migration to Business Central ERP, a more recent version from the same publisher. All processes will gradually be harmonized across the Group.

Financial control

The objectives of this function are to:

- steer the development process of the medium-term plan, the budget and periodical forecast adjustments, and the definition of financial performance objectives;
- implement reporting and management tools, as well as decision aids suited to different levels of the organization;
- analyze differences between actual results and objectives and/or the budget, explain the causes and implement appropriate corrective measures;
- ensure the accuracy of raw data and check the consistency of financial information system outputs.

Internal control

The purpose of internal control within the Group is to:

- propose a risk management strategy and ensure its validation by Executive Management;
- develop a map of organizational risks consistent with its strategy and business activities;
- define a risk management plan and appropriate actions based on the risk mapping;
- manage and upgrade the internal control mechanism and processes.

Liquidity and financing

The objectives of this function are to:

- monitor and control cash operations and financing needs;
- assign powers of signature to a limited number of people who alone are permitted to handle a limited list of financial transactions according to the authorization thresholds and procedures adopted.

Bank account balances and statements for subsidiaries are accessible by the parent Company, which oversees treasury requirements.

Financial communication

The financial communication function is responsible for the external publication of Group financial information. Financial information is published in strict observance of financial market operating rules and the principle of equality of treatment of investors.

Preparation and organization of Executive Committee work
Every month, the Company's financial control function analyzes the "actual" figures for the month and the cumulative total. The data are compared to the monthly budget and to the previous actual year. This management reporting is reconciled with interim consolidated accounting situations to rationalize any discrepancies and ensure the continuous improvement of internal management reporting.

The monthly reports include quantified data, observations, and key performance measurement indicators. Alongside the monitoring of Group activities and its financial performance, these reports serve to monitor the status of investments made, the cash situation and analysis of corresponding cash flows, employee headcount, the order backlog, and the principal risks of execution. It constitutes a key internal control tool for the Group.

The management report is forwarded to the Executive Committee, which analyzes the data for the period during its monthly meeting and determines any corrective actions to implement as necessary.

The principal aim of internal control is to prevent and control risks resulting from the Group's activities and particularly the risks of error or fraud, especially in accounting and finance. However, like any control system, it is unable to provide an absolute guarantee that these risks are fully eliminated.

2.3.3 Business Ethics code

The Group business ethics code sets out the Group's main principles in terms of ethics and compliance with laws and regulations. In this respect, it defines the practices and behaviors systematically expected of all employees and corporate officers, as well as consultants, suppliers, and other external service providers. The business ethics code is designed so that in the course of their duties, each person adopts a behavior that is naturally compliant with local laws but also an attitude that reflects the values and principles of the Group in terms of loyalty, integrity, sense of accountability, as well as equity and transparency.

The business ethics code covers several areas: (i) respect for people and the environment, (ii) business ethics, (iii) respect for business relationships, free and fair competition. Each employee must apply the business ethics code and ensure it is observed by all employees and external service providers under their responsibility or in the management of Group relations. The Group has also set up a whistleblower system to report any infringements of the business ethics code. For more details, please see section 6.5.5 of this Document.

2.4 Legal and arbitration proceedings

As of the date of this document and to the best of the Company's knowledge, there are no pending or threatened administrative, legal or arbitration proceedings of which the Company is aware that are likely to have or have had a material impact on the Company's financial health or operating results over the past year.

CHAPTER

3

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3.1 Introduction

McPhy Energy has been a public limited company with board of directors since May 21, 2015.

- **Separate governance**

The functions of Chief Executive Officer and Chairman of the Board of Directors have been separated since November 4, 2019 [1] and as of the date of this Document, are held by Jean-Baptiste Lucas, Chief Executive Officer and Luc Poyer, Chairman of the Board of Directors of the Company (the "**Board**"). This separate structure ensures that the Group's governance bodies operate efficiently, that the skills and experience of the Chairman of the Board and the Chief Executive Officer complement each other, and that the best principles of corporate governance are applied.

- **Report on corporate governance**

Chapter 3 is an integral part of the corporate governance report provided for under Article L. 225-37 of the French Commercial Code. This report, for which the concordance table is provided in section 9.4.4 of this Document, was approved by the Board on April 9, 2024.

- **Middlenext Code as the benchmark corporate governance code**

The Company complies with the Middlenext corporate governance code (the "**Middlenext Code**") [2] and considers that its practices comply with all recommendations of the Code

[1] Subject to a temporary combination of functions on a transitional basis (following the departure of the former Chief Executive Officer) between July 11, 2021 and October 18, 2021.
[2] The Middlenext Code is published on the Company website (https://mcphy-finance.com).

3.2 Chief Executive Officer and Executive Committee

Jean-Baptiste Lucas [1] is the Chief Executive Officer, assisted by an Executive Committee including Group directors of operations and functions, all of whom are highly experienced with unique expertise in the industrial gases and renewable energies sectors, as well as extensive international experience.

At the date of this document, the Executive committee comprises nine members:

- 22.2% women
- Three nationalities

3.2.1 Chief Executive Officer

Biography

JEAN-BAPTISTE LUCAS

Chief Executive Officer

Age: 53

Nationality: French

Quantity of McPhy shares owned: 20,000

Business address: c/o McPhy – 36 rue des petits Champs, 75002 Paris (France)

First appointed: October 11, 2021 (effective October 18, 2021)

Term: indefinite term of office

Main professional activity: Chief Executive Officer of McPhy Energy

Before joining McPhy, Jean-Baptiste had been the CEO of IPS B.V since January 2019. IPS is a Dutch packaging technology group owned by Apollo Management, where Jean-Baptiste successfully oversaw the resizing and recovery of the company. Between 2011 and 2017, he spent six and a half years in Bahrain, working for industrial firms owned by the Kingdom's sovereign fund as the CEO of GARMCO, where he oversaw the construction of an aluminum foundry. Previously Jean-Baptiste was an executive vice president of ALBA, where he oversaw foundry operations, operational excellence, metal science, as well as global sales and marketing. Before assuming these functions, Jean-Baptiste spent 13 years in the Pechinay group (which became Alcan), where he was the CEO for Switzerland, responsible for the aviation, transport and industry division, after heading up sales and marketing in Germany. Jean-Baptists spent the early days of his career with French management consulting firm Bossard Consultants.

He is a graduate of ESCP and former Consultant on International Trade for France.

Other offices and functions

Current offices

- N/A

Positions held during the last five years

- Chief Executive Officer of IPS B.V. (Netherlands) and corporate officer of IPS group subsidiaries

Powers of the Chief Executive Officer

In accordance with the law and the Company Articles of Association, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company. He represents the Company in its dealings with third parties. He acts within the limits of the Company purpose and subject to powers expressly reserved by law for shareholders' meetings and the Board of Directors.

[1] On the proposal of the Chief Executive Officer, the Board may also appoint one or more Deputy Chief Executive Officers. As of the date of this Document, the Company has not appointed any Deputy Chief Executive Officer.

Limits on the powers of the Chief Executive Officer

In accordance with article 19 of the Company Articles of Association and with its Internal Regulations [(2)], the Board must authorize the following transactions prior to their implementation by the Group:

- approval of the Company's business plan;
- approval and modification of the Company's annual budget;
- all long-term loans and debt management operations, securitization of financial or commercial assets, risk hedging, investment at risk on the nominal in euros or in foreign currencies, whose nominal amount exceeds €1 million or whose cumulative amount for one fiscal year exceeds €10 million;
- all issues of Company securities (other than operations relating to the exercise of composite securities or the implementation of previously approved incentive programs);
- any external growth operation (investments, mergers and acquisitions, partial contribution of assets), divestment, transfer of assets, or significant restructuring;
- any industrial partnerships (including any joint venture agreement) (I) leading to an annual investment (Capex) above €2 million or (ii) leading to a global financial exposure of the Group of more than €5 million or (iii) including significant obligations on the part of the Group (exclusivity, technology transfer, etc.) and, more generally, (iv) any partnership that may have a pivotal impact on the Group;
- any transfer of intellectual property rights relating to the key technologies of the Company or its Subsidiaries, including the granting of any license relating to such key technologies outside the ordinary course of business;
- any industrial investment or works programs generating expenditure on supplies, services or works of a unit amount exceeding €250,000 per program for investments outside the budget or for which the cumulative amount for a financial year would exceed €250,000;
- any investment, acquisition, disinvestment or disposal in the real estate sector in an amount exceeding €200,000 (excluding the conclusion of leases);
- any pledges, guarantees, sureties, or securities of any kind for a total unit amount in excess of €250,000 or an overall annual limit of €500,000;
- any contracts for supplies, works or services, tangible or intangible (excluding Client contracts) not provided for in the budget, the amount of which including any successive amendments exceeds €200,000 (excl. VAT);
- any transaction likely to substantially modify the Group's strategic orientations as determined by the Chief Executive Officer and the Board of Directors;
- any significant implantation, directly through the creation of an establishment, business, branch, direct or indirect subsidiary, or through the acquisition of equity interests in France or abroad, or any withdrawal from such an implantation;
- any implementation or modification of incentive schemes for management and/or employees and allocation of free shares, etc.;
- concerning any dispute with exposure in excess of €500,000 (excluding contractual penalties), signature of any settlement, acceptance of any arbitration and compromise [(3)].

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(2) For more details on the Internal Regulations of the Board, see section 3.3.4.1 of this Document

(3) It is also specified that at the request of any of the directors, the key contracts Committee may be asked to assess the terms of the most sensitive and/or significant Client contracts to make a recommendation to the Chief Executive Officer and the Chairman of the Board, concerning whether all or part of the contract in question should be submitted to the Board for prior approval

3.2.2 Executive Committee

3.2.2.1 Members of the Executive Committee

The Group is led by its highly experienced CEO and Executive Committee, with unique expertise in the industrial gases and renewable energies sectors and strong international experience.

At the date of this Document, the Executive Committee membership consists of the operational and functional Directors of the Group, whose biographies are given below [1].

BERTRAND AMELOT

Chief Commercial Officer

Bertrand AMELOT joined McPhy in 2014 as Sales Director for France and Benelux. As our current Chief Commercial Officer, he coordinates sales managers and oversees marketing strategy.

Between 1996 and 2014, Bertrand held various management positions in the industrial and energy sectors. His path started as a Business Development manager for Lafarge Aluminates in Italy, before assuming the role of Director of Supply Chain Europe. He then joined Saint-Gobain as Supply Chain Director. In 2010, Bertrand moved to the energy sector, joining COFELY Services (Engie), where he assumed a number of commercial director-level roles. In 2009, he also assisted in launching a solar power start-up.

Bertrand is a graduate from ESCP Europe and holds a master’s degree in technology from the Ecole Centrale Paris.

Other positions and corporate offices held:

- Chairman of McPhy Italia SRL;
- Director of McPhy Energy Asia-Pacific Pte. Ltd.;
- Director of McPhy Energy Northern America Corp.

BENOÎT BARRIÈRE

Chief Technology Officer

Benoît BARRIÈRE joined McPhy in May 2022 as its Chief Technology Officer.

Prior to joining McPhy, he was the Managing Director of Energy Pool, an international SME that enhances the energy flexibility of its electricity-intensive industrial customers and supports their low-carbon energy consumption. He started his career in 1997 and spent 20 years in industrial groups in the Energy and Chemicals sectors (Total / Arkema / CGG), including 7 years in innovation/R&D, 6 years in charge of operational activities (including 2 years in Indonesia) and 7 years in strategy/ finance/M&A. After which, he spent 4 years in consulting, supporting large groups and mid-cap firms in their strategic thinking and transformation projects, notably through a start-up that developed a collaborative digital platform to boost the collective intelligence of organizations.

Benoît holds a Doctorate in physics from the University of Paris 6 and graduated from the Ecole Normale Supérieure de Paris.

[1] In alphabetical order.

ALEXANDRE BRUNET

Chief Financial Officer

Alexandre BRUNET joined McPhy in September 2022 as its Chief Financial Officer. Alexandre manages the Finance and IT functions: he and his team support McPhy's development, while ensuring financial control.

After working as a Senior Manager at the audit and consulting firm PwC, Alexandre joined Schneider Electric, where he developed broad experience of the Finance function, both corporate and operational. He first joined the Mergers & Acquisitions department, before becoming the Group's Director of Investor Relations. Subsequently, Alexandre held several positions as CFO of operational entities, all multinationals, with a variety of activities: commercial, projects and services, supply chain. He spent 5 years in Copenhagen to head up the Nordic-Baltic subsidiary and also contributed to the creation of a global IT Division.

Alexandre is a graduate of ESCP and holds a DESCF in the chartered accounting curriculum

ANNE DELPRAT

Chief Human Resources Officer

Anne DELPRAT joined McPhy in April 2021 as our Chief Human Resources Officer. She oversees the global Human Resources function, sets out the human resources strategy in line with the vision and requirements of activities, assists in deploying the human resources roadmap and contributes to developing the McPhy culture.

Anne started out as a headhunter for the European clothing branch of the Sara Lee group (DIM S.A.S.). After working on a media communications project on the employer brand, she became HR Manager for Playtex S.A.S. In 2009, she swapped clothes for chemical and became the HR Manager France for Stepan Company. Adopting a Business Partner approach, Anne oversaw company growth, revised human resources processes, implemented labor policies and group human resources initiatives. In 2013, she became Director of Human Resources for the Surfactants division in Europe, with a scope of 300 employees across six countries.

With her multicultural experience and capacity to build bonds between people, Anne has achieved demonstrable success in deploying HR initiatives and change management.

Anne holds a law degree and a master’s degree in human resources.

MARCO LUCCIOLI

Chief Customer Service Officer

Marco LUCCIOLI joined McPhy in 2018 and was appointed to the role of Chief Customer Service Officer in 2020.

With a career spanning 25 years at renowned multinationals (B&W, Westinghouse, Rolls Royce, General Electric, Air Liquide), Marco brings substantial expertise in technology development, project management and customer service. Throughout his career, Marco has headed-up engineering, quality and service organizations, with success on major projects for large corporations in electricity generation, oil & gas. He brings to McPhy a wealth of international experience and business culture, having lived and traveled abroad for many years.

Marco is fluent in Italian, English and French, he holds a master's degree in mechanical engineering from Florence I university in Italy, majoring in turbo machines.

ALEXANDER PICCO

Chief Project Management Officer

Alexander PICCO joined McPhy in May 2020 as its Chief Project Management Officer.

Alexander oversees McPhy projects and works closely alongside all Group departments to ensure project schedules and budgets are met, to the highest level of quality demanded by our customers.

Alexander started out in 2003 at Siemens AG Power Generation (today Siemens Energy AG), as Quality Manager and welding engineer on major construction projects. In 2008, he joined the Siemens project management team and worked on key billion-dollar international projects. With over 17 years of expert experience in building combined cycle power generation plants, Alexander boasts in-depth knowledge in the deployment of large Engineering, Procurement & Construction (EPC) projects, alongside extensive technical knowledge, site management and project management experience, all within an international arena.

Alexander graduated with a joined Engineering and Business Management degree from the Göttingen University of Applied Sciences and Arts (HAWK).

Other positions and corporate offices held:

- Director of McPhy Deutschland GmbH.

LAËTITIA PEYRAT

General Counsel & Board Secretary

Laëtitia PEYRAT joined McPhy in May 2022 as General Counsel & Board Secretary.

Laëtitia manages the legal function and in this context, defines the McPhy legal strategy in line with the Group's vision, corporate culture and growth objectives. With over 19 years of experience in an international environment, Laëtitia has extensive expertise in business law and in strategic project management for major industrial groups.

Prior to joining McPhy, Laëtitia was Counsel (M&A) at Linklaters LLP and then General Counsel (M&A, Corporate & Finance) at Imerys.

Laëtitia holds a master's degree in business law - Diploma in Corporate Counsel (University of Poitiers) and a master's degree in commercial Law (University of Bristol). She is an attorney at law and a former member of the Paris Bar.

ANTOINE RESSICAUD

Chief Operating Officer

Antoine RESSICAUD joined McPhy in 2021 as our Chief Manufacturing, Procurement & Quality Officer. He was appointed to the role of Chief Operating Officer in September 2022.

Antoine supervises purchasing, supplies, production and industrial scale manufacturing. His brief is to define and apply the most demanding standards and processes for a leading-edge industry. He ensures strategic and operational alignment with other Company departments.

Antoine comes from a career in the energy sector, with several key management roles at Alstom-General Electric: Lean Management, Industrial Division, Purchasing Division.

Beforehand, Antoine spent 12 years in the automotive industry with Valéo, primarily in the Industrial Division across France and Spain.

Antoine graduated as a mechanical engineer from INSA Rouen, holds a degree from the Michigan Ross School of Business and the CEDEP.

3.2.2.2 Missions of the Executive Committee

The Executive Committee is responsible for ensuring that the organization, resources and general conduct of the Group's business, as implemented by each of the members within their individual areas of responsibility and under the authority of the Chief Executive Officer, are consistent with the strategy decided by the Board and in accordance with the policies and objectives thus set.

It meets monthly and as often as the Group's interests require.

3.3 Board of Directors

The composition, operation and duties of the Board are defined by law, the Company's Articles of Association and the Board's internal regulations (the "**Internal Regulations**"). The Articles of Association and Internal Regulations of the Board are published on the Company's website.

3.3.1. Composition of the Board and its Committees

General rules governing the composition of the Board and the appointment of directors

The Articles and the Board's Internal regulations specify that:

- **Number of directors**. The Board of Directors comprises a minimum of three and a maximum of eighteen members, natural or legal persons.
- **Term of office.** Directors are appointed for a term of three years. As an exception, to ensure a rotation of offices, this duration can be one or two years.
- **Age limit**. No person may be appointed as a director if, having passed the age of 70, their appointment would result in more than one third of the members of the Board of Directors being over that age. If this proportion is exceeded, the oldest director is deemed to have resigned. No one over the age of 70 may be appointed Chairman of the Board. If the current Chairman exceeds this age, they are deemed to have resigned.
- **Censors.** Up to three censors may be appointed for a maximum term of three years. No censor is in office at the date of this Document.

Current composition of the Board and its Committees

- As of the date of this Document, the Board is chaired by Luc Poyer (and has been since June 17, 2021) and comprises 8 members, with:
  - 37.5 % of independent directors
  - Four women and four men
  - Two nationalities
- As of the date of this Document, the average age of directors was 53, and the average length of service was less than 5 years.
- Four specialized committees support the Board: the Audit Committee, the Appointments and Remuneration Committee, the Key Contracts Committee and the CSR Committee. Independent directors chair all the Committees.
- Since 2023, the labor committee (CSE) has elected an employee representative (executive college) who takes part in Board meetings in accordance with regulations.

Governance changes to be presented at the next Annual General Meeting

- On the recommendation of the Appointments and Remuneration Committee, the Board recommended the appointment or, as the case may be, the reappointment of Luc Poyer (Chairman of the Board), Bpifrance Investissement, Chart International Holdings, EDF Pulse Holding and Régis Combaluzier as directors, and Eric Bruguière as an independent director. These proposals will be submitted to the Shareholders' General Meeting on May 30, 2024.
- Assuming that the Shareholders' General Meeting of May 30, 2024, approves the above proposals, the Board would comprise 8 members, with:
  - 37.5 % of independent directors
  - Three women and five men
  - Two nationalities

Succession plan

The role of the Appointments and Remuneration Committee is to periodically review succession within the Group (for the positions of Chief Executive Officer and Chairman of the Board) with a view to drawing up and updating a succession plan.

As of the date of this Document, the topic of succession plans has been prepared by the Appointments and Remuneration Committee and reviewed by the Board. In this context, the Appointments and Remuneration Committee favors close collaboration with Executive Management to ensure the overall consistency of the succession plan and to monitor key positions, given that the number of new employees since 2021, both at Executive Committee level and among key talents, now makes it possible to imagine several possible scenarios. Succession plans distinguish between (i) short-term situations, where rapid succession scenarios are possible with the support of existing teams, thus ensuring business continuity, and (ii) medium- and long-term situations, where specific development actions are required to assume the function completely and permanently, and are currently being evaluated. Moreover, the Appointments and Remuneration Committee also works closely with the Board on the duties of Chairman of the Board, and is particularly vigilant in maintaining the confidentiality of this information.

3.3.1.1 Summary presentation of the Board as of the date of this Document

	Age	Gender	Nationality	Independence	Number of shares (1)	Number of offices held in listed companies (2)	Initial date of appointment	Expiry of office	Seniority on the Board (3)	Membership of Committees
Luc Poyer (Chairman)	57	M	French	No	6 724	1	05/21/2015	2024 GM	8 years	Ex-officio member of the Key Contracts Committee
Bpifrance Investissement *Represented by Laure Michel*	50	F	French	No	1 669 120	_	05/21/2015	2024 GM	8 years	Member of the Audit Committee Member of the Appointments and Remuneration Committee
Eric Bruguière	44	M	French	Yes	_ (4)	_	04/02/2024	2024 GM	_	Chair of Audit Committee Member of the Key Contracts Committee
Chart Industries *Represented by Peter Gerstl*	53	M	German	No	1 276 595	_	01/07/2021	2024 GM	3 years	Member of the CSR Committee
EDF Pulse Holding *Represented by Christelle Rouillé*	54	F	French	No	3 933 708	_	06/26/2018	2024 GM	5 years	Member of the Appointments and Remuneration Committee Member of the CSR Committee
Jean-Marc Lechêne	65	M	French	Yes	800	_	02/08/2022	2025 GM	2 years	Chair of the Key Contracts Committee
Myriam Maestroni	56	F	French	Yes	850	1	05/21/2015	2026 GM	8 years	Chair of the Appointments and Remuneration Committee Chair of the CSR Committee Member of the Key Contracts Committee
Emmanuelle Sallès	44	F	French	No	_	_	06/26/2018	2024 GM	5 years	Member of the Audit Committee

(1) The Bpifrance shares are those held through the FCPI Fonds Ecotechnologies, and those of the Chart Industries group through Chart International Holdings Inc..

(2) Other than in the Company.

(3) Figure rounded down. In the case of persons who previously held the position of member of the Company's Supervisory Board (prior to conversion into a public limited company with a Board of Directors), length of service is assessed solely in relation to the position of member of the Board of Directors. For directors who are legal entities, seniority is assessed in relation to the director's term of office itself (and not to its permanent representative).

(4) Mr Eric Bruguière will hold at least 800 shares in the Company as soon as possible after taking up his appointment (and no later than 6 months thereafter).

3.3.1.2 Changes to the composition of the Board

3.3.1.2.1 Changes to the composition of the Board and its Committees since January 1, 2023

	Departure	Appointment	Renewal
Board of Directors	Pascal Mauberger (05/24/2023) (1) Technip Energies N.V (06/01/2023) Eléonore Joder (03/05/2024)	Eric Bruguière (04/02/2024) (2)	Myriam Maestroni (05/24/2023)
Audit committee	Eléonore Jpder (Chair) (03/05/2024	Eric Bruguière (Chair) (04/02/2024) (2)	—
Appointments and Remuneration Committee	—	—	Myriam Maestroni (Chair) (05/24/2023)
Key Contracts Committee	Pascal Mauberger (05/24/2023) Eléonore Joder (05/24/2023)	Eric Bruguière (04/02/2024) (2)	Myriam Maestroni (05/24/2023)
CSR Committee	Technip Energies N.V (06/01/2023)	Myriam Maestroni (Chair) (05/24/2023) Eléonore Joder (05/24/2023) Technip Energies N.V. (05/24/2023) Chart Industries Inc. (07/27/2023) EDF Pulse Holding SAS (07/27/2023)	-

(1) Pascal Mauberger is Honorary Chairman, and as such may be invited to attend Board meetings. Refer to paragraph 3.3.3.3 of the present Document.

(2) Co-opted as Director and appointed as Chairman of the Audit Committee and member of the Key Contracts Committee following the Board's decisions of April 2, 2024.

3.3.1.2.2 Changes expected in the composition of the Board and its Committees

	Departure	Appointment	Renewal (2)
Board of Directors	Emmanuelle Sallès (05/30/2024) Chart Industries Inc. (5/30/2024)	Régis Combaluzier (05/30/2024) (1) Chart International Holdings Inc. (05/30/2024) (2)	Luc Poyer (Chairman) (05/30/2024) Bpifrance Investissement SAS (05/30/2024) EDF Pulse Holding SAS (05/30/2024)
Audit committee	Emmanuelle Sallès (05/30/2024)	Régis Combaluzier (05/30/2024) (1) Jean-Marc Lechêne (05/30/2024)	Bpifrance Investissement SAS (05/30/2024)
Appointments and Remuneration Committee	—	—	Bpifrance Investissement SAS (05/30/2024) EDF Pulse Holding SAS (05/30/2024)
Key Contracts Committee	—	—	Luc Poyer (05/30/2024)
CSR Committee	EDF Pulse Holding SAS (05/30/2024) Chart Industries Inc. (05/30/2024)	Luc Poyer (05/30/2024) (2) Chart International Holdings Inc. (05/30/2024) (2)	—

(1) Subject to approval by the Shareholders' General Meeting on May 30, 2024 of his appointment as a new director and with effect from the date of fulfillment of the applicable condition precedent.

(2) Subject to approval by the Shareholders' General Meeting on May 30, 2024 of the appointment or depending on the case, reappointment of the person in question to the Board of Directors of the Company.

3.3.1.3 Diversity on the Board

The Board is committed to promoting a policy of diversity and complementary nature of profiles in terms of gender, age, professional and international experience.

- To this end, it identifies the applicable orientations to ensure the best possible balance, regularly evaluates its composition and that of its Committees, in particular at the time of renewals of office and evaluations of its operation, and ensures the regular renewal of its members.
- It complies with the regulations and recommendations of the Middlenext Code regarding the diversity and independence of its members [1].

Diversity policy [2]

The table below describes the Board's diversity policy.

	Criterion	Objective(s)	Achievement in 2023 (as at December 31, 2023)
Council	Gender mix	Maintain a balanced representation of men and women on the Board	Representation was balanced, with five women and three men (a difference of two for an eight-member Board)
	Age	Maintain age-balanced representation on the Board, in compliance with regulations and Articles of Association concerning age limits	The average age of the directors was 54, of whom one is under 50, six between 50 and 60 and one over 60
	Length of service	Maintain a balanced representation of seniority on the Board	The average length of service of directors was around 6 years, including two directors with less than 4 years' service, three directors with between 4 and 8 years' service, and three directors with more than 8 years' service
	Independence	Maintain a proportion of independent directors in line with the recommendations of the Middlenext code	• Proportion in line with the Middlenext code, with 37.5% independents (vs. 30 % in 2022) • Each of the Board's specialized committees was chaired by an independent director • In the future, the Group will endeavor to increase the proportion of independent directors on future Board appointments or renewals (given the presence of directors representing major shareholders and the need to have a "smaller" Board to favor the effectiveness of its work)
	Balance of qualifications and experience	Maintain a diversity of professional skills and experience in key areas for the Group, and a balance between directors who have been in office for several years, and the integration of new members	• The areas of expertise and experience and biographies of each director are provided in the following sections (“Skills and expertise”) and in section 3.3.2 of this Document.
	International	Maintain an international composition aligned with the Group's locations and activities	• Two nationalities (German and French) were represented • A significant proportion of Board members have significant international experience

(1) Refer to section 6.5.9.2 for a presentation of the Group's diversity policy and results.
(2) Pursuant to article L. 22-10-10 paragraph 2 of the French Commercial Code.

Furthermore, the diversity policy of the Executive Committee is as follows:

	Criterion	Objective(s)	Achievement in 2023 (as at December 31, 2023)
Executive Committee	Gender mix	Strengthen gender balance by identifying potential candidates in advance	• Nine members, including 22% women (vs. 20 % in 2022)
	International	Maintain an international composition aligned with the Group's locations and activities	• Three nationalities (German, French and Italian) were represented (in line with Group locations) • All Executive Committee members have significant international experience

Details of gender diversity within the Group, and in particular the score for the top 10% of positions of responsibility, are presented in paragraph 6.9.5.2 of this Document.

Independence of directors

At the date of production of this Document, the Board of Directors has eight members of whom three are independent.

The definition of independence adopted by the Board corresponds to the criteria defined by the Middlenext Code, as described below:

- they must not be a salaried employee or corporate officer of the Company or of a company in the Group, and must not have held such a position within the last five years;
- they must not have been, over the last two years, and not currently be in a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the company nor hold a significant percentage of voting rights [(1)];
- they must not have a close relationship or family ties with a corporate officer or reference shareholder;
- they must not have been an auditor of the Company in the course of the previous six years.

However, it should be noted that the above criteria are neither exclusive of independence (i.e. independence is not necessarily excluded if one of these criteria is not met) nor sufficient (i.e. independence is not necessarily validated by the mere fact that these criteria are actually met). Independence must be assessed on the basis of the individual director's personal situation or that of the Company, with regard to their shareholding or for any other reason.

The status of independent director is reviewed annually by the Board. The Board examines the personal situation of each director, including any business relationships that may exist with the Group, and the independence of each member, especially those whose appointment or renewal is proposed to the next Shareholders' General Meeting.

Following this review, based on the personal information provided by each of the directors and to the best of the Company's knowledge, the Board of Directors determined that the following are independent:

- Eric Bruguière, Myriam Maestroni and Jean-Marc Lechêne.
- As part of the strict application of the independence criteria set out in the Middlenext Code, and in line with best corporate governance practices (in terms of total length of office), Luc Poyer was not considered independent by the Board due to his temporary appointment as Chief Executive Officer (for less than 6 months) during 2021, and his membership of the Company's Supervisory Board and subsequently the Board of Directors since 2010 (therefore in excess of 12 years).

(1) The Board internal regulations set the limit at 1%.

In the table below, ✓ represents a satisfied independence criterion and ✖ represents an unsatisfied independence criterion.

	Luc Poyer	Eric Bruguière	Chart Industries [(1)]	Jean-Marc Lechêne	Myriam Maestroni	Bpifrance Investissement	EDF Pulse Holding	Emmanuelle Sallès	Régis Combaluzier
They must not have been an employee or corporate officer over the past 5 years	✖	✓	✓	✓	✓	✓	✓	✓	✓
No significant business relationships in the previous 2 years	✓	✓	✓	✓	✓	✓	✓	✓	✓
They must not be a major shareholder	✓	✓	✖	✓	✓	✖	✖	✖ [(2)]	✖ [(3)]
No close relationships or family ties	✓	✓	✓	✓	✓	✓	✓	✖ [(2)]	✖ [(3)]
They must not have been a statutory auditor over the past 6 years	✓	✓	✓	✓	✓	✓	✓	✓	✓

(1) Chart Industries group (Chart Industries Inc., director/Chart International Holdings Inc., candidate director).

(2) Director, former head of the EDF Group's stock market and corporate law department, whose appointment and subsequent renewal were proposed by EDF Pulse Holding (as the second EDF Pulse Holding member) under the agreements signed when the EDF Group acquired a stake in the Company. The term of office of Mrs Emmanuelle Sallès expires at the next Shareholders' General Meeting (05/30/2024) and will not be renewed. Refer to section 7.6 of this Document.

(3) Candidate director, Chief Financial Officer of EDF Pulse Holding, whose appointment has been proposed by EDF Pulse Holding (as second EDF Pulse Holding member) under the agreements signed concerning the proposed convertible bond issue and will be submitted for approval to the next Shareholders' General Meeting (05/30/2024). Refer to section 7.6 of this Document.

Diverse and complementary skills and expertise

Board members are selected based on their expertise and experience.

The activities and offices held by each of the directors (see their biographies in section 3.3.2.1 of this Document) attest to their individual expertise and experience in different fields, and how they contribute to the quality of the Board's work and a fair balance in its composition.

The table below summarizes the main areas of expertise and experience of directors in office at the date of this Document:

	Technological / scientific expertise in hydrogen	Business management	Strategy	Experience and knowledge of the regulatory environment	Knowledge in CSR matters	Risk management, compliance and internal audit	Human resources	Financial / legal expertise	Governance
Luc Poyer		✓	✓	✓	✓		✓	✓	✓
Eric Bruguière		✓	✓			✓		✓	✓
Peter Gerstl (Chart Industries Inc.)	✓	✓	✓	✓	✓				✓
Jean-Marc Lechêne		✓	✓				✓	✓	✓
Myriam Maestroni		✓	✓	✓	✓		✓		✓
Laure Michel (Bpifrance Investissement SAS)		✓	✓		✓	✓	✓	✓	✓
Christelle Rouillé (EDF Pulse Holding SAS)	✓	✓		✓	✓				
Emmanuelle Sallès						✓		✓	✓

3.3.2 Directors' biographies, offices and functions

The following information [1] has been provided to the Company by each of the directors in office at the date of this Document (or candidate directors as the case may be).

Additional information on the age, nationality, shares owned, and Board committee membership of each director in office as of the date of this Document is given in paragraph 3.1.1 of this Document.

Note that apart from their positions within the Company, at the date of this Document, none of the Directors holds, or has held in the last five years, a position in any other Group company.

LUC POYER

Chairman of the Board

Director proposed for renewal at the next General Meeting

Address: 40 rue Philibert Delorme, 75017 Paris (France)

First appointed: May 21, 2015 [(1)]

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

Main professional activity: Corporate officer/Entrepeneur

Biography

As a graduate of ESSEC business school, the Paris Institute of Political Studies and civil service school ENA, Mr. Poyer has spent the majority of his career in the energy sector. Luc started his professional career in the Court of Audit (Cour des Comptes) where he led industrial firm audit missions between 1994 and 1998. He then joined Elf Aquitaine in the Refinery Division, before embarking on several missions in the Total group, including the post of Director General of Gas Andes in Chile (2001-2003) and head of the Qatargas II integrated LNG project (2004-2005). Between 2006 and 2008, he was Deputy CEO of Poweo and established the subsidiary Poweo Production, active in electricity generation from renewable energies and natural gas. From 2009 to 2019, he managed the electricity production and gas and electricity sales activities in France for the E.ON group (now UNIPER). In 2020, he took the reins at France Nouvelles Energies, specializing in reducing the carbon footprints of businesses. He is a senior advisor to Energy Impact Partners (EIP) Europe and Green Executives (UK).

Luc is also a member of the Board of Directors of the Association pour la Transition Bas-carbone (ABC), the Association France Hydrogène and the Franco-German Chamber of Commerce and Industry (AHK).

Other offices and functions

Current offices

- Member of the Board of Directors and Chair of the Appointments and Remuneration Committee of Voltalia SA (France) - listed company
- Chairman of France Nouvelles Energies SAS (France)
- Member of the Supervisory board of Coriance SAS (France)
- Founding partner and Chairman of Hylae SAS (France)

Positions held during the last five years

- Chairman of Uniper France SAS (France)

(1) Luc Poyer was appointed as a member of the Supervisory Board at the OGM of November 25, 2010, then as a member of the Board of Directors at the Board of Directors meeting of May 21, 2015. He then was appointed as Chairman at the Board of Directors meeting on June 17, 2021.

[1] In alphabetical order (dircetor name), excluding the Chairman of the Board.

LAURE MICHEL

Permanent representative of Bpifrance Investissement SAS, Director, whose renewal will be proposed at the next General Meeting

First appointed: May 21, 2015 (1)

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

BPIFRANCE INVESTISSEMENT

Address: 27/31, avenue du Général Leclerc, 94710 Maisons-Alfort Cedex (France)

Principal activity: management company (2)

LAURE MICHEL (3)

Address: c/o Bpifrance Investissement

Main professional activity: Senior Investment Director at Bpifrance Investissement

Biography of Laure Michel

Laure Michel brings with her 23 years of experience in private equity. She started her career as an Analyst specializing in the seed stage of biotech companies, before joining CDC Entreprises in 2000, where she held various investor positions aimed at structuring and growing the French private equity market. In 2004, Laure was appointed as the CEO of the Sécant start-up investment fund, which she succeeded in restructuring and selling-on the following year. In 2012, Laure MICHEL joined the innovation team of Bpifrance Investissement specializing in eco-technologies, as the Director of Investment.

Laure is a graduate of the Pierre and Marie Curie University and the Aix-Marseille Graduate School of Management.

Other offices and functions (4)

Current offices

- Permanent representative of Bpifrance Investissement SAS, Director of APIX Analytics SA (France)
- Permanent representative of Bpifrance Investissement SAS, censor of Dcbrain SAS (France)
- Permanent representative of Bpifrance Investissement SAS, member of the Strategy Committee of Green Impulse SAS (France)
- Permanent representative of Bpifrance Investissement SAS, member of the Strategy Committee of Pili SAS (France)
- Co-president of the SCI Arcole (France)

Positions held during the last five years

- Permanent representative of Bpifrance Investissement SAS, Director of Elichens SA (France)
- Permanent representative of Bpifrance Investissement SAS, Director of Nawa Technologies SA (France)
- Director of Techniwood International SA (permanent representative of Bpifrance Investissement SAS) (France)

(1) Bpifrance Investissement SAS was appointed as a member of the Supervisory Board at the OGM of November 25, 2010, then as a director at the Board of Directors' meeting of May 21, 2015.

(2) Bpifrance Investissement is the management company of the FCPI Fonds Ecotechnologies fund, itself a shareholder in the Company.

(3) Laure Michel replaced Anne-Sophie Carrese as permanent representative (first attendance at Board meeting of July 27, 2017).

(4) The offices and positions held by Laure Michel (in a personal capacity or as permanent representative) are listed below.
The above table does not include the offices held by management company Bpifrance Investissement within other entities, given the very large number of such offices reflecting the nature of Bpifrance Investissement's business.

ERIC BRUGUIERE

Independent director proposed for ratification of co-opting and renewal at the next General Meeting

Address: 45 rue Ampère - 75017 Paris (France)

First appointed: April 02, 2024 (1)

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

Main professional activity: Partner in an investment fund

Biography

Eric Bruguière is a partner in the Ciclad investment fund, which supports French SMEs and VSEs in their management transition and growth. He has structured and participated in the governance of many companies and offers strong experience of industry, the energy sector and high-growth situations.

Before joining Ciclad, Eric spent 5 years as a strategy consultant at CVA, where he specialized in the energy sector, utilities and raw materials.

Eric Bruguière is a graduate of ESSEC business school.

Other offices and functions

Current offices

- Member of the Monitoring Committee of Robodrill SA (France)
- Member of the Strategy Committee of Kyotherm SAS (France)
- Chairman of the Supervisory board of Tibbloc SAS (France)
- Chairman of the Strategy Committee of MyReport SAS (France)
- Chairman of the Supervisory board of EIF SAS (France)
- Chair of the Strategy Committee of Allegro Musique SAS (France)

Positions held during the last five years

- Member of the Supervisory board of Edeis SA (France)
- Member of the Monitoring Committee of H&A location SAS (France)
- Member of the Monitoring Committee of SystemX SAS (France)
- Member of the Monitoring Committee of Nord Coffrage SAS (France)
- Member of the Monitoring Committee of Slat SAS (France)

(1) Eric Bruguière was co-opted as a director at the Board meeting of April 2, 2024.

PETER GERSTL

Permanent representative of Chart Industries Inc., Director

First appointed: 01/07/2021

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

Chart Industries Inc.

Address: 2200 Airport Industrial Drive, Suite 100, Ball Ground, Georgia 30107 (USA)
Main activity: Parent company of Chart Industries group

Peter Gerstl [(1)]

Address: Hagackerstrasse 20, 8427 Freienstein (Switzerland)
Main professional activity: Hydrogen Sales Director, EMEA

Biography of Peter Gerstl

Peter GERSTL joined Chart Industries in 2020 and assumed the role of Hydrogen Sales Director for Europe, Middle East and Africa.

Previously, Peter held various positions within Linde Engineering: between 2018 and 2020 he was head of the product team, between 2013 and 2018 he was head of sales, and between 2005 and 2013 Peter was international sales manager for cryogenic plant components. Before joining Linde Engineering, Peter held several positions at Wacker Chemie GmbH between 1999 and 2004 and was a scientific Quality assistant at the Technical University of Munich between 1997 and 1999 in numerical process simulation.

Peter holds a degree in process engineering from Munich Technical University and an MBA from FOM University of Applied Sciences for Economics and Management

Other offices and functions [(2)]

Current offices

- Peter Gerstl - N/A

Positions held during the last five years

- Peter Gerstl - N/A

(1) Peter GERSTL replaced Jillian EVANKO as permanent representative on December 16, 2021.

(2) The offices and positions held by Peter Gerstl (in a personal capacity or as permanent representative) are listed below. The offices and functions of Chart Industries Inc. do not appear in the table.

CHRISTELLE ROUILLÉ

Permanent representative of EDF PULSE HOLDING SAS, Director, whose renewal will be proposed at the next General Meeting

First appointed: 06/26/2018
Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

EDF PULSE HOLDING

Address: 20 bis Rue Louis Philippe, 92200 Neuilly-sur-Seine (France)
Main activity: Management company

CHRISTELLE ROUILLÉ

Address: c/o Hynamics - 8-10, avenue de l'Arche, Immeuble le Colisée, 92400 Courbevoie (France)
Main professional activity: Company officer

Biography of Christelle Rouillé

Christelle has worked for the EDF Group for over 20 years. She started out in the International Division and joined the Sales division as a Key Account Manager. In 2009, she joined EDF Énergies Nouvelles, EDF group subsidiary responsible for renewable energies, where she first was Director of Partnerships then Director of Business Development Europe and Asia, for the Operation & Maintenance subsidiary of EDF Énergies Nouvelles. In 2017, Christelle Rouillé joined the new "New Business Management" entity in charge of developing the group's future and new activities and turning them into growth levers as Director of Strategy and Business Coordination. In April 2019, Christelle founded Hynamics, a new EDF Group subsidiary intended to deliver efficient low carbon hydrogen solutions for industry and mobility. Christelle was appointed as its CEO.
Christelle is a graduate of the Ecole Supérieure des Sciences Economiques et Commerciales in Angers, France and of the Vienna University of Economics (Wirtschaftsuniversität).

Other offices and functions

Current offices

- **Christelle Rouillé** - Managing Director, Hynamics SAS (France)
- **EDF Pulse Holding SAS**
  - Director - Member of the Management Committee of NeoT Capital (France)
  - Director - Member of the Executive Committee of N Green Mobility (France)
  - Director - Member of the Board of Directors of Neot Offgrid Africa (NOA) (France)
  - Director - Member of the Strategy Committee of Monkey Factory (France)
  - Director - Member of the Supervisory Board of TEEPTRAK (France)
  - Director - Member of the Board of Directors of PowerUp (France)
  - Director - Member of the Board of Directors of Zenpark (France)
  - Censor on the Strategic Committee of Securkeys (France)
  - Observer for Persefoni AI Inc (USA)
  - Director - Member of the Board of Directors of Enerbrain S.r.l (Italy)
  - Director - Member of the Strategy Committee of Archipels (France)
  - Director - Member of the Strategy Committee of Ekoscan Integrity (France)
  - Censor on the Strategic Committee of Masteos (France)
  - Director - Member of the Board of Directors of Spot Rocto Technologies Holding B.V. (Netherlands)
  - Director - EDF Group of Sweetch Energy (France)
  - Director - Member of the Board of Directors of Carbon8 (UK)
  - Member of the Strategic Advisory Board of BeZero carbon Ltd (UK)
  - Director - Member of the Management Committee in several subsidiaries: Exaion, Metrascope, Urbanomy, Perfesco, Hynamics, Yxir and Oklima (France)
  - Director of Permettez-moi de construire (France)

Positions held during the last five years

- **Christelle Rouillé** - N/A
- **EDF Pulse Holding SAS**
  - Director of Oreka (since become Cyclife Digital Solutions) (France)
  - Director of Hoppy (UK)
  - Director of ZNR Bateries (France)
  - Director of Agregio (France)
  - Director of E2M-Energy2market GmbH (Allemagne)
  - Director of DREEV (France)
  - Director of EDF Store and Forecast (France)
  - Director of ITK (France)
  - Director of SECLAB (France)

JEAN-MARC LECHÊNE

Independent director

Address: 3, rue Campagne Première, 75014 Paris (France)

First appointed: February 08, 2022 (1)

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2024

Main professional activity: Professional director

Biography

Jean-Marc Lechêne brings forty years of international industrial experience from strategic and operational standpoints, with extensive expertise in the field of renewable energies. In his last operational role as Chief Operating Officer of global wind turbine builder Vestas, for eight years he was responsible for production, procurement, safety, quality, and the environment for a global footprint covering Europe, North America, China, India and Brazil. Prior to this, following five years with McKinsey, he was responsible for large operational entities in China, North America, and Europe for Lafarge and Michelin.

Jean-Marc graduated in civil engineering from the Paris Mines school and holds an MBA from INSEAD.

Other offices and functions

Current offices

- Chairman of the Supervisory board of Caillau SAS (France)
- Independent director of Velux A/S (Denmark)
- Chairman of the Board of Norican A/S (Denmark)
- Chairman of the Board of Tresu A/S (Denmark)
- Chairman of the Consultative committee of Baettr GmbH (Germany)

Positions held during the last five years

- Independent director of Lamprell plc (Isle of Man - UK) - Listed company
- Chief Operating Officer, Vestas A/S (Denmark) - Listed company

(1) Jean-Marc Lechêne was co-opted as a director at the Board of Directors' meeting of February 8, 2022. His term of office was ratified and renewed at the General Meeting of May 19, 2022.

MYRIAM MAESTRONI

Independent director

Address: 19, rue de Miromesnil, 75008 Paris (France)

First appointed: 05/21/2015

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2025

Main professional activity: President Think Tank E5T

Biography

The energy sector has provided a passion and a varied career for Myriam Maestroni.

When appointed as Managing Director of Dyneff/Agip specializing in downstream and distribution of petroleum products in Spain, she participated in the deregulation of the national market. In 1996, she joined Primagaz to open its Iberian subsidiary. She was also Managing Director of Primagaz Spain until 2002, before pursuing her international career with SHV Holdings in the Netherlands. In 2003, she was appointed Director of Sales and Marketing at Primagaz France, where she became the Chief Executive in 2005. Myriam also initiated the "energy advisory" approach, aiming to transform the company into a "Designer and supplier of sustainable energy solutions". Subsequently, in 2011 she created the Economie d’Energie start-up to advocate energy efficiency for private customers and businesses through digital platforms. After a successful scaling-up (from 8 to 350 people and from 0 to €150 million in turnover), she sold the company to the La Poste group in 2021.

Since 2011, she has been the founding Chair of the E5T Endowment Fund, specializing in the energy transition. She sits on the boards of various companies and manages her own holding company.

In 2012, Myriam was awarded the Tribune Award in the Green Business category and was nominated as “Femme d’Or de l’Environnement” in December 2014. Mrs. MAESTRONI also won the VoxFemina award for Energy, Energy Efficiency and Climate Change in February 2015. She has received an Order of Merit and Legion of Honor. In 2019, she received the BNP Paribas International woman entrepreneur award. She has also authored four works: “Emotional Intelligence, Services and Growth”, “Energy Mutations” and “Learning to understand the world of energy 2.0” and co-author of Regeneration (2024).

Other offices and functions

Current offices

- President of the E5T Endowment Fund (France)
- President of UMA SAS (France)
- President of E5T Éducation SAS (France)
- Independent director of EkWateur SA (France)
- Chair of the Supervisory Board of Demeter Investment Managers SA (France)
- Independent director of Boostheat SA (France) - listed company
- Director of Construcia S.L (Spain)
- Member of the Impact Committee of Go Capital SAS (France)
- Member of the Strategy Committee of ZEI SAS (France)
- Member of the Strategy Committee of SerenySun SAS (France)
- Member of the Terega Accélérateur d’Energies endowment fund (France)

Positions held during the last five years

- Member of Strategy Committee of La Tribune (France)
- Member of Management Board of KEDGE
- CEO of Économie d'Énergie and its subsidiaries (ON5 Spain, Italy and UK)

EMMANUELLE SALLES

Director

Address: 29 rue de liège - 75008 Paris (France)

First appointed: June 26, 2018 (1)

Expiry of office: AGM for 2024 approving the accounts for year ending December 31, 2023

Main professional activity: Legal director

Biography

A graduate of Paris Descartes university (Paris V), and the HEC business school (master's degree in law and international management), Emmanuelle Sallès has worked within the EDF Group legal department for almost 15 years. She started out as a legal advisor in securities law in 2004. In 2014, she was appointed as project manager to the Group Legal Counsel. Between 2016 and 2022 she headed up the legal, securities law, and corporate law department of the EDF Group. She joined Enedis in 2022 as head of the Corporate Legal Department.

Other offices and functions

Current offices

- N/A

Positions held during the last five years

- Director of EDF (France) subsidiary Safidi, funding support for industrial development
- Director of Edev, holding company owning French stakes in the EDF Group (France)

(1) Appointment of a second EDF Pulse Holding member, in addition to EDF Pulse Holding when the EDF group acquired a stake in 2018.

CHART INTERNATIONAL HOLDINGS INC.

Director proposed for appointment at the next General Meeting

Nationality: American

Address: 2200 Airport Industrial Drive, Suite 100, Ball Ground, Georgia 30107 (USA)

Main activity: holding company (and 100% subsidiary of Chart Industries group)

Number of shares held as of the date of this Document: 1,276,595

It is foreseen that Chart International Holdings Inc. will have PETER GERSTL as its permanent representative

Address: Hagackerstrasse 20, 8427 Freienstein (Switzerland)

Main professional activity: Hydrogen Sales Director, EMEA

Biography of Peter GERSTL

Peter GERSTL joined Chart Industries in 2020 and assumed the role of Hydrogen Sales Director for Europe, Middle East and Africa.

Previously, Peter held various positions within Linde Engineering: between 2018 and 2020 he was head of the product team, between 2013 and 2018 he was head of sales, and between 2005 and 2013 Peter was international sales manager for cryogenic plant components. Before joining Linde Engineering, Peter held several positions at Wacker Chemie GmbH between 1999 and 2004 and was a scientific Quality assistant at the Technical University of Munich between 1997 and 1999 in numerical process simulation.

Peter holds a degree in process engineering from Munich Technical University and an MBA from FOM University of Applied Sciences for Economics and Management

Other offices and functions [1]

Current offices

- **Peter Gerstl** - N/A

Positions held during the last five years

- **Peter Gerstl -** N/A

(1) The offices and positions held by Peter Gerstl (in a personal capacity or as permanent representative) are listed below. All offices and functions of Chart International Holdings, Inc. do not appear in the table

REGIS COMBALUZIER

Director proposed for appointment at the next General Meeting (1)

Age: 53 years

Nationality: French

Address: 39, rue Jules Ferry – 92400 Courbevoie (France)

Number of shares held as of the date of this Document: N/A

Main professional activity: Finance manager and Chief financial officer Holding EDF Pulse Croissance, EDF Group

Biography

Régis Combaluzier joined EDF Pulse Croissance in 2017, where he holds the positions of CFO and CFO Holding as well as CFO of EDF Pulse Holding SAS.

Beforehand, Régis held various positions within the EDF Group: between 2010 and 2013 he was Operational Excellence Management Controller within EDF's Shared Services Division, then between 2013 and 2017 Régis was the Deputy General Secretary of EDEV, EDF Group. Prior to joining EDF, between 2008 and 2010, Régis was Head of Data Production and Services within the Finance and Strategy Division of Enedis. Between 2000 and 2007, Régis also held several positions in EDF's Finance Division (2000 to 2004) then within ERD, EDF's Concession Market Department. Lastly, between 1996 and 2000, he was a market operator in EDF's Finance Department.

Régis Combaluzier is a graduate of Montpellier Business School and holds a DEUG diploma in Economics from the University of Aix-Marseille II

Other offices and functions

Current offices

- Member of Management Committee of NEOT Capital SAS (France)
- Member of Board of Directors of NEOT offgrid Africa SAS (France)
- Member of Management Commitee of Perfesco SAS (France)

Positions held during the last five years

- N/A

(1) Proposed appointment of a second member EDF Pulse Holding, in addition to the renewal of the term of office of EDF Pulse Holding which is itself proposed for renewal, in connection with the proposed convertible bond issue. Refer to paragraph 7.4.3.3 of this Document.

3.3.3 Other information concerning the directors

3.3.3.1 Conflicts of interest and ethics of directors

Statements and agreements

As of the date of this Document and to the best of the Company's knowledge, subject to the fact that certain directors are also directly or indirectly, shareholders and business partners of the Company [(1)], there are:

- no current or potential conflicts of interest between the duties of the members of the Company's Board of Directors and their private interests or other duties;
- no arrangements or agreements entered into with shareholders, clients, suppliers or others under which a member of the Board has been appointed in this capacity, other than the voting commitments referred to in sections 7.6 and 8.4 of this Document;
- no restrictions accepted by the members of the Board on the disposal of their Company shares;
- no service contract between the Company or any of its subsidiaries or any of its directors providing for the allocation of any benefits under such contract.

Procedure for declaration and management of conflicts of interest

- **Obligation of disclosure and conflict management**. To prevent any risk of potential conflict of interest, the Internal Regulations of the Board specify that all members must "*notify the Chairman of the Board at their earliest convenience of any existing or potential conflict of interest with the Company or any Group company. Following this formality, it is incumbent on the director in question to act accordingly as per applicable laws, and where necessary to, (i) refrain from participating in the vote relating to the corresponding resolution (ii) refrain from attending Board of Directors meetings during the period of the conflict of interest or (iii) resign from their office*." At each Board meeting, and depending on the agenda, any Board member in a potential conflict of interest refrains from taking part in the deliberations and voting on any subject on which they may be in such a situation. Moreover, situations of conflict of interest within the Board are reported annually by the Director in question and reviewed by the Company.
- **Role of the Key Contracts Committee.** The mission of the Key Contracts Committee is to review commercial proposals and sensitive contracts, in particular if their conclusion is in conflict of interest (such as an agreement with one of the shareholders of the Company) [(2)].
- **Review of related party transactions.** The Board has adopted a procedure applicable to unrestricted and regulated agreements. It defines the procedure for (i) assessing agreements concerning ordinary transactions concluded under normal terms and conditions and for (ii) identifying regulated agreements which require prior authorization by the Board. Pursuant to this procedure, it conducts an annual review of related-party transactions [(3)].

Directors' code of ethics

Each director is also subject to the obligations imposed by legal and statutory requirements as well as the internal regulations of the Board (notably in terms of disclosure and management of conflicts of interest, confidentiality, due diligence and attendance, as well as possession of sensitive information) and the Stock Exchange Code of Ethics [(4)].

3.3.3.2 Other statements

As of the date of this Document and to the best of the Company's knowledge:

- no family ties exist between the directors and or between directors and the members of the Executive Committee;
- no Board member:
  - has been convicted of fraud during the last five years,
  - has been involved in a bankruptcy, receivership or liquidation proceedings,
  - has been the subject of official public accusation and/or received a penalty from a statutory or regulatory authority, or
  - has been prevented by a court from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or direction of an issuer's affairs during the past five years.

(1) Refer to paragraphs 7.2.1 and 8.4 of this Document.
(2) Refer to paragraph 3.3.4.3 of this Document.
(3) Refer to paragraph 3.6 of this Document.
(4) Refer to paragraph 3.5.2 of this Document.

3.3.4 Board powers and operation

3.3.4.1 Internal regulations of the Board

The Board's Internal Regulations [1] set out the principles of conduct for its members as well as for the operation of the Board and its specialized committees. These Regulations are regularly updated to incorporate applicable regulatory changes, the recommendations of corporate governance authorities and the results of the Board's operational self-assessments.

3.3.4.2 Powers of the Board of Directors

The Board defines the main orientations of business activities, monitors their implementation, and verifies the general operation of the Company. With the exception of powers expressly assigned to Shareholders' General Meetings and within the limits of the company's purpose, it handles all matters involving the proper functioning of the Company and settles matters through its deliberations. It must also approve major transactions before they are implemented by the Group [2].

3.3.4.3 Operation and work of the Board

Chairman and Secretary of the Board

The Chairman organizes and directs the work of the Board. The Chairman ensures that the Company's management bodies operate properly and in particular, that the Directors are capable of fulfilling their duties. He is also responsible for convening the Board to address an agenda drawn up jointly with the Chief Executive Officer and with the assistance of the Board Secretary, and chairs its meetings.

The Board appoints a Secretary of the Board, if it deems it useful, and sets the duration of their duties. The Secretary's duties include assisting the Board and its Committees in the organization of their meetings and in all other tasks related to the rules of corporate governance applicable to the Company. The Secretary draws up and files the minutes of meetings held by the Board of Directors and its Committees. She is empowered to certify copies or extracts of the minutes of the Board of Directors' discussions. As of the date of this Document, the Secretary of the Board is Laëtitia Peyrat, Group General Counsel.

Honorary Chairman

The Board of Directors may appoint an Honorary Chairman in a honorary capacity, they must be a natural person and a former Chairman of the Board of Directors. The Honorary Chairman may be invited to the meetings of the Board of Directors where they will have a purely consultative voice. As of the date of this Document, Pascal Mauberger, the Company's founder and former Chairman and CEO, is the Honorary Chairman [3].

Preparation and organization

The conditions for preparing and organizing the Board's work are described in the Company Articles of Association and the Board's Internal Regulations.

The Board meets as often as Company interests require and at least four times a year. Each year, it decides on a provisional calendar of meetings for the coming year. The Chairman of the Board sets the agenda for each meeting and communicates it in good time and by all appropriate means to its members. The agenda shall also include any matter requested by at least one third of the members of the Board. The Chief Executive Officer may also ask the Chairman of the Board to convene the Board on a specific agenda. In all cases, in the event of an emergency and on the proposal of the Chairman, the Board may deliberate on matters not featured on the agenda.

Directors must receive the information they need to carry out their duties within a reasonable time frame, to enable them to participate effectively in the Board's work and to enable them to perform the responsibilities of their office under appropriate conditions. The time period may be shortened in cases of urgency or necessity, or with the agreement of the directors. Reciprocally, directors have an obligation to request the necessary information they feel they need to perform their duties.

The Company also provides directors with any information they may require between Board meetings, whenever this is warranted by current events at the Company.

The Board of Directors is only quorate if at least half of the directors are present or represented. Decisions are taken by a majority of the members present or represented. Participants may be accommodated by videoconferencing or telecommunication methods as provided for by law, the Articles of Association and the Board's Internal Regulations.

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(1) The regulations are published on the Company website (https://mcphy-finance.com).
(2) Refer to section 3.2.1 of this Document.
(3) For information, Pascal Mauberger has not attended any Board meetings since May 2023 (the date on which he ceased to be a director).

Work and attendance

2023 fiscal year	Board	Audit committee	Appointments and Remuneration Committee	Key Contracts Committee	CSR Committee [1]
Number of meetings	10	10	6	3	4
Attendance rate [2]	80 %	83 %	89 %	80 %	95 %

(1) Sub-committee of the Appointments and Remuneration Committee until May 24, 2023.
(2) Taking into account all directors, including those who ceased to hold office during fiscal year 2023.

2023 fiscal year	Board	Audit committee	Appointments and Remuneration Committee	Key Contracts Committee	CSR Committee
Luc Poyer (Chairman)	90 %	—	—	100 %	—
Bpifrance Investissement SAS	90 %	100 %	83 %	—	100 %
Chart Industries, Inc.	100 %	—	—	—	100 %
EDF Pulse Holding SAS	70 %	—	83 %	—	75 %
Éléonore Joder	100 %	100 %	—	0 %	100 %
Jean-Marc Lechêne	100 %	—	—	100 %	—
Myriam Maestroni	100 %	—	100 %	100 %	100 %
Pascal Mauberger [1]	100 %	—	—	100 %	—
Technip Energies N.V. [2]	33 %	—	—	—	—
Emmanuelle Sallès [3]	50 %	50 %	—	—	—

(1) Pascal Mauberger's term of office as director (and member of the Key Contracts Committee) expired on May 24, 2023.
(2) Technip Energies' term of office (and CSR Committee membership) ended by resignation on June 1, 2023.
(3) Emmanuelle Sallès' attendance rate is due to exceptional circumstances (of a personal nature) during 2023. As a reminder, the average attendance rate of Emmanuelle Sallès over the last three years (2020, 2021 and 2022) was 82% on the Board and 93% on the Audit Committee.

Board activities

The main points covered during FY 2023 were as follows:

Group activities and finance	• Review of the company and consolidated financial statements for 2022 and the first half of 2023, and the corresponding financial press releases • Review and approval of the 2030 Business plan and 2024 budget • Information on business progress, monitoring of technological issues and review of key partnerships and customer projects • Information on safety within the Group • Share buyback program and annual authorizations for the Chief Executive Officer • Review of risks • Approval of the annual reports (universal registration document, annual financial statements, management report and other reports to the General Assembly) • Monitoring the work of Board Committees • Monitoring financing issues (in particular, creation of an equity financing line) • Monitoring M&A issues (in particular the proposed sale of the refueling station business)
Governance and CSR	• Review and evaluation of the Board's operation and performance, and of those of its Committees, as well as the individual contributions of members • Annual review of the composition of the Board and its Committees, certification of independence of members • Changes in the composition of the Board and its Committees (departure of directors and creation of a separate CSR Committee) • Review of Middlenext Code recommendations • Review of the Group's diversity policy • Management of conflicts of interest • Review and where appropriate, approval (signature, amendment or termination) of related party agreements • Approval of corporate governance report • Review of the Board's internal regulations and the Stock Exchange Code of Ethics • Review of Group ethics and CSR policies (including Code of Conduct)
Compensation	• Review and approval of the 2023 compensation policies applicable to Company corporate officers, assessment of 2022 corporate officer compensation and more broadly, of the elements required under the corporate governance report • Monitoring and implementation of long-term compensation plans for Group employees and corporate officers • Annual review of Company policy on equal opportunities and equal pay
Annual General Meeting	• Convening of meetings, approval of draft resolutions and of special reports by the Board • Review of the recommendations of voting consulting agencies
Miscellaneous	• Organization of executive sessions (discussions, at Board meetings, without Executive Management and Group employees present) • Creation of a secure platform (directors platform) • Authorization for sureties, endorsements and guarantees

Assessment

In accordance with best marketplace practices, Middlenext Code recommendations and its own Internal Regulations, the Board of Directors annually (i) reviews its own operation and of its Committees, to offer an assessment of the preparation and quality of their work and (ii) reviews the individual contribution of each Board member.

In the course of its self-assessment for 2023, organized through individual interviews with the Board Secretary and reports and discussions of the Board's Appointments and Remuneration Committee, the following were reviewed by the Board and its Committees: (i) the composition, operation, organization of meetings, access to information, agendas and work, the compensation of directors and relations within the Board and with Executive Management, (ii) the individual contribution of members and (iii) the implementation of the action plan defined in 2023.

Following this process, at its meeting of March 7, 2024, the Board reviewed its due diligence and conclusions, and determined the following actions:

- A significant improvement in the organization and operation of the Board and its Committees in 2023 (initiated in 2022), resulting notably from the creation of a Board Secretariat as well as new processes and tools dedicated to sharing information and organizing more meetings and discussions;
- A wealth of profiles and a high quality of dialog and collaboration between directors;
- Improved quality of information and satisfaction with the introduction of an annual strategy session;
- Areas for development and actions to be considered in 2024, notably with regard to the holding of Board meetings, communication between directors and disclosures to the Board.

Director training

In accordance with the Middlenext Code, the Company ensures that all Directors have access to training and information on the Company's business activities and environment. It has set up a three-year training plan. Also, subject to prior notification of the Chief Executive Officer, any director may meet with the Company's principal managers, including in the absence of corporate officers.

During 2023, the directors took part in a training session on CSR topics (CSR roadmap, competitive landscape and regulations) with the CSR Director and an external expert, as well as in a "strategy" session. They were able to review and discuss the Group's priorities with the management team, as well as its business sectors, competitive environment, market context and outlook in this respect. The directors were also able to visit the San Miniato plant in Italy.

3.3.5 Specialized committees of the Board

The Board benefits from the preparatory work carried out by its four specialized committees: the Audit Committee, the Appointments and Remuneration Committee, the Key Contracts Committee and the CSR Committee.

The Board Committees conduct their activities under the responsibility of the Board, which determines their assignments, composition and remuneration, on the recommendation of the Appointments and Remunerations Committee. Each Committee produces proposals, recommendations, or opinions to the Board in their respective areas of competence. The work done is periodically reported to the Board.

The Committee members (including their Chairs) are appointed by the Board from amongst the directors, on the proposal of the Appointments and Remunerations Committee. The term of office of Committee members coincides with their term of office as a director. The Chair of each Committee may decide to invite members of the Board and Executive Management or any other person they consider useful.

Each Committee deals with any matter within its area of influence and may also be asked by the Chairman of the Board to consider any matter on the Board's agenda

3.3.5.1 Audit committee

Composition as of the date of this Document

	Date of first appointment to the Committee	Independent member
Eric Bruguière (Chair) (1)	04/02/2024	Yes
Bpifrance Investissement SAS	05/21/2015	No
Emmanuelle Sallès	06/29/2018	No
Number of members: 3		**33.33%**

(1) Eléonore Joder ceased to be a director and consequently, a member and Chair of the Audit Committee with effect from March 5, 2024. Eric Bruguière has been co-opted as a new director (independent) and member and Chairman of the Audit Committee with effect from April 2, 2024. The ratification of this co-option and its renewal will be submitted to the next Shareholders' General Meeting.

Assigned role

The mission of the Audit Committee is to monitor (i) issues relating to the preparation and control of accounting and financial information and (ii) the effectiveness of the risk monitoring and operational internal control system, to facilitate the exercise by the Board of its control and verification duties in this area. Within this context, the Audit Committee has the following main tasks: (i) monitor the financial reporting process, (ii) monitor the effectiveness of the internal control, internal audit and risk management systems relating to the production and processing of financial and non-financial information, (iii) monitor the statutory audit of the company and consolidated financial statements by the appointed statutory auditors, and (iv) monitor the independence of the appointed statutory auditors. The Chairman of the Board or the appointed statutory auditors refer to the Audit Committee any event that exposes the Group to a significant risk.

The Audit Committee must receive from General Management any document reasonably necessary for the performance of its duties, within a reasonable period of time of at least three days prior to the Committee meeting. In particular, the Audit Committee shall receive all significant documents applicable to its remit (financial analyst notes, rating agency notes, summaries of audit assignments, etc.). It may request that an internal or external audit be carried out on any subject it considers relevant to its mission. The Audit Committee may interview the Company Chief Financial Officer.

Activity in 2023

Number of meetings	10
Average attendance rate	83%

The main points reviewed were as follows: (i) the company and consolidated financial statements for 2022 and the first half of 2023, together with the corresponding financial communications and reports; (ii) internal control and risk management; (iii) the 2024 budget and financing requirements.

3.3.5.2 Appointments and Remuneration Committee

Composition as of the date of this Document

	Date of first appointment to the Committee	Independent member
Myriam Maestroni (Chair)	05/21/2015	Yes
Bpifrance Investissement SAS	06/17/2021	No
EDF Pulse Holding SAS	06/29/2018	No
Number of members: 3		**33.33%**

Assigned role

The principal mission of the Appointments and Remuneration Committee is to assist the Board in determining the composition of the Group's management bodies and in determining and regularly assessing all compensation and benefits for corporate officers and/or senior executives. Within this framework, it carries out the following missions in particular: (i) proposals for the appointment of members of the Board and its Committees and of the Company's executive officers, (ii) annual assessment of the independence of the members of the Board, (iii) examination and proposal to the Board of all the elements and conditions of the remuneration of the Chief Executive Officer and of the Deputy Chief Executive Officer(s) and the Chairman of the Board, (iv) determination of the general remuneration policy for members of the Executive Committee, other than the Chief Executive Officer and Deputy Chief Executive Officer(s), (v) monitoring the policy on equal opportunities and equal pay, (vi) review of the succession plan, and (vii) proposal to the Board of Directors of the distribution method for the total annual remuneration package allocated to directors by the General Meeting.

Activity in 2023

Number of meetings	6
Average attendance rate	89%

The main points addressed were as follows: (i) assessment of the achievement of objectives defined for the variable portion of remuneration for the Chief Executive Officer and members of the Executive Committee; (ii) long-term shareholding mechanism; (iii) preparation of training for directors; (iv) calculation of remuneration for corporate officers and (v) preparatory work for the assessment of the Board's performance; (vi) succession plan for corporate officers and (vii) composition of the Board.

3.3.5.3 Key Contracts Committee

Composition

	Date of first appointment to the Committee	Independent member
Jean-Marc Lechêne (Chair)	03/31/2022	Yes
Eric Bruguière [(1)]	04/02/2024	Yes
Myriam Maestroni	05/12/2021	Yes
Luc Poyer	06/17/2021	No
Number of members: 4		**75.00%**

(1) Eric Bruguière has been co-opted as a new director (independent) and member and Chairman of the Audit Committee with effect from April 2, 2024. The ratification of this co-option and its renewal will be submitted to the next Shareholders' General Meeting.

Assigned role

The mission of the key contracts Committee is to review commercial proposals and sensitive contracts, in particular if their conclusion is in conflict of interest, at the request of General Management, the Chairman of the Board or any of the directors.

Activity in 2023

Number of meetings	3
Average attendance rate	80%

The main points addressed included a review of planned key commercial contracts and partnerships and where applicable, those entered into by the Group.

3.3.5.4 Corporate Social Responsibility Committee

Composition as the date of this Document

	Date of 1st appointment to Committee (1)	Independent member
Myriam MAESTRONI (Chair)	05/24/2023	Yes
Chart Industries Inc.	07/27/2023	No
EDF Pulse Holding SAS	05/24/2023	No
Number of members: 3 (2)		**33.33%**

(1) By reference to appointment to the CSR Committee as a separate Committee (from May 24, 2023).

(2) Number reduced from four to three following the withdrawal of Éléonore Joder as a director and, consequently, as member of the CSR Committee, with effect from March 5, 2024.

Assigned role

The main tasks of the CSR Committee are to (i) consider the CSR dimension of the major issues discussed by the Board (growth, restructuring, innovation, acquisitions, etc.), (ii) ask the Chairman of the Board to incorporate CSR in company strategy, (iii) question senior management on mandatory or voluntary CSR reporting, (iv) consult reports and where appropriate, interview independent external experts who have expressed an opinion on the Company's CSR performance, (v) monitor CSR performance and its gradual increase within the Group, (vi) encourage discussion of the use of CSR criteria when calculating the variable portion of executive compensation and participate in its implementation, (vii) review and monitor the deployment of the CSR roadmap and (viii) assist or formulate recommendations for any other Committee on any matter involving CSR questions.

Activity in 2023

Number of meetings (1)	4
Average attendance rate (1)	95%

(1) Including the meeting held by the CSR Committee as a sub-committee of the Nominations and Remuneration Committee.

The main points addressed were as follows: (i) a contribution to and validation of the 2022-2024 CSR Roadmap and work on the ESG minimums; (ii) monitoring the work on the definition of McPhy Values, customer satisfaction surveys and employee satisfaction survey, (iii) CSR training for Board members and (iv) the carbon footprint methodology.

3.4 Compensation of corporate officers

The information in paragraph 3.4 relating to the compensation of corporate officers is an integral part of the corporate governance report, as required by article L. 22-10-8 of the French Commercial Code.

The Company refers to the Middlenext Code and applies its recommendations on the compensation of corporate officers.

The compensation policy for corporate officers was established by the Board at its meetings on March 7 and April 2, 2024.

3.4.1 General principles

3.4.1.1 Principles and objectives

The Company's policy on the compensation of corporate officers is based on the following general principles and objectives:

- **Comprehensive, legible and transparent.** It provides details of all remuneration components allocated or paid to each corporate officer (i.e. fixed and variable components, long-term remuneration through equity instruments, including related performance criteria, exceptional compensation and/or benefits in kind, as applicable). It aims to provide clarity and simplified readability through simple and transparent rules, in particular the performance criteria applicable to variable and long-term compensation, the content and weighting of which are aligned with the Group's performance;
- **Balanced**. Each item is determined with regard to the profile of the corporate officer concerned (competence and willingness to invest in the long term), justified and aligned with the Company's interests, it being specified that compensation is assessed globally, i.e. in the light of all its constituent components;
- **Benchmark.** External consultants are used to assess the relevance and competitive nature of the compensation policy, while ensuring that it remains proportionate to the Company's situation;
- **Consistent.** The policy and its development are the subject of in-depth reflection within the governance structure, particularly in the light of the Group's human resources policy. It intends to match that applicable to all Group employees. Similarly, the compensation policy aims to align the interests of employees and shareholders and to strengthen attachment to the company and the attractiveness of McPhy;
- **Measured.** It aims to ensure a suitable balance with regard to the Company's interests, its long-term viability and growth, while incorporating the social and environmental issues surrounding its activity.

3.4.1.2 Determination, review and implementation process

The compensation policy is determined by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee. It is then submitted for approval to the Shareholders' General Meeting and published on the Company website in accordance with the applicable regulations.

- To avoid any conflict of interest, the persons concerned do not take part in the discussions nor do they vote on the items of compensation concerning them.
- With regard to the Appointments and Remuneration Committee's duties, (i) the Chair, an independent director, was chosen for her technical skills and her strong understanding of the applicable standards, trends and practices in terms of corporate officer compensation, (ii) the members of the Committee have access to useful Company information, in particular figures, (iii) comparisons are made to ensure that the policy is competitive and consistent with the Group's human resources policy and that of other companies in the sector, and (iv) discussions take place with the other members of the Board to assess the financial, accounting and tax impacts of the proposed policy.

The compensation policy is not subject to annual revision and remains applicable as long as it is not altered. The **implementation methods** vary from one year to the next and are **defined on an annual basis**. This is the case of annual performance criteria (in respect of variable or long-term compensation), which are determined in a precise and quantifiable manner by the Board at the beginning of the fiscal year, then their application is reviewed and approved by the Board at the end of the year then reviewed and approved by the Board at the end of the year.

The compensation policy approved in year N applies to all persons occupying corporate office for year N. The compensation policy approved in year N applies to all persons occupying corporate office for year N. In the event of appointments or departures during the year, the compensation is determined *prorata temporis* and by application of the principles, criteria and items of compensation featured in the policy approved by the most recent Company Shareholders' general meeting.

The allocation and payment in year N of variable and exceptional components in respect of fiscal year N-1, are subject to approval by the shareholders' general meeting under the conditions specified in article L.22-10-34 of the French Commercial Code.

The Board of Directors may, **on a temporary basis, waive the policy on the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer in exceptional circumstance**s and insofar as these changes comply with the Company's purpose and necessary to ensure the sustainability or viability of the Company. The Board will report on this at the next shareholders' general meeting. All exceptions must be justified and maintain the alignment of shareholder interests with those of the beneficiaries. More specifically, (i) the events that could give rise to a waiver include but are not limited to exceptional external growth transactions, a major change in strategy or a particularly serious event related to the Company's situation and (ii) in such circumstances, the performance conditions of the long-term compensation could be adjusted.

3.4.1.3 Results of the shareholder consultation on the compensation of corporate officers

The items relating to the **compensation of corporate officers submitted to the Shareholder General Meeting of May 24, 2023** received a favorable vote as follows:

		Votes "For"	Votes "Against"
7th resolution	Approval of information relating to the compensation of corporate officers for the fiscal year ended December 31, 2022	99.68%	0.32%
8th resolution	Approval of the items of compensation paid to the Chairman of the Board, Luc POYER, during fiscal year 2022 or granted in respect of the same fiscal year	99.59%	0.41%
9th resolution	Approval of the items of compensation paid to the Company's Chief Executive Officer, Jean-Baptiste LUCAS, during fiscal year 2022 or granted in respect of the same fiscal year	95.86%	4.14%
10th resolution	Approval of the policy on the compensation of directors (excluding the Chairman of the Board of Directors) in respect of the 2023 fiscal year	99.59%	0.41%
11th resolution	Determination of the global annual budget for the compensation of directors (excluding the Chairman of the Board of Directors)	99.61%	0.39%
12th resolution	Approval of the policy on the compensation the Chairman of the Board of Directors in respect of the 2023 fiscal year	99.58%	0.42%
13th resolution	Approval of the policy on the compensation the Chief Executive Officer in respect of the 2023 fiscal year	93.17%	6.83%

3.4.2 Directors' compensation (excluding the Chairman of the Board)

3.4.2.1 *Compensation policy (ex-ante)*

The compensation policy for directors is recommended by the Appointments and Remuneration Committee and was reviewed by the Board of Directors at its meeting on March 7, 2024.

General principles

- Compensation is granted to independent directors only.
- The annual compensation package is set by the Shareholders' General Meeting and allocated according to a scale determined by the Board, which is designed to take into account (i) directors' membership of Board Committees, their role (with higher remuneration for the additional work performed by Committee Chairs, who direct the work of the Committees and report to the Board) and (ii) attendance of Board members at Board and Committee meetings.
- Directors do not receive variable annual/multi-year or long-term compensation, supplementary pension plans, nor indemnities or benefits due or likely to be due resulting from the assumption, termination or change of their function. The Chairman shall be entitled to claim travel expenses (on presentation of receipts). Directors benefit from civil liability insurance applicable to all Group corporate officers.

2024 policy submitted to the approval of the shareholders' general meeting

- A total annual budget of €218,400, identical to that applied in 2023.
- Subject to a 5% increase in the amounts indicated, the scale is identical to that applied in 2023 and includes (i) a fixed component (pro rata temporis in case of departure or arrival during the year) and (ii) a variable component based on a fixed fee for each meeting, to reflect their participation and effective contribution to the work of the Board and its Committees, within the limit of a pre-defined cap on the number of meetings [1] as follows:

(in euros) (1)	Fixed amount	Per meeting (2)
Board of Directors		
Director	€ 10,500	€ 1,575
Audit committee		
Chair	€ 5,250	€ 2,100
Member	€ 2,625	€ 1,050
Appointments and Remuneration Committee		
Chair	€ 5,250	€ 1,680
Member	€ 2,625	€ 840
Key Contracts Committee		
Chair	€ 5,250	€ 2,100
Member	€ 2,625	€ 1,050
CSR Committee		
Chair	€ 5,250	€ 1,680
Member	€ 2,625	€ 840

(1) On a gross basis before tax and social security contributions.
(2) Within the annual limit of:
- *12 meetings for the Board of Directors, potentially increased to 17 meetings under exceptional circumstances (change of governance, significant M&A operation, etc.) without impacting the annual fixed amount allocated by the general meeting;*
- *9 meetings for the Audit Committee;*
- *7 meetings for the Appointments and Remuneration Committee and the Key Contracts Committee;*
- *4 meetings for the CSR Committee.*

- The Board may grant exceptional compensation for special assignments or offices, the conditions of which will be determined at the appropriate time by the Board, on the recommendation of the Appointments and Remuneration Committee, in accordance with Articles L. 225-46 and L. 22-10-15 of the French Commercial Code. As indicated above, if such assignments were to be entrusted to a director, they would be subject to the applicable regulations (and in particular to Article L. 225-38 of the French Commercial Code) and within the limits of the annual budget.

3.4.2.2 Items of compensation and benefits of all kinds paid or allocated in respect of the 2023 fiscal year (ex-post)

The items of compensation paid or allocated to directors in respect of 2023 detailed in the table below correspond to the compensation (fixed and variable) provided for in the 2023 compensation policy (and the related scale). No other compensation was paid or allocated to directors by the Company [2] or by a company within the Group scope of consolidation as defined by article L.233-16 of the French Commercial Code.

[1] Compensation due in respect of year N is paid in N+1 as from the date on which the relevant amounts are determined by the Board in accordance with the applicable policy
[2] Other than reimbursement of expenses (based on receipts).

Table of directors' fees and other remuneration received *(amount in euros, on a gross pre-tax basis, rounded to the nearest euro where appropriate)*

	Amounts allocated in 2023	Amounts allocated in 2023	Amounts allocated in 2022	Amounts allocated in 2022
Léopold Demiddeleer (1)	—	€ 4,068	€ 4,068	€ 28,000
Éléonore Joder	€ 54,907	€ 48,000	€ 48,000	€ 49,000
Jean-Marc Lechêne (2)	€ 36,000	€ 28,459	€ 28,459	
Myriam Maestroni	€ 54,541	€ 49,000	€ 49,000	€ 44,000
TOTAL	**€ 145,448**	**€ 129,527**	**€ 129,527**	**€ 121,000**

(1) In respect of his term as a director from January 1, 2021, to February 8, 2022, date of his departure.
(2) In respect of his term of office as a director from February 8, 2022, the date of his arrival.

The composition of the Board complies, and has complied throughout 2023, with the legal provisions relating to gender diversity, so that no suspension of the compensation of Board members as referred to in Article L. 225-45 paragraph 2 of the French Commercial Code has been enacted

3.4.3 Compensation of the Chairman of the Board

The compensation policy for the Chairman of the Board is recommended by the Appointments and Compensation Committee and reviewed by the Board of Directors at its meeting on March 7, 2024. The compensation policy and the payment of variable and exceptional items, where applicable, must be approved in advance by the Shareholders' General Meeting.

The Chairman of the Board does not take part in the discussions and votes of the Appointments and Remuneration Committee (of which he is not a member), nor in the Board meetings during which his compensation is discussed.

3.4.3.1 Compensation policy (*ex-ante*)

On the recommendation of the Appointments and Compensation Committee, the Board has decided to increase the Chairman's fixed annual compensation to €110,000, representing an increase of around 5% on the amount in effect since 2021.

Items of compensation	
Annual fixed compensation	€ 110,000
Annual variable compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferral periods, possibility of requesting the return of variable compensation	Not applicable
Extraordinary compensation	Not applicable
Stock options, free shares and other long-term benefits	Not applicable
Arrival allowance	Not applicable
Severance payment	Not applicable
Non-compete payment	Not applicable
Supplementary pension	Not applicable, other than the pension scheme (statutory and supplementary) applicable to the Company management employees in France
Benefits in kind	• Supplementary health and life insurance for Company management employees in France • Corporate officer civil liability insurance paid by the Company • Reimbursement of travel expenses (on presentation of receipts)

3.4.3.2 Items of compensation and benefits of all kinds paid or allocated in respect of the 2023 fiscal year (*ex-post*)

Luc Poyer has been Chairman of the Board since June 17, 2021.

The items of compensation awarded or paid to Luc Poyer for the 2023 fiscal year comply with the compensation policy adopted by the Board on the recommendation of the Appointments and Remuneration Committee and approved by the shareholders' general meeting of May 24, 2023.

Items of compensation	Amount paid	Amount allocated	Remarks
Annual fixed compensation	€ 105,000	€ 105,000	At its meeting of April 6, 2023, on the recommendation of the Nominations and Remuneration Committee, the Board decided to maintain the fixed remuneration of the Chairman of the Board at €105,000
Annual variable compensation	N/A	N/A	Not applicable
Multi-year variable compensation	N/A	N/A	Not applicable
Extraordinary compensation	N/A	N/A	Not applicable
Stock options, free shares and other long-term benefits	N/A	N/A	Not applicable
Arrival allowance	N/A	N/A	Not applicable
Severance payment	N/A	N/A	Not applicable
Non-compete payment	N/A	N/A	Not applicable
Supplementary pension	N/A	N/A	Not applicable, other than the pension scheme (statutory and supplementary) applicable to the Company management employees in France
Benefits in kind	N/A	N/A	• Supplementary health and life insurance for Company management employees in France • Corporate officer civil liability insurance paid by the Company • Reimbursement of travel expenses (on presentation of receipts)

No compensation was received to Luc Poyer from a company within the Group scope of consolidation as defined by article L.233-16 of the French Commercial Code.

Summary of compensation, options and shares granted Summary of compensation, options and shares granted

(amount in euros, on a gross pre-tax basis)

Luc POYER, Chairman of the Board	2023 fiscal year	2022 fiscal year
Compensation due in respect of the fiscal year (details given in table below)	€105,000	€140,000
Amount of multi-year variable compensation awarded during the year	—	—
Amount of options or shares allocated at no charge during the year	—	—
Amount of other long-term compensation plans	—	—
Total	**€105,000**	**€140,000**

Summary table of compensation *(in euros, on a gross pre-tax basis)*

Luc POYER, Chairman of the Board	2023 fiscal year		2022 fiscal year	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation (1)	€105,000	€105,000	€105,000	€161,959
Annual or multi-year variable compensation	—	—	—	—
Extraordinary compensation	—	—	—	—
Compensation due in respect of the assistance agreement (2)	—	—	€35,000	€35,000
Compensation granted for the office of Director (1)	—	—	—	€25,000
Benefits in kind (3)	—	—	—	—
Total	**€105,000**	**€105,000**	**€140,000**	**€221,959**

(1) As a reminder, in 2021, Luc Poyer successively served as a director, as interim Chairman and Chief Executive Officer (July 12 to October 17, 2021) and as Chairman of the Board (since June 17, 2021). The amounts paid in 2022 include items of compensation in respect of these past functions.

(2) As a reminder, in 2022, Luc Poyer also received additional compensation for services rendered (managerial transition and assistance in terms of strategy, establishing relations with investors) under an agreement dated October 18, 2021, for a total amount of €35,000. This assistance agreement expired on March 31, 2022.

(3) Given the nature of the benefits in question (i.e. supplementary insurance applicable to Company executives, directors' civil liability insurance and reimbursement of expenses), the amount reported as compensation is 0.

3.4.4 Compensation of the Chief Executive Officer

The Chief Executive Officer's compensation policy was recommended by the Appointments and Compensation Committee and reviewed by the Board of Directors at its meetings on March 7 and April 2, 2024. The compensation policy and the payment of variable and exceptional items must be approved in advance by the Shareholders' General Meeting.

The Chief Executive Officer does not take part in the discussions and votes of the Appointments and Remuneration Committee or the Board (of which he is not a member) during which his compensation is discussed.

3.4.4.1 Compensation policy (ex-ante)

As recalled in the general principles governing the compensation of corporate officers, the Company's objective is to establish and maintain a compensation structure that is balanced between its constituent components. The policy on the compensation of the Chief Executive Officer is intended to incentivize and recognize performance, ensuring that a significant part of their remuneration is subject to the achievement of financial, operating and non-financial criteria reflecting the Company's objectives, in accordance with its purpose and the associated creation of value for shareholders.

For 2024, the compensation policy for the Chief Executive Officer will be as described below, based on the current policy, subject to (i) an increase of around 4% in the annual fixed compensation (to €260,000) to take into account the results of the compensation study (fixed and target cash compensation for McPhy's Chief Executive Officer representing less than 30% of the median compensation of SB120 and SB80 companies in 2022) and consistency with the Group’s compensation policy (it being specified that the average pay increase granted was 6%), (ii) a review of the structure of the annual variable compensation, with the addition of a so-called exceptional portion for 2024, and (iii) correlating with this review, the absence of any allocation of compensation in the form of stock options or free shares during fiscal year 2024 [1]. Indeed, fiscal year 2024 is a strategic turning point for the Group and on the recommendation of the Appointments and Remuneration Committee, the Board has defined a compensation policy for the Chief Executive Officer that is exceptionally focused on actions and deliverables for the next 12 months.

Items of compensation	Comments
Annual fixed compensation	• Determined on the basis of the level of complexity of the tasks and responsibilities, skills, experience, expertise and background, as well as comparables (similar functions in comparable companies) • €260,000
Annual variable compensation (General principles)	• As described below, for 2024 the Board proposes that the Chief Executive Officer be awarded a variable compensation package, comprising an annual bonus in line with the principles, quantum and criteria of bonuses awarded in previous years (the “**Annual Bonus**”) and, secondly, given the Group's strategic objectives and key actions to achieve in this respect during 2024, an additional and extraordinary bonus, under the same conditions as the other members of the Executive Committee (the **Extraordinary Bonus**"). • The performance criteria applicable to both the Annual and Extraordinary Bonuses are varied and demanding, quantity- and quality-related, and take into account the Group's short, medium and long-term strategic objectives as well as the specific issues impacting 2024. • At the beginning of the year, on the recommendation of the Appointments and Remuneration Committee, after examining the various objectives, their weighting and the expected levels of performance, the Board sets (i) the threshold below which no variable compensation is paid, (ii) the target level of variable compensation due when each objective is achieved, and (iii) the level of out-performance. • The total amount of variable annual compensation (Annual Bonus and Extraordinary Bonus) calculated as a percentage of fixed compensation would range from 0% to 70% (if the target level is reached) and 85% (in case of out-performance in the case of the Annual Bonus). • Following the recommendations of the Appointments and Remuneration Committee and on the basis of factual and quantified information provided by the Company, in year N the Board assesses, criterion by criterion, the rate of achievement of variable compensation for fiscal year N-1. • The payment in year N of the annual variable compensation (Annual Bonus and Extraordinary Bonus) for fiscal year N-1 is subject to approval by the shareholders’ general meeting.
Variable annual compensation (*Annual Bonus*)	• <u>Amount:</u> the total amount will lie between 0% and 65% of the annual fixed compensation, with: – no guaranteed minimum. – a total amount corresponding to the sum for each objective achieved, equal to: 0% in case of non-achievement of objectives, 35% if the trigger level is reached, 50% if the target level is reached and a maximum of 65% in the event of out-performance. • <u>Performance criteria:</u> as in previous years, the criteria are Financial, Operational, Strategic and CSR. Refer to Note A (Annual Bonus - performance criteria).

[1] It is specified that the limit relating to the cumulative amount of annual and long-term variable compensation at 300% of fixed compensation, included in the 2023 compensation policy, has not been included as it is not applicable, given the absence of long-term compensation and the limit of 85 % for annual variable compensation in respect of 2024 (for the Annual bonus and Extraordinary bonus).

Items of compensation	Comments
Variable annual compensation (*Extraordinary Bonus*)	• Amount: the total amount will lie between 0% and 20% of the annual fixed compensation, with: – no guaranteed minimum. – a total amount corresponding to a total 20 % in case of achievement of defined objectives, no premium in the event of out-performance. • Performance criteria: based on completion of 2024 strategic pivots. Refer to Note B (Extraordinary Bonus - performance criteria).
Multi-year variable compensation	Not applicable
Deferral periods, possibility of requesting the return of variable compensation	Not applicable
Extraordinary compensation	Not applicable
Stock options, free shares and other long-term benefits	Not applicable As explained above, as the 2024 policy is focused on actions over the next 12 months, there are no plans to grant bonus shares in 2024. As a reminder, free share plans for the Chief Executive Officer cover a longer period (three year vesting period). Refer to section 3.4.7.2 of this Document.
Arrival allowance	If the Chief Executive Officer is appointed from outside the Group, the Board of Directors may follow the proposal of the Appointments and Remuneration Committee and decide whether to compensate the new Chief Executive Officer for all or part of the benefits they lose when leaving their former employer. In this case, the recruitment conditions aim to replicate lost benefits with a comparable level of risk (variable component, medium-term compensation in shares/stock options or cash). In all cases, the payment of such compensation is subject to approval by the shareholders' general meeting in accordance with article L. 22-10-34 of the French Commercial Code.
Severance payment	Not applicable (1)
Non-compete payment	In the event the Chief Executive Officer departs (and for any whatsoever reason), they are subject to a non-compete obligation for a period of 18 months on expiry of their term of office, across a defined geographical scope. The amount of the monthly payment shall represent 6/10ths of the average monthly compensation (fixed component + annual variable component) for the last twelve (12) months of their presence (equivalent to that applicable to Company employees as per the conditions stipulated by the collective bargaining agreement). Any bonuses and exceptional payments from which the Chief Executive Officer would benefit are excluded from the basis for calculation of the non-compete payment amount. This payment shall not be due if the Board decides to release the Chief Executive Officer from the non-compete obligation.
Supplementary pension	Not applicable, no other scheme than the scheme (statutory and supplementary) applicable to Company management employees in France.
Benefits in kind	• A company vehicle; • Supplementary health and provident insurance plans as well as statutory and supplementary pension schemes, applicable to all Group management employees in France. The Chief Executive Officer shall not benefit from any defined-benefit or defined-contribution complementary pension schemes; • Unemployment insurance for corporate directors (GSC) with a maximum benefit payment period of 18 months; • Civil liability insurance applicable to all Group corporate officers.

(1) As a reminder, a severance payment was foreseen in the event of departure of the Chief Executive Officer (following dismissal at the initiative of the Board other than for gross misconduct, and excluding any other type of departure, especially if they were to leave the Company at their own initiative to perform new duties or change type of duties within the Group) before December 16, 2023, to an amount equal to a maximum of twice their last annual fixed and variable compensation (excluding any other element from which they might benefit) subject to the achievement of performance conditions set by the Board. The sum of the severance payment and non-compete payments indicated above could not exceed two years of annual compensation (fixed component + annual variable component excluding multi-year variable compensation, extraordinary compensation or compensation in shares).

Note A - Details of annual variable compensation - Annual Bonus/performance criteria

The criteria used to define the Annual Bonus are described below [1]:

	Financial criteria (15%)			Operational criteria (30%)	
Criterion	Revenue	Order booking	Cash position	Manufacturing and Technology	Quality
Definition	Revenue for fiscal year 2024	Order booking for fiscal year 2023	Cash position at December 31, 2024	Execution of roadmaps in terms of (i) production/manufacturing process and (ii) technological development	Achievement of action plan concerning migration of key data
Type	Quantified	Quantified	Quantified	Quality-related	Quantified
Weighting	5%	25%	5%	25%	5%

	Strategic criterion (10%)	CSR criteria (25%)			
Criterion	Communication and stakeholders/ financing	Occupational health and safety	Occupational health and safety	Occupational health and safety	CSR Roadmap
Definition	Execution of key communication actions included in deployment plans	Total rate of recordable incidents (TRIR)	Prevention: number of dangerous situations declared and related action plans implemented	Prevention: site safety inspections and reports by management	Execution of action plan foreseen in the Group CSR roadmap
Type	Qualitative	Quantified	Quantified	Qualitative	Qualitative
Weighting	10%	5%	5%	5%	10%

Note B - Details of annual variable compensation - Extraordinary Bonus/performance criteria

The criteria used to define the Extraordinary Bonus are described below [1]. All these criteria are based on a schedule of quarterly deadlines for completion, in pace with the expected dynamic in 2024.

	M&A	Gigafactory	Technology
Criterion	Disposal of the Stations business	Belfort Gigafactory	XL program
Definition	Completion of the process to dispose of the Stations activity and related key actions	Completion of the Belfort Gigafactory and implementation of the roadmap associated with its deployment	Execution of the XL Stack development roadmap
Type	Qualitative	Qualitative	Qualitative
Weighting	20%	20%	10%
	Financial Strategy	**Partnership**	**Projects**
Criterion	Group financing plan	Strategic Partnership	Major Projects
Definition	Definition and execution of the Group's financing plan	Execution of the roadmap related to partnership outside Europe	Signature and/or completion of major commercial projects
Type	Qualitative	Qualitative	Qualitative
Weighting	20%	20%	10%

Subject to the weighting levels, these criteria apply to Executive Committee members.

[1] For reasons of confidentiality, the economic data relating to the performance criteria above, even though they have been established and precisely defined by the Board on recommendation of the Appointments and Remuneration Committee, are not published. :

3.4.4.2 Items of compensation and benefits of all kinds paid or allocated in respect of fiscal year 2023

Jean-Baptiste Lucas has been the Chief Executive Officer of the Company since October 18, 2021.

The items of compensation awarded or paid to Chief Executive Officer for fiscal year 2023 comply with the compensation policy adopted by the Board on the recommendation of the Appointments and Remuneration Committee and approved by the shareholders' general meeting of May 24, 2023.

Summary

Fixed compensation	Variable compensation	Long-term compensation	Benefits in kind
€250,000	€72,500	€27,641	€24,022
67%	19%	7%	6%

Items of compensation	Amount paid	Amount allocated	Remarks
Annual fixed compensation	€250,000	€250,000	At its meeting on April 6, 2023, on the recommendation of the Appointments and Compensation Committee, and following a positive vote by the Shareholders' General Meeting, the Board decided to increase the fixed annual compensation of the Chief Executive Officer to €250,000 with effect from January 1, 2023.
Annual variable compensation	€90,720	€72,500	• 2022: annual compensation for 2022 amounted to €90,720 and was paid to the Chief Executive Officer following a positive vote by the Shareholders' General Meeting • 2023: Following the recommendations of the Appointments and Remuneration Committee, the Board meeting of April 2, 2024 reviewed and approved the achievement of the performance conditions stipulated for their 2023 variable compensation. The overall attainment rate is 58% which corresponds to an amount of €72,500. For further details on attainment rates for each criterion, refer to note A (*Details of annual variable compensation*) below. Annual variable compensation for 2023 represented 29% of fixed annual compensation.
Multi-year variable compensation	N/A	N/A	Non applicable
Extraordinary compensation	N/A	N/A	Non applicable
Stock options, free shares and other long-term benefits	20,000 free shares	27,500 free shares	• In fiscal year 2023, 20,000 free shares allocated under the 2021 Free Share Plan (AGA) to the Chief Executive Officer as compensation for taking up his duties, were definitively acquired and consequently delivered. • Following the recommendations of the Appointments and Remuneration Committee, on July 27, 2023 the Board granted 27,500 free shares (based on a 100 % payout, or 35,750 shares based on a maximum payout of 130 %) to the Chief Executive Officer under the 2023 Free Share Plan. For further details, please refer to Note B (*Details concerning compensation in shares or other financial instruments*). The applicable conditions (presence and performance) and obligation to retain shares are set out in paragraphs 3.4.7.2.2 and 3.5 of this Document.
Arrival allowance	N/A	N/A	Refer to "stock options, bonus shares and other long-term employee benefits" above.
Severance payment	N/A	N/A	Not applicable.
Non-compete payment	N/A	N/A	Not applicable.
Supplementary pension	N/A	N/A	Refer to the "Benefits in kind" section below.
Benefits in kind	€18,579	€24,022	• The Chief Executive Officer has benefited from (i) a company car (through the payment of a vehicle allowance) and (ii) the GSC scheme (unemployment insurance for corporate officers and executives), which provides for an 18-month indemnity period • The Chief Executive Officer also benefits from the statutory supplementary health and welfare scheme and the supplementary pension scheme (applicable to all Company employees in France), and from civil liability insurance (applicable to all Group corporate officers), it being specified that the related costs are not expressly included in the amount corresponding to benefits in kind.

No compensation was received by Chief Executive Officer from a company within the Group scope of consolidation as defined by article L.233-16 of the French Commercial Code.

Note A - Details concerning the annual variable compensation

	Financial criteria (15%)			Operational criteria (30%)	
Critère	Revenue	Order book	Gross margin	*Technology & cost out*	Sales & delivery of stations and electrolyzers
Definition	Revenue for fiscal year 2023	Order book for fiscal year 2023	Achievement rate of gross for fiscal year 2023	Execution of SATs according to the defined plans / deployment of the cost out program	Closure of a sale project, delivery of a specified number of hydrogen stations and a specified number of Megawatt machines in fiscal year 2023
Type	Quantified	Quantified	Quantified	Quantified	Quantified
Weighting	5%	5%	5%	15%	15%
Achievement	75%	0%	0%	0%	0%
Payment	4%	0%	0%	0%	0%

	Strategic criteria (30%)			CSR criteria (25%)			
Critère	MW project	*Gigafactory*	Financial strategy	Occupational health and safety	Quality	Implementation of BOOST/CSR roadmap	Occupational health and safety
Definition	Execution of roadmaps for deployment of XL stacks & XL EPU	Project deployment / plan execution	Execution of plan	Total rate of recordable incidents	Completion of compliance action plan	Deployment of actions included in Boost plan incorporating the CSR roadmap	Prevention: number of dangerous situations declared and related action plans implemented
Type	Qualitative	Qualitative	Qualitative	Quantified	Quantified	Qualitative	Quantified
Weighting	5%	10%	15%	5%	5%	10%	5%
Achievement	0%	100%	130%	0%	100%	130%	130%
Payment	0%	10%	20%	0%	5%	13%	6% (1)

(1) Rounded figure

Annual variable remuneration for 2023	
Overall attainment level	58%
Amount allocated	€ 72,500.00

Note B - Details concerning compensation in shares or other financial instruments

Stock options granted or exercised in 2023

None

Free shares granted in 2023

Plan number and date (1)	Number of shares allocated during the year	Valuation using consolidated accounts method (3)	Date of vesting	Date of availability	Performance conditions
2023 Free share plan 07/27/2023	27,500 (2)	€27,641	07/27/2026	07/27/2026	Yes (4)
Total	**27,500**	**€ 27,641**	—	—	—

(1) Date of grant of the plan by the Board.
(2) Corresponding to the grant on a 100 % payout basis (i.e. 35,750 shares on the basis of a maximum payout of 130 %).
(3) Value of the shares at the time of grant determined in accordance with IFRS2, after taking into account any discount for performance criteria and the likelihood of presence in the Company after the vesting period, but before spreading the cost over the vesting period as per IFRS2.
(4) Refer to section 3.4.7.2.2 of this Document.

On the basis of this valuation, the total amount of annual variable compensation and long-term compensation [1] in free shares granted in 2023 amounted to €100,141, corresponding to around 40% of annual fixed compensation for the same year.

[1] Assuming the grant of shares on a 100% payout ratio (i.e. 35,750 shares based on a maximum payout ratio of 130%).

Free shares granted and becoming available in 2023

Plan number and date [(1)]	Number of shares becoming available during the year	Vesting requirements
2021 Free share plan 12/16/2021	20,000	20 000 [(2)]
Total	**20,000**	**20,000**

(1) Date of grant of the plan by the Board.
(2) Refer to section 3.4.7.2.2 of this Document.

Summary

Summary of compensation, options and shares granted *(amount in euros, on a gross pre-tax basis)*

Jean-Baptiste Lucas, Chief Executive Officer	2023 fiscal year	2022 fiscal year
Compensation due in respect of the fiscal year (details given in table below)	€346,522	€349,299
Amount of multi-year variable compensation awarded during the year	—	—
Amount of options granted during the year	—	—
Amount of free shares granted (see detailed table above)	€27,641	€283,275
Amount of other long-term compensation plans	—	—
Total	**€374,163**	**€632,574**

Summary table of compensation Summary table of compensation *(in euros, on a gross pre-tax basis)*

	2023 fiscal year		2022 fiscal year	
Jean-Baptiste Lucas, Chief Executive Officer	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation	€ 250,000	€ 250,000	€240,000	€240,000
Annual variable compensation	€ 72,500	€ 90,720	€90,720	€22,808
Multi-year variable compensation	—	—	—	—
Extraordinary compensation	—	—	—	—
Compensation granted for the position of Director	—	—	—	—
Benefits in kind [(1)]	€ 24,022	€ 24,022	€18,579	€18,579
Total	**€ 346,522**	**€ 364,742**	**€349,299**	**€281,387**

(1) I.e. company car (through a vehicle allowance), supplementary insurance applicable to Company executives, social security cover for company corporate officers and executives (GSC), directors' civil liability insurance.

3.4.5 Ratio of equality between the compensation of executive corporate officers and the average and median compensation of employees - Evolution of compensation of corporate executive officers and employees according to Company performance

The information below is provided pursuant to the requirements of article L.22-10-9 I lines 6 and 7 of the French Commercial Code.

The equality ratio compares the compensation of executive corporate officers with the average and median compensation of Company employees.

Below are some indications on the ratio calculation method and explanatory elements concerning the variation of ratios related to the compensation of corporate executive officers:

- The Company (parent company) and all direct subsidiaries located in Europe are included in the compensation equality ratio calculations, as this scope covers over 80 % of Group payroll costs.
- For employees, the remuneration taken into account in the calculation is the Full Time-Equivalent (FTE) remuneration of permanent employees [(1)]. Amongst other items, it includes: (i) fixed basic salary, (ii) annual variable compensation paid in year N in respect of year N-1, (iii) individual bonuses, (iv) profit-sharing paid in year N, (v) the valuation of BSA, BSPCE, and free share warrants granted during the year as per IFRS2 on the date of grant, and (vi) benefits in kind.

(1) Namely employees working under an open-ended employment contract at December 31 of the year in question.

- for corporate executive officers, the direct compensation considered includes fixed compensation in respect of fiscal year N and variable items of compensation relating to fiscal year N-1 and paid in year N. These include: (i) fixed basic salary, (ii) annual variable compensation paid in year N in respect of year N-1, (iii) the valuation of BSA and BSPCE share warrants granted during the year as per IFRS2 on the date of grant, (iv) long-term variable compensation, (v) allocations of free shares during the year and (vi) benefits in kind.

Comparisons are made regularly to ensure that the compensation levels of McPhy employees and of the corporate executive officers of the Company are competitive and consistent with other companies in the sector. It should also be noted that the lowest salary in the Group is 10% higher than the French minimum wage (SMIC).

Comparison of compensation levels of corporate executive officers with Group employees

Chief Executive Officer (1)	2019	2020	2021	2022	2023
Ratio to Group average compensation	505%	878%	567%	811%	965%
Ratio to Group median compensation	628%	1186%	716%	983%	1179%
Ratio to Company average compensation	Not available	Not available	Not available	734%	909%
Ratio to Company median compensation	Not Available	Not available	Not available	958%	1194%
Ratio to SMIC minimum wage compensation	Not available	Not available	Not available	2506%	3156%

(1) Laurent Carme from November 4, 2019 to July 11, 2021, Jean-Baptiste Lucas as from October 18, 2021. Their 2021 compensation was annualized for the purpose of calculating the ratios.

Chairman & Chief Executive Officer (2)	2019	2020	2021	2022	2023
Ratio to average compensation	395%	N/A	515%	N/A	N/A
Ratio to median compensation	491%	N/A	651%	N/A	N/A

(2) Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of June 30, 2009, date on which his employment contract was suspended. When the Company was transformed to a limited company with Board of Directors, Pascal Mauberger was appointed as a member of the Board of Directors and as Chairman and Chief Executive Officer of the Company on May 21, 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purpose of calculating the ratios, as was that of 2019. From July 12 to October 17, 2021, Luc Poyer acted as Chairman of the Board of Directors and Chief Executive Officer on an interim basis. His compensation was annualized for the purpose of calculating the ratios.

Chairman of the Board (3)	2019	2020	2021	2022	2023
Ratio to average compensation of Group Employees	N/A	60%	166%	169%	153%
Ratio to median compensation of Group Employees	N/A	80%	210%	205%	187%

(3) Pascal Mauberger was the Chairman of the Board of Directors from November 4, 2019, to June 17, 2021. Luc Poyer was then appointed as Chairman of the Board of Directors from June 17, 2021 to July 12, 2021, then due to the departure of Laurent Carme, on an interim basis as Chairman & Chief Executive Officer from July 12 to October 17, 2021, before the functions were again separated and he was re-appointed as Chairman of the Board of Directors on October 17, 2021. His term of office remains in effect at the date of this Document. Their compensation was annualized for the purpose of calculating.

Annual change in compensation of corporate executive officers and employees related to Company performance

(in thousands of euros)	2019	2020	2021	2022	2023
Chief Executive Officer (1)					
Compensation	40	531	376 (4)	505	662
Change in absolute figures	N/A	491	(155)	129	157
Change in %	N/A	1228%	(29%)	34%	31%
Chairman & Chief Executive Officer (2)					
Compensation	235	N/A	325	N/A	N/A
Change in absolute figures	(25)	N/A	N/A	N/A	N/A
Change in %	(11%)	N/A	N/A	N/A	N/A
Chairman of the Board (3)					
Compensation	N/A	36	105	105	105
Change in absolute figures	N/A	36	69	0	0
Change in %	N/A	N/A	191%	0%	0%
Average compensation of Group employees on FTE basis					
Compensation	5.1	5.0	5.3	5.2	5.7
Change in absolute figures	0	(0.1)	0.2	0.1	0.5
Change in %	0%	2%	4%	2%	10%
Average compensation of FR employees on FTE basis					
Compensation	Not available	Not available	Not available	5.7	6.1
Change in absolute figures	Not available	Not available	Not available	Not available	0.3
Change in %	Not available	Not available	Not available	Not available	6 %
Net income from operations					
Net income from operations	(6.3)	(9.3)	(23.6)	(38.2)	(47.4)
Change in absolute figures	3.3	(3)	(14.3)	(14.6)	(9.2)
Change in %	(35%)	(48%)	(154%)	(62%)	(24%)

(1) Laurent Carme from November 4, 2019, to July 11, 2021. Jean-Baptiste Lucas as from October 18, 2021. Their 2021 compensation was annualized for the purpose of calculating the ratios.

(2) Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of June 30, 2009, date on which his employment contract was suspended. When the Company was transformed to a limited company with Board of Directors, Pascal Mauberger was appointed as a member of the Board of Directors and as Chairman and Chief Executive Officer of the Company on May 21, 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purpose of calculating the ratios, as was that of 2019. From July 12 to October 17, 2021, Luc Poyer acted as Chairman of the Board of Directors and Chief Executive Officer on an interim basis. His compensation was annualized for the purpose of calculating the ratios.

(3) Pascal Mauberger was the Chairman of the Board of Directors from November 4, 2019, to June 17, 2021. Luc Poyer was then appointed as Chairman of the Board of Directors from June 17, 2021 to July 12, 2021 and re-appointed to the same role after the interim period on October 17, 2021.

(4) Correction of a material error in relation to the 2021 universal registration Document (€376K and not €316K).

3.4.6 Other information concerning executive corporate officers

	Employment contract		Complementary pension scheme		Benefits due or likely to be due following expiry or change of function		Payments related to a non-compete obligation	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-Baptiste LUCAS Chief Executive Officer Start of office: 10/18/2021 Unlimited term		x		x		x	x [1]	
Luc POYER Chairman of the Board Start of office: 11/25/2010 End of office: 2024 OGM		x		x		x		x

(1) For more details, please see paragraph 3.4.4.1.4 of this Document

3.4.7 Allocation of securities giving immediate or future access to the capital

3.4.7.1 Share purchase or subscription options, share subscription warrants or business creator share warrants

3.4.7.1.1 History

The table below shows all information relating to stock options, warrants and business creator shares outstanding at January 1, 2023.

	BSPCE 2017-2	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	
Date of shareholder meeting	**05/18/2017**	**05/23/2019**	**05/23/2019**	**05/20/2020**	**05/20/2020**	
Date of Board of Directors meeting	**03/12/2018 and 03/10/2023**	**04/08/2020**	**04/08/2020**	**06/05/2020**	**06/05/2020**	**TOTAL**
Total number of shares available for subscription or purchase, of which the number available for subscription or purchase:	119,000	30,000	20,000	50,000	200,000	419,000
including Company corporate officers	0	0	0	0	0	0
Start of exercise period	03/13/2020	04/09/2022	04/09/2022	06/06/2022	06/06/2022	
Expiry date	09/10/2023	04/08/2025	04/08/2025	06/05/2025	06/05/2025	
Subscription or purchase price	€5,10	€4,55	€4,55	€5,11	€5,11	
Conditions of exercise	Exercisable up to 60% on 03/13/20 and 40% on 03/12/21	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	
Number of shares subscribed at 12/31/2023	103,705	12,000	—	—	4,000	119,705
Cumulative number of options and warrants canceled or expired	15,295	4,000	10,000	22,000	119,000	170,295
Cumulative number of options and warrants remaining at 12/31/2023	0	14,000	10,000	28,000	77,000	129,000

3.4.7.1.2 Operations in 2023

No share purchase or subscription options, share subscription warrants or business creator share warrants were granted during fiscal year 2023.

During fiscal year 2023:

- No corporate officer of the Company exercised any stock options, warrants or BSCPEs;
- The beneficiaries included in the first ten non-corporate officer employees of the Company exercised their rights are as described in the table below:

	Total number of options granted / shares subscribed to or purchased	Weighted average price	Plan
Options granted during the fiscal year by the Company and any company included in the scope of allocation of options to the ten employees of the Company and any company within this scope with the highest number of options granted (global information)	None	—	—
Options held on the Company shares and those of companies referred to previously and exercised by the ten employees of the Company and these companies, with the highest number of options purchased or subscribed (global information)	14,705	€5.10	BSPCE 2017-2

3.4.7.2 Free shares plans

3.4.7.2.1 History

	2021 Free share plans	2022 Free share plan
Date of shareholder meeting	May 23, 2019	May 19, 2022
Date of Board of Directors meeting	December 16, 2021	July 28, 2022
Total number of free shares allocated	59,970	94,350 (1)
Total number of free shares granted to corporate officers of the Company:	20,000	21,750 (2)
Jean-Baptiste LUCAS	20,000	21,750 (2)
Other	—	—
Date of vesting	• Chief Executive Officer– 12/16/2023 • Others – Date of Board of Directors meeting to approve the Company accounts relating to the year ending	07/28/2025 (or date of the Shareholders' Meeting approving the Company's financial statements for the year ended December 31, 2024, if later)
Expiry date of conservation period (3)	—	—
Conditions of performance and vesting	Refer to note A below + presence requirement	Refer to note B below + presence requirement
Number of shares definitively allocated at 12/31/2023	20,000	0
Cumulative number of shares canceled or expired at 12/31/2023	7,540	800
Remaining allocated shares at 12/31/2023	32,430	93,550 (1)

(1) On a 100% payout basis, or 122,655 shares on a 130% payout basis.
(2) On a 100% payout basis, or 28,275 on a 130% payout basis. See also paragraph 3.4.4.2.
(3) For the conversion obligation applicable to the Chief Executive Officer, refer to paragraph 3.5.1.

It should be noted that, with the exception of the 2021 Free Share Plan for the sole benefit of the Chief Executive Officer, which was set up when Jean-Baptiste Lucas took up his duties and was intended to compensate for the reduction in remuneration (compared with the duties previously held by Jean-Baptiste Lucas) subject to a single presence condition, all the other free share plans set up by the Company also include performance conditions in accordance with the Middlenext Code. For further details on these performance conditions, please refer to notes A and B below for the 2021 and 2022 Free Shares Plan and to note A in section 3.4.7.2.2 below for the 2023 Free Share Plan.

Note A – 2021 Free Share Plan performance conditions

- **Plan applicable to the Chief Executive Officer.** 20,000 free shares were granted to the Chief Executive Officer, subject to a two-year vesting period and only to a condition of presence. The 20,000 shares were definitively acquired and issued during fiscal year 2023. Refer to section 3.4.4.2 of this Document.
- **Plan applicable to Executive Committee members.** 9,750 free shares were granted to four Executive Committee members who joined the Company in 2020, subject to a two-year vesting period and a condition of presence, as well as the satisfaction of performance conditions using criteria based on the Company's financial, operational, social, and environmental responsibility performance, with (i) 50 % of shares allocated subject to the achievement of operational objectives on the deployment of electrolyzers and stations, and (ii) 30 % of shares allocated subject to the achievement of customer satisfaction objectives, measured through customer satisfaction surveys and the complaint rate, and (iii) 20 % of shares allocated subject to achievement of objectives concerning the deployment of the CSR roadmap. On this basis, a total of 4 386 shares have been definitively acquired and delivered as of the date of this Document.
- **Plan applicable to all employees.** 30,220 free shares were granted to all Company employees, subject to a two-year vesting period, a condition of presence and the satisfaction of performance conditions using criteria based on the Company's operational performance, with (i) 70 % of shares allocated subject to the achievement of operational objectives on the deployment of electrolyzers and stations, and (ii) 30 % of shares subject to the achievement of customer satisfaction objectives, measured through customer satisfaction surveys and the complaint rate. On this basis, a total of 7 602 shares have been definitively acquired and delivered as of the date of this Document.

Note B – 2022 Free Share Plan performance conditions

	Financial criteria		Operational criteria	CSR criteria	
Criteria	Revenue	Order book	Productivity	Customer satisfaction	Roadmap
Definition	Revenue performance for 3 years	Order book performance for 3 years	Number of stations and number of Megawatt machines deployed	Customer satisfaction rate (responses to satisfaction surveys)	Development and tracking of CSR roadmap
Type	Quantified	Quantified	Quantified	Quantified	Quality-related
Weighting	30%	20%	20%	20%	10%
Payment rate (payout)	For each criterion, the percentage below is understood as the percentage in terms of the target number of shares granted that would be definitively acquired by their beneficiaries: • below the trigger threshold, 0%; • at the trigger threshold, 70%; • in the event of performance between the low and target ranges (for financial criteria) or at the low intermediate threshold (for other criteria), 85%; • in the event of performance within the target range (for financial criteria) or the objective (for other criteria), 100%; • in the event of performance between the target range and the high range (for financial criteria) or at the high intermediate threshold (for other criteria), 115%; • if performance exceeds the high range (for financial criteria) or the maximum (for other criteria), 130%.				

3.4.7.2.2 Operations in 2023

- In fiscal year 2023, the Company granted the following free shares.

	2023 Free share plan
Date of shareholder meeting	May 24, 2023
Date of Board of Directors meeting	July 27, 2023
Total number of free shares allocated	107,500 (1)
Total number of free shares granted to corporate officers of the Company:	27,500 (2)
Jean-Baptiste LUCAS	27,500 (2)
Other	—
Date of vesting	07/27/2026 (or date of the Shareholders' Meeting approving the Company's financial statements for the year ended December 31, 2025, if later)
Expiry date of conservation period (3)	—
Conditions of performance and vesting	Refer to note A below + presence requirement on the 3-year vesting period
Number of shares definitively allocated at 12/31/2023	0
Cumulative number of shares canceled or expired at December 31, 2023	0
Remaining allocated shares at December 31, 2023	107,500 (1)

(1) On a 100% payout basis, or 139,750 shares on a 130% payout basis.
(2) On a 100% payout basis, or 35,750 on a 130% payout basis. See also paragraph 3.4.4.2.
(3) Concerning the conservation obligation of the Chief Executive Officer, see paragraph 3.5.1.

Note A – 2023 Free Share Plan performance conditions

	Financial criteria		Operational criteria	CSR criteria including customer satisfaction	
Criteria	Revenue	Order book	Productivity	Customer satisfaction	Roadmap
Definition	Revenue performance for 2023-2024-2025	Order book performance for 2023-2024-2025	Number of stations and number of megawatts (Electrolysers) deployed over 2023-2024-2025	Complaints (implementation of action plan) and trends in customer satisfaction over 2023-2024-2025	Implementation of CSR roadmap
Type	Quantified	Quantified	Quantified	Quantified	Quality-related
Weighting	30%	20%	20%	20%	10%
Payment rate (payout)	For each criterion, the percentage below is understood as the percentage in terms of the target number of shares granted that would be definitively acquired by their beneficiaries: • below the trigger threshold, 0%; • at the trigger threshold, 70%; • in the event of performance between the low and target ranges (for financial criteria) or at the low intermediate threshold (for other criteria), 85%; • in the event of performance within the target range (for financial criteria) or the objective (for other criteria), 100%; • in the event of performance between the target range and the high range (for financial criteria) or at the high intermediate threshold (for other criteria), 115%; • if performance exceeds the high range (for financial criteria) or the maximum (for other criteria), 130%.				

- During fiscal year 2023, 20,000 free shares previously granted were definitively acquired and consequently delivered, and 8 340 were canceled.

3.5 Transactions on McPhy stock

3.5.1 Holdings and conservation restrictive rules on executive corporate officers

In accordance with regulations and the Stock Market Code of Ethics applicable within the Group, and in line with best practices in governance, the Chief Executive Officer must retain, until the expiry of his office, at least 25 % of the shares definitively acquired on expiry of the vesting period for each free share allocation plan until such time as the total amount of shares held represents 200% of his last fixed annual compensation (on the date in question) [1].

3.5.2 Stock exchange ethics

In accordance with the Group's Stock Market Code of Ethics:

- If any person holds privileged information, the person concerned must refrain from carrying out, directly or indirectly, any transaction in the Company's securities before the public becomes aware of such information. To facilitate the implementation of this policy, the Secretary of the Board acts as the Compliance officer, responsible for issuing an opinion on proposed transactions at the request of any interested party. The opinion given by the Compliance officer is for advisory purposes only;
- the obligation to refrain also extends to any transaction in the Company's shares during the periods preceding the public announcement of the Group's results. The Group's annual calendar of earnings announcements for the coming year, as well as any resulting negative windows, are communicated to interested parties by the Compliance officer.
- Corporate officers and members of the Executive Committee may not engage in certain prohibited transactions: (i) short positions or short-term buy/put (ii) hedging operations on all stock options and performance shares that may be granted to them.

3.5.3 Summary of transactions in 2023

Pursuant to the provisions of Article 223-26 of the AMF General Regulations, the table below summarizes the transactions involving Company stock performed during fiscal year 2023 by senior executives of the Company and where applicable, by persons related to them, which must be reported to the AMF pursuant to the provisions of Article L. 621-18-2 of the French Monetary and Financial Code; these declarations are available on the AMF website (www.amf-france.org).

Declarant	Function	Financial instruments	Number of shares	Number of transactions	Nature of operation	Gross value
Bertrand Amelot	Chief Commercial Officer	Options (BSCPE)	14,705.00	2	Exercise	€ 74,999.50
Jean-Baptiste Lucas	Chief Executive Officer	Treasury	20,000.00	1	Definitive allocation of free shares	€ 69,000.00

[1] A similar retention obligation applies to each member of the Executive Committee (15% of free shares up to 150% of their last fixed annual remuneration (on the date in question)).

3.6 Related party agreements

3.6.1 Procedure on unrestricted and regulated agreements

In accordance with regulations, on January 24, 2023, the Board adopted a procedure applicable to unrestricted and regulated agreements. It defines the procedure for assessing agreements concerning ordinary transactions concluded under normal terms and conditions and for identifying regulated agreements which require prior authorization by the Board.

The procedure defines the notion of agreements relating to current transactions and concluded under normal conditions, the criteria taken into account when analyzing said agreements, the persons in charge of the evaluation as well as the conditions of their annual review by the Board. Persons directly or indirectly concerned by any of these agreements do not take part in its evaluation.

3.6.2 Regulated agreements and annual review

Financial year 2023.

In accordance with regulations and the procedure described in section 3.6.1 above, the Board meeting of March 7, 2024 carried out its annual review of related-party agreements and noted that (i) no new regulated agreements had been entered into during fiscal year 2023 and (ii) as described in the Statutory Auditors' special report (see section 3.6.3 of this Document), the following regulated agreements entered into in a previous year continued during fiscal year 2023:

- Agreement with Bpifrance concerning public assistance, still in force at the date of this document. Refer also to section 8.4.2 of this Document, and
- Agreement with Technip Energies concerning a technological partnership, terminated on March 1, 2024 (effective January 29, 2024). Note that following the resignation of Technip N.V as a director of the Board with effect from June 1, 2023, this agreement no longer meets the conditions required to be qualified as a regulated agreement. Refer also to section 8.4.1 of this Document.

Aside the matter concerning Technip Energies referred to above, no agreement entered into in a fiscal year prior to 2023 and still in force has been disqualified or re-qualified as a regulated agreement.

For more details on related-party agreements, see paragraph 5.1.5 (Notes to the consolidated financial statements - Note 3.27) of this Document.

Financial year 2024.

As indicated in the Statutory Auditors' special report reproduced in section 3.6.3 below, the following agreements qualifying as regulated agreements were entered into since January 1, 2024:

- Agreements (subscription commitment and term sheet) with EPIC Bpifrance, acting on behalf of the French State under the French Tech Souveraineté Agreement of December 11, 2020, dated March 7, 2024, relating to a proposed issue of bonds convertible into new shares and/or exchangeable for existing shares, to be put to the vote of the Mixed General Meeting to be held on May 30, 2024 (the "**Proposed Issue**").
- Agreements (subscription commitment and term sheet) with EDF Pulse Holding, dated March 7, 2024, related to the Proposed Issue.

3.6.3 Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2023

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders' Meeting of McPhy Energy,

In our capacity as Statutory Auditors of your Company (the "Company"), we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-30 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' meeting

Agreements approved and concluded during the year

We hereby inform you that we have not been advised of any agreement approved and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225- 38 of the French Commercial Code.

Agreements approved and concluded since the year-end

We have been informed of the following agreements approved and concluded since the year-end and previously approved by your Board of Directors.

1. Subscription commitment letter of EPIC Bpifrance and a relating Term Sheet as part of a planned issue of convertible bonds

Person concerned: Bpifrance Investissement, a Company director, represented by Mrs. Laure Michel, and the management company of FCPI Fonds Ecotechnologies, itself a Company shareholder

Purpose of the agreement: Subscription commitment by EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement of 11 December 2020 (the "French Tech Sovereignty Commitment Letter"), for a total amount of €15 million as part of a planned issue by the Company of bonds convertible into new shares and/or exchangeable for existing shares (the "OCEANE bonds"), as well as (ii) a Term Sheet containing the main terms and conditions applicable to the OCEANE bonds (the "Term Sheet").

In addition to the approval of the Company's 2024 Shareholders' Meeting, the issue of OCEANE bonds is subject to the AMF's approval of the prospectus that will be drafted for the admission of new shares created from the conversion of OCEANE bonds for trading on the Euronext Paris.

This agreement was authorised by the Board of Directors' meeting of 7 March 2024.

Terms and conditions:

The main terms and conditions of the OCEANE bonds, covered in the French Tech Sovereignty Commitment Letter and as stipulated in the Term Sheet, would be as follows:

- The OCEANE bonds would be issued and redeemed at par, bearing annual interest of 8%, payable annually and maturing in 5 years;
- The conversion price would generate a 20% premium on the reference rate determined on the issue date;
- The conversion (partial or total) could be requested by the holders at any time as from their issue until their expiry. In the event of a request for conversion, the Company could deliver new and/or existing shares and/or a cash amount (determined based on the share price at the moment of the request for conversion).

The rights and obligations shown in the Term Sheet are standard for this type of transaction, particularly the early redemption by the holders (after 3 years or upon the occurrence of certain events) or the Company in certain cases, and adjustments in the event of financial transactions.

Reasons why the agreement is in the Company's interest: The Board of Directors considered that the planned issue of the OCEANE bonds, covered in the French Tech Sovereignty Commitment Letter and the Term Sheet, forms part of the Company's financing plan and seeks to finance the Company's working capital requirement and general cash requirements, particularly the development of its business activity, production facilities and research and development activities.

1. **Subscription commitment letter of EDF Pulse Holding and a relating Term Sheet as part of a planned issue of convertible bonds**

Persons concerned:

- EDF Pulse Holding, a shareholder with 10% of the Company's voting rights and a Company director, represented by Mrs. Christelle Rouillé;
- Mrs. Emmanuelle Sallès, Company director and manager of the Legal Department of the EDF Group, to which EDF Pulse Holding belongs.

Purpose of the agreement: Subscription letter of EDF Pulse Holding (the "EDF Pulse Subscription Letter") for a total amount of €15 million as part of a planned issue of OCEANE bonds by the Company. The EDF Pulse Subscription Letter also provides for the renewal of a second member on the Company's Board of Directors as soon as EDF Pulse holds 13% of the Company's share capital and as from the settlement-delivery of the OCEANE bonds.

In addition to the approval of the 2024 Shareholders' Meeting, the issue of the OCEANE bonds is subject to the AMF's approval of the prospectus that will be drafted for the admission of new shares created from the conversion of the OCEANE bonds for trading on the Euronext Paris.

This agreement was authorised by the Board of Directors' meeting of 7 March 2024.

Terms and conditions:

The main terms and conditions of the OCEANE bonds, covered in the EDF Pulse Commitment Letter and as stipulated in the Term Sheet, are identical to those covered in the French Tech Sovereignty Commitment Letter.

Reasons why the agreement is in the Company's interest: The Board of Directors considered that the planned issue of the OCEANE bonds, covered in the EDF Pulse Commitment Letter and the Term Sheet, forms part of the Company's financing plan and seeks to finance the Company's working capital requirement and general cash requirements, particularly the development of its business activity, production facilities and research and development activities.

Agreements previously approved by the shareholders' meeting

Agreements approved in previous years with continuing effect during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed of the following agreements, previously approved by Shareholders' Meetings of prior years, with continuing effect during the year.

1. **State aid agreement (Important Project of Common European Interest - IPCEI Hydrogen) involving Bpifrance Investissement**

Person concerned: Bpifrance Investissement, a Company director, represented by Mrs. Laure Michel, and the management company of FCPI Fonds Ecotechnologies, itself a Company shareholder

Purpose of the agreement: On 28 October 2022, your Company entered into a state aid agreement in the form of a subsidy of up to €114 million with Bpifrance SA, a shareholder company that has common executives with Bpifrance Investissement. This agreement, concluded in connection with the IPCEI H2 MCPHY ENERGY programme, covers certain categories of expenses (qualified as eligible) incurred and settled up to 31 December 2026. This eligible expenditure covers technological research and development costs and net operating costs during the industrialisation and commercial start-up phase.

The agreement provides for an initial payment of €28.5 million in 2022 and subsequent payments through reimbursements of eligible expenses (under the terms of the agreement) according to the satisfactory completion of key stages by the Company. In addition, there is a clawback clause applicable in the event of an overrun compared to the initially presented cash flow model.

This agreement had been authorised by the Board of Directors' meeting of 26 October 2022.

Terms and conditions:

The agreement is concluded for the period from 28 October 2022 to 31 December 2026 and will extend specifically until 31 December 2031 with regard to the overrun control mechanism.

The financial conditions provide for 4 payment instalments for a total maximum amount of €114 million depending on the amount of eligible expenses actually incurred and paid.

For the year ended 31 December 2023, the company recorded:

- €26.9 million in subsidy advances received (on the balance sheet);
- €4.5 million in operating income, pro rata to the expenses for the period.

1. Technological joint development agreement involving Technip Energies France

Person concerned: Technip Energies N.V., Company director, represented by Mr. Samir Karoum, until 1 June 2023

Purpose of the agreement: On 18 February 2022, your Company entered into a partnership agreement with Technip Energies France, a 100% subsidiary of Technip Energies NV, concerning the joint development and use of technological tools and the intellectual property rights relating thereto.

This agreement had been authorised by the Board of Directors' meeting of 8 February 2022 and had continuing effect during 2023. This agreement, initially concluded for the period from 26 July 2021 to 31 December 2026, was terminated by agreement on 1 March 2024 (effective 29 January 2024).

Terms and conditions:

The financial conditions provide for possible fees relating to the use of intellectual property rights.

For the year ended 31 December 2023, each party assumed their direct costs related to technological developments (in particular salary costs, purchases and external charges) without rebilling or royalties.

Juvigny and Paris-La Défense, 24 April 2024

The Statutory Auditors

SARL AUDIT EUREX	**DELOITTE & ASSOCIÉS**
Guillaume BELIN	Hélène DE BIE

CHAPTER

4

Notes on the fiscal year

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4.1 Analysis of activity and consolidated results

4.1.1 Consolidated statement of income for 2023 and 2022

The following table sets out the main elements of the McPhy Group consolidated income statement for the years ending December 31, 2023 and 2022.

(In € million)	2023	2022	Var. 2023/2022
Revenue	18.8	16.1	2.7
Research tax credit	0.9	1.1	(0.2)
Other income from operating activities	0.2	0.8	(0.6)
Income from current operations	**19.9**	**17.9**	**2.0**
Goods consumed	(16.0)	(15.9)	(0.1)
Payroll charges	(24.1)	(17.6)	(6.5)
Other costs and external charges	(24.4)	(21.0)	(3.4)
Taxes and duties	—	(0.2)	0.2
Current EBITDA [(1)]	**(44.6)**	**(36.8)**	**(7.8)**
Amortization	(2.8)	(1.8)	(1.0)
Net provisions	(2.8)	0.2	(3.0)
Current operating income	**(50.2)**	**(38.4)**	(11.8)
Other income and charges	0.0	(0.1)	0.1
Operating income	**(50.2)**	**(38.5)**	(11.7)
Cost of net financial debt	2.8	0.4	2.4
Corporate taxation	0.0	(0.1)	0.1
Net income for year	**(47.4)**	**(38.2)**	(9.2)
Net earnings per share (€)	(1.70)	(1.37)	(0.3)

(1) Current EBITDA: Net operating income + Amortization + Net provisions

4.1.2 Principal factors having an incidence on activity and income

The Group receives research and innovation tax credit (CIRI) and also receives public aid to finance its innovation projects and the required investment.
The Group introduced a program to create a Gigafactory (Gigawatt scale) intended to produce new-generation alkaline electrolyzers in Belfort, France. The program was approved by the European Commission's decision of July 15, 2022 as part of an IPCEI on the hydrogen technology value chain, namely "Hy2Tech", and received public aid under an agreement signed with Bpifrance on October 28, 2022.

The aid granted by the French government to establish the program is a subsidy for a maximum amount of €114 million, calculated based on certain expense categories (deemed eligible) incurred and paid up to December 31, 2026. These eligible expenses cover the costs of technology research and development, along with the net operating expenses during the industrial scaling-up and commercial launch phase.

Furthermore, an agreement signed on September 14, 2022 with the Maugis Industrial Revitalization Fund provides financing of €10 million. This additional financing is earmarked for the installation of the production site in the Greater Belfort region and the creation of the associated jobs, which de facto makes it an investment subsidy.

The Group recognizes over 83% of its revenue using the percentage of completion method. The postponement of certain projects, on which the revenue and associated margin are recognized according to the degree of completion, has a clear impact on income.

4.1.3 Highlights

On the commercial front, McPhy has confirmed the industrial momentum generated by the first contract signed at the end of 2022 with ArcelorMittal and VEO for a low-carbon steel production project, by signing the following equipment supply contracts:

- a 4 MW McLyzer® 800-30 electrolyser to the Plansee Group for a "green metal" project at the Reutte site in Austria, with associated maintenance services;
- a 20 MW Augmented McLyzer® electrolyzer for the Djewels green hydrogen project at the Delfzijl site in the Netherlands, to be operated by HyCC;
- four McLyzer® 3200-30 units with a total capacity of 64 MW to the Oil & Gas division of the HMS Group in Germany, to be operated as part of a major hydrogen connection point at the Radeland compressor station in Brandenburg, including an initial stage for a McLyzer® 3200-30 with a capacity of 16 MW.

Furthermore, the Group has signed an agreement with Indian conglomerate L&T, under which McPhy has granted an exclusive license to its pressurized alkaline electrolysis technology for the manufacture of electrolyzers. L&T plans to build a large-scale (Gigawatt) electrolyzer factory in India, using McPhy technology to meet the needs of the Indian market and of certain specific geographical areas. This partnership will enable McPhy to commence its expansion beyond the European market, especially in the high-potential market of India. It is predicted that the production capacity for low-carbon hydrogen on this market should reach at least 5 million tonnes annually by 2030.

McPhy has also continued its industrial scale up: work on commissioning its future Gigafactory at the Belfort site has progressed according to plan, with start-up scheduled for the second quarter of 2024 and within budget. The opening of this site will enable the Group to strongly ramp up its production capacity, with the aim of eventually reaching 1 GW per year. At the same time, McPhy has increased production capacity to 300 MW (in two shifts) at its San Miniato site.

In its press release of December 14, 2023, the Group announced that it had entered into exclusive negotiations with Atawey with a view to selling its hydrogen fueling station business., namely the business and related assets, inventories, movable assets, customers, the leased Grenoble industrial site and other intangible assets. For the record, the supply of stations accounted for 27% of Group revenue in 2023. The planned transaction should enable the Group to focus on its core business as an electrolyzer manufacturer.

4.1.4 Revenue

4.1.4.1 Breakdown of revenue by semester

(In € million)	2023	*Of which Electrolyzers*	2022	*Of which Electrolyzers*	Variation	*Of which Electrolyzers*
H1	7.0	4.2	5.2	5.6	35%	-25%
H2	11.7	9.5	10.8	5.4	8%	78%
Total	**18.8**	**13.7**	**16.1**	**11.0**	**17%**	**25%**

Revenue for fiscal year 2023 amounts to €18.8 million, compared with €16.1 million in 2022, driven by +25% growth in the sustained activity of supplying electrolyzers. Growth in this business was impacted in the first half-year by the postponement of the CEOG contract, one of the major projects in which McPhy is a stakeholder but recovered in the second half through the initial benefits of contracts signed in the industrial sector, such as the "green metal" project with the Plansee Group and the low-carbon steel production project with ArcelorMittal and VEO.

Conversely, revenue from the refueling station activity, currently being sold, fell sharply in the second half of 2023, due in particular to a slowdown in subsidized projects in the mobility sector, after strong growth in the first half-year due to a favorable basis for comparison in the previous year. These contrasting trends between the Group's two business activities explain the difference in performance from one semester to the next.

4.1.4.2 Breakdown of revenue by geographical region

(In € million)	2023		2022		Variation	
Europe	15.4	82%	15.4	*96%*	—	*(14)*
Middle East, Africa	0.4	2%	0.2	*1%*	0.2	*1*
Americas	0.2	1%	0.2	*1%*	—	—
Asia / Pacific	2.8	15%	0.4	*2%*	2.4	*12*
Total	**18.8**	*100%*	**16.1**	*100%*	**2.7**	—

Revenue for the Europe region represents almost all of 2023 revenue.

4.1.5 Net income

4.1.5.1 Current operating income

For fiscal year 2023, the Group recorded an increase of €1.9 million in income from current operations compared to 2022, reporting at €19.9 million. This increase was mainly due to revenue growth of €2.7 million, partly offset by a decrease in other income.

Purchases consumed remained stable for 2023 compared to 2022.

In fiscal year 2023, the Group continued to recruit and restructure, resulting in an increase in current expenses related to:

- innovation and R&D expenditure related to the improvement of current products and the development of its new range of XL electrolyzers;
- strengthening its engineering and service resources dedicated to customer projects.

In this context, payroll charges rose by a total of approximately €6.5 million in 2023, due to the recruitment of 72 new employees and amounted to €24.1 million. Other external expenses, amounted to €24.4 million, are mainly comprised of the purchase of subcontracting services and technical design work required to support the Group's ongoing industrial, engineering and R&D development.

Current EBITDA is reported as -€44.6 million in 2023 compared with -€36.8 million in 2022. It includes an amount of €4.5 million from the IPCEI subsidy applicable to eligible expenditure over the period.

Operating income, which is -€5.6 million less than current EBITDA, amounted to -€50.2 million in 2023. The sharp rise in depreciation, amortization and provisions, from -€1.6 million to -€5.6 million, reflects the investments made over the past few years and the provisions recorded for certain older projects, mainly associated with the stations business. As a reminder, fiscal year 2022 benefited from a €2.6 million reversal of the provision relating to the Energiedienst incident.

4.1.5.2 Net income

The Group did not report deferred tax assets on entities that have incurred tax losses. This differed tax asset will reduce any future tax charge.

Active cash management to take full advantage of the rising interest rate environment has resulted in a positive financial result of €2.8 million in 2023, taking Net income to -€47.4 million, compared with -€38.2 million in 2022, i.e. a net loss per share of -€1.70 in 2023 (-€1.37 in 2022).

4.1.6 Non-tax-deductible charges

The total amount for 2023 of non-tax-deductible charges as defined by point 4 of article 39 of the French General tax code is €33,070.

4.2 Financial structure

4.2.1 Balance sheet elements and ratios

Consolidated net assets at December 31, 2023 amount to €88.2 million, broken down as follows (in € million).

	ASSETS
Goodwill	1.7
Non-current assets	50.7
Current assets	29.8
Assets held for sale	19.2
Cash and cash equivalents	63.0

	LIABILITIES
Non-current liabilities	15.1
Current liabilities	59.4
Liabilities held for sale	1.7

The net debt to equity ratio (gearing) is -69 % at December 31, 2023, compared to -100 % at December 31, 2022, due to the surplus cash position.

4.2.2 Group capital, liquidity, and sources of funding

The variation in financial structure is as follows:

USES		RESOURCES	
Cash flow from operations	41.5	Capital increase	0.3
Change in WCR	5.4	Investment subsidies	4.3
Operating subsidies	4.5	New borrowing	1.0
Investments	25.1		
Loan repayments	1.6	Change in WCR	—
Closing liquidity	63.0	Opening liquidity	135.5
TOTAL	**141.1**	**TOTAL**	**141.1**

The Group's cash flow from operations (after cost of net financial debt and taxes) amounted to €41.5 million in 2023, an increase of €4.9 million versus 2022.

WCR grew by €5.4 million for fiscal year 2023. This variation is explained by growth in activity and an increase in inventories, due to forward planning on the supply of certain critical components.

Capital expenditure of €25.1 million mainly comprises the €24.5 million in intangible assets and property, plant and equipment required for the Group's transition to industrial scale, including €17.6 million for the electrolyser Gigafactory.

The operating subsidies used represent the share of the IPCEI subsidy for the Gigafactory project, recognized in the income statement as eligible expenditure over the period. Investment subsidies received correspond to the second installment under the Maugis industrial revitalization fund for the Group's move into the Belfort region.

At December 31, 2023 liquidity amounts to €63.0 million compared to €135.5 million as at December 31, 2022. Total debt of €5 million comprises €1.0 million of bond loans, €0.8 million of bank borrowing, €0.2 million of advances repayable according to conditions of success and €3.0 million of financial debt on lease contracts.

The Group has initiated financing plans for a total amount of around €60 million, some of which are in progress at the date of this document:

- Convertible Bond issuance for new shares and/or exchangeable for existing shares for a minimum amount of €30 million. As of March 7, 2023, the Company has already received subscription commitments, for an amount of €15 million each, from EDF Pulse Holding, an existing shareholder, and EPIC Bpifrance, acting on behalf of the French government under the French Tech Sovereignty agreement dated December 11, 2020. This Convertible Bond issuance will require prior authorization of shareholders at the Mixed General Meeting on May 30, 2024. McPhy will study the possibility of issuing an additional amount to other investors, depending on market conditions.
- Disposal of the refueling station business for a price comprising a fixed portion of between €11 and €12 million, and a variable portion of up to several million euro. The transaction is expected to be finalized in the second quarter of 2024, subject to consultation with McPhy's staff representatives (which is currently underway), completion of financing and fulfillment of usual prerequisites.

- Implementation by July 31, 2024 of a lease financing for the Belfort Gigafactory, for which a binding notification of agreement was signed on February 29, 2024 with a banking pool representing a financing contribution of €16 million.
- Potential use of the equity financing facility set up with Vester Finance on December 19, 2023, beyond the minimum commitment of €2 million, depending on market conditions and compliance with exercise conditions.

4.2.3 Cash flow

The table of cash flow is provided in the appendix to the consolidated financial statements, in section 5.1.3 of this Document.

4.2.4 Information on borrowing conditions and finance structure

The Company's finance structure as at December 31, 2023 is provided in note 3.9 to the consolidated financial statements, in section 5.1.5 of this Document.

4.3 Investment

4.3.1 Main investment made

The table below sets out the consolidated non-financial investment made over the last three fiscal years (excluding variations in scope).

(in thousands of euros)	**2023**	**2022**	**2021**
Intangible assets	1,641	4,080	3,578
Tangible assets	21,419	12,147	1,562
Total	**23,060**	**16,227**	**5,140**

Capital expenditures in 2023 mainly include :

- for intangible assets, the capitalization of research and innovation costs and the deployment of information systems;
- for tangible assets, the ongoing construction of the electrolyzer Gigafactory and test equipment at the San Miniato electrolyzer plant in Italy.

4.3.2 Major current and future investment

In 2024, McPhy will continue the progress made on its new electrolyzer Gigafactory in Belfort, France, including the installation of the first industrial equipment. The plant was delivered as planned during the first quarter of 2024 and the start-up of operations will begin at the end of the second quarter.

4.4 Recent events and outlook

On the basis of the business plan and the financing plan of around €60 million currently in place, McPhy will have the financial resources to fund its growth and working capital requirements until early 2026 on its scope refocused on the electrolyzer business.

The Company is not aware of any significant changes in the Group's financial performance occurring between the closure of the accounts on December 31, 2023, and the date of publication of this Document.

CHAPTER

5

Financial statements

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5.1 Consolidated financial statements

5.1.1 Statement of financial position

ASSETS *(in thousands of euros)*	NOTES	12/31/2023	12/31/2022
NON-CURRENT ASSETS			
Goodwill	3.1	1,741	2,487
Other intangible non-current assets	3.1	2,516	7,602
Tangible non-current assets	3.2	33,702	18,052
Non-current financial assets	3.3	13,311	12,857
Deferred tax assets	3.4	1,177	66
TOTAL		**52,447**	**41,064**
CURRENT ASSETS			
Inventories	3.5	7,647	12,015
Trade and other receivables	3.6	20,125	19,118
Tax assets due	3.6	1,991	1,101
Cash and cash equivalents	3,7	63,021	135,463
TOTAL		**92,784**	**167,697**
ASSETS HELD FOR SALE		19,185	
TOTAL ASSETS		**164,416**	**208,761**

LIABILITIES AND EQUITY *(in thousands of euros)*	NOTES	12/31/2023	12/31/2022
Capital		3,360	3,355
Issue premiums		171,525	191,621
Treasury shares		(624)	(895)
Accumulated retained earnings		(86,018)	(59,151)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**88,243**	**134,930**
Non-controlling interests		—	—
TOTAL EQUITY		**88,243**	**134,930**
NON-CURRENT LIABILITIES			
Investment subsidies	3.11	6,800	2,500
Provisions > 1 year	3.8	3,652	2,482
Borrowings and financial debt maturing > 1 year	3.9	2,863	4,505
Deferred tax liabilities	3.4	1,780	688
TOTAL		**15,095**	**10,175**
CURRENT LIABILITIES			
Provisions < 1 year	3.8	7,397	5,651
Borrowings and financial debt maturing < 1 year	3.9	2,108	1,552
Trade and other payables	3.10	13,390	18,223
Other current liabilities	3.10	36,479	38,230
Current tax	3.10	—	—
TOTAL		**59,374**	**63,656**
LIABILITIES HELD FOR SALE		**1,704**	
TOTAL EQUITY AND LIABILITIES		**164,416**	**208,761**

5.1.2 Statement of net income and other comprehensive income

(in thousands of euros)	NOTES	2023	2022
Revenue	3.12	18,774	16,061
Other income from operating activities	3.13	1,131	1,882
INCOME FROM CURRENT OPERATIONS		**19,905**	**17,943**
Goods consumed		(17,903)	(16,025)
Change in stocks of finished products, work in progress		1,898	125
Payroll charges	3.14	(24,146)	(17,654)
External charges		(24,171)	(21,038)
Taxes and duties		(202)	(190)
Amortization	3.15	(2,804)	(1,774)
Provisions	3.15	(2,781)	222
CURRENT OPERATING INCOME		**(50,205)**	**(38,390)**
Non-current operating income and charges		—	(57)
NET OPERATING INCOME		**(50,205)**	**(38,447)**
Income from cash and cash equivalents	3.16	3,358	701
Cost of gross financial debt	3.16	(572)	(314)
Cost of net financial debt	3.16	2,786	387
Tax charge on income	3.17	(14)	(97)
Net income from ordinary activities		(47,433)	(38,157)
NET INCOME (LOSS) FOR YEAR		**(47,433)**	**(38,157)**
Attributable to the owners of the company		(47,433)	(38,157)
Attributable to non-controlling interests		—	—
Net earnings per share – attributable to owners of the company	3.19	(1.70)	(1.37)
Net diluted earnings per share – attributable to owners of the company	3.19	(1.70)	(1.37)
NET INCOME (LOSS) FOR YEAR		**(47,433)**	**(38,157)**
Actuarial gains or (losses) on pension obligations		(17)	77
Currency translation adjustments		48	(149)
Deferred taxes recognized as equity		4	(21)
Other comprehensive income		34	(93)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR YEAR		**(47,398)**	**(38,250)**

5.1.3 Statement of cash flow

(in thousands of euros)	2023	2022
NET INCOME (LOSS) FOR YEAR	**(47,433)**	**(38,157)**
Depreciation, amortization, and impairment	5,545	1,285
Other income and expenses	928	698
Gains (losses) on disposals	(16)	248
CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES	**(40,976)**	**(35,926)**
Cost of net financial debt	348	312
Tax expense (1)	(876)	(1,003)
CASH FLOW BEFORE COST OF NET FINANCIAL DEBT AND TAXES	**(41,504)**	**(36,617)**
Taxes paid (1)	(28)	684
Reduction (increase) in Inventories	(3,251)	(7,764)
Reduction (increase) in Trade receivables	(2,882)	(1,127)
Reduction (increase) in Other receivables	1,362	(5,358)
Increase (reduction) in Trade payables	(3,368)	8,626
Increase (reduction) in Other payables	2,771	(2,156)
Operating subsidies received	(4,523)	26,853
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(51,423)**	**(16,859)**
Acquisition of intangible non-current assets	(1,641)	(4,081)
Acquisition of tangible non-current assets	(22,881)	(9,008)
Other cash flows from investing activities	(559)	(12,435)
Investment subsidies received	**4,300**	**2,500**
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(20,781)**	**(23,024)**
Capital increase sums received	296	95
Proceeds drawn from new borrowings	1,032	—
Repayment of borrowings	(1,612)	(1,744)
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(284)**	**(1,648)**
Effect of changes in exchange rates	46	(161)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(72,442)**	**(41,692)**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**135,463**	**177,155**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**63,021**	**135,463**

5.1.4 Statement of changes in shareholder equity

	Number of shares	Capital	Additional paid-in capital	Accumulated retained earnings	Accumulated retained earnings	Currency translation adjustments	Other reserves	Equity attributable to the owners of the Company	Non-controlling interests	Total Equity
At 1st January 2022	**27,939,095**	**3,353**	**201,855**	**(32,467)**	**(1,237)**	**127**	**980**	**172,611**	**—**	**172,611**
Recognition of prior losses			(10,327)	10,327				—	—	—
Capital increase								—	—	—
Share issue warrants exercised								—	—	—
Options and BSPCE exercised	20,000	2	93					95		95
Share subscription warrants exercised								—	—	—
Cost of payments in shares							698	698	—	698
Other variations						(105)	156	51	—	51
Other comprehensive income						(148)	55	(93)	—	(93)
Other comprehensive income				(38,157)				(38,157)	—	(38,157)
Variation in equity					342		(617)	(275)	—	(275)
31st december 2022	**27,959,095**	**3,355**	**191,621**	**(60,297)**	**(895)**	**(126)**	**1,272**	**134,930**	**—**	**134,930**
Recognition of prior losses			(20,386)	20,386				—	—	—
Capital increase								—	—	—
Capital increase								—	—	—
Options and BSPCE exercised	18,705	2	93					95		95
Options and BSPCE exercised	20,000	2	(2)					—	—	—
Cost of payments in shares							928	928	—	928
Other variations			200			(4)	4	200	—	200
Other variations						47	(13)	34	—	34
Net income (loss) for year				(47,433)				(47,433)	—	(47,433)
Net income (loss) for year					271		(783)	(512)	—	(512)
31st december 2023	**27,997,800**	**3,360**	**171,526**	**(87,344)**	**(624)**	**(83)**	**1,408**	**88,243**	**—**	**88,243**

5.1.5 Notes to consolidated financial statements

YEAR ENDING December 31, 2023

1. About the company

McPhy Energy is a limited company incorporated under French law, created in 2007. As a specialist in hydrogen production and distribution equipment, the Group contributes to the global development of low-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy Energy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The Company’s registered office is listed as 79, rue Général Mangin, 38100 Grenoble (France) and it is listed on Compartment C of Euronext Paris.

The information provided in appendix to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy Energy at December 31, 2023, approved by the Board of Directors meeting of April 9, 2024.

In accordance with Commission Delegated Regulation (EU) 2019/2100 of September 30, 2019, amending Delegated Regulation (EU) 2019/815 regarding the updated taxonomy to be used for the single electronic reporting format, McPhy Energy has produced its annual financial report as defined by this regulation.

1.1. Highlights

On the commercial front, McPhy has confirmed the industrial momentum generated by the first contract signed at the end of 2022 with ArcelorMittal and VEO for a low-carbon steel production project, by signing the following equipment supply contracts:

- a 4 MW McLyzer® 800-30 electrolyzer to the Plansee Group for a "green metal" project at the Reutte site in Austria, with associated maintenance services;
- a 20 MW Augmented McLyzer® electrolyzer for the Djewels green hydrogen project at the Delfzijl site in the Netherlands, to be operated by HyCC;
- four McLyzer® 3200-30 units with a total capacity of 64 MW to the Oil & Gas division of the HMS Group in Germany, to be operated as part of a major hydrogen connection point at the Radeland compressor station in Brandenburg, including an initial stage for a McLyzer® 3200-30 with a capacity of 16 MW.

Furthermore, the Group has signed an agreement with Indian conglomerate L&T, under which McPhy has granted an exclusive license to its pressurized alkaline electrolysis technology for the manufacture of electrolyzers. L&T plans to build a Gigawatt electrolyzer factory in India, using McPhy technology to meet the needs of the Indian market and of certain specific geographical areas. This partnership will enable McPhy to commence its expansion beyond the European market, especially in the high-potential market of India. It is predicted that the production capacity for low-carbon hydrogen on this market should reach at least 5 million tonnes annually by 2030 [(1)].

McPhy has also continued its industrial scale up: work on commissioning its future Gigafactory at the Belfort site has progressed according to plan, with start-up scheduled for the second quarter of 2024 and within budget. The opening of this site will enable the Group to strongly ramp up its production capacity, with the aim of eventually reaching 1 GW per year. At the same time, McPhy has increased production capacity to 300 MW (in two shifts) at its San Miniato site.

In its press release of December 14, 2023, the Group announced that it had entered into exclusive negotiations with Atawey with a view to selling its hydrogen fueling station business., namely the business and related assets, inventories, movable assets, customers, the leased Grenoble industrial site and other intangible assets. For the record, the supply of stations accounted for 27% of Group revenue in 2023. The planned transaction should enable the Group to focus on its core business as an electrolyzer manufacturer.

1.1. Post-closing events

On February 19, 2024, McPhy announced that it had received a binding offer from Atawey in the form of a promise to purchase its stations business. As of the date of this document, the said promise to purchase has been exercised by the Company and a sale agreement between the parties concerning the stations business has been signed [(2)].

On February 29, 2024, the Group signed a memorandum of understanding with a banking pool for a property lease for its Belfort Gigafactory, representing financing of €16 million.

Finally, on March 7, 2023, the Company received commitments to subscribe to a total of €30 million in convertible bonds, the issue of which will be subject to shareholder authorization at the Mixed General Meeting on May 30, 2024. Existing shareholder EDF Pulse Holding and EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement dated December 11, 2020, have committed to subscribing to the convertible bonds for an amount of €15 million each [(3)].

(1) Refer to paragraph 8.4.3 of this Document.
(2) Refer to paragraph 8.4.6 of this Document.
(3) Refer to section 7.4.3.3 of this Document.

2. Accounting principles and significant methods

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the period ending December 31, 2023.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, the principles of recognition, valuation and presentation used to prepare the consolidated financial statements are compliant with the standards and IFRS interpretations as adopted by the European Union at December 31, 2023, available on the European Commission website:

https://ec.europa.eu/commission/index_en

With the exception of the items listed below, the accounting principles and methods used to prepare the consolidated financial statements at December 31, 2023 are the same as those used to prepare the year end at December 31, 2022.

The standards and amendments for compulsory application at January 1, 2023 are listed below:

- Amendments to IAS 12 (Income Taxes) - International Tax Reform - "Pillar 2" applicable rules, effective from January 1, 2023,
- Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practical Guide 2 - Disclosure of Accounting Policies, effective from January 1, 2023,
- Amendment to IAS 8 (Accounting policies, changes in accounting estimates and errors) - Definition of accounting estimates, effective from January 1, 2023,
- Amendments to IAS 12 - Deferred tax on assets and liabilities arising from a single transaction, effective from January 1, 2023.

The application of these amendments had no material impact on the amounts recognized or on the notes to these consolidated financial statements.

The Group has not early adopted the following standards and interpretations, whose application is not mandatory for periods beginning on or after January 1, 2023 and which may have an impact on the amounts presented:

- Amendments to IAS 7 (Cash Flow Statements) - Vendor Financing Arrangements and IFRS 7 - Financial Instruments: Disclosures, effective from January 1, 2024,
- Amendments to IAS1 - Classification of liabilities as current or non-current, effective from January 1, 2024,
- Amendments to IFRS 16 (Leases) - Rent liability under sale and leaseback contracts, effective from January 1, 2024,
- Amendments to IFRS 10 - Consolidated financial statements and IAS28 (Investments in associates and joint ventures) - Sale or contribution of assets between an investor and its associate or joint venture; application date not yet determined by the IASB,
- Amendments to IAS21 - Effects of changes in foreign exchange rates - Absence of convertibility, effective from January 1, 2025.

The Board of Directors anticipates that the application of these amendments will have no material impact on the assets and liabilities in these consolidated financial statements.

The going concern assumption was adopted by the Board of Directors for the financial statements at December 31, 2023, given the net cash position of €61 million at December 31, 2023, the business plan and cash flow forecasts for 2024 and 2025, and the financing initiatives underway.

It is based on the following fundamental assumptions: on the one hand, the achievement of business plan targets and compliance with cash flow forecasts for a scope refocused on the electrolyzer business, and on the other hand, the completion of the financing actions undertaken for the amounts and within the timetable planned, involving a total amount of around €60 million, namely:

- Convertible Bond issue for new shares and/or exchangeable for existing shares for a minimum amount of €30 million. As of March 7, 2023, the Company has already received subscription commitments, for an amount of €15 million each, from EDF Pulse Holding, an existing shareholder, and EPIC Bpifrance, acting on behalf of the French government under the French Tech Sovereignty agreement dated December 11, 2020. This Convertible Bond issue will require the prior authorization of shareholders at the Mixed General Meeting on May 30, 2024. McPhy will study the possibility of issuing an additional amount to other investors, depending on market conditions.
- Disposal of the refueling stations business for a price comprising a fixed portion of between €11 and €12 million, and a variable portion of up to several million euros. The transaction is expected to be finalized in the second quarter of 2024, subject to completion of the financing and fulfillment of customary conditions precedent.

- Implementation by July 31, 2024 of a property lease for the Belfort Gigafactory, for which a binding notification of agreement was signed on February 29, 2024 with a banking pool representing a financing contribution of €16 million.

Potential use of the equity financing facility set up with Vester Finance on December 19, 2023, beyond the minimum commitment of €2 million, depending on market conditions and compliance with exercise conditions.

2.2. Scope and methods of consolidation

The consolidated financial statements comprise the parent Company financial statements and those of companies under its control.

Fully consolidated subsidiaries

Subsidiaries are fully consolidated in the financial statements if the Group has a majority interest and has control. This rule is applied independently of the percentage of shareholding. The concept of control represents the power to direct an associate company's financial and operational policies, to obtain the benefits of its activities. The interests of minority shareholders are presented in the balance sheet and in the income statement, in a category separate from the Group share.

For a new acquisition, the assets, liabilities, and contingent liabilities of the subsidiary are recognized at their fair value on the date of acquisition. A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it is exposed to or entitled to variable returns from its relationship with the entity and has the ability to influence those returns because of its control over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements from the date that control is obtained until the date that control ceases. The excess price paid over the proportionate share of the fair value of the liabilities and contingent liabilities acquired is recognized as goodwill on the balance sheet assets. The excess proportionate share of the fair value of the assets, liabilities and contingent liabilities acquired on the cost of acquisition is immediately booked in the income statement.

Associate companies

Companies over which the Group exerts notable influence in terms of financial and operational decisions, without having overall control are consolidated using the equity method.

2.3. Currency conversion

Functional currency and reporting currency

Accounts are prepared in the functional currency of each Group company, i.e. the currency of the main economic environment where it operates, and which generally corresponds to the local currency. The consolidated financial statements are reported in euros, which is the functional and reporting currency of the consolidating Company, McPhy Energy S.A.

Transactions in currency

The activity of foreign subsidiaries included within the scope of consolidation is considered as an extension of the parent Company's activity. In this respect, the accounts of the subsidiaries are converted using the historical exchange rate method. Applying this method produces an effect similar to what would have been reported on the financial position and income if the consolidating Company had operated under its own name abroad. On the closing date, monetary assets and liabilities in foreign currencies are converted into the functional currency at the exchange rate in effect on the closing date. Non-monetary items are converted at the historical exchange rate. All currency translation adjustments are recorded on the income statement.

The exchange rates used for the main currencies are as follows (non-Euro zone currencies):

Indicative price EUR against currency		Average rate 2023	Average rate 2022	Closing date rate 2023	Closing date rate 2022
Singapore dollar	SGD	1.452	1.452	1.459	1.437
US dollar	USD	1.081	1.054	1.105	1.072

2.4. Use of judgments and estimates

While preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual values may differ from estimated values.

Estimates and the underlying assumptions are reviewed on an ongoing basis. The impact of changes in estimates is accounted for prospectively.

The main estimates concern:

- The choices and compliance with activation criteria for development projects in progress;
- Goodwill impairment tests;
- Capitalization of deferred tax assets on losses carried forward;
- The period of use of assets owned by the Company;
- Provisions for pension obligations;
- Provisions for repairs, replacements, or possible compensation to Clients;
- Provisions for guarantees;
- Projected cash flow use;
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion;
- Definition of subsidies received as operating subsidies or investment subsidies.
- assets and liabilities held for sale ;
- the fair value of financial instruments: financial debts, derivatives, financial assets.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

For the year ending December 31, 2023, the potential impact of climate-related risks, including current legislation, likely to affect the fair value of assets and liabilities in the consolidated financial statements, has been examined on the basis of the useful life of tangible and intangible assets and provisions. Climate risks are taken into account in the relevant and applicable key assumptions whenever they have a material impact on the determination of fair value.

At December 31, 2023, the Group considers that the impact of climate risks is not material on the consolidated financial statements for the year.

2.5. Segment reporting

Accounting standard IFRS 8 requires that operational segments are identified based on the internal reporting used by the Chief Operating Decision Maker in order to take decisions on the allocation of resources and the assessment of Group performance. McPhy Energy is organized internally to report to the Chief Executive Officer, the Chief Operating Decision Maker, based on Group-level consolidated information. Strategic decisions and performance measurements of activity are made monthly by the Executive Committee, which comprises the CEO and executive directors, primarily by referring to the Group-level consolidated data. Consequently, McPhy Energy has only one identifiable operating segment for which the Group is able to publish information in accordance with IFRS 8.

	2023	2022
Annual revenue France	€10 M	€9.0 M
Annual revenue Germany	€5.7 M	€4.1 M
Annual revenue Italy	€3.1 M	€3.0 M

2.6. Valuation methods and rules

2.6.1. Business combinations, supplementary acquisition of interests and disposal of interests

On the date of acquisition, goodwill corresponds to the difference between:

- The fair value of the consideration transferred in exchange for control of the company, including any contingent considerations, plus the amount of non-controlling interests in the company acquired, and in a business combination achieved in stages, plus the fair value at the date of acquisition of the interest previously held by the acquiring company in the company acquired, revalued by the income statement; and
- The fair value of identifiable assets acquired, and liabilities assumed on the date of acquisition.

The acquisition price includes the estimated impact of any adjustments to the acquisition price, such as contingent considerations. Contingent considerations are determined by applying the criteria set out in the acquisition agreement (revenue, income, etc.) to the most probable forecasts. They are reassessed at each of year, any variations are recorded as income after the date of acquisition (including within one year of the date of acquisition). If the impact is significant, they are discounted. If necessary, the effect of the accretion of debt recorded in liabilities is booked in the "Cost of net financial debt" item.

If the analysis of the attribution of the acquisition price is not finalized at the date of closing of the year of acquisition, provisional amounts are reported (especially for goodwill, if necessary). These amounts are adjusted retrospectively when the analysis is finalized, in accordance with the requirements of IFRS 3 amended, and no later than one year after the date of acquisition. Changes occurring after this date are stated on the income statement.

If goodwill is negative, it is immediately reported on the income statement.

Costs directly attributable to the business combination are stated as charges for the fiscal year in the consolidated income statement.

In an acquisition, the Group valuates non-controlling interests either at their fair value (full goodwill method) or based on their share of the net assets in the company acquired (partial goodwill method). The choice is made for each acquisition on an individual basis.

Goodwill is not depreciated and is subject to an impairment test at each year-end, and each time there are indications of loss in value (see section 2.6.6 Impairment of non-current assets).

2.6.2. Research and Development - Internal R&D work

Activation of development costs

In accordance with IAS 38 Intangible assets:

- research costs are recognized as charges for the fiscal year in which they are incurred;
- development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:
  - technical feasibility required to complete the intangible asset with a view to its delivery or sale,
  - intention to complete the intangible asset and use it or transfer it,
  - the group is able of using or selling the intangible asset,
  - the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness,
  - the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
  - the Group's capacity to reliably measure the outgoings attributable to the intangible asset during its development.

Project eligibility is reviewed every six months by Group Executive Management, Technical Management and Financial Management. The costs of internal developments by the Company and its subsidiaries were capitalized on the date of closure of accounts and an amortization period of three years (estimated lifetime of the product on the market), for a total amount of 0.7 million in respect of fiscal year 2023, where all criteria indicated above are cumulatively satisfied. Other research and development costs are recognized in the charges for the fiscal year in which they are incurred.

2.6.3. Other intangible non-current assets

Mainly include software and patents, as well as R&D capitalization costs. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.6.4. Tangible non-current assets

Property, plant and equipment are valued at acquisition or production cost.

They are depreciated on a straight-line basis over their estimated useful lives. Residual values are not taken into account, as their impact is deemed immaterial.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 15 years
General fixtures and fittings	5 to 25 years
Transportation equipment	3 to 5 years
Computer equipment, furniture, and office equipment	1 to 15 years

Implementation of IAS 23 “Borrowing costs” has not led to the capitalization of interest, as the debt of Group companies is not directly attributable to distinct assets.

2.6.5. Lease agreements

Lease agreements as defined by IFRS 16 “Leases” are reported on the balance sheet, which results in the statement of:

- an asset corresponding to the right of use of the leased asset for the term of the agreement;
- a liability concerning the obligation of payment.

Contracts with the following characteristics are eligible, but the Group has chosen not to restate them:

- contracts not exceeding twelve months, including economically attractive renewal option;
- low replacement value of underlying asset on an absolute basis (<€5 K new).

Valuation of right of use of assets

On the date of effect of a lease agreement, the right of use is valued at its cost and includes:

- the initial liability amount plus, where necessary, advance payments made to the lessor, net of any benefits received by the lessee if appropriate;
- where necessary, the initial indirect costs incurred by the lessor to conclude the agreement. These are marginal costs which would not have been incurred if the agreement had not been concluded;
- the estimated costs of repairing and retiring the leased asset as per the terms of the agreement. On the date of initial recognition of the right of use, the lessee adds to these costs the discounted amount of spending on repairs and/or retirement against a liability or a provision for return.

The right of use is amortized over the useful lifetime of the underlying assets (period of lease agreement).

Valuation of lease liability

When the agreement takes effect, the lease liability is stated at an amount equal to the discounted value of the lease payments over the period of the agreement.

The amounts taken into account as lease payments in the valuation of the liability are:

- fixed lease payments (including effectively fixed payments, in that even if they are to a degree variable in form, they are in effect unavoidable);
- variable lease payments indexed using the rate or index at the date of effect of the agreement;
- payments to be made by the lessee by virtue of a residual value guarantee;
- penalties to be paid in case a termination or non-renewal option is taken up, if the term of the agreement was determined under the assumption that the lessee would exercise it.

Interest charges for the fiscal year not considered in the initial valuation of the liability, and incurred during the fiscal year in question, are stated in financial charges.

Moreover, the liability can be revalued in the following situations:

- revision of the lease period;
- modification due to the assessment of the reasonably certain (or not) character of exercising an option;
- re-estimation relative to residual value guarantees;
- revision of rates or indexes on which the lease payments are based when the lease payments need to be adjusted;
- lease review.

Types of capitalized lease agreements

"Real estate asset" lease agreements

The Company has identified lease agreements within the meaning of the standard for office building leases and buildings specific to the Research and Development activity. The lease period corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew. In terms of contracts with an early termination option (commercial leases), the Group's policy is to consider the maximum duration of this type of contract.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement This rate corresponds to the interest rate that the lessee would pay, at the start of the agreement, to borrow the funds required to acquire the asset, over a similar period, with a similar guarantee and economic environment. This rate was obtained by the Company bank and is specific to the purpose of financing, the amount of credit, type, and period of credit.

"Other asset" lease agreements

The main lease agreements identified correspond to vehicles and an equipment lease agreement. The capitalization period of lease payments corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement (see "Real estate assets" section on the determination of the incremental borrowing rate).

Types of non-capitalized lease agreements

Short-term lease agreements

These agreements are in effect for twelve months or less. For the Company, this mainly concerns agreements concerning the leasing of storage areas, for which there is a reciprocal termination option subject to a notice period of twelve months or less.

Lease agreements concerning low-value assets

These agreements concern leases where the replacement value of assets is €5,000 or less. For the Company, this concerns agreements concerning leased printers or mobile phones.

2.6.6. Impairment of non-current assets

Impairments on goodwill, tangible and intangible assets

In accordance with IAS 36 - Impairment of Assets, the Group valuates the recoverability of its long-term assets using the following process:

- for amortized tangible and intangible assets, the Group assesses if there is an indication of loss of value on these non-current assets at each year-end. The indications are identified in relation to external or internal criteria, such as a change in technology or discontinuation of activity;
- For goodwill and non-amortized intangible assets, an impairment test is carried out at least once a year, and each time an indication of loss of value is detected. For goodwill and non-amortized intangible assets, an impairment test is carried out at least once a year, and each time an indication of loss of value is detected.

A CGU is a homogeneous set of assets, the continuous use of which generates cash inflows largely independent of cash flows generated by other groups of assets. The value in use of a CGU is determined by reference to the value of expected discounted future cash flows from these assets, under the economic assumptions and conditions of operation foreseen by the Company Executive Management. Given the Group's internal organization and the shared use of assets within the Group, a single CGU - cash generating unit - has been defined.

Where necessary, an impairment test is carried out by comparing the net book value of the CGU, including goodwill, with the recoverable value corresponding to the higher of the two following values: the fair value net of disposal costs, or the value in use. If the recoverable value of the CGU exceeds its book value, the CGU and the goodwill assigned to it must be considered as not being impaired. If the book value of the CGU exceeds its recoverable value, an impairment is recorded. In practice, impairment tests are done in relation to the value in use corresponding to the discounted value of expected cash flows generated through the use of this CGU.

Future cash flows derive from the five-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows. In accordance with the standard, cash flow forecasts are considered without taking into account non-engaged restructuring, investment for growth or the financial structure. Flows are discounted using a discount rate, which in practice corresponds to the weighted average cost of capital determined by the Company after taxes. The terminal value is determined by discounting a normative flow, taking into account the discount rate used for the explicit time period and a perpetual growth rate.

Impairments are in priority recorded against goodwill, then the other CGU assets, up to their recoverable value. Impairments recorded against goodwill are irreversible, except when they concern companies consolidated under the equity method. Impairments related to assets other than goodwill and companies accounted for using the equity method are restated in the income statement, when the updated tests lead to a recoverable value higher than their net book value.

2.6.7. Financial assets

The Group records a financial asset when it becomes a party to the contractual provisions of the financial instrument. The financial assets used by the Group include:

- assets stated at fair value with any resultant gain or loss recognized in the income statement;
- loans and receivables where the portion falling due after one year and more is discounted at the estimated financing rate of the consideration;
- equity interests in non-consolidated companies.

The Group owns no derivative instruments at the closing dates of the two fiscal years presented.

Purchases and sales of financial assets are stated at the date of transaction.

- **Financial assets are divided into three categories:**
  - Assets stated at their fair value with any gain or loss recognized in the income statement are designated as such if they have been acquired with the intention of reselling them in the short term. At each year-end, they are stated at their fair value and the variation in fair value is recognized in the income statement. Marketable securities and short-term cash deposits are classified in this category as current assets,
  - assets available for sale are retained for an undetermined period and are stated at their fair value, plus the transaction costs directly attributable to the acquisition. The asset is recorded at fair value on its date of entry into the balance sheet. Fair value is determined by referring to the agreed transaction price or by referring to market prices for comparable transactions. At each year-end, the fair value is reviewed and the variation in fair value is recorded in equity. If the asset is sold or impaired, the fair value is transferred to the income statement. Other non-consolidated equity interests are classified in this category as non-current assets,
  - assets held until maturity are assets with fixed maturity dates, which the Company has acquired with the intention and capacity to conserve until maturity. They are recorded at amortized cost using the effective interest rate method.
- **Loans and receivables**

This category includes receivables from non-consolidated equity investments, as well as operating loans and receivables.

When initially recorded, the loans and receivables are valued at their fair value plus transaction costs which are directly attributable. In practice, the fair value is close to their face value.

These financial assets and liabilities are reported on the balance sheet in current and non-current items depending on whether their maturity date is sooner or later than one year.

2.6.8. Basis of evaluation

The fair value measurement methods for financial and non-financial assets and liabilities, as defined above, are hierarchically classified according to the following three fair value levels:

- level 1: fair value measured on the basis of quoted prices (unadjusted) on active markets for identical assets or liabilities;
- level 2: fair value measured using inputs other than quoted prices on active markets that are observable either directly (prices) or indirectly (price-derived inputs);
- level 3: fair value for the asset or liability measured using inputs that are not based on observable market data (unobservable inputs).

2.6.9. Inventories

Inventories of raw materials are recorded at the purchase price excluding tax, but including transportation costs, using the weighted average cost method. Work in progress is valued at production cost, including direct and indirect charges that can be incorporated according to the normal capacity of production facilities, excluding financial costs.

Where necessary, provisions for impairment are made on a case-by-case basis, after review by Financial Management and Production Management, if the net recoverable value is below the costs incurred to transport the inventories to the location and in their current state:

- concerning raw materials, depending on their physical impairment or their risk of obsolescence;
- concerning work in progress or finished products, to take into account potential losses on markets or their risk of obsolescence.

2.6.10. Receivables and other current assets

Trade and other receivables are current financial assets. They are initially recorded at fair value, plus transaction costs directly attributable to the issue of financial assets, which in general corresponds to their face value. At each year-end, trade receivables and other current assets used in ordinary operations are reported at amortized costs net of impairments taking into account potential risks of non-recovery.

An estimate of the risk of non-recovery of receivables is done individually or based on seniority criteria at each year-end, subsequently giving rise to the statement of an impairment. The risk of non-recovery is assessed in terms of various criteria, such as financial difficulties, disputes, or late payments.

The expected credit loss method is not applied. Its application would not have a material impact on the impairment losses currently recognized.

2.6.11. Cash and cash equivalents

Cash and cash equivalents include cash, very liquid short-term deposits which can be easily converted into a known amount of cash and which are subject to a significant risk of change in value, and bank overdrafts. Overdrafts are stated as current liabilities on the balance sheet, in the short-term borrowing and financial debt class. Investments with an initial maturity beyond three months of the date of acquisition without the option of early exit are excluded from cash and cash equivalents on the statement of cash flow.

2.6.12. Treasury shares

Shares in the parent company McPhy Energy held by itself are deducted from consolidated equity at their cost of acquisition. Any gains or losses on the sale of treasury shares are recognized directly in equity, net of tax. The capital gain or loss realized is net of tax and does not affect the income statement.

2.6.13. Provisions for risks and charges

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Group records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

Provisions maturing in later than one year, or where the maturity is not fixed precisely are classed as “Non-current provisions”.

Contingent liabilities are not accounted for but are reported in the notes to the financial statements, unless the probability of resource outflow is very low, and the impact is not significant.

The Group valuates provisions based on facts and circumstances relating to current obligations at the closing date, according to its experience in the field and to the best of its knowledge, after potentially obtaining legal advice from the Company legal team at the date of approval.

Contingent assets are not booked.

The Group records provisions for disputes (commercial, labor, etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Concerning the specific case of customer guarantees, machine sales come with 2-year contractual guarantees. These guarantees result in the recording of a provision.

If the forecast on completion shows a negative result, a provision for loss on completion is recorded independently of the progress on the project, according to the best estimation. Provisions for losses on completion are recorded in the balance sheet liabilities and immediately recognized in the income statement.

2.6.14. Borrowing and financial liabilities

Financial liabilities comprise bank borrowing, the “capital” part of lease agreements, financial debt instruments and derivatives. Financial liabilities are initially valued at the fair value of the consideration received, net of transaction costs directly attributable to the transaction.

Conditional and repayable advances entering the scope of IAS 20 are initially recorded by analogy with IFRS 9, at their amortized cost calculated using the effective interest rate. Subsequent to the initial recognition, and if the impact is significant, interest-bearing advances are valued at amortized cost using the effective interest rate method.

The effective interest rate includes the contingent premium foreseen in the agreement and likely to be paid in case of reimbursement. In practice, determining the amount to record may need to take into account expected future revenue if the repayable advance agreements foresee indexing on the revenue generated by projects. Any change in the forecast expected revenue at year-end will lead to a change in the accrued amount and will give rise to a gain or loss recorded immediately in financial income.

If the funded program is judged a failure, the cancellation of the receivable granted is recorded in other income from operating activities..

2.6.15. Employee benefits

The IAS 19 standard distinguishes two schemes in terms of post-employment benefits.

Defined-contribution schemes (statutory and personal pension schemes) are recorded as expenses in the fiscal year when the services are delivered by employees. The Company's obligation is limited to the payment of contributions, so no liability is recorded on the balance sheet.

The actuarial risks of **defined-benefit schemes** are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits that employees will have acquired at the time of taking retirement, their end-of-career salary and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate etc.).

The Group does not outsource the funding of its pension obligations.

The obligation is recorded on the balance sheet as a non-current liability, for the total amount of the obligation.

In accordance with IAS 19, the cost of services rendered is recorded in operating income and the cost of financial interest is recorded in gross borrowing costs. The Company immediately recognizes all actuarial gains and losses as equity in other comprehensive income (OCI).

Following the publication of the IFRS IC in June 2021, the valuation of pension commitments and the corresponding provisions by the Company incorporated the resulting changes.

2.6.16. Share-based payments

In accordance with IFRS 2, benefits granted to certain employees with payment in the form of shares are stated at the fair value of the instruments granted.

This compensation may take the form of either instruments paid in shares, or instruments paid in cash.

Share purchase and subscription options are granted to executive management and certain key employees of the Company.

In accordance with IFRS 2 "Share-based payments", the stock options are stated at their date of granting.

The Company uses the *Black & Scholes* pricing model to value these instruments. This model takes into account the plan features (exercise price, exercise period), market data at the time of attribution (risk-free rate, volatility, expected dividends) and a behavioral assumption concerning the beneficiaries. For instruments paid in shares, changes in value subsequent to the date of grant have no effect on this initial valuation.

The value of options mainly depends on their expected lifetime. This value is recorded in payroll charges on a linear basis between the date of grant and the maturity date (vesting period), with a direct consideration in equity.

2.6.17. Assets and liabilities held for sale

A non-current asset or a group of directly related assets and liabilities is considered to be held for sale when its book value will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale, and the sale must be highly probable. To assess whether a transaction is highly probable, in each case the Group considers the decision-making and authorization process, the reasonable nature and acceptability of the proposed price, as well as market conditions and legal, regulatory and social constraints.

These assets or groups held for sale are measured at the lower of the book value and fair value net of transaction costs. They are no longer amortized. Associated assets and liabilities held for sale are presented on specific lines of the consolidated financial statements.

In its press release of December 14, 2023, the Group announced that it had entered into exclusive negotiations with Atawey with a view to selling its hydrogen fueling station business. On February 19, 2024, it announced that it had received a binding offer from Atawey in the form of a promise to purchase the business and related assets. For the record, the supply of stations accounted for 27% of Group revenue in 2023. The planned transaction should enable the Group to focus on its core business as an electrolyzer manufacturer.

As the Stations business is neither a Cash-Generating Unit (CGU) nor an operating segment under IFRS 8, it is not considered a "component" or "discontinued operation" as defined by IFRS 5. Consequently, the income statement has not been restated. However, in view of the probable sale within 12 months and the material nature of the assets and liabilities of this business, they are presented at December 31, 2023 on specific lines in the assets and liabilities of the consolidated financial statements.

Consistent with the definition of the scope of disposal as envisaged with Atawey, assets and liabilities held for sale include the assets and liabilities attached to the business, in particular inventories, movable assets, customers, the leased Grenoble industrial site, other intangible assets and a share of the Group's goodwill. They do not include operating receivables and payables relating to the stations business, as these are excluded from the scope of the planned disposal. The share of goodwill has been allocated on the basis of relative fair value.

ASSETS *(in thousands of euros)*	**12/31/2023**
Goodwill	746
Other intangible non-current assets	5,783
Tangible non-current assets	4,931
Non-current financial assets	105
TOTAL NON-CURRENT ASSETS	**11,565**
CURRENT ASSETS	
Inventories	7,620
Trade and other receivables	—
Cash and cash equivalents	—
TOTAL CURRENT ASSETS	**7,620**
TOTAL ASSETS HELD FOR SALE	**19,185**
LIABILITIES	
LIABILITIES AND EQUITY *(in thousands of euros)*	**12/31/2023**
Provisions > 1 year	—
Borrowings and financial debt maturing > 1 year	—
TOTAL NON-CURRENT LIABILITIES	**—**
Provisions < 1 year	—
Borrowings and financial debt maturing < 1 year	1,704
Trade and other payables	—
Other current liabilities	—
TOTAL CURRENT LIABILITIES	**1,704**
TOTAL LIABILITIES HELD FOR SALE	**1,704**

The fair value of assets held for sale, net of disposal costs, was determined taking into account the fixed portion of the sale price and, for the variable portion of the price premium conditional on future orders, projections based on several scenarios using assumptions known at the time. The fair value thus determined is higher than the book value.

2.6.18. Recognition of revenue

The Company recognizes its revenue according to IFRS 15.

In terms of “standard” products, revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of control to the Client.

For “complex” products, revenue is recognized using the percentage of completion method: revenue is recognized based on the costs incurred to date, in relation to total expected costs on completion.

From fiscal year 2023 onwards, the Group has generated revenues under the licensing agreement signed with the Indian group Larsen & Toubro for the transfer of its pressurized alkaline electrolysis technology and associated services, including training.

The terms of this agreement include license fees payable as upfront fees, fees payable upon the achievement of milestones, and license option fees. In addition, the license agreement provides for proportional royalties to be paid on future sales of products manufactured on the basis of the transferred technology.

IFRS 15 provides specific application guidance for the recognition of revenue from intellectual property licenses. These application guidelines only apply to licenses that are distinct or if the license is the main or dominant component of the combined performance obligation.

2.6.19. Recognition of subsidies

Subsidies are recognized when it is reasonably certain that the conditions of obtaining the aid will be fulfilled in accordance with IAS 20 and independently of the funds received, with the difference recorded on the balance sheet as necessary.

Whether subsidies are qualified as operating subsidies or investment subsidies is determined according to the nature and purpose of the amount granted.

For the recognition of operating subsidies, the Group has opted to offset them against eligible expenses incurred in the period concerned in the income statement.

Investment subsidies are deducted from the gross value of the non-current assets concerned at the time of commissioning.

2.6.20. Non-current operating income and charges

Non-current operating income and charges correspond to unusual items concerning income and expenses that are not usual in their frequency, nature, or amount, which the Company reports separately in its income statement to facilitate understanding of current operating performance. If they are significant, the amount and kind of these items are described in the note “Non-current operating income and charges”.

Operating income includes all income and expenses directly associated with Group activities, whether these income and expenses are recurring or result from occasional decisions or operations.

2.6.21. Financial profit (loss)

Financial profit or loss incorporate the cost of net debt, mainly comprising interest on lease liabilities and interest paid on Group financing.

Other financial income and charges include accretion charges for non-current liabilities.

2.6.22. Corporate taxation

The “Corporate taxation” item on the income statement includes the tax liability and deferred taxes of consolidated companies when the tax bases are reported as revenue. Where necessary, the tax effects on items directly reported in equity are also reported in equity.

Tax liability

The tax liability corresponds to the tax payable to tax authorities for each consolidated company in its country or countries of operation. The Company has opted to report its Corporate value-added tax contribution (Contribution sur la Valeur Ajoutée des Entreprises - CVAE) in corporate taxation, as it considers that this contribution is determined based on an aggregate of the income statement.

Deferred taxes

Deferred taxes are recorded on the consolidated balance sheet and income statement and are a result of:

- the time difference between the recognition of income or expenses and its inclusion in the final profit of a later fiscal year;
- the time differences between the tax values and accounting values of balance sheet assets and liabilities;
- the restatements and eliminations imposed by consolidation and not reported in individual company financial statements;
- the capitalization of tax deficits.

Deferred tax assets relating to tax deficits are only recognized insofar that it is probable that a taxable profit will be available, to which these deductible time differences can be charged.

For reasons of prudence, the tax deficits of McPhy Energy and its subsidiaries are not capitalized at the closing date due to a lack of forecast use of the deficits in the short term.

Deferred taxes are calculated at the taxation rate expected to be applied to the fiscal year during which the asset will be realized, or the liability settled, based on the tax rates (and fiscal regulations) adopted or quasi-adopted at the closing date.

2.6.23. Research tax credit (CIR)

Industrial and commercial firms taxed on actual income, and which invest in research may benefit from tax credits.

The tax credit is calculated per calendar year and is offset against the tax payable by the Company in respect of the year during which the research spending occurs. Unused tax credit can be deferred under the ordinary tax system over the next three years following its recognition. Any fraction unused at the expiry of this term is reimbursed to the Company. Given the Company’s SME status within the meaning of Community legislation, the reimbursement takes place in the year following recognition in other income from operating activities.

2.6.24. Statement of cash flow

The statement of cash flow is prepared using the indirect method and individually presents cash flows from operating, investing, and financing activities.

Operating activities correspond to the primary income-generating activities of the entity and all other activities which do not meet the criteria of investing or financing. The Company has decided to report subsidies received in this category. The cash flows from operating activities are calculated by adjusting the net income by the variations in working capital requirement, items without a cash effect (amortization, impairment, etc.), gains on disposals, and other income and expenses calculated.

The cash flows from investing activities are associated with non-current asset acquisitions, net of supplier liabilities on non-current assets, disposal of non-current assets and other investments.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity. Capital increases, new borrowings or repayment of borrowings are included in this category. The Company has also decided to report repayable advances in this category.

Increases in assets and liabilities without effect on the cash position are discarded. The rights of use recognized under the leases are not included in investments for the period and the lease liabilities are not included in borrowing. Cash outflows related to the principal of lease liabilities and interest expense are classified as financing activities.

2.6.25. Off-balance sheet commitments

Off-balance sheet commitments reported by the Group cover the following information about commitments made and received:

- personal guarantees (endorsements, deposits and guarantees);
- security interests (mortgages, pledges, guarantees);
- purchase obligations and investment obligations;
- other commitments.

2.6.26. Net income per share

Net earnings per share is calculated by dividing the net income Group share attributable to ordinary shareholders, by the weighted average number of shares in circulation during the fiscal year.

Net diluted earnings per share is obtained by dividing the net income group share by the weighted average number of shares in circulation during the fiscal year for which the calculation is made, net of the maximum impact of the conversion of dilutive instruments into ordinary shares, using the share repurchase method.

3. Selected notes on the Statement of Financial Position and the Statement of Net Income

A NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.1. Intangible non-current assets

(in thousands of euros)	Variance Goodwill	Concessions Patents Licenses	Capitalized development expenses	Other	Total
At January 1, 2022	**2,487**	**1,095**	**3,369**	**97**	**7,048**
Other acquisitions	—	167	2,839	1,074	4,080
Disposals / internal transfer	—	(2)	—	—	(2)
Other variations	—	140	—	(140)	—
At December 31, 2022	**2,487**	**1,400**	**6,208**	**1,031**	**11,126**
Other acquisitions	—	185	737	719	1,641
Disposals / internal transfer	—	—	—	—	—
Other variations	—	1,266	—	(1,601)	(335)
Assets held for sale	(746)	(992)	(5,135)	(316)	(7,189)
At December 31, 2023	**1,741**	**1,859**	**1,810**	**(167)**	**5,243**
Accumulated amortizations and impairments					
At January 1, 2022	**—**	**903**	**—**	**—**	**903**
Amortization for fiscal year	—	137	—	—	137
Other variations	—	(2)	—	—	(2)
At December 31, 2022	**—**	**1,037**	**—**	**—**	**1,037**
Amortization for fiscal year	—	276	332	—	608
Other variations	—	—		—	—
Assets held for sale		(369)	(290)		(659)
At December 31, 2023	**—**	**944**	**42**	**—**	**986**
Net values at December 31, 2022	**2,487**	**363**	**6,208**	**1,031**	**10,089**
Net values at December 31, 2023	**1,741**	**915**	**1,768**	**(167)**	**4,257**

The discount rate used on December 31, 2023 to discount future cash flows is 17.2% (18.4% in 2022). It was calculated based on the following main assumptions:

- risk-free rate of 2.7% (3.5% in 2022);
- market risk premium of 7.7% (7.7% in 2022);
- specific risk premium of 1.5% (1.5% in 2022);
- specific risk premium of 1.0 % (3.1 % in 2022);
- beta of 1.7 (1.3 in 2022);
- perpetual growth rate of 1.5 % (1.8 % in 2022).

Operational assumptions (revenue, margins, cash flow projections) used to develop the impairment test correspond to the data prepared under the Business Plan approved by the Board of Directors in July 2023 and revised in March 2024 to incorporate the planned disposal of the Stations business.

The impairment tests carried out for the fiscal year did not cause us to report an impairment.

An increase of 1% in the discount rate and a reduction of 0.5% in the perpetual growth rate would not alter the conclusions of the impairment test.

Nor would a 10% variation in the operational assumptions used to develop the business plan (revenue and margin) alter the conclusions of the impairment test.

3.2. Tangible non-current assets

(in thousands of euros)	Land and buildings	Equipment and plant	Other tangible	Total
At January 1, 2022	**3,654**	**6,665**	**3,093**	**13,410**
Acquisitions	2,275	455	9,417	12,147
Lease agreements	2,531	—	246	2,777
Disposals / internal transfer	122	(2,651)	(393)	(2,922)
At December 31, 2022	**8,582**	**4,469**	**12,363**	**25,412**
Acquisitions	1,147	518	19,754	21,419
Lease agreements	416	—	(24)	392
Disposals / internal transfer	75	438	(848)	(335)
Assets held for sale	(5,015)	(564)	(510)	(6,089)
At December 31, 2023	**5,204**	**4,861**	**30,735**	**40,800**
Accumulated amortizations and impairments				
At January 1, 2022	**1,085**	**5,769**	**1,722**	8,576
Amortization for fiscal year	108	234	170	512
Amortization of lease agreements	666	259	101	1,026
Disposals / internal transfer	(38)	(2,537)	(178)	(2,753)
At December 31, 2022	**1,821**	**3,725**	**1,815**	**7,361**
Amortization for fiscal year	255	316	230	801
Amortization of lease agreements	674	169	(74)	769
Disposals / internal transfer	(206)	(122)	(347)	(675)
Assets held for sale	(770)	(165)	(223)	(1,158)
At December 31, 2023	**1,774**	**3,923**	**1,401**	**7,098**
Net values at December 31, 2022	**6,761**	**744**	**10,548**	**18,051**
Net values at December 31, 2023	**3,430**	**938**	**29,334**	**33,702**

Lease rights related to lease agreements included in the tangible non-current assets item are broken down as follows:

(in thousands of euros)	12/31/2023	12/31/2022
Land and buildings	3,978	5,637
Plant and machinery	1,858	1,858
Other tangible	907	931
Gross value	**6,743**	**8,426**
Accumulated amortizations (1)	(3,923)	(3,589)
Impairment of non-current assets	—	—
Net value	**2,820**	**4,837**

(1) The accumulated amortization in 2021 incorrectly included the amortization of software for €0.314 million, reclassified in 2022.

Acquisitions of other tangible non-current assets include the amount recorded in assets under construction for the construction of the electrolyzer Gigafactory, to the amount of €24.8 million, including €16.1 million for fiscal year 2023.

3.3. Non-current financial assets

(in thousands of euros)	12/31/2023	12/31/2022
Loans, deposits, and other receivables - non-current	494	492
Convertible Bonds	12,922	12,365
Assets held for sale	**(105)**	
Gross value	**13,311**	**12,857**
Provisions for depreciation	—	—
Net value	**13,311**	**12,857**

Non-current loans, deposits, and other receivables mainly consist of security deposits paid by McPhy Energy and its subsidiaries to the owners of leased premises.

The convertible bonds correspond to the Group's investment in Hype, including capitalized accrued interest, under the strategic partnership concluded in December 2021. The fair value of this financial asset was determined using a binomial model based on the Tsiveriotis & Fernandez approach, with separate measurement of the value of the naked bonds and the conversion option.

3.4. Deferred taxes

	On Balance sheet		On Income Statement	
(in thousands of euros)	12/31/2023	12/31/2022	12/31/2023	2022
Losses carried forward	—	—	—	—
Taxable temporary differences	15	15	—	—
Consolidation restatements	1,162	51	1,106	(33)
Total deferred tax assets	**1,177**	**66**	**1,106**	**(33)**
Taxable temporary differences	(665)	(665)	—	(63)
IAS 32 restatements	—	—	—	—
Other consolidation restatements	(1,115)	(23)	(1,092)	10
Total deferred tax liabilities	**(1,780)**	**(688)**	**(1,092)**	**(53)**
Total deferred tax liabilities (net)	**(603)**	**(622)**	**14**	**(86)**

Pursuant to the amendment to IAS 12, deferred tax assets and liabilities are no longer offset in the balance sheet at 12/31/2023 (inverse of 2022).

The base amount of tax losses carried forward amounts to €213 million at December 31, 2023 (€184 million at December 31, 2022) without time limitation in France (€172 million), Germany (€22 million) and Italy (€20 million). For reasons of prudence, the Company has not reported deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax expense of €55 million.

3.5. Inventories

(in thousands of euros)	12/31/2023	12/31/2022
Raw materials and other supplies	13,331	11,449
Work in progress and services	1,722	200
Finished products	600	550
Assets held for sale	(7,733)	
Gross value	**7,920**	**12,199**
Impairment	(387)	(184)
Assets held for sale	114	
Net value	**7,647**	**12,015**

3.6. Trade and other receivables

(in thousands of euros)	12/31/2023	12/31/2022
Trade receivables and related accounts	12,407	9,661
State and other bodies	3,671	4,921
Deferred charges	690	361
Various	3,467	4,421
Gross value	**20,235**	**19,363**
Impairment	(109)	(245)
Net value	**20,126**	**19,118**

The “Trade accounts receivable" item includes €4.8 million in trade receivables and €7.6 million in receivables relating to contract assets under IFRS 15, up €3.8 million due to the higher volume of electrolyzer projects in progress. By contrast, trade receivables fell by €1.1 million.

The “State and other bodies” item mainly includes VAT receivables.

The “Miscellaneous” item includes the €0.2 million cash value of the liquidity agreement and advance payments made to suppliers to the amount of €3.2 million.

Below are details of trade receivables by maturity:

(In € million)	Total	0-3 months	3 months - 1 year	Beyond 1 year
Total	4.8	2.0	1.3	1.5
Impairment	0.1	—	0.1	

Movements in provisions for impairment of trade receivables and other receivables are as follows:

(in thousands of euros)	Individual impairments
At January 1, 2022	**193**
Provisions for year	50
Reversals (losses on irrecoverable debts)	
Reversal of provisions no longer required	—
Exchange rate fluctuations	3
At December 31, 2022	**246**
Provisions for year	
Reversals (losses on irrecoverable debts	—
Reversal of provisions no longer required	(135)
Exchange rate fluctuations	(2)
At December 31, 2023	**109**

At December 31, the maturity of trade and other receivables is summarized thus:

(in thousands of euros)	Total	< 1 year	1-5 years	> 5 years
2023	20,126	20,126		
2022	19,118	19,118		

3.7. Cash and cash equivalents

(in thousands of euros)	12/31/2023	12/31/2022
Short-term deposits	62,476	135,365
Demand deposits		
Liquidities and equivalent	545	98
Cash and cash equivalents	**63,021**	**135,463**

At December 31, 2023, €53 million was placed in term accounts with no-fee instant access. This was recorded as an asset in "Cash and cash equivalents":

Type of placement	Amount *(in € million)*	Duration	Maturity	Gross actuarial rate	Planned withdrawal
Cash boost term account	15.5	2 years	11/24/2024	3.15%	32 days notice
Progressive term account	4.5	5 years	05/27/2028	3.70%	32 days notice
Progressive term account	14.0	2 years	12/02/2024	3.50%	32 days notice
Progressive term account	10.0	2 years	12/23/2024	3.50%	32 days notice
Monthly term account	6.0	1 months	01/05/2024	3.50%	32 days notice
Monthly term account	3.0	1 months	01/18/2024	3.97%	no advance notice
Total	**53.0**				

3.8. Provisions

(in thousands of euros)	Balance 12/31/2022	Provisions	Uses	Unused reversals	Other variations	Balance 12/31/2023
Guarantees	2,051	1,248	(281)	—	—	3,018
Pensions and retirement benefits	76	11		—	17	105
Other risks and charges	6,006	3,627	(1,707)	—	—	7,926
Provisions for risks and charges	**8,133**	**4,886**	**(1,988)**	**—**	**17**	**11,049**
Non-current	2,482	3,707	(1,965)	—	(573)	3,652
Current	5,651	1,178	(23)	—	591	7,397
Provisions for risks and charges	**8,133**	**4,885**	**(1,988)**	**—**	**18**	**11,049**

In 2023, a net amount of €1.9 million was allocated to provisions for other risks and charges for losses on completion and commitments on current contracts

3.9. Borrowing and financial debt

(in thousands of euros)	12/31/2022	Issued	Repaid	Restatements	IFRS 16 revaluation	Liabilities held for sale	12/31/2023
Bank borrowing	730	—	—	(100)	—	—	630
Bond issues	—	—	—	—	—	—	—
Repayable advances	195	32	(10)	—	—	—	217
Lease agreements	3,580	—	—	(56)	—	(1,508)	2,016
Non-current financial debt	**4,505**	**32**	**(10)**	**(156)**	**—**	**(1,508)**	**2,863**
Bank borrowing	125	—	(100)	100	—	—	125
Bond issues		1,000			—	—	1,000
Repayable advances	51	—	—	—	—	—	51
Lease agreements	1,376	1,243	(1,426)	56	(122)	(196)	931
Current financial debt	**1,552**	**2,243**	**(1,526)**	**156**	**(122)**	**(196)**	**2,107**
Total borrowing and financial debt	**6,057**	**2,275**	**(1,536)**	**—**	**(122)**	**(1,704)**	**4,970**

The schedule of repayment of borrowings and financial debt is given in note 3.25.

3.10. Trade and other payables

(in thousands of euros)	12/31/2023	12/31/2022
Supplier payables	**13,390**	**18,222**
Operating subsidies	27,448	30,784
Tax and employee-related liabilities	5,273	4,502
Other payables	2,070	489
Liabilities on contracts	1,688	2,455
Other payables	**36,479**	**38,230**
Trade and other payables	**49,869**	**56,452**

The "Operating subsidies received" item corresponds to the first payment of €22.3 million by Bpifrance in 2022 in respect of the public aid granted under the European IPCEI scheme for the electrolyzer Gigafactory project, net of the €6.2 million recognized against eligible expenses incurred, of which €4.5 million in respect of fiscal year 2023.

At December 31, the maturity of trade and other payables is summarized thus:

(in thousands of euros)	Total	< 1 year	1-5 years	< 5 years
2023	49,869	41,787	8,082	
2022	56,452	29,774	26,678	

3.11. Investment subsidies

The "Investment subsidies" item includes the two payments making a total of €6.8 million as financial support from the Maugis Industrial Revitalization fund for the electrolyzer Gigafactory project, comprising €4.3 million in 2023 and €2.5 million in 2022. These amounts are deducted from the gross value of the non-current assets concerned if the allocation criteria are definitively achieved, or at the time of commissioning in this case

B NOTES TO THE STATEMENT OF NET INCOME

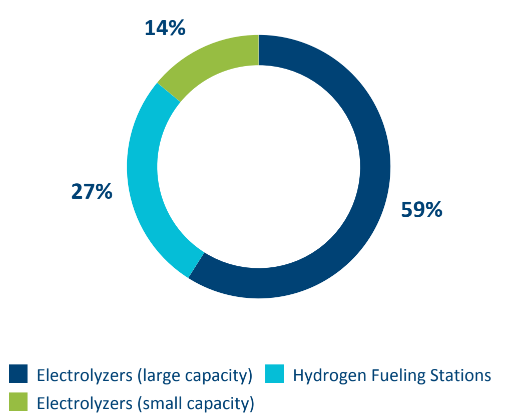
3.12. Revenue

2023 revenue amounts to €18,774 K, of which €9,996 K or 53.2 % in France.

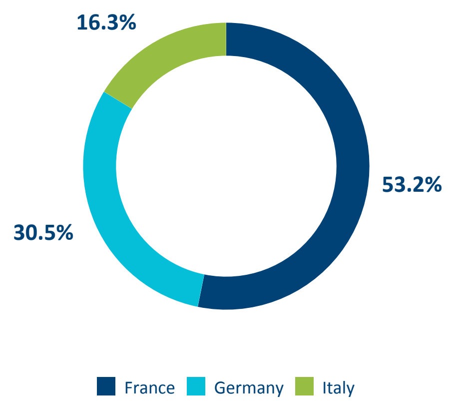
83% of revenue is generated on long-term contracts.

At December 31, 2023, the order backlog (i.e. signed orders [4] not yet recorded as revenue) amounts to €23.8 million.

Revenue by product



Contributing revenue by location of legal entities



[4] Orders are recorded in the order book when a firm commitment has been received from the customer, in particular when the contract comes into force after signature.

3.13. Other income from operating activities

(in thousands of euros)	2023	2022
Research tax credit	890	1,099
Other income	240	782
Other income from operating activities	**1,130**	**1,881**

3.14. Payroll charges

(in thousands of euros)	2023	2022
Employee compensation and benefits	15,839	11,358
Social security and provident insurance	5,487	4,196
Expenses related to share-based payment instruments	928	698
Employee profit-sharing	1,892	1,402
Payroll charges	**24,146**	**17,654**

3.15. Amortization and provisions

(in thousands of euros)	2023	2022
Intangible non-current assets	608	137
Tangible non-current assets	2,208	1,674
Gains (losses) from asset retirements	(12)	(37)
Amortization	**2,804**	**1,774**
Provisions	4,979	6,235
Reversals of provisions	(2,198)	(6,457)
Net provisions	**2,781**	**(222)**
Net recurring operational provisions	**5,585**	**1,552**
Non-recurring provisions / reversals	—	(384)
Gains (losses) from asset retirements	—	—
Net operational provisions	**5,585**	**1,168**

3.16. Financial profit (loss)

(in thousands of euros)	2023	2022
Income from disposal of marketable securities	3,193	606
Other financial income	165	95
Financial income	**3,358**	**701**
Cost of financial debt	(348)	(312)
Other financial charges	(224)	(2)
Financial charges	**(572)**	**(314)**
Financial profit (loss)	**2,786**	**387**

3.17. Corporate taxation

The tax charge stated results from the integration of:

(in thousands of euros)	2023	2022
Tax liability in respect of fiscal year	(28)	(10)
Deferred taxes	14	(87)
Tax expense	**(14)**	**(97)**

The reconciliation between the corporate taxation reported on the consolidated income statement and the theoretical tax incurred based on the rate applicable in France is analyzed thus:

(in thousands of euros)	2023	2022
Profit before income tax	(47,419)	(38,060)
Tax calculated at rate applicable in France [1]	**11,855**	**9,515**
Non-capitalized losses	(12,057)	(13,350)
Effect of consolidation eliminations	(34)	3,267
Effect of tax credits and tax exemptions	222	275
Effect of different taxation rates	—	709
Effect of other non-deductible charges and application of the liability method	—	(513)
Tax charge on income	**(14)**	**(97)**

(1) 26.5% in 2021 and 25% in 2022.

The base amount of tax losses carried forward amounts to €213 million at December 31, 2023 (€184 million at December 31, 2022) without time limitation in France (€172 million), Germany (€22 million) and Italy (€20 million).

The tax losses carried forward were analyzed against the forecast use of these losses, which led the Group to recognize no deferred tax assets in this respect at December 31, 2023 as on December 31, 2022.

3.18. Research and Development costs

Research & Development (R&D) spending eligible for Research and Innovation tax credit amounted to €3.1 million in 2023 and gave rise to a tax credit of €0.8 million, to which €0.1 million is added for innovation.

Total spending on Research and Development amounted to €16.7 million, of which €0.7 million was capitalized and €3.7 million subsidized (mainly under the IPCEI scheme). Net R&D spending therefore amounts to €12.3 million.

Tax credits are reported in “Other income from activity”. Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(in thousands of euros)	2023	2022
Research and Development spending	3,112	3,764
Research tax credit	(890)	(1,099)
Net charges	**2,222**	**2,665**

3.19. Earnings per share

Net diluted earnings per share is obtained by dividing the net income Group share by the weighted average number of shares, net of the maximum impact of the conversion of dilutive instruments into ordinary shares, using the share repurchase method. Using this method, funds collected by potentially dilutive financial instruments are allocated to share repurchases at their market value. Dilution consists of the difference between the theoretical amount of shares to be repurchased and the number of potentially dilutive options.

(in units except for net income expressed in thousands of euros)	2023	2022
Weighted average number of shares in circulation	27,865,938	27,888,613
Dilutive effect of options	—	100,657
Number of shares after effect of dilutive instruments	**27,865,938**	**27,989,270**
Net earnings - Group share	(47,433)	(38,157)
Basic net earnings per share	(1.70)	(1.37)
Net diluted earnings per share	(1.70)	(1.37)

The number of shares issued and fully paid-up at December 31, 2023 is 27,997,800 shares with a nominal unit value of €0.12. The reconciliation between the number of shares in circulation at the start and end of the fiscal year is stated in the consolidated statement of changes in shareholder equity (paragraph 5.1.4).

C OTHER INFORMATION

3.20. Scope and methods of consolidation

The companies included in the scope of consolidation close their accounts on December 31.

Companies	Country	12/31/2023	12/31/2022	Notes
Fully consolidated companies				
McPhy Energy SA	France	Parent	Parent	Design, manufacture, and marketing
McPhy Energy Italia Sprl	Italy	100%	100%	Design, manufacture, and marketing
McPhy Energy Deutschland GmbH	Germany	100%	100%	Engineering and marketing
McPhy Energy Northern America Corp.	USA	100%	100%	Marketing
McPhy Energy Asia Pacific Pte. Ltd	Singapore	100%	100%	Marketing

3.21. Headcount

Headcount of McPhy Energy and its fully consolidated subsidiaries:

	12/31/2023	12/31/2022
Management	**199**	138
Technicians & Supervisors	**45**	44
Employees and workers	**21**	23
Total	**265**	**161**

	12/31/2023	12/31/2022
France	**122**	102
International	**143**	103
Total	**265**	**205**

The weighted average headcount for 2023 is 239 employees (181 in 2022).

3.22. Compensation of administrative and supervisory bodies

The total amount of fixed and variable compensation, including benefits in kind, allocated for the 2023 and 2022 fiscal years to the Executive directors under IAS 24, respectively amounted to €2,261 K (10 people) and €1,855 K (10 people). An amount of €655 K in 2023 and €440 K in 2022 reflects a non-cash charge related to the allocation of BSPCE, BSA, subscription options and free shares. An amount of €175 K in 2023 and €155 K in 2022 reflects the compensation of independent directors (not included in the calculation of the number of people.

3.23. Pensions - Benefits due to employees

After retiring, Group employees receive pensions by virtue of pension schemes, in accordance with the laws and customs in the countries where the companies operate.

Group obligations are accounted for as provisions or contributions paid to independent pension funds and to statutory bodies responsible for the service.

Golden handshakes, which are stated as off-balance sheet commitments in the Company accounts, are stated in provisions in the consolidated financial statements. They only concern employees of McPhy Energy in France. No obligation under the meaning of IAS 19 has been identified and provisioned for the Italian and German subsidiaries.

A comparison of the principal actuarial data used is given here:

	12/31/2023	12/31/2022
Departure age	67 (Mgt), 65 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (1)	3.5%	3.8%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	4 % (Mgt), 4 % (Non-Mgt)	4 % (Mgt), 2.4 % (Non-Mgt)
Social contributions rate (2)	49 % (Mgt), 44 % (Non-Mgt)	49 % (Mgt), 44 % (Non-Mgt)
Mortality table	Insee 2019-2021	Insee 2018-2020
Probability of presence	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards

Mgt: management, Non-Mgt: non-management.

(1) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.

(2) Excluding impact of temporary reduction schemes.

The average period at December 31, 2023 is approximately 20 years.

(in thousands of euros)	Total commitment	Fair value of fund	Net commitment
Balance at January 1st, 2022	**108**	**—**	**108**
Cost of services	44		44
Financial cost	1		1
Impact of departures	—		—
Impact on consolidated income	**45**	**—**	**45**
Actuarial differences	(77)		(77)
Impact on other elements of total income	**(77)**	**—**	**(77)**
Other	—		—
Balance at December 31, 2022	**76**	**—**	**76**
Cost of services	31		31
Financial cost	3		3
Benefits paid during the year	(22)		(22)
Impact on consolidated income	**12**	**—**	**12**
Actuarial differences	17		17
Impact on other elements of total income	**17**	**—**	**17**
Other	—		—
Balance at December 31, 2023	**105**	**—**	**105**

The Group considers that the actuarial assumptions used are appropriate and justified, but that modifications that may be made in the future could have an impact on the amount of commitments and the Group's income. An increase of 1% in the discount rate at December 31, 2023 has a positive effect of €18 K on the year's results.

Maturity of pension obligations:

- Within 5 years: €0.4 K
- Beyond 5 years: €104.2 K

3.24. Share-based payments

The Company has allocated stock options (Options), share subscription warrants (BSA) or Business Creator share subscription warrants (BSPCE) to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	Dates of exercise	Exercise price	Number of recipients	Instruments in use	Exercisable instruments
AGM of 5/23/2019					
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	2	14,000	14,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	1	10,000	10,000
AGM of 5/20/2020					
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	6	28,000	28,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	9	77,000	77,000
Balance at December 31, 2023			**18**	**129,000**	**129,000**

The table below reports activity in stock option, BSA and BSPCE plans:

	Options and warrants in use	Weighted average exercise price
Balance at 1st January 2022	251,000	4.7
Allocations	—	—
Cancellations	(60,000)	5.0
Exercised	(20,000)	4.8
Balance at December 31, 2022	**171,000**	**4.7**
Allocations	—	—
Cancellations	(23,295)	5.1
Exercised	(18,705)	5.1
Balance at December 31, 2023	**129,000**	**4.9**

Details of grants and changes in the Company's free share plans are provided in paragraph 3.4.7.2 of this Document.

3.25. Financial commitments

Off-balance sheet commitments given:

(in thousands of euros)	2023	2022
Counter-guarantees on contracts	—	—
Transferred receivables not matured	—	—
Pledges, collateral, and security interests	—	—
Endorsements, pledges, and guarantees given (1)	6,669	8,826
Total	**6,669**	**8,826**

(1) The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, first demand guarantee, performance guarantee, etc.).

Off-balance sheet commitments received:

on March 7, 2023, the Company received commitments to subscribe to a total of €30 million in Convertible Bonds, the issue of which will be subject to shareholder authorization at the Mixed General Meeting on May 30, 2024. Existing shareholder EDF Pulse Holding and EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement dated December 11, 2020, have committed to subscribing to the Convertible Bonds for an amount of €15 million each.

3.26. Contractual obligations and commitments

(in thousands of euros)	Total amount	Within 1 year	Between 1 and 5 years	Beyond 5 years
Repayable advances	268	51	217	—
Bank borrowing	755	125	630	—
Bonds - current	1,000	1,000		
Lease obligations	2,948	931	1,043	973
On-balance sheet commitments	**4,970**	**2,107**	**1,890**	**973**

3.27. Related party transactions

Related parties with whom transactions are completed include companies related directly or indirectly to the McPhy Group, and entities which directly or indirectly own an equity interest in the Group.

The following related-party agreements, entered into in a prior year, continued in fiscal year 2023:

- Agreement with Bpifrance concerning public aid; and
- Agreement with Technip Energies concerning a technological partnership, terminated on March 1, 2024 (effective January 29, 2024).

The following agreements, qualifying as regulated agreements, have been entered into since January 1, 2024:

- Agreements (subscription commitment and term sheet) with EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement of December 11, 2020, dated March 7, 2024, relating to a proposed issue of bonds convertible into new shares;
- Agreements (subscription commitment and term sheet) with EDF Pulse Holding, dated March 7, 2024, related to the same planned issue.

Concerning related party transactions governed by free conventions, please note that:

- a cooperative agreement between EDF, Hynamics and McPhy Energy concerning the performance of tests to experimentally validate the industrial use of electrolyzers on the EDF R&D Lab site in Les Renardières (under an agreement of June 24, 2022 and as modified by later amendments) for which the expenses incurred in fiscal year 2023 amounted to €425 K;
- a technical assistance agreement between Technip Energies France and McPhy Energy Deutschland relating to the commissioning of an electrolyzer (under an agreement dated December 22, 2022), for which the expenses incurred in fiscal year 2023 amount to €61 K.

These transactions are conducted at normal market conditions. In fiscal year 2023, the Group did not record any transactions falling under the scope of IAS 24.

3.28. Financial risk objectives and management policy

3.28.1. Interest rate risk

The Group has taken out short and medium-term borrowing at fixed rates, for a total amount of €755 K.

3.28.2. Currency risk

The Company subscribed to a “flexiterme” currency hedging solution for USD 0.7 million against EUR, from December 15, 2022 until June 18, 2024, at a guaranteed rate of 1.0575. This is part of an agreement involving a US supplier to enable it to cover it activity against fluctuations in the exchange rate.

3.28.3. Liquidity risk

Since the Group was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash and cash equivalents amounted to €63 million at December 31, 2023; financial debt (excluding leases and long-term contracts) amounted to €2 million.

To strengthen its liquidity, the Group has initiated financing projects for a total amount of around €60 million, some of which are in progress at the date of this Document, namely:

- Convertible Bond issue for new shares and/or exchangeable for existing shares for a minimum amount of €30 million. As of March 7, 2023, the Company has already received subscription commitments, for an amount of €15 million each, from EDF Pulse Holding, an existing shareholder, and EPIC Bpifrance, acting on behalf of the French government under the French Tech Sovereignty agreement dated December 11, 2020. This Convertible Bond issue will require the prior authorization of shareholders at the Mixed General Meeting on May 30, 2024. McPhy will study the possibility of issuing an additional amount to other investors, depending on market conditions.

- Disposal of the refueling stations business for a price comprising a fixed portion of between €11 and €12 million, and a variable portion of up to several million euros. The transaction is expected to be finalized in the second quarter of 2024, subject to completion of the financing and fulfillment of customary conditions precedent.
- Implementation by July 31, 2024 of a property lease for the Belfort Gigafactory, for which a binding notification of agreement was signed on February 29, 2024 with a banking pool representing a financing contribution of €16 million.
- Potential use of the equity financing facility set up with Vester Finance on December 19, 2023, beyond the minimum commitment of €2 million, depending on market conditions and compliance with exercise conditions.

On the basis of the business plan and this financing plan of around €60 million currently being implemented, the Company:

- considers that it will be able to finance its working capital requirements for at least the next twelve months.
- will possess the financial resources needed to fund its growth and working capital requirements until early 2026 on its narrower scope involving the electrolyzer business.

3.28.4. Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

Credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned (see note 3.6).

3.29. Fees paid by the Group to the statutory auditors and members of their networks

	Deloitte & Associés				Eurex			
	(in thousands of €)		*(in %)*		*(in thousands of €)*		*(in %)*	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Audit fees:								
Statutory audit, certification, examination of the individual company and consolidated financial statements								
• Parent company	98	90	56%	61%	50	43	100%	100%
• Fully consolidated subsidiaries	78	57	44%	39%	—	—	- %	—
Services directly related to the work of the Statutory Auditors								
• Parent company			- %				- %	
Sub-total	**176**	**147**	**100%**	**100%**	**50**	**43**	**100%**	**100%**
Other services:								
Legal, IT	24	—	76%	—	—	—	- %	—
SACC	8	8	24%	100%	—	—	- %	—
Sub-total	**32**	**8**	**100%**	**100%**	**—**	**0**	**- %**	**0%**
TOTAL	**208**	**155**	**100%**	**100%**	**50**	**43**	**100%**	**100%**

5.1.6 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2023

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 2023.

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 2023 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 2023 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.821-53 and R.821-180 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.

Recognition of revenue on a percentage of completion basis for long-term contracts (*Notes 2.6.18 and 3.12 to the consolidated financial statements*)

Risk identified

As indicated in the Note 2.6.18 "Recognition of revenue" to the consolidated financial statements, the Group applies IFRS 15 "Revenue from contracts with customers" and recognizes 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 regularly updated estimates made by project managers. Management considered that the operational teams have sufficient experience to make reliable estimates of profit at completion on the contracts.

The significant judgment required to recognize (for estimated costs at completion) revenue and the margin relating to each long-term project in progress at the year-end led us to verify the reliability of the budget processes set up by management and the estimated percentage of completion, and consider the recognition of long-term contracts to be a key audit matter.

Our response

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

- selected contracts to be tested based on the materiality of the contracts and margin rates generated, reconciled accounting information with budget monitoring, corroborated the degree of completion used in particular by examining technical documentation;
- tested on a sampling basis the substance of the costs actually incurred during the period for selected projects;
- assessed the compliance of the revenue recognition principles and methods with IFRS 15;
- verified that the notes to the consolidated financial statements provide sufficient and appropriate disclosure.

Measurement of capitalized development costs (*Notes 2.6.2 and 3.18 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 recognized as intangible assets when the criteria defined by IAS 38 are met. As at 31 December 2023, total capitalized costs represented a net carrying amount on the balance sheet of €1,798k (after IFRS 5 reclassification of the assets held for sale).

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 capitalization 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 capitalization 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 recognized for development costs. We also reconciled the capitalized amounts with internal data covering the tracking of time and we also tested, on a sampling basis, capitalized 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 capitalization, 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 capitalized 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.

Assessment of the fair value less costs to sell of assets held for sale (*Note 2.6.17 to the consolidated financial statements*)

Risk identified

As at 31 December 2023, assets held for sale totaled €19.2 million and liabilities associated with assets held for sale amounted to €1.7 million. The Group considered that as of 31 December 2023 the sale of its "Stations" activity satisfied the criteria to be classified as held for sale, since the decision had been made by the Board of Directors in December 2023 and negotiations had progressed with the buyer Atawey. In February 2024, the Group signed with the company a binding unilateral purchase undertaking subject to obtaining financing.

The assets and liabilities relating to this activity are classified as being held for sale as of 31 December 2023.

We considered the assessment of the fair value less costs to sell of assets held for sale to be a key audit matter, considering the weight of these assets in the consolidated balance sheet and the significant judgments made by management in assessing the fair value less costs to sell.

Our response

As part of our procedures, we:

- reviewed the calculation of the carrying amounts of the assets and liabilities held for sale;
- assessed the appropriateness of the assumptions made by management to determine the fair value less costs to sell of the assets held for sale, taking into account the terms of the agreements entered into as part of the negotiations with Atawey, particularly regarding the inclusion of conditional price inputs.

We also verified the appropriateness of the disclosure in the consolidated financial statements, particularly regarding the assumptions used to determine the fair value less costs to sell of the Stations activity held for sale.

Going concern assumption adopted for the accounts closing (*Note 4.2.2 to the consolidated financial statements*)

Risk identified

Management approved the 2023 financial statements according to the going concern principle, based on the information set out in Note 2 "Major accounting principles and methods" to the consolidated financial statements. We considered going concern to be a key audit matter due to the Group's loss-making position, the level of short-term income and the estimates needed to identify cash requirements.

Our response

We obtained an understanding of the process set up by Management to assess going concern. We verified that the "Major accounting principles and methods" note to the consolidated financial statements describes the defining assumptions underlying the adoption of the going concern principle for the preparation of 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 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 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 Chairman and 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 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 2023, SARL Audit Eurex was in its 10th year of total uninterrupted engagement and Deloitte & Associés in its 11th year, both being in their 10th 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.821-55 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.821-27 to L.821-34 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.

Juvigny and Paris-La-Défense, 24 April 2024

The Statutory Auditors

SARL AUDIT EUREX	**Deloitte & Associés**
Guillaume BELIN	Hélène DE BIE

5.2 Company financial statements

5.2.1 Balance sheet

BALANCE SHEET - ASSETS

ASSETS (EUR)	NOTES	Gross	Depr. & Amort.	12/31/2023 Net	12/31/2022 Net
NON-CURRENT ASSETS					
Intangible non-current assets	2.3.4 & 3.1	9,094,701	936,380	8,158,321	7,076,528
Tangible non-current assets	2.3.5 & 3.1	30,705,314	1,258,209	29,447,105	12,307,933
Equity interests and related receivables	2.3.6 & 3.1	47,297,199	38,202,808	9,094,391	12,916,082
Other financial non-current assets	3.1	13,905,456	179,332	13,726,124	14,057,058
TOTAL NON-CURRENT ASSETS		**101,002,670**	**40,576,729**	**60,425,941**	**46,357,601**
CURRENT ASSETS					
Inventories and work in progress	2.3.8 & 3.2.1	7,733,200	113,674	7,619,526	4,517,565
Advances and payments on account	3.2.2	1,035,978	—	1,035,978	3,147,590
Trade and other receivables	2.3.9 & 3.2.2	13,413,479	—	13,413,479	9,730,095
Other receivables	3.2.2	4,475,111	—	4,475,111	5,881,793
Marketable securities	2.3.10 & 3.2.3	53,545,575	—	53,545,575	89,097,825
Cash and cash equivalents	2.3.10 & 3.2.3	5,520,433	—	5,520,433	44,512,319
TOTAL CURRENT ASSETS		**85,723,776**	**113,674**	**85,610,103**	**156,887,188**
Prepayments and accrued income	3.2.2	540,201	—	540,201	459,879
Currency translation adjustments		—	—	—	—
TOTAL ASSETS		**187,266,647**	**40,690,403**	**146,576,245**	**203,704,668**

BALANCE SHEET - LIABILITIES

LIABILITIES (EUR)	NOTES	12/31/2023	12/31/2022
Share capital	3.3	3,359,736	3,355,091
Additional paid-in capital	3.3	171,525,332	191,620,839
Legal reserves	3.3	333,832	333,832
Retained earnings	3.3	(43,254,458)	(20,386,297)
Net profit	3.3	(56,380,260)	(43,254,458)
TOTAL EQUITY		**75,584,182**	**131,669,007**
Equity equivalents	2.3.11 & 3.4	7,034,834	2,745,216
Provisions for risks and charges	2.3.12 & 3.5	8,194,501	6,604,695
Borrowing and financial debt	2.3.14 & 3.6	1,275,000	375,000
Trade and other payables	3.7	19,849,046	21,764,207
Tax and employee-related liabilities		3,905,496	4,030,465
Subsidy liabilities	3.7	22,681,545	26,852,839
Other payables	3.7	1,509,500	2,971,529
TOTAL DEBTS		**64,449,921**	**65,343,950**
Accrued income and deferred charges	3.7	6,440,386	6,535,019
Currency translation adjustments		101,755	156,691
TOTAL LIABILITIES		**146,576,245**	**203,704,668**

5.2.2 Statement of income

STATEMENT OF INCOME

EUR	NOTES	12/31/2023	12/31/2022
Sale of goods		33,065	20,209
Production sold		13,116,264	9,763,132
Revenue	**2.3.15 & 3.8**	**13,149,329**	**9,783,341**
Production of stocks		1,858,217	90,344
Production capitalized		797,668	3,119,567
Operating subsidies	2.3.16	4,751,100	2,253,082
Other income from operating activities	3.10	3,094,417	2,781,731
Operating income		**23,650,731**	**18,028,065**
Goods consumed		(4,913,209)	(7,404,846)
Other costs and external charges		(35,039,752)	(27,337,881)
Taxes and duties		(214,665)	(178,329)
Payroll charges	3.9	(12,883,876)	(9,927,227)
Amortization	3.1	(929,974)	(287,262)
Depreciation and provisions		(4,232,307)	(5,458,617)
Other operating expenses	3.10	(1,115,538)	(105,102)
Total operating expenses		**(59,329,322)**	**(50,699,265)**
OPERATING PROFIT (LOSS)		**(35,678,591)**	**(32,671,200)**
Financial income	3.11	4,159,262	1,096,640
Financial charges	3.11	(22,351,895)	(13,965,772)
NET FINANCIAL PROFIT (LOSS)		**(18,192,633)**	**(12,869,132)**
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**(53,871,224)**	**(45,540,332)**
Non-recurring income	3.12	62,679	5,067,571
Non-recurring charges	3.12	(3,461,401)	(3,881,096)
NON-RECURRING PROFIT (LOSS)		**(3,398,723)**	**1,186,474**
Corporate taxation	2.3.17 & 3.13	889,687	1,099,400
NET INCOME		**(56,380,260)**	**(43,254,458)**

5.2.3 Appendices to company financial statements

MCPHY ENERGY - APPENDIX TO COMPANY FINANCIAL STATEMENTS

YEAR ENDING DECEMBER 31, 2023

1. About the company

McPhy Energy is a limited company incorporated under French law, created in 2007. As a specialist in hydrogen production and distribution equipment, McPhy Energy contributes to the global development of zero-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy Energy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The head office is located at 79, Rue Général Mangin 38100 Grenoble, France. The Company is listed on Compartment C of Euronext Paris.

The information provided in appendix to the company financial statements is an integral part of the financial statements of McPhy Energy at December 31, 2023 approved by the Board of Directors meeting of April 9, 2024.

1. Highlights

On the commercial front, McPhy has confirmed the industrial momentum generated by the first contract signed at the end of 2022 with ArcelorMittal and VEO for a low-carbon steel production project, by signing the following equipment supply contracts:

- a 4 MW McLyzer® 800-30 electrolyzer to the Plansee Group for a "green metal" project at the Reutte site in Austria, with associated maintenance services;
- a 20 MW Augmented McLyzer® electrolyzer for the Djewels green hydrogen project at the Delfzijl site in the Netherlands, to be operated by HyCC;
- four McLyzer® 3200-30 units with a total capacity of 64 MW to the Oil & Gas division of the HMS Group in Germany, to be operated as part of a major hydrogen connection point at the Radeland compressor station in Brandenburg, including an initial stage for a McLyzer® 3200-30 with a capacity of 16 MW.

Furthermore, the Group has signed an agreement with Indian conglomerate L&T, under which McPhy has granted an exclusive license to its pressurized alkaline electrolysis technology for the manufacture of electrolyzers. L&T plans to build a Gigawatt electrolyzer factory in India, using McPhy technology to meet the needs of the Indian market and of certain specific geographical areas. This partnership will enable McPhy to commence its expansion beyond the European market, especially in the high-potential market of India. It is predicted that the production capacity for low-carbon hydrogen on this market should reach at least 5 million tonnes annually by 2030 [(1)].

On the industrial front, McPhy has continued to scale up: work on commissioning its future Gigafactory at the Belfort site has progressed according to plan, with start-up scheduled for the second quarter of 2024 and within budget. The opening of this site will enable the Group to strongly ramp up its production capacity, with the aim of eventually reaching 1 GW per year. At the same time, McPhy has increased production capacity to 300 MW (in two shifts) at its San Miniato site.

In its press release of December 14, 2023, the Group announced that it had entered into exclusive negotiations with Atawey with a view to selling its hydrogen fueling station business., namely the business and related assets, inventories, movable assets, customers, the leased Grenoble industrial site and other intangible assets. For the record, the supply of stations accounted for 27% of Group revenue in 2023. The planned transaction should enable the Group to focus on its core business as an electrolyzer manufacturer.

1.2. Post-closing events

On February 19, 2024, McPhy announced that it had received a binding offer from Atawey in the form of a promise to purchase its stations business. As of the date of this document, the said promise to purchase has been exercised by the Company and a sale agreement between the parties concerning the stations business has been signed [(2)].

(1) Refer to paragraph 8.4.3 of this Document.
(2) Refer to paragraph 8.4.6 of this Document.

On February 29, 2024, the Group signed a memorandum of understanding with a banking pool for a property lease for its Belfort Gigafactory, representing financing of €16 million.

Finally, on March 7, 2023, the Company received commitments to subscribe to a total of €30 million in convertible bonds, the issue of which will be subject to shareholder authorization at the Mixed General Meeting on May 30, 2024. Existing shareholder EDF Pulse Holding and EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement dated December 11, 2020, have committed to subscribing to the convertible bonds for an amount of €15 million each [(3)].

2. Accounting principles and significant methods

The Company financial statements are prepared in Euros. Unless otherwise indicated, all amounts indicated in this appendix to the financial statements are given in Euros.

2.1. Accounting framework

The Company financial statements for the year ending December 31, 2023 have been prepared according to the accounting standards defined by the General chart of accounts set out in regulation no. 2014-03 adopted by the French accounting standards authority (ANC) on November 4, 2016 and approved by decree on December 26, 2016.

Accounting conventions have been applied in observance of the principle of prudence, in line with the following basic assumptions:

- Principle of going concern;
- Consistent accounting methods between fiscal years;
- Independence of fiscal years;

And in accordance with the general rules on the preparation and presentation of company financial statements.

The basic method used to recognize accounting items is the historical cost method.

Only information with significant importance is reported.

The going concern assumption was adopted by the Board of Directors for the financial statements at December 31, 2023, given the net cash position of €61 million at December 31, 2023, the business plan and cash flow forecasts for 2024 and 2025, and the financing initiatives underway.

It is based on the following fundamental assumptions: on the one hand, the achievement of business plan targets and compliance with cash flow forecasts for a scope refocused on the electrolyzer business, and on the other hand, the completion of the financing actions undertaken for the amounts and within the timetable planned, involving a total amount of around €60 million, namely:

- Convertible Bond issue for new shares and/or exchangeable for existing shares for a minimum amount of €30 million. As of March 7, 2023, the Company has already received subscription commitments, for an amount of €15 million each, from EDF Pulse Holding, an existing shareholder, and EPIC Bpifrance, acting on behalf of the French government under the French Tech Sovereignty agreement dated December 11, 2020. This Convertible Bond issue will require the prior authorization of shareholders at the Mixed General Meeting on May 30, 2024. McPhy will study the possibility of issuing an additional amount to other investors, depending on market conditions.
- Disposal of the refueling stations business for a price comprising a fixed portion of between €11 and €12 million, and a variable portion of up to several million euros. The transaction is expected to be finalized in the second quarter of 2024, subject to consultation with McPhy's staff representative bodies, completion of financing and fulfillment of customary conditions precedent.
- Implementation by July 31, 2024 of a property lease for the Belfort Gigafactory, for which a binding notification of agreement was signed on February 29, 2024 with a banking pool representing a financing contribution of €16 million.
- Potential use of the equity financing facility set up with Vester Finance on December 19, 2023, beyond the minimum commitment of €2 million, depending on market conditions and compliance with exercise conditions.

2.2. Use of estimates

The preparation of financial statements requires that Management use estimates and reasonable assumptions, likely to impact the amounts relating to assets, liabilities, equity, income, and charges recognized in the accounts, as well as on the information provided in the appendix. These estimates are based on an assumption of going concern and are calculated according to the information available at the time of their production. The main estimates concern:

[(3)] Refer to section 7.4.3.3 of this Document.

- The choices and compliance with activation criteria for development projects in progress;
- Valuation of equity interests and related receivables;
- Period of use of assets owned by the Company;
- Provisions for guarantees;
- Assessment of losses on completion;
- Assessment of risks;
- Projected cash flow use;
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

2.3. Valuation methods and rules

2.3.1. Currency conversion

Transactions in foreign currencies are converted at the exchange rate in effect at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities in currency are converted using the exchange rate on the closing date.

2.3.2. Capital increase costs

Where necessary, capital increase costs are booked directly against the issue premium amount.

2.3.3. Research and Development costs

Given their nature, these expenses are recognized in the Company financial statements as intangible non-current assets, based on the six criteria listed below. These expenses are subject to a 3-year linear amortization corresponding to the product lifetime on the market.

Development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:

- technical feasibility required to complete the intangible asset with a view to its delivery or sale;
- intention to complete the intangible asset and use it or transfer it;
- the group is able of using or selling the intangible asset;
- the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness;
- the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
- the Group’s capacity to reliably measure the outgoings attributable to the intangible asset during its development.

Project eligibility is reviewed every six months by Group executive management, technical management and financial management.

For fiscal year 2023, the development work done internally by the Company is subject to capitalization of a total amount of €0.7 million on the closing date, if all the criteria specified above are satisfied. Other research and development costs are recognized in the charges for the fiscal year in which they are incurred.

2.3.4. Other intangible non-current assets

Mainly comprise software and patents. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.3.5. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition (purchase price and related expenses) or their cost of production. They are not subject to revaluation.

Amortizations are calculated in linear mode according to their estimated useful life. Residual values are not taken into account, as their impact is not significant.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 15 years
General fixtures and fittings	5 to 25 years
Transportation equipment	3 to 5 years
Computer equipment, furniture, and office equipment	1 to 15 years

No borrowing interest has been activated, as the Company's debts are not directly assignable to assets separately.

2.3.6. Equity interests

Equity interests are recognized at their purchase value. A provision for impairment of financial non-current assets is made if the value in use of these interests is below the book value.

For equity interests, value in use is calculated using a multi-criteria approach, including the discounted cash flow method. These criteria are weighted by the effects of owning these interests in terms of strategy or synergy, in light of other interests owned.

Future cash flows are taken from the business plan created and approved by Management, to which is added a terminal value based on discounted normative cash flows. The flows are discounted using a discount rate which in practice corresponds to the weighted average cost of capital determined by the Company after taxes. The terminal value is determined by discounting a normative flow, taking into account the discount rate used for the explicit time period and a perpetual growth rate.

Appreciation of the value in use at December 31, 2023 led to the recognition of a provision for depreciation of equity investments to the amount of €5 million and the related receivables to the amount of €17 million.

2.3.7. Impairment of non-current assets

Non-current assets must be subject to impairment tests as soon as there is any indication of loss in value. To assess whether there is any indication that an asset may have lost value, the Company considers the following internal and external indications:

External indications:

- a reduction in the asset market value (greater than the sole expected effect of time or normal asset use);
- major changes having a negative effect on the entity have occurred during the fiscal year or will occur in a near future, in the technical, economic of legal environment or on the market where the Company operates, or where the asset is active;
- market interest rates or other market yield rates have risen during the fiscal year and it is probable that rises will significantly impair the market value and/or value in use of the asset.

Internal indications:

- existence of an indication of obsolescence or physical deterioration of an asset not foreseen in the amortization plan;
- major changes in how the asset is used;
- asset performance below projections;
- significant drop in cash flows generated by the Company.

If there is an indication of impairment, an impairment test is carried out: the net book value of the non-current asset is compared to its current value.

The net book value of an amortizable non-current asset corresponds to its gross value net of accumulated amortizations and impairments.

The current value is an estimated value that is estimated using market information and the usefulness of the asset for the Company. It results from the comparison between the market value and the value in use. The current value corresponds to the amount that could be recovered at the date.

2.3.8. Inventories

Inventories are valued using the weighted average cost method.

The gross value of goods and supplies includes the purchase price excluding tax, transport costs and related costs.

Work in progress is valued at production cost, including direct and indirect charges that can be incorporated according to the normal capacity of production facilities, excluding financial costs.

Where necessary, provisions for impairment are made on a case-by-case basis, after review by financial management and production management, if the net recoverable value is below the costs incurred to transport the inventories to the location and in their current state:

- Concerning raw materials, depending on their physical impairment or their risk of obsolescence;
- Concerning work in progress or finished products to take into account potential losses on markets or their risk of obsolescence.

2.3.9. Trade and other receivables

Trade receivables are recognized when ownership is transferred and at their face value.

A provision for impairment is recorded if the inventory value of receivable presents a risk in terms of its recoverability.

2.3.10. Marketable securities and liquidities

Marketable securities and liquidities include cash, very liquid short-term deposits which can be easily converted into a known amount of cash and which are subject to a significant risk of change in value. Bank overdraft facilities are recorded in borrowing and financial debt. These items are exclusively in Euros.

2.3.11. Equity equivalents

The Company benefits from advances whether interest-bearing or not, to facilitate the development and production studies for certain materials. These advances may be repaid, with or without interest, beyond a certain level of activity, from revenue generated by these developments. By virtue of article 441.16 of the General Chart of Accounts, these conditional advances are recorded in equity equivalents.

2.3.12. Provisions for risks and charges

The Company records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

The Company values provisions based on facts and circumstances relating to current obligations at the closing date, according to its experience in the field and to the best of its knowledge, after potentially obtaining legal advice from the Company legal team at the date of approval.

Contingent assets are not booked.

The Company records provisions for disputes (commercial, labor, etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Machine sales come with a 2-year contractual warranty. The provision is based on a statistical method of assessing the cost of the warranty.

2.3.13. Employee benefits

The actuarial risks of defined-benefit schemes are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits foreseen by the collective agreement and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate, etc.).

The Company does not outsource the funding of its pension obligations.

The obligation constitutes an off-balance sheet commitment.

2.3.14. Borrowing and financial debt

Borrowing and financial debt comprises bank loans, shareholder current accounts, and bank overdrafts.

2.3.15. Recognition of revenue

Revenue is valued at the fair value of the consideration received or receivable.

Revenue includes sales of goods and merchandise, as well as various services associated with sales.

Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of ownership of the product or the performance of the service.

For long-term contracts, revenue is recognized using the percentage of completion method. It consists in recording the income from a business project or contract as the percentage of the contract that has been fulfilled increases, based on costs already incurred on the contract, in relation to the total amount of costs to incur on the project. On the balance sheet, this includes trade receivables, non-issued invoices, deferred income, and advance payments.

In the event that forecast on completion of the project is negative, a provision for loss on completion is booked regardless of the stage of completion, based on the best estimate of forecast results, including where necessary any rights to additional revenue or rights of recourse, insofar that they are probable and can be valued reliably. Provisions for losses on completion are recorded in the balance sheet liabilities.

2.3.16. Recognition of subsidies

Subsidies are recognized when it is reasonably certain that the conditions of obtaining the aid will be fulfilled and independently of the funds received, with the difference recorded on the balance sheet as necessary.

Whether subsidies are qualified as operating subsidies or investment subsidies is determined according to the nature and purpose of the amount granted.

Operating subsidies are recognized as income in proportion to eligible expenses and incurring within the period in question.

Investment subsidies are recorded in the statement of income at the same pace as the amortization charge for the non-current assets in question.

2.3.17. Corporate taxation

The Company is subject to the ordinary tax system in terms of corporate taxation.

The “tax charges” item includes taxes applicable for the fiscal year net of any tax credits.

Tax liability

The tax liability is determined based on the final profit for the fiscal year, which may differ from the accounting profit, due to re-integrations and deductions of income and charges depending on the tax filing position and using the taxation rate in effect on the date of production of the financial information.

Research tax credit (CIR)

Industrial and commercial firms taxed on actual income and which invest in research and innovation may benefit from tax credits.

The tax credit is calculated per calendar year and is offset against the tax payable by the Company in respect of the year during which the research and innovation spending occurs. Unused tax credit can be deferred under the ordinary tax system over the next three years which follow its recognition. Given the Company’s SME status within the meaning of Community legislation, the reimbursement takes place in the year following recognition.

3. Selected notes to the balance sheet and statement of income

A NOTES TO THE BALANCE SHEET

3.1. Non-current assets

Variation in non-current assets in gross values:

(in euros)	At closing on 12/31/2022	Increase	Decrease	Other variations	At closing on 12/31/2023
Patents-licenses-software	496,566	120,250	—	—	616,816
Development expenses and Other intangible non-current assets	7,021,621	1,456,263	—	—	8,477,884
Intangible non-current assets	**7,518,187**	**1,576,513**	**—**	**—**	**9,094,700**
Land and buildings	2,624,278	1,118,179	(205,533)	279,970	3,816,894
Plant and machinery	644,662	206,954	(122,367)	—	729,249
General facilities	695,230	45,418	(328,880)	—	411,768
Transportation equipment	29,319	2,691	(13,501)	—	18,509
Office and IT equipment	281,325	66,366	—	—	347,691
Furniture	180,001	17,993	—	—	197,994
Other tangible non-current assets	9,350,630	16,112,549	—	(279,970)	25,183,209
Tangible non-current assets	**13,805,445**	**17,570,150**	**(670,281)**	**—**	**30,705,314**
Equity interests	8,517,468	5,000,000	—	—	13,517,468
Receivables from equity investments	20,492,207	13,472,327	(184,803)	—	33,779,731
Other long-term receivables	15,000	—	—	—	15,000
Treasury shares [(1)]	1,587,098	13,906,219	(14,689,572)	—	803,745
Other long-term securities	12,365,585	556,444	—	—	12,922,029
Deposits and guarantees	123,770	40,912	—	—	164,682
Financial non-current assets	**43,101,128**	**32,975,902**	**(14,874,375)**	**—**	**61,202,655**
TOTAL	**64,424,760**	**52,122,565**	**(15,544,656)**	**—**	**101,002,670**

(1) At December 31, 2023, securities held under the liquidity contract amounted to €444 K and cash to €180 K.

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Variations in amortization and provisions are as follow:

(in euros)	At closing on 12/31/2022	Increase	Decrease	Other variations	At closing on 12/31/2023
Patents-licenses-software	441,659	162,506	—	—	604,165
Development expenses and Other intangible non-current assets	—	332,215	—	—	332,215
Intangible non-current assets	**441,659**	**494,721**	**—**	**—**	**936,380**
Land and buildings	303,623	240,622	(205,533)	—	338,712
Plant and machinery	347,118	91,103	(122,367)	—	315,854
General facilities	597,741	31,678	(328,881)	—	300,538
Transportation equipment	25,539	1,314	(13,501)	—	13,352
Office and IT equipment	163,500	41,950	—	—	205,450
Furniture	55,716	28,586	—	—	84,302
Other tangible non-current assets	4,275	—	(4,275)	—	—
Tangible non-current assets	**1,497,512**	**435,253**	**(674,557)**	**—**	**1,258,208**
Equity interests	5,042,468	5,000,000	—	—	10,042,468
Receivables from equity investments	11,051,124	17,109,216		—	28,160,340
Other financial non-current assets	34,396	144,936	—	—	179,332
Financial non-current assets	**16,127,988**	**22,254,152**	**—**	**—**	**38,382,140**
TOTAL	**18,067,159**	**23,184,126**	**(674,557)**	**—**	**40,576,729**

3.2. Current assets

3.2.1. Inventories

	12/31/23	12/31/2022
Raw materials	—	237
Other supplies	5,954,754	4,355,518
Work in progress	1,722,842	200,565
Finished products	55,604	44,896
Gross value	**7,733,200**	**4,601,216**
Provisions for depreciation	(113,674)	(83,650)
Net value	**7,619,526**	**4,517,566**

3.2.2. Receivables

	12/31/23	12/31/2022
Advances and payments on account	1,035,978	3,147,590
Trade receivables and related accounts	13,413,479	9,730,095
Accrued income	44,162	424,160
Recoverable taxes and duties	4,427,188	5,602,814
Payroll and related accounts	3,762	25,420
Sundry debtors	—	(170,601)
Deferred charges	540,201	459,879
Gross value	**19,464,770**	**19,219,357**
Provisions	—	—
Net value	**19,464,770**	**19,219,357**

3.2.3. Cash and cash equivalents

	12/31/2023	12/31/2022
Short-term deposits	53,545,575	89,097,825
Liquidities and equivalent	5,520,433	44,512,319
Cash assets	**59,066,008**	**133,610,144**
Overdrafts	—	—
Cash liabilities	—	—
Net cash position	**59,066,008**	**133,610,144**

At December 31, 2023, €53 M is placed in term accounts with no-fee instant access:

Type of placement	Amount *(in € million)*	Duration	Maturity	Gross actuarial rate	Planned withdrawal
Cash boost term account	15.5	2 years	11/24/2024	3.15%	32 days notice
Progressive term account	4.5	5 years	05/27/2028	3.70%	32 days notice
Progressive term account	14.0	2 years	12/02/2024	3.50%	32 days notice
Progressive term account	10.0	2 years	12/23/2024	3.50%	32 days notice
Monthly term account	6.0	1 month	01/05/2024	3.50%	32 days notice
Monthly term account	3.0	1 month	01/18/2024	3.97%	no advance notice
Total	**53.0**				

3.3. Variation in equity

	Number shares	Capital	Additional paid-in capital	Legal reserve	Carry forward	Treasury capital	Currency translation adjustments	Net income	Equity capital
Situation at January 1, 2022	**27,939,095**	**3,352,691**	**201,854,955**	**333,832**	**(10,327,116)**	**—**	**—**	**(20,386,297)**	**174,828,066**
Capital increase	—	—	—	—	—	—	—	—	—
Canceled treasury shares	—	—	—	—	—	—	—	—	—
Options exercised and BSPCE	20,000	2,400	93,000	—	—	—	—	—	95,400
Share subscription warrants exercised	—	—	—	—	—	—	—	—	—
Share issue warrants exercised	—	—	—	—	—	—	—	—	—
Other variations	—	—	—	—	—	—	—	—	—
Recognition of prior losses	—	—	(10,327,116)	—	10,327,116	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	—
Appropriation of previous year's result	—	—	—	—	(20,386,297)	—	—	20,386,297	—
Net income (loss) for year	—	—	—	—	—	—	—	(43,254,458)	(43,254,458)
Variation in equity	—	—	—	—	—	—	—	—	—
Situation at December 31, 2022	**27,959,095**	**3,355,091**	**191,620,839**	**333,832**	**(20,386,297)**	**—**	**—**	**(43,254,458)**	**131,669,007**
Capital increase	—	—	—	—	—	—	—	—	—
Canceled treasury shares	—	—	—	—	—	—	—	—	—
Options exercised and BSPCE	18,705	2,245	93,190	—	—	—	—	—	95,435
Allocation of free shares	20,000	2,400	(2,400)	—	—	—	—	—	—
Share issue warrants exercised	—	—	—	—	—	—	—	—	—
Other variations	—	—	200,000	—	—	—	—	—	200,000
Recognition of prior losses	—	—	(20,386,297)	—	20,386,297	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	—
Appropriation of previous year's result	—	—	—	—	(43,254,458)	—	—	43,254,458	—
Net income (loss) for year	—	—	—	—	—	—	—	(56,380,260)	(56,380,260)
Variation in equity	—	—	—	—	—	—	—	—	—
Situation at December 31, 2023	**27,997,800**	**3,359,736**	**171,525,332**	**333,832**	**(43,254,458)**	**—**	**—**	**(56,380,260)**	**75,584,182**

3.4. Equity equivalents

As at December 31, 2023, the Company has two repayable advance contracts for a total amount of €235 K.

The fact that the repayable advance does not support the payment of annual interest is akin to the Company benefiting from a zero-interest loan, which is much more favorable than market conditions. The difference between the advance amount at historical cost and the amount of the advance discounted using an interest rate which the Company feels would be used at the date in question, is considered as a grant from the State. If subsidies are significant, they are spread over the estimated length of the projects financed by said subsidies.

In case of success, the conditions of repayment of conditional advances are determined by the financing provider on an individual case basis, depending on the results of the program financed. If the funded program is judged a failure, the cancellation of the receivable granted is recorded in “Subsidies, public funding and tax credits”.

As part of the Group’s installation in the Belfort region, on September 14, 2022 McPhy signed a financial support agreement for a maximum total amount of €10 million with Pristine SAS (trustee of the "Industrial Revitalization Fund"). At December 31, 2023, McPhy had received two installments totaling €6.8 million in this respect.

3.5. Provisions for risks and charges

	Balance 12/31/2022	Provisions	Unused	Balance 12/31/2023
Disputes	—	85,000	(60,000)	25,000
Losses on completion	697,503	301,523	(196,828)	802,198
Other risks and charges	5,907,192	3,802,323	(2,342,212)	7,367,303
Provisions for risks and charges	**6,604,695**	**4,188,846**	**(2,599,040)**	**8,194,501**

In 2023, a net amount of €1.6 million was allocated to provisions for other risks and charges for losses on completion and commitments on current contracts.

3.6. Borrowing and financial debt

	12/31/2022	Issues	Repaid	Transferred	12/31/2023
Borrowings from credit institutions	375,000	—	(100,000)	—	275,000
Bond issue	—	1,000,000	—	—	1,000,000
Shareholder loans	—	—	—	—	—
Total borrowing and financial debt	**375,000**	**1,000,000**	**(100,000)**	**0**	**1,275,000**

	Total	< 1 year	1-5 years	> 5 years
2023	1,275,000	1,100,000	175,000	—
2022	375,000	100,000	275,000	—

3.7. Trade and other payables

	12/31/23	12/31/2022
Advances and payments on account received	—	—
Trade payables	19,849,046	21,764,207
Tax and employee-related liabilities	3,905,496	4,030,465
Payables on non-current assets	1,509,500	2,971,529
Advances received on subsidies	22,681,545	26,852,839
Deferred income	6,440,386	6,535,019
TOTAL	**54,385,973**	**62,154,059**

	Total	< 1 year	1-5 years	> 5 years
2023	54,385,973	54,377,891	8,082	—
2022	62,154,059	62,154,059		—

B NOTES TO THE INCOME STATEMENT

3.8. Revenue

	2023		2022	
France	8,070,482	61%	10,572,438	108%
Rest of European Union (excl. France) [(1)]	3,535,619	27%	(789,098)	(8%)
Rest of world	1,543,228	12%	—	— %
Revenue	**13,149,329**	**100%**	**9,783,340**	**100%**

(1) For fiscal year 2022, this amount includes the canceled order for H2MOB stations totaling (€0.8 million).

3.9. Payroll charges

	2023	2022
Wages and salaries	8,632,408	6,670,259
Social contributions	4,251,468	3,256,968
Payroll charges	**12,883,876**	**9,927,227**

3.10. Other charges and other income from operating activities

Other income from operating activities amounts to €3.1 million of which €2.6 million is attributed to reversals of provisions, €0.2 million to transfer of charges and €0.3 million to royalty payments billed to subsidiaries.

3.11. Financial profit (loss)

	2023	2022
Income from Group equity interests	906,538	458,439
Investment income	3,193,044	605,620
Interest income on advances	31,495	—
Other financial income	28,185	32,581
Financial income	**4,159,262**	**1,096,640**
Interest charges on borrowing	(56,314)	(66,394)
Interest charges on advances	—	(372,000)
Other financial charges	(22,295,580)	(13,527,378)
Financial charges	**(22,351,894)**	**(13,965,772)**
Financial profit (loss)	**(18,192,632)**	**(12,869,132)**

3.12. Non-recurring profit (loss)

	2023	2022
Income from disposal of non-current assets	—	200,000
Other non-recurring income	62,679	4,867,571
Non-recurring income	**62,679**	**5,067,571**
Net book value of non-current assets sold	—	(161,698)
Other non-recurring charges	(3,461,402)	(3,719,398)
Non-recurring charges	**(3,461,402)**	**(3,881,096)**
Non-recurring profit (loss)	**(3,398,723)**	**1,186,474**

3.13. Corporate taxation

	2023	2022
Research tax credit	889,687	1,099,400
Other tax credits	—	—
Corporate taxes	**889,687**	**1,099,400**

At December 31, 2023, the amount of tax losses carried forward amounts to €172 million (€142 million at December 31, 2022). This latent tax receivable may potentially be offset against any future tax charge.

The tax is allocated between profit from continuing operations and non-recurring profit (loss) as follows:

	2023	2022
Operating profit before tax	(53,871,224)	(45,540,332)
Non-recurring profit (loss)	(3,398,723)	1,186,474
Net profit before income tax	**(57,269,947)**	**(44,353,858)**
Corporate taxation	—	—
Tax credits	889,687	1,099,400
Net profit	**(56,380,260)**	**(43,254,458)**

C OTHER INFORMATION

3.14. Table of subsidiaries and equity interests

	RECEIVABLES FROM		EQUITY SECURITIES						
(in thousands of €)	Gross value of equity	NBV of equity	Gross value of receivables	NBV receivables	Equity and related receivables	Proportion of capital owned	Shareholder equity excluding profit at December 31, 2023	Net profit (loss) 2023	Annual revenue 2023
McPhy Italia Sprl	9,300	2,400	20,405	5,108	7,508	100%	4,312	(3,390)	3,047
McPhy Deutschland GmbH	4,075	1,075	10,511	511	1,586	100%	(2,668)	(9,373)	5,717
McPhy Asia Pacific Pte. Ltd	62	—	2,124	—	—	100%	(1,968)	(119)	0
McPhy Northern America Corp.	80	—	740	—	—	100%	(517)	(39)	0
TOTAL	**13,517**	**3,475**	**33,780**	**5,619**	**9,094**				**8,764**

3.15. Headcount

	2023	2022
Management	95	78
Technicians & Supervisors	27	22
Employees and workers	—	2
TOTAL	**122**	**102**

The weighted average headcount for 2023 is 112 employees (82 in 2022).

3.16. Executive committee compensation

Compensation and benefits of all kinds paid to members of the Executive Committee and of the Board of Directors is as follows:

	2023	2022
Compensation due for the fiscal year (1)	2,298,702	1,671,514
Compensation in shares, options etc. (2)	612,507	388,094
Executive committee compensation	**2,911,209**	**2,059,608**

(1) Includes gross salaries, bonuses, incentives, attendance fees and benefits in kind.
(2) This amount corresponds to the annual charge related to BSPCE and BSA allocations, as well as to allocations of share subscription options.

3.17. Pensions - Benefits due to employees

After retiring, Group employees receive pensions by virtue of pension schemes, in accordance with the laws and customs in the countries where the companies operate.

Pension obligations to be received by retired employees are paid regularly to pension funds outside the Company and to the statutory organizations responsible for the service.

Company obligations relating to defined-benefit schemes (pension benefits) are present in an off-balance sheet commitment.

The cost of this benefit is determined using the projected unit credit method in accordance with CNC recommendation no. 2003-R01. The collective agreement applicable to the Company is the metallurgy sector collective bargaining agreement.

The main actuarial assumptions used in the calculation of pension benefits are given here:

	12/31/2023	12/31/2022
Departure age	67 (Mgt), 65 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (1)	3.5%	3.8%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	4 % (Mgt), 4 % (Non-Mgt)	4 % (Mgt), 2.4 % (Non-Mgt)
Social contributions rate (2)	49 % (Mgt), 44 % (Non-Mgt)	49 % (Mgt), 44 % (Non-Mgt)
Mortality table	Insee 2019-2021	Insee 2018-2020
Probability of presence	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards

Mgt: management, Non-Mgt: non-management.
(1) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.
(2) Excluding impact of temporary reduction schemes.

The average period at December 31, 2023 is approximately 20 years.

The amount of pension obligation at December 31, 2023 is €105 K (vs. €76 K at December 31, 2022). An increase of 1% in the discount rate at December 31, 2023 (respectively a decrease of 1%) has a positive effect of €18 K on the year's results.

3.18. Share-based payments

The Company has allocated stock options ("Options"), share subscription warrants ("BSA") or Business Creator share subscription warrants ("BSPCE") to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	Dates of exercise	Exercise price	Number of recipients	Instruments in use	Exercisable instruments
AGM of 5/23/2019					
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	2	14,000	14,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	1	10,000	10,000
AGM of 5/20/2020					
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	6	28,000	28,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	9	77,000	77,000
Balance at December 31, 2023			**18**	**129,000**	**129,000**

The table below reports activity in stock option, BSA and BSPCE plans:

	Options and warrants in use	Weighted average exercise price
Balance at January 1st, 2022	251,000	4.7
Allocations	—	—
Cancellations	(60,000)	5.0
Exercised	(20,000)	4.8
Balance at December 31, 2022	**171,000**	**4.7**
Allocations	—	—
Cancellations	(23,295)	5.1
Exercised	(18,705)	5.1
Balance at December 31, 2023	**129,000**	**4.9**

Details of grants and changes in the Company's free share plans are provided in paragraph 3.4.7.2 of this Document.

3.19. Leases

	Vehicle	Plant and machinery	Office and IT equipment	Patents-licenses-software	Total
Gross original value	18,115	1,799,328	545,264	314,336	2,677,043
Total prior amortizations	(18,115)	111,488	152,906	(314,336)	(68,057)
Allocation for fiscal year	0	51,250	164,656	0	215,906
Accumulated amortizations	(18,115)	162,738	317,562	(314,336)	147,849
Net value	**0**	**1,962,066**	**862,826**	**0**	**2,824,892**
Total prior royalties	31,163	1,816,287	253,192	359,092	2,459,734
Royalties for fiscal year	0	67,380	163,226	0	230,606
Total royalties	**31,163**	**1,883,667**	**416,418**	**359,092**	**2,690,340**
Royalties remaining payable					
• within 1 year	0	0	135,825	0	135,825
• between 1 and 5 years	0	0	35,303	0	35,303
• beyond 5 years	—	—	—	—	—
Royalties remaining payable	**0**	**0**	**171,128**	**0**	**171,128**
Purchase option	**18,154**	**3,800**	**24,750**	**0**	**46,704**

3.20. Financial commitments

The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, first demand guarantee, performance guarantee, etc.)

(in thousands of €)	2023	2022
Guarantees and pledges	6,643	8,800
Leases	111	236
Commercial lease	2,404	2,270
Other commitments	—	—
Commitments	**9,158**	**11,306**

On March 7, 2023, the Company received commitments to subscribe to a total of €30 million in Convertible Bonds, the issue of which will be subject to shareholder authorization at the Mixed General Meeting on May 30, 2024. Existing shareholder EDF Pulse Holding and EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Agreement dated December 11, 2020, have committed to subscribing to the Convertible Bonds for an amount of €15 million each.

3.21. Financial risk objectives and management policy

3.21.1 Interest rate risk

The Company has taken out one short and medium-term loan at a fixed rate, for a total amount of €275 K.

3.21.2 Currency risk

The Company subscribed to a “flexiterme” currency hedging solution for USD 0.7 million against EUR, from December 1, 2022 until June 18, 2024, at a guaranteed rate of 1.0575. This is part of an agreement involving a US supplier to enable it to cover it activity against fluctuations in the USD exchange rate.

3.21.3 Liquidity risk

Since the Company was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

At December 31, 2023, cash and cash equivalents amount to €59 million and financial payables amount to €1.3 million. The Company’s credit agreements do not contain default clauses (*covenants*).

The Company will continue to need financing to develop its activities until it reaches break-even point.

3.21.4 Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned.

3.22. Statutory Auditors’ fees

The fees paid to statutory auditors by the Group are presented in note 3.28 in the appendix to the consolidated financial statements.

5.2.4 Statutory Auditors' report on the Company financial statements

Year ended 31 December 2023

This is a translation into English of the Statutory Auditors' report on the 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 required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

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 Company financial statements of McPhy Energy for the year ended 31 December 2023.

In our opinion, the Company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended, in accordance with French accounting principles.

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 Company 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 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 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 Company 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 Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statement.

Recognition of revenue for long-term contracts (*Notes 2.3.15 and 3.5 to the Company financial statements*)

Risk identified

As indicated in Note 2.3.15 "Recognition of revenue" to the Company financial statements, the company recognizes a significant proportion of revenue as and when control is progressively transferred on long-term contracts. The group measures the 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 regularly updated estimates made by project managers. Management considered that the operational teams have sufficient experience to make reliable estimates of profit at completion on the contracts.

The significant judgment required to recognize (for estimated costs at completion) revenue and the margin relating to each long-term project in progress at the year-end led us to verify the reliability of the budget processes set up by management and the estimated percentage of completion, and consider the recognition of long-term contracts to be a key audit matter.

Our response

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

- selected contracts to be tested based on the materiality of the contracts and margin rates generated, reconciled accounting information with budget monitoring, corroborated the degree of completion used, in particular by examining technical documentation;
- tested on a sampling basis the substance of the costs actually incurred during the period for selected projects;
- assessed the compliance of the revenue recognition principles and methods with French accounting principles;
- verified that the notes to the financial statements provide sufficient and appropriate disclosure.

Measurement of equity interests and related receivables (*Notes 2.3.6 and 3.14 to the Company financial statements*)

Risk identified

As stated in Note 2.3.6 “Equity interests” to the financial statements, the value in use of “equity interests” was estimated by management using a multi-criteria approach comprising the cash flow method and a valuation based on net assets, revalued where necessary. Equity interests and related receivables stated on the balance sheet as at 31 December 2023 for a net amount of €9 million represent one of the largest balance sheet items. They are stated at their cost of acquisition and, where necessary, impaired when their value in use is inferior to the carrying value.

The determination of the value in use of equity interests requires management to make judgements when selecting the items to consider and the method used to determine the value in use.

In this context, considering the materiality of equity interests and related receivables in the balance sheet and the sensitivity of the analyses used with the assumptions underlying the estimates, we considered this item to be a key audit matter.

Our response

To address the risk relating to the valuation of equity interests and related receivables, we performed a critical review of the conditions for the implementation of impairment testing by the Company, notably by:

- verifying, based on information communicated to us, that the determination of values in use by management is based on an appropriate justification of the valuation method and amounts used;
- assessing the consistency of cash flow projections used for these analyses with management’s latest estimates as presented to the Board of Directors and with our knowledge of the Group and its activity sector;
- examining the reliability of the process used to draw up forecasts with regard to differences between past realizations and the corresponding budgets;
- analyzing the consistency of the assumptions used by management to determine the recoverability of the receivables relating to these interests with the level of impairment recognized according to the risks incurred and the financing prospects of the subsidiaries;
- reconciling the data from the accounting records and verifying the arithmetical accuracy of the calculations.

Finally, we examined the adequacy and appropriateness of the disclosures in Note 2.3.6 “Equity interests” to the Company financial statements.

Measurement of capitalized development costs (*Notes 2.3.3 and 3.1 to the Company financial statements*)

Risk identified

Development costs are recognized as intangible assets once the criteria defined by French accounting principles are met. As of 31 December 2023, the total amount of development costs on the balance sheet represents a net carrying value of €8,146k.

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 capitalization 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 capitalization 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 recognized for development costs. We also reconciled the capitalized amounts with internal data covering the tracking of time and we also tested, on a sampling basis, capitalized 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 capitalization, 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 capitalized projects;
- identifying any indications of impairment for these projects that would require impairment testing.

We also assessed the appropriateness of the disclosures in Note 2.3.3 "Research and development" and Note 3.1 1 "Non-current assets" to the Company financial statements.

Going concern assumption adopted for the accounts closing (*Note 2.1 to the Company financial statements*)

Risk identified

Management approved the 2023 financial statements according to the going concern principle, based on the information set out in Note 2 "Major accounting principles and methods" to the Company financial statements. We considered going concern to be a key audit matter due to the Group's loss-making position, the level of short-term income and the estimates needed to identify cash requirements.

Our response

We obtained an understanding of the process set up by Management to assess going concern. We verified that the " Major accounting principles and methods" note to the Company financial statements describes the defining assumptions underlying the adoption of the going concern principle for the preparation of the Company financial statements.

Specific Verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and financial statements provided to shareholder

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Information relating to corporate governance

We attest that the section of the Board of Directors' report on Corporate Governance provides the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by the Company from controlled companies included in the consolidation scope. Based on these procedures, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed to you in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the Company financial statements 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 Company financial statements 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 Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

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

We have no responsibility to verify that the Company 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 2023, SARL Audit Eurex was in its 10th year of total uninterrupted engagement and Deloitte & Associés in its 11th year, both being in their 10th year since the company securities were admitted for trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Company Financial Statements

Management is responsible for the preparation and fair presentation of the Company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Company 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 Company financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Company Financial Statements

Objective and audit approach

Our role is to issue a report on the Company financial statements. Our objective is to obtain reasonable assurance about whether the Company 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 financial statements.

As specified in Article L.821-55 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 Company 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 Company 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 Company financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the Company financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes 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 Company 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.821-27 to L.821-34 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 applied.

Juvigny and Paris-La-Défense, 24 April 2024

The Statutory Auditors

SARL AUDIT EUREX
Guillaume BELIN

Deloitte & Associés
Hélène DE BIE

5.3 Table of five-year financial data

	Date of year end				
(in euros)	**12/31/2019**	**12/31/20**	**12/31/21**	**12/31/2022**	**12/31/2023**
Share capital	2,079,102	3,342,785	3,352,691	3,355,091	3,359,736
Number of shares	17,325,851	27,856,540	27,939,095	27,959,095	27,997,800
Revenue excluding tax	5,805,448	9,765,843	10,405,318	9,783,340	13,149,329
Operation and income for the year					
Income before tax, employee profit-sharing and depreciation, amortization, and provisions	(5,523,267)	(10,276,371)	(13,586,721)	(38,607,979)	(52,107,666)
Corporate tax	(640,251)	(547,923)	(692,673)	(1,099,400)	(889,687)
Employee profit-sharing	—	—	—	—	—
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(5,407,976)	(10,327,116)	(20,386,296)	(43,254,458)	(56,380,260)
Income per share					
Income after tax, employee profit-sharing but before depreciation, amortization, and provisions	(0.28)	(0.35)	(0.46)	(1.34)	(1.83)
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(0.31)	(0.37)	(0.73)	(1.55)	(2.01)
Dividend per share	—	—	—	—	—
Personnel					
Headcount	43	49	70	102	122
Total payroll	2,540,516	3,237,005	4,178,065	6,670,258	8,632,408
Social security and benefits	1,221,240	1,486,267	2,044,066	3,256,968	4,251,468

5.4 Payment period for supplier and client

In accordance with the requirements of article L. 444-6-1 of the French Commercial Code, invoices issued, received and outstanding at the closing date of the fiscal year are broken down as follows:

	Invoices received and outstanding at date of year end					
	Not due (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total 1 day and more
(A) Late payment brackets						
Number of suppliers concerned	24					191
Total value of invoices concerned *(incl. VAT and in thousands of euros)*	4,961	7,734	40	(12)	248	8,009
Percentage of total value of purchases for the fiscal year (excl. tax)	12%	19%	0%	0%	1%	20%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables						
Number of invoices excluded						0
Total value of invoices excluded						0
(C) Reference payment terms used (contractual or legal - article L.441-6 or L.443-1 of the French Commercial Code)						
Payment terms used for late payment penalties	Legal terms (i.e. 30 days end of month) unless the due date indicated on the invoice is more advantageous					

	Invoices issued and outstanding at date of year end					
	Not due (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total 1 day and more
(A) Late payment brackets						
Number of clients	6					22
Total value of invoices concerned *(incl. VAT and in thousands of euros)*	757	791	225	77	3,086	4,179
Percentage of revenue for the fiscal year (including tax)	6%	6%	2%	1%	23%	32%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables						
Number of invoices excluded						0
invoices excluded (incl. VAT and in thousands of euros)						0
(C) Reference payment terms used (contractual or legal - article L.441-6 or L.443-1 of the French Commercial Code)						
Payment terms used for late payment penalties	Contractual terms (due date indicated on invoice)					

5.5 Pro forma consolidated financial information

5.5.1 Background and regulatory framework

The pro forma consolidated financial information, including a pro forma statement of financial position at December 31, 2023 and a pro forma statement of net income for the year 2023, as well as explanatory notes, reflect the impact of the ongoing disposal of the charging station business. In its press release of December 14, 2023, the Group announced that it had entered into exclusive negotiations with Atawey with a view to selling this business. On February 19, 2024, it had received a binding offer from Atawey in the form of a promise to purchase the business and related assets, since accepted by the Company. A sale agreement concerning the stations business was signed between the parties on April 19, 2024.

The sale price comprises a fixed portion of between €11 and €12 million, and a variable portion of up to several million euros. The fair value determined at December 31, 2023, is higher than the book value. The transaction is expected to be finalized in the second quarter of 2024, subject to completion of the financing and fulfillment of customary conditions precedent.

This pro forma consolidated financial information has been prepared on the assumption that the disposal took place on January 1, 2023 for the statement of net income, and on December 31, 2023 for the statement of financial position.

This pro forma consolidated financial information has been prepared in accordance with Appendix 20 "Pro forma financial information" of Delegated Regulation no. 2019/980 supplementing Delegated Regulation no. 2017/1129, the recommendations issued by ESMA (ESMA 32-382-1138) and Position-Recommendation DOC-2021-02 of the French Financial Markets Authority. The pro forma consolidated financial information, which has been prepared for illustrative purposes only, presents a hypothetical situation and is therefore not representative of the results or financial position of the McPhy Group that would have been achieved if the sale of the stations business had been finalized on January 1, 2023, nor of the Group's current or future results or financial position following this ongoing sale.

5.5.2 Basis for preparation

The pro forma consolidated financial information has been prepared based on:

- the consolidated financial statements of the McPhy Group for the year ended December 31, 2023, prepared in accordance with IFRS standards as adopted by the European Union, which have been audited by Deloitte & Associés and Audit Eurex, and which are included with this report in chapter 5.1 of this Document;
- the sale agreement signed between McPhy and Atawey on April 19, 2024.

The pro forma consolidated financial information has therefore been prepared in accordance with the accounting principles used to prepare the McPhy Group's historical consolidated financial statements for the year ending December 31, 2023.

Pro forma adjustments are directly attributable to the sale transaction. These adjustments have been determined on the basis of information available at the date of preparation of this Document and on the basis of certain assumptions that the Group's management considers to be reasonable.

5.5.3 Pro forma statement of financial position

ASSETS *(in thousands of euros)*	Note	McPhy Group 12/31/2023	Pro forma restatements	Pro forma 12/31/2023
NON-CURRENT ASSETS				
Goodwill		1,741		1,741
Other intangible non-current assets		2,516		2,516
Tangible non-current assets		33,702		33,702
Non-current financial assets	d)	13,311	10,656	23,967
Deferred tax assets		1,177		1,177
TOTAL		**52,447**	**10,656**	**63,103**
CURRENT ASSETS				**0**
Inventories		7,647		7,647
Trade and other receivables		20,125		20,125
Tax assets due		1,991		1,991
Cash and cash equivalents	a)	63,021	10,000	73,021
TOTAL		**92,784**	**10,000**	**102,784**
ASSETS HELD FOR SALE		**19,185**	**(19,185)**	**—**
TOTAL ASSETS		**164,416**	**1,471**	**165,887**

LIABILITIES AND EQUITY *(in thousands of euros)*		McPhy Group 12/31/2023	Pro forma restatements	Pro forma 12/31/2023
Capital		3,360		3,360
Issue premiums		171,525		171,525
Treasury shares		(624)		(624)
Accumulated retained earnings	e)	(86,018)	696	(85,322)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**88,243**	**696**	**88,939**
Non-controlling interests		—		—
TOTAL EQUITY		**88,243**	**696**	**88,939**
NON-CURRENT LIABILITIES				0
Investment subsidies		6,800		6,800
Provisions > 1 year		3,652		3,652
Borrowings and financial debt maturing > 1 year		2,863		2,863
Deferred tax liabilities	c)	1,780	433	2,213
TOTAL		**15,095**	**433**	**15,528**
CURRENT LIABILITIES				**0**
Provisions < 1 year		7,397		7,397
Borrowings and financial debt maturing < 1 year		2,108		2,108
Trade and other payables	b)	13,390	1,450	14,840
Other current liabilities		36,479		36,479
Current tax	c)	—	596	596
TOTAL		**59,374**	**2,046**	**61,420**
LIABILITIES HELD FOR SALE		**1,704**	**(1,704)**	**—**
TOTAL EQUITY AND LIABILITIES		**164,416**	**1,471**	**165,887**

Pro forma restatements reflected in the pro forma statement of financial position (explanatory notes)

In view of the probable sale of the stations business within 12 months, and the significant nature of the assets and liabilities of this business, they are presented at December 31, 2023 on specific lines in the assets and liabilities of the consolidated financial position, under assets and liabilities held for sale (see paragraph 2.6.17. of the notes to the consolidated financial statements, chapter 5.1 of this Document). Consistent with the definition of the scope of disposal as envisaged with Atawey, asset and liability lines held for sale include the assets and liabilities attached to the business, in particular inventories, movable assets, customers, the leased Grenoble industrial site, other intangible assets and a share of the Group's goodwill. They do not include operating receivables and payables relating to the stations business, as these are excluded from the scope of the planned disposal. The share of goodwill has been allocated on the basis of relative fair value.

The pro forma restatements applied to McPhy's statement of financial position at December 31, 2023 above are intended to present the Group's statement of financial position at December 31, 2023 as if the disposal of the stations business had been completed by December 31, 2023. These restatements mainly include the neutralization of assets and liabilities held for sale, which were previously restated in accordance with IFRS5, and the recognition of:

a) the fixed portion of the sale price payable immediately in cash;

b) costs related to the disposal in trade payables, in particular transaction costs;

c) registration fees applicable to the sale of the business, in tax liabilities for the fixed portion of the price and in deferred tax liabilities for the estimated price premium;

d) the balance in non-current financial assets, in respect of the deferred payment and price premium, conditional on future orders relating to the scope of the business concerned by the transaction, and estimated at €8.7 million on the basis of projections for several scenarios drawn up on the basis of assumptions known to date, ranging from €5.6 million to €12.5 million (where the latter amount corresponds to the contractual ceiling);

e) the gain on disposal of the business under retained earnings, equivalent to the difference between the book value and the fair value of the assets held for sale (net of costs relating to the disposal, including applicable registration fees), the price premium contingent on future orders estimated on the basis of projections for several scenarios drawn up on the basis of assumptions known to date, this result not prejudging the capital gain that will be realized on completion of the transaction.

5.5.4 Pro forma statement of net income

(in thousands of euros)	Note	McPhy Group 12/31/2023	Pro forma restatements	Pro forma 2023
Revenue	b)	18,774	(5,003)	13,771
Other income from operating activities		1,131	(219)	912
INCOME FROM CURRENT OPERATIONS		**19,905**	**(5,222)**	**14,683**
Goods consumed	b)	(17,903)	3,126	(14,777)
Change in stocks of finished products, work in progress	b)	1,898	(1,858)	40
Payroll charges	a)	(24,146)	7,768	(16,378)
External charges	c)	(24,171)	12,476	(11,695)
Taxes and duties		(202)	95	(107)
Amortization		(2,804)	987	(1,817)
Provisions		(2,781)	(139)	(2,920)
CURRENT OPERATING INCOME		**(50,205)**	**17,232**	**(32,972)**
Non-current operating income and charges		—		—
NET OPERATING INCOME		**(50,205)**	**17,232**	**(32,972)**
Income from cash and cash equivalents		3,358	(60)	3,298
Cost of gross financial debt		(572)	151	(421)
Cost of net financial debt		2,786	91	2,877
Tax charge on income	d)	(14)	8	(6)
Net income from ordinary activities		(47,433)	17,331	(30,101)
Net Income (loss) from abandoned activities	e)	—	696	696
NET INCOME (LOSS) FOR YEAR		**(47,433)**	**18,027**	**(29,406)**
Attributable to the owners of the company		(47,433)	—	(29,406)
Attributable to non-controlling interests		—	—	—

Pro forma restatements reflected in the pro forma statement of net income (explanatory notes)

The pro forma restatements applied to McPhy's consolidated statement of net income at December 31, 2023 above are intended to present the Group's net income for the period from January 1 to December 31, 2023 as if the disposal of the stations business had been completed on January 1, 2023. These restatements mainly comprise:

a) cancellation of payroll expenses relating to employees transferred as part of the ongoing disposal;

b) the neutralization of sales and purchases consumed for the supply of products from the stations business, given the absence of intra-group transactions between the stations business being sold and continuing operations;

c) The neutralization of external expenses directly related to this activity;

d) the non-recognition of current or deferred corporate income taxes in respect of the ongoing disposal, due to the Company's tax losses carried forward;

e) The inclusion in net income from abandoned activities of the earning from the disposal of the activity, equivalent to the difference between the book value and the fair value of the assets held for sale (net of costs relating to the disposal, including applicable registration fees), the price premium contingent on future orders estimated at €8.7 million on the basis of projections for several scenarios drawn up on the basis of assumptions known to date, within a range of €5.6 million and €12.5 million, this result not prejudging the capital gain that will be realized on completion of the transaction.

5.5.5 Statutory auditors' report on the Pro Forma Financial Information relating to the year ended 31 December 2023

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Chief Executive Officer,

In our capacity as statutory auditors and pursuant to (EU) regulation 2017/1129 supplemented by (EU) delegated regulation 2019/980, we have prepared this report on the pro forma financial information of McPhy Energy (the "Company") relating to the year ended 31 December 2023 included in section 5.5 of the Universal Registration Document (the "Pro Forma Financial Information").

This Pro Forma Financial Information was prepared for the sole purpose of illustrating the impact that the sale of the charging stations activity could have had on the Company's consolidated balance sheet as of 31 December 2023, had it been effective as of 31 December 2023, and on the consolidated income statement for the year ended 31 December 2023, had it been effective as of 1 January 2023. By its very nature, pro forma financial information describes a hypothetical situation and is not necessarily representative of the financial position or the performance which might have been recorded had the transaction or event occurred at a date prior to that of its actual or foreseeable occurrence.

This pro forma financial information has been prepared under your responsibility in accordance with (EU) Regulation 2017/1129 and the ESMA's recommendations relating to pro forma information.

Based on our procedures, it is our responsibility to express a conclusion, under the terms set forth in Annex 20, section 3 of (EU) delegated regulation 2019/980, on the appropriateness of the prepared Pro Forma Financial Information on the basis stated.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures, which do not include an audit or review of the financial information underlying the preparation of the Pro Forma Financial Information, have mainly consisted in verifying that the bases on which the Pro Forma Financial Information has been prepared is consistent with the relevant source documents as described in the notes to the Pro Forma Financial Information, reviewing the audit evidence substantiating the pro forma restatements and conducting interviews with Company Management to obtain information and explanations which we deemed necessary.

In our opinion:

- the Pro Forma Financial Information has been appropriately prepared on the basis stated;
- this basis complies with the accounting policies adopted by the Company.

This report is issued solely for:

- the filing of the Universal Registration Document with the AMF and
- where appropriate, the admission to trading on a regulated market and/or the public offering of financial securities of the Company in France or a member state of the European Union in which a prospectus (including this universal registration document) approved by the AMF is notified,

and may not be used in any other context.

Juvigny and Paris-La Défense, 26 April 2024

The Statutory Auditors

SARL AUDIT EUREX	**DELOITTE & ASSOCIÉS**
Guillaume BELIN	**Hélène DE BIE**

CHAPTER

6

Corporate Social Responsibility

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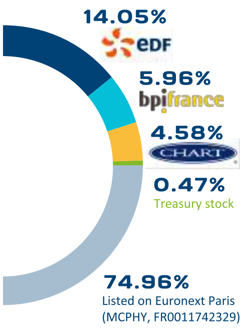
6.1 Value creation model

As a designer and manufacturer of **hydrogen production equipment (electrolyzers) and distribution equipment (stations),** McPhy contributes to the global development of **low-carbon hydrogen as a solution for the energy transition.**
By nature, its business model is based on supporting European and global customers in the industry, mobility and energy sectors in their efforts to decarbonize their activities.

Resources and assets

- **265** employees:
  - of 30+ nationalities
  - over 50% engineers/PhD
- A significant installed base in operation, mainly in Europe, including
  - Electrolyzers: **51 MW** (3000+ PIEL units in 50 countries)
  - Fueling stations: **42 unités**
- **600** suppliers, in **20** countries
- **€16+ million** million invested in R&D; **5** patents ; Collaborations with **20+** industrial, academic and research players in Europe
- **3** countries ; **5** sites ; **3** factories
- **21 MWh** og gas
- **1,093 MWh** of electricity

First rank reference shareholders



Involvement in the main Hydrogen associations

Hydrogen Europe
DWV
National Hydrogen Council
AHK
Hydrogen Council
European Clean Hydrogen Alliance
France Hydrogène

Value chain

Two product lines addressing two major phases of the hydrogen life cycle, helping to decarbonize all segments of the economy

R&D › Engineering › Manufacture › Installation › Services

- Pressurized Alkaline electrolysis (30 bar)
- Modular design: 1MW / 4MW / 20MW / 100MW+
- High-current density electrodes
- PIEL®

- High delivery capacity: 200 / 400 / 800 / 2 000 kg/d
- All dispensing pressures: 350 bar / 700 bar / Dual Pressure

Industry
Mobility
Energy

Electricity production – Production – Transport & storage – Distribution – End use

Value creation

Financial performance
- **€18.8** million revenues
- **€63** million cash on hand
- **€20.1** million in firm orders
- **€114** million in IPCEI grants

Environment
- **44K t CO_2** Carbon footprint (scopes 1-2-3)
- **20 t/€** million of revenue Carbon intensity (scopes 1-2)

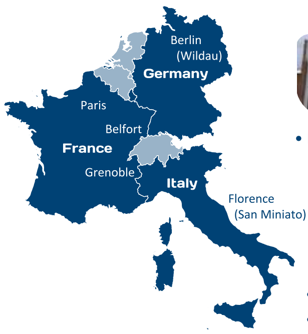
Company
- **3.61** recordable incident rate
- **25%** women / **75%** men

Governance & ratings
- **0** controversies
- **UN Global Compact:** signatory + focus on 3 SDG
- **AA** rating @MSCi
- **28.1** rating @Sustainalytics
- **C+** rating @ISS ESG
- **Silver** (66/100, in the top 14%) @EcoVadis certification

European DNA close to its markets

- XL Electrolyzer plant
- 1,000 MW/year, by 2024

- Station Factory and Head Office
- 150 Stations/year



- R&D/Engineering for Electrolyzers

- PIEL Large Capacity Elctrolyzer Plant
- 300 MW/year

The Group's strategy is based on:

4 pillars
- Invest in technology
- Establish iconic business references
- Be cost competitive
- Build a leading organization (see Chapter 1)

4 values
- Innovating for low carbon and clean energies
- Committing to sustainable achievements
- Caring, respect people and ideas
- Adapting, being agile and solution driven

6.2 CSR strategy to create value

McPhy is an active participant in the energy transition and the fight against climate change. By its very nature, the Group's business model is to enable the decarbonization of customer activities, through equipment enabling the production, distribution, and storage of low-carbon hydrogen. In this way, it contributes to national and international objectives, in particular those of the Paris Agreement. Eventually, McPhy may consider adopting a carbon-neutral objective as part of its scaling-up and development.

Since 2021, McPhy has committed to a strategic and structured CSR approach which resonates strongly with its business model and is consistent with the Group's values. This CSR strategy aims for progressive and structured alignment with the European regulation on non-financial reporting, namely the Corporate Sustainability Reporting Directive (CSRD), to which the Group will be subject, and to more fully incorporate the expectations of stakeholders (see section 6.4 of this Document).

To demonstrate the alignment and integration of its CSR strategy with the company's overall strategy, McPhy has created a dedicated CSR section (https://mcphy-finance.com/index.php/en/sustainability) for use by its internal and external stakeholders.

As a signatory of the UN Global Compact [1] since 2022, McPhy is committed to the following four pillars: human rights, labor, environment, and anti-corruption. McPhy is also willing to contribute to the Sustainable Development Goals and has focused on those directly related to its business model:

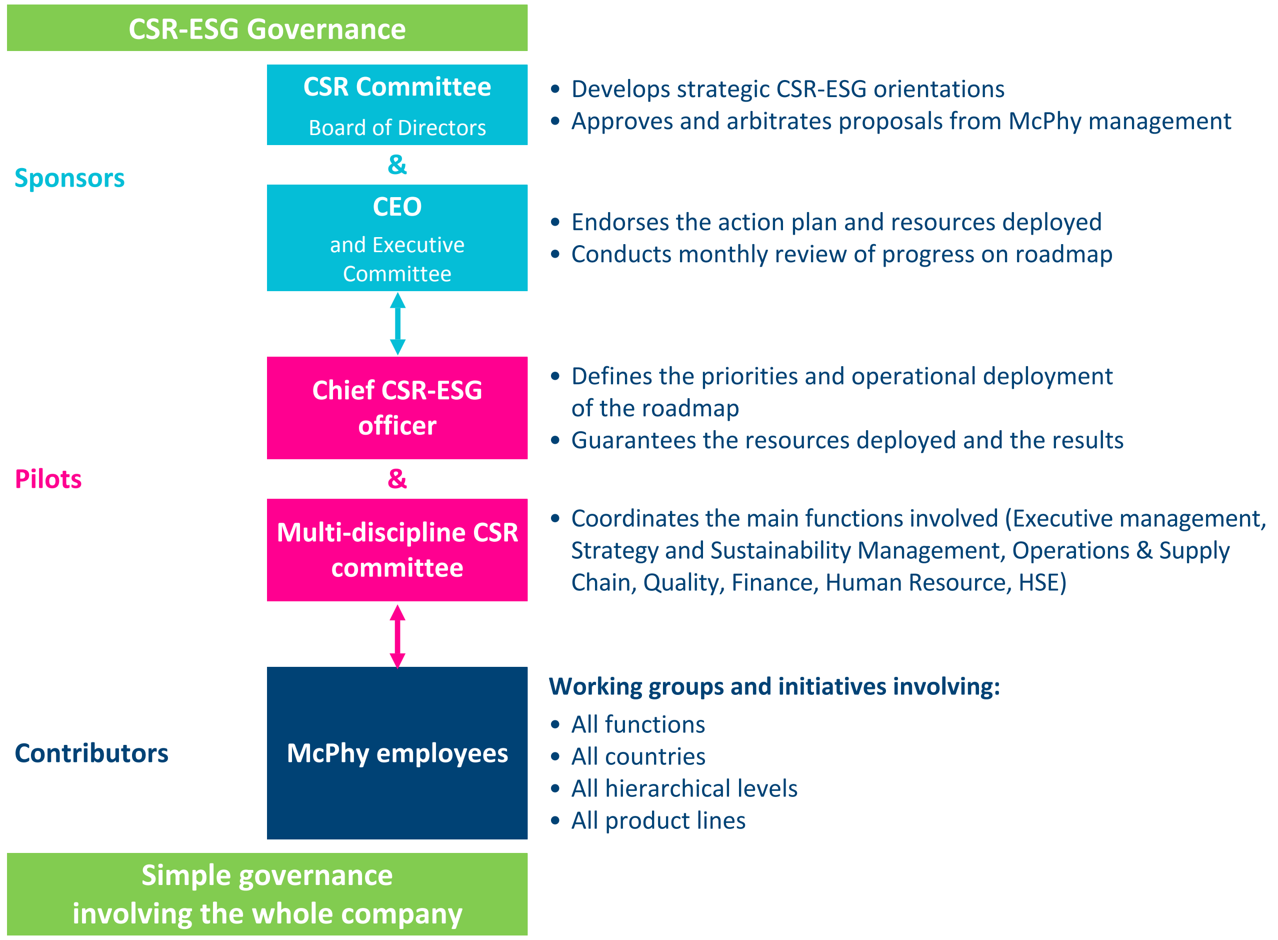
- **#7 - Support the use of renewable energy.** McPhy products are designed to facilitate the transition to cleaner energy sources. They play an essential role in the use of low-carbon energies to the benefit of various industrial sectors and applications. In line with McPhy's strategy, promoting the use of low-carbon energies and driving the scaling-up of hydrogen production will help to significantly reduce equipment and hydrogen costs. This virtuous approach will also encourage greater use of and access to clean energies, benefiting as many people as possible;
- **#8 – Support access to decent jobs.** Safety is the absolute priority for McPhy employees. To foster its growth and that of its customers in the hydrogen sector, McPhy is committed to creating an inclusive culture focused on skills development, fairness, and ethics. As part of our fast-track recruitment policy aimed at providing stable jobs for all ages, our internal policies forbid any form of discrimination or disregard for safety rules. The aim is to create an environment conducive to professional fulfillment;
- **#13 - Support the fight against climate change.** McPhy equipment plays a crucial role in reducing carbon emissions in multiple sectors and applications of the economy. McPhy focuses on decarbonization to help public and private sector customers to achieve their carbon neutrality objectives, thus contributing to environmental sustainability, particularly in terms of climate. By using its advanced technologies on a large scale, McPhy is actively committed to combating climate change. The Company not only contributes to helping its customers avoid generating emissions, but also reduces its own carbon intensity, particularly in areas directly controlled by the Company (scopes 1 and 2).

Furthermore, McPhy has published and explained a set of policies both internally and externally, including a code of conduct stipulating the expectations towards its employees and stakeholders, available at https://mcphy-finance.com/index.php/en/sustainability. These policies were initiated and approved by the Board of Directors, General Management, and the Executive Committee. McPhy is committed to respecting human rights, in line with international standards. To ensure compliance with these rules, McPhy has implemented a system for monitoring risk and investigating any deviations, taking corrective action and imposing sanctions where necessary. To ensure compliance, McPhy has set up a whistleblower mechanism (https://mcphy.integrityline.app/) for its employees and external stakeholders, in line with regulatory requirements. It allows them to anonymously and securely report any breaches of these policies and is available 24/7, ensuring confidentiality and protection against retaliation.

The policies, specific actions, and initial results are described in the next sections of this chapter.

[1] https://unglobalcompact.org/what-is-gc/participants/151202-McPhy..

6.2.1 CSR governance



CSR Committee of the Board of Directors

The dedicated CSR Committee comprises four members of the Board of Directors. It is responsible for strategic orientations, as well as deciding and assessing the proposals submitted by CSR Governance deployed within McPhy. Through this CSR Committee, which met four times in 2023, the Board of Directors oversees health, safety, environmental (including climate-related issues), social and governance considerations.

For more details on the CSR Committee, see section 3.3.5.4 of this Document.

Chief Executive Officer and Executive Committee

The Executive Committee approves the annual CSR action plan and regularly reviews the progress of ongoing projects. Since 2022, the entire Executive Committee has received training or information on CSR and ESG issues, through climate fresk workshops or carbon footprint calculations for environmental aspects, or thematic training sessions by experts on other societal or governance issues. For more details on the Executive Committee, see section 3.2.2 of this Document. CEO Jean-Baptiste LUCAS sponsors the approach and is positioned at the interface of the two bodies responsible for CSR. He drives the strategy and creates momentum within the Group.

CSR Steering Committee

The CSR Steering Committee oversees the definition and implementation of the Group's multi-year CSR roadmap (2022-2024) and annual CSR action plan. Led by the CSR Director, who reports to the Chief Executive Officer, the CSR Committee has six members, four of whom are members of the Executive Committee. They represent General Management, Strategy, Finance, EHS, Operations and Human Resources. The annual and multi-annual CSR roadmap applies to all Group functions, entities and countries and is implemented across all departments.

Working groups

At Group level, the CSR Steering Committee is active at Group level and relies on multi-discipline ad hoc work groups and existing operational teams, such as:

- EHS department for health and safety issues;
- HR and Communication teams for Diversity and Transparency issues;
- Finance and Sales teams for Taxonomy topics;

- Operations, HR, Finance and EHS teams for environment / carbon audit / decarbonization aspects;
- Legal department for fundamental rights at work and anti-corruption aspects;
- Sourcing teams for supplier commitment.

Employee engagement and ESG criteria in compensation

CSR commitments are integrated into the company's overall strategy and communicated to all employees, regardless of hierarchical level or function. They come with "SMART" objectives and are associated with certain elements of compensation for eligible personnel.

In 2023, 25% of the Chief Executive Officer's variable compensation was based on CSR objectives. This share was 15-20% for members of the Executive Committee and staff eligible for variable compensation. Under the profit-sharing agreement, this proportion was 60% for 100% of employees (managers and operational staff). CSR objectives include a set of quantitative targets relating to safety (detection and incidents), customer satisfaction (quality escapes and Voice of the Customer survey), and achievement of the annual roadmap (more than 30 actions on McPhy's ambitions on climate, reduction of carbon footprint, environment, diversity and inclusion measures, application of the code of conduct, commitment to the United Nations Sustainable Development Goals and Global Compact, etc.).

The percentage of these targets achieved is communicated quarterly. At the end of the year in question, the degree of achievement of objectives for each compensation method is reviewed by the Human Resources and CSR Directors.

6.2.2 CSR Roadmap

In 2023, McPhy formally defined its roadmap for the year, as part of the multi-year roadmap developed in 2022. It focuses on the following four areas: environmental, social and societal, governance and reporting. This roadmap was communicated to its internal and external stakeholders and Group employees have been regularly informed of progress in its implementation during 2023.

Each pillar is then broken down into priorities and is based on several themes and tangible actions, so that stakeholders have an unclouded vision of the Group's commitments and achievements in terms of CSR.

Environment

The Group is also committed to further reducing its own environmental footprint. As part of this process, it has once again calculated its carbon footprint (and updated its calculation methodology) for the three scopes, determined a reduction path for its own carbon intensity (scopes 1 and 2), and set up a climate action plan aimed at transforming its own activities to low-carbon. McPhy has continued to roll out "climate fresk" workshops to raise awareness of environmental issues among all its employees. And since McPhy's businesses and products help to reduce the carbon footprint of its customers, the Group has continued to formally declare the emissions avoided on use cases.

These tangible steps are part of the overall framework of the Group's environmental policy, published in 2023, which covers Climate, Environment, Biodiversity, Water and Circularity (https://mcphy-finance.com/index.php/en/sustainability).

Social and societal

In line with its values and as a high value-added technology company, people are McPhy's main asset. The Group is committed to ensuring the health and safety of all people working on McPhy sites and customer sites, to providing opportunities for training (including a catalog of courses on CSR topics), skills development and career advancement, and to developing constructive labor relations. This focus on employees is reflected in the Human Resources policy published in 2023 (https://mcphy-finance.com/index.php/en/sustainability).

Governance

McPhy is committed to the highest standards of ethical business conduct by building lasting relationships with all its stakeholders. For the second year running, McPhy has maintained rigorous CSR governance, involving the Board, General Management, and the Executive Committee, as well as operational teams (see section 6.2.1 of this Document). McPhy has continued to update its main policies (code of conduct, travel charter, diversity charter, supplier charter, IT charter) to involve its entire value chain in CSR issues. A whistleblowing hotline is available for internal and external stakeholders.

ESG reporting

In 2022, the Group defined its double materiality matrix to identify its ESG priorities, on which the Group continues to work to improve. ESG risks and initiatives are managed at Group level through a set of policies, programs, and initiatives. Performance indicators are monitored on a regular basis. In addition to this document, ESG achievements are now communicated via a dedicated section on https://mcphy-finance.com/index.php/en/sustainability, as well as through regular dialog with the main ESG rating agencies. Furthermore, in 2023, McPhy was awarded the Silver medal by the EcoVadis label, with a score of 66 points out of 100, placing the group in the top 14%.

6.2.3 Main CSR objectives

Since 2022, McPhy has set itself six major CSR objectives, which are monitored from year to year according to its priorities.

Environment

- **Objective #1: Carbon footprint.**
  - Objective: reduce the carbon intensity of scopes 1 and 2 (namely the number of tonnes of CO_2 in relation to sales) by 5% per year until 2025, using the 2022 fiscal year as a baseline (intensity level of 25 t/ €M revenue in 2022).
  - 2023 performance: 20 tCO_2 / €M revenue
- **Objective #2: Water consumption**
  - Objective: reduce the water intensity (namely water consumption for McPhy operations in relation to revenue) by 5% per year until 2025, using the 2022 fiscal year as a baseline (intensity level of 98 in 2022).
  - 2023 performance: 119 m^3 / €M revenue

Social

- **Objective #3: Diversity**.
  - Objectives: (i) Boost gender parity by raising the number of women engineers and managers within the Group to over 30% within three years and (ii) sustain a high level of cultural diversity within the employee population by maintaining the number of nationalities above 20.
  - 2023 performance: (I) 25% and (ii) 30+
- **Objective #4: Safety.**
  - Objective: Strive for excellence in safety, with the shared objective of a Total Recordable Incident Rate (TRIR) below 1.52 by 2024.
  - 2023 performance: 3.61

Governance

- **Objective #5: Compensation & benefits.**
  - Objective: Maintain the integration of non-financial performance criteria in the remuneration of Group employees in the same way as financial performance objectives: 100% of eligible employees have a minimum of 5% of their variable compensation tied to CSR criteria.
  - 2023 performance: the proportion of CSR criteria in the variable compensation of all eligible employees was between 15% and 20%, in line with and above the objective.
- **Objective #6: Certification.**
  - Objective: Obtain ISO 14001 & 45001 certification Group-wide no later than 2024.
  - 2023 performance: Implementation of the EHS Policy - and cardinal procedures of the management system: Lock-out/tag-out / Overhead work / Change management / Deviation request for dual certification in 2024.

6.3 Stakeholder dialog

Closeness is one of the Group's values, and McPhy maintains regular dialog with its stakeholders. The main channels for dialog are described below:

STAKEHOLDERS	CHANNELS AND INTERACTIONS
TALENTS **Employees (shareholders or not)** **Employee representatives / elected officials** **Applicants, interns, work-study students, contractors / consultants / interim managers**	• Sustained, regular and constructive social dialog with social partners via the EWC in France and its equivalent in Germany, as well as local trade union organizations in Italy. • Annual interviews and bi-annual performance reviews (multidimensional assessment based on management by objectives). • Managerial feedback • Work groups • Employee satisfaction surveys • Employee stock ownership • Monthly face-to-face/video meetings with all employees • Managerial cohesion events and/or on themes related to climate change • Open house days for families or external stakeholders • Seminars by functional or managerial teams. • Manager-led induction course for new employees • Two half-day induction sessions for new recruits to the group, presenting the H2 ecosystem, McPhy's positioning and its organization. • Completion of a discovery report by the new employee
CUSTOMERS (and leads)	• Regular and in-depth discussions at all levels of the company by project managers, on-site employees, and Management • “Voice of the Customer" satisfaction barometer surveys representing +50% of the portfolio • Customer Service feedback • Formal post-assessments on projects, organized to integrate customer needs in McPhy procedures and products, and to implement action plans to better meet expectations. • Customer events, some of which are held on operational industrial sites, to share progress in its technologies and projects, and to incorporate the feedback and suggestions of its future customers in developments.
FINANCIAL COMMUNITY **Investors, institutional and private shareholders, lenders, rating agencies, financial analysts, banks, and insurance providers**	• Shareholder general meetings • Meetings and presentations for investors and financial analysts • Annual reports • Press releases • Responses to questionnaires from financial and non-financial rating agencies • Dialog with the CSR teams of some of its investors and ESG rating agencies
SUPPLIERS **(and subcontractors)**	• Strategic meetings for mutual improvement in innovation and CSR • Operational meetings, audits, site visits, feedback loops • McPhy has implemented a Supplier Charter, CSR criteria in the identification and qualification processes for its main suppliers and conducts regular evaluations of its suppliers.
ACADEMIC PARTNERS **Technical schools and universities of higher education**	• Presence at recruitment forums • Courses taught by experts from the Group alone or in conjunction with other industrial players • Implementation of Public-Private Partnerships • In 2023, McPhy welcomed around twenty interns and work-study students, including cross-country placements, and financed/co-financed five theses.
REGULATORS **Local, national, and European regulatory authorities** **Certification bodies**	• Regulatory intelligence • Regular dialog with supervisory authorities • Provision of transparent and reliable regulatory information • Participation in work groups to contribute to structuring the market and to maintain a close relationship in local territories. • Regular dialog with certification bodies (safety, environment, quality) • Responses to consultations and surveys when McPhy is invited
PARTNERS **Peers, sectoral organizations**	• Member of over 10 professional associations in Europe. McPhy is a member of France Hydrogène, the National Hydrogen Council in France, Hydrogen Europe, DWV in Germany, H2IT in Italy, and the Hydrogen Council at a worldwide level. • Contribution to the HR, Safety, Technical, and other work groups of associations (e.g., in HR, Hydrogen skills mapping, consideration of the development of training modules with other players).

STAKEHOLDERS	CHANNELS AND INTERACTIONS
CIVIL SOCIETY **Local communities, users, media and journalists, associations**	• Pro Bono days for the benefit of associations are granted to employees within the framework of the co-opting program. • Consultation with local residents' associations prior to the installation of new industrial sites. • Press releases regularly inform the media and associations about McPhy's strategy development projects

6.4 Double Materiality Assessment

The European CSRD (Corporate Sustainability Reporting Directive) aims to harmonize non-financial reporting. The Directive makes it compulsory to publish certain information on the risks and opportunities associated with environmental, social, and governance (ESG) issues facing companies. Although McPhy is not subject to CSRD until 2025, the Company has taken the initiative in 2023 to anticipate the publication of this information to demonstrate its commitment to ESG matters.

In accordance with the Directive, a structured methodology has been used to identify McPhy's main ESG issues, which are:

- Financial materiality, i.e. likelyhood to have an impact on McPhy's business model;
- Impact materiality, i.e. likelyhood to be impacted by McPhy's activities.

This analysis was performed by McPhy and a specialist consultancy firm. It identifies priority topics and helps to determine the Group's ESG roadmap. It has been approved by the Board of Directors.

The double-materiality assessment is reviewed every three years.

Identification of stakeholders and the impact materiality

McPhy has identified over 70 stakeholders which are representative of its activities and geographical locations. These include our directors, employees, industry experts, key customers, shareholders, and suppliers.

These stakeholders were identified and interviewed on the impact of the Group's direct activities (and value chain), on a selection of 22 ESG topics. These topics were determined after an in-depth analysis of the Group's operating environment.

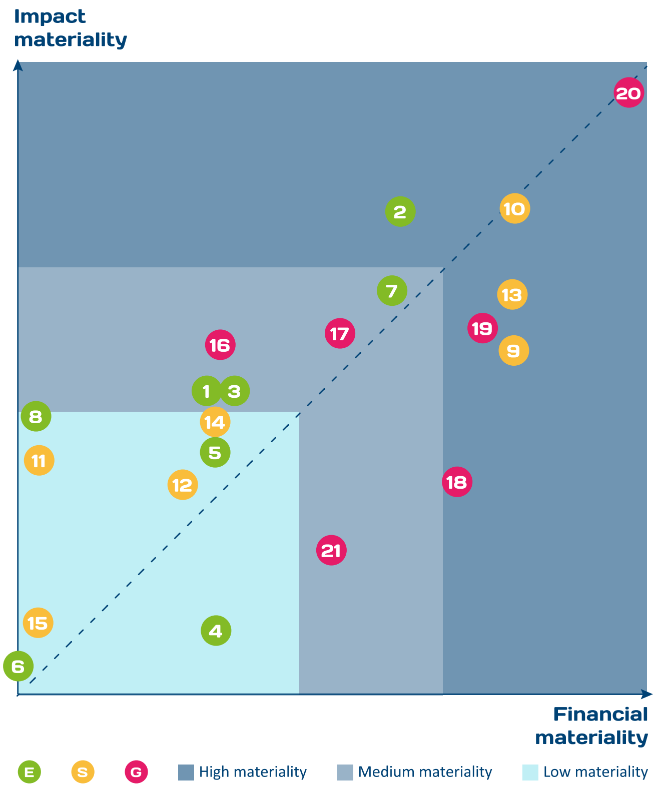
42 responses were obtained by survey and seven quality-related interviews were organized. They allowed us to assess the impact materiality of McPhy activities presented in the materiality matrix below. This materiality was measured by assessing the severity and frequency of the impact of McPhy's activities (and its value chain) on people and the environment in the short, medium and long term.

Identification of financial materiality

To complete its double materiality assessment, McPhy performed a financial materiality analysis of the ESG risks and opportunities likely to impact its activities. The potential monetary impact of the 22 ESG topics on the company's earnings, revenue and value over the short, medium and long term was measured.

McPhy double materiality matrix

In 2023, McPhy published its first double materiality matrix using the method described above. The following sections in Chapter 6 appear in order of priority. For reasons of industrial logic, Health and Safety have been grouped together in a single chapter covering "Employees and End Users". For viewing purposes, the scales of the two axes have been adjusted according to the spread of responses.



ESG topics

1. Climate change adaptation
2. Climate change mitigation
3. Energy management
4. Air, soil and water pollution
5. Water consumption
6. Impact and dependencies of biodiversity
7. Resource use and circular economy
8. Waste management
9. Work conditions
10. Health and safety (of employees and end users)
11. Social dialog
12. Diversity
13. Skills development and training
14. Workers in the value chain
15. Consultation of local stakeholders
16. Culture and corporate governance
17. Lobbying activities
18. Responsible procurement
19. Business ethics
20. R&D and innovation
21. Leadership and societal commitment

In 2023, McPhy was not subject to any controversy affecting any of its environmental, social or governance issues, its own activities, or arising from the use of its products at customer sites.

6.5 Environmental, social and governance priorities

6.5.1 Develop R&D and innovation

Since 2008, as a pioneer in hydrogen technologies, McPhy has aimed to become a European leader in electrolysis and charging stations. Although its alkaline electrolyzer and stations technologies are advanced (TRL 8-9), McPhy strives to innovate in R&D to offer safe, high-performance, and affordable products.

R&D, product development and engineering, led by the Chief Technology Officer, involve over 100 employees (approx. one third of the workforce), across three sites (Grenoble, Wildau, San Miniato) and two product lines. Teams are specialized by product but benefit from synergies within the Group. For example, the development of digital services and industrial risk management are pooled. This makes it possible to offer secure, high-performance management tools for low-carbon hydrogen production and distribution facilities. To meet market expectations and guarantee the development of high-performance, cost-effective equipment, our Technology teams work closely with the sales, product, and marketing departments upstream, and with the operations department (purchasing, procurement, production) downstream.

Enhance the skills base

Born of CEA and CNRS research, McPhy has driven R&D and innovation for over 15 years. Half of its staff have an engineering background or a doctorate. Its electrolyzer range benefits from over 30 years of experience, reinforced by the acquisition of Enertrag's Electrolyzer business. Alongside, its Stations activity has been developed in-house for over 10 years. McPhy has demonstrated its ability to adapt and innovate by adopting strategic technological orientations. In response to market expectations, the company refocused its solid-state hydrogen storage business on Electrolyzers and Stations. In the future, McPhy will continue to follow market developments to fully satisfy the needs of its customers.

Develop skills

McPhy relies on the development of R&D skills to master the latest technologies. The company has internalized the entire R&D value chain and uses external experts to reinforce its expertise on specific subjects. To drive its examination of the latest technologies available on the market, McPhy is a member of more than 10 hydrogen-related associations worldwide and collaborates with more than ten laboratories and universities in Europe.

Skills development programs are in place, focusing on electro-chemistry, fluid and gas mechanics, process engineering and safety, as well as managerial skills. Theory training, both internal and external, is provided by experienced teams. This makes it possible to draw on the Group's cross-functional expertise and the experience of senior employees.

Implement rigorous methods and tools

McPhy has implemented and continues to develop rigorous methods across the whole technology value chain, to develop suitable products and bring them to market at the appropriate performance level and on time. In the development of new products and the improvement of existing products, McPhy operates a Stage-Gate process, with collective opinions expressed during Gate reviews to validate the stages of creation of technology features. These processes follow McPhy's main development programs (1 MW stack, 4 MW stack, and 16 MW Electrolyzer Processing Unit, as well as 350 and 700 bar Dual Pressure stations).

McPhy is developing test platforms on its main sites to improve the reliability and performance of its equipment. At its San Miniato plant (electrolyzers), McPhy has launched an investment program to double the number of test benches available in 2024 (compared with 2023) and increase the power of the electrolyzers tested by a factor of 6. In Grenoble, a fully instrumented refueling station test bench has been available since 2023.

In addition to developing internal expertise, McPhy implements rigorous procedures for monitoring and regularly updating its intellectual property. In particular, McPhy closely monitors technological developments and registers patents that enable it to stand out from the crowd.

In 2023, McPhy R&D investment represented 19% of its spending. The Group intends to continue investing significantly in this area to maintain its technological advantage.

6.5.2 Ensure health and safety (of employees and end users)

McPhy's sustained growth requires it to be structured as an international industrial group.

Safety is given the highest priority and is incorporated throughout the entire life cycle, from product design, development, and manufacture in our own industrial facilities, through to commissioning and operation on customer sites.

Industrial Safety and Risk management for the two product lines is the joint responsibility of the Engineering department and the EHS Department. Its main objective is to de-risk the technology featured in McPhy equipment and to limit risks of incidents or accidents on customer and McPhy sites to an acceptable level (the lowest reasonably acceptable level). The aim is to avoid the risk of injury, operational interruptions, or delays prior to product commissioning and during operations on the customer site.

Over the course of 2023, McPhy has consistently maintained its efforts to comply with international occupational health and safety (OHS) standards: ISO 45001, IOSH, OSHA, ILO, IOGP, etc.

These efforts incorporate:

- The application of these standards to all operations involving Company employees, as well as with suppliers and subcontractors under the Company's supervision;
- The implementation of a robust occupational health and safety management system that aims to comply with recognized Quality and EHS management standards throughout the Group, namely ISO 9001, ISO 14001, and ISO 45001;
- The introduction of regular consultations involving employee participation and coordination with staff representative bodies;
- Management's strong commitment to continuous improvement in the performance of the occupational health and safety management system.

McPhy organizes regular meetings to present the results of our EHS performance along with quantified targets for improving occupational health and safety performance (TRIR, LTIR, average number of hazardous situations per month & closure rate).

All orientations are validated by the Board of Directors.

The EHS management system addresses the following areas:

- OHS risk and hazard assessment to identify sources of harm in the workplace;
- Prioritization and integration of action plans with quantified targets to address these risks;
- Assessment of progress made in reducing or preventing health problems/risks in relation to the objectives set;
- Internal inspections and site visits;
- Procedures for investigating near-misses and accidents: injuries, health issues, illnesses and work-related incidents.

In terms of Safety Design, McPhy relies on rigorous and demanding methods and standards to qualify risks and propose an appropriate design. This includes Product/ Service Safety Assessments which are performed throughout the product design process in relation to pre-defined objectives, to monitor the safety performance of equipment. Leak tests are then performed before commissioning to confirm the integrity of our equipment. This also involves monitoring internal and supplier product quality escapes in the root-cause analysis of deviations from objectives.

Evaluation of health and safety performance

- **Performance indicators**. Number of significant incidents: 0. As a result of all these precautions, in 2023, McPhy incurred no significant incident having any impact other than technical on the equipment. It was controlled by our safety equipment in accordance with our procedures.
- **Staff health and safety**. McPhy works on innovative technology projects which require rigorous methods in terms of design, production, monitoring, installation, and compliance guarantees. The safety and health of people and the integrity of equipment is an absolute priority for the Group and is the responsibility of the Group EHS Director and the Executive Committee [1].
  - McPhy ensures the safety of any person working on a production site for hydrogen production equipment. McPhy records accidents and near misses that occur and may affect its employees, as well as those involving its contractors. It includes them in the systematic and systemic root-cause analysis in case of an incident.

(1) As illustrated in this video https://www.youtube.com/watch?v=bRhWburmu4I.

- McPhy raises awareness and empowers its staff through a series of relevant actions: appropriate training, reporting of accidents and near misses, as well as regular communication on specific risks related to activities prior to any hazardous activity (safety toolbox meeting). This communication is issued to all Group service providers and employees. To optimize safety in the workplace, the Group has implemented a personal safety and protection policy which meets the following primary objectives: (i) ensure the compliance of McPhy products with applicable standards and regulations; (ii) ensure the safety of people working in the Company; (iii) guarantee hygiene and health protection for these same people, and (iv) ensure the protection of the Company's physical and immaterial assets.
- McPhy applies exacting standards for its equipment and operations. It also ensures suitable training for its employees on product quality procedures and on the safety requirements applicable to each workstation. The Health, Safety and Environment department is responsible for the implementation and standardization of Group EHS practices. Local EHS coordinators report functionally to a Group EHS Manager, who ensures that workplace risk assessment and management processes are properly applied.

Workplace accidents, frequency and severity, occupational illnesses

Performance data	2023	2022
a. Number of work-related deaths	0	0
b. Number of days lost	41	16
c. Number of medical cases	2	0
d. Number of first aid treatments	2	1
e. Fatal accident rate (per million hours worked)	0	0
f. Lost-time frequency rate (LTIR) (per 200,000 hours worked)	0.52	0.68
g. Total Recordable Incident Rate (TRIR) (per 200,000 hours worked)	3.61	3.38

- 2023 saw the deployment of fundamental health and safety rules completed. Nine “Safety Living Rules” have been developed and are part of an individual and collective commitment to ensure zero workplace accidents with no impact on health. In terms of the “Quality - Safety" pairing and our operational restrictions, employee information and awareness campaigns that took place throughout 2022 will continue in 2023, representing one of the major pillars of the roadmap both on McPhy sites and customer sites. In light of its permanent commitment to make QHSE issues its primary objective, McPhy Management continues to carry the ambition of being recognized as one of the safest leaders in this field on the hydrogen market.
- All accidents or near misses are systematically analyzed for their causes. Then preventive and corrective action plans are implemented and monitored.
- The Quality & EHS policy deployed across the McPhy Group reflects the common basis for the organization through a cross-disciplinary approach based on the principle of continuous improvement in processes. Since 2015, all staff contribute daily to developing safe, high-technology products while adapting to customer needs. The Customer Satisfaction approach is a core concern for McPhy and involves uncompromising investment in health and safety towards all Company stakeholders.
- **Quality policy, standards, and certifications: a pro-active approach**

• This year, the three Group sites in France, Germany and Italy maintained their compliance with the ISO 9001 standard to retain certification of their Quality Management systems. In late 2023, the site of San Miniato (Italy) renewed its ISO 45001 certification for its Safety Management system. The site also achieved renewed ISO 14001 Environmental Management certification in 2021. The Group aims to harmonize all these procedures, so that McPhy can achieve triple certification across the Group for Quality, Environment, and Safety. McPhy was certified at Group level to the

9001 standard in October 2023 and certified for the first time at Group level to the 45001 standard. It is preparing for 14001 certification by the second half of 2024.

– In this backdrop and to support the Group's growth effectively, the headcount in the EHS department was sustained in 2023 compared to the previous year. This choice is justified by the commitment made by McPhy to consistently generate a high level of safety in the Company's services, both for internal stakeholders and external users of its products. Occupational Health and Safety training courses are dispensed internally to train staff on the risks involved with using machines and hazardous operations. An on-site safety induction is organized for all staff, especially for each new hire, and an internal training program with monthly meetings for all has enabled the deployment of McPhy nine "Safety Living Rules" described above, while enabling us to adopt an approach of shared vigilance.
– Safety tests are conducted on a regular basis to measure and improve procedures for responding to safety issues and crisis management.
– **Total Recordable Incident Rate.** In 2023, subsequent to a progressive rise in 2022 reaching 3.38 (errors in the calculation were detected in 2023 on the 2022 TRIR, which has been corrected and published in this document), the Total Recordable Incident Rate (TRIR) deteriorated to end the year at 3.61. This value shows exposure to the risks inherent in business growth. A plan is in place to bring this TRIR down to a level in line with industry benchmarks, through: (i) the implementation of a safety culture reinforcement program targeting all personnel (McPhy employees but also contractors and temporary workers); (ii) an invitation to the staff to report any dangerous situations - but also to highlight any best practices or otherwise make suggestions for improvement (ObsForm program); and (iii) the inclusion of our contractors and temporary workers in internal training programs, the realization of root-cause analyses for incidents, accidents, and related near misses, and the hazardous situation notification program (ObsForm program).
– In 2024, a global TRIR indicator will be implemented. This will include our internal staff, our service providers, and temporary workers, to report on all Group activities as well as those managed by contractors working under our supervision.

6.5.3 Contribute to climate change mitigation

Combating climate change and contributing to low-carbon models are the foundation of McPhy's business model. Climate change offers McPhy opportunities for growth and revenue generation. Its low-carbon hydrogen production and distribution solutions meet the decarbonization needs of its customers. The latest IPCC report highlights the impact of human activity on the climate. For this reason, the regulations and expectations of customers and investors regarding the reduction of greenhouse gas emissions are becoming stricter.

McPhy has therefore published a precise, ambitious, and long-term environmental policy. This policy was drawn up with the Executive Committee and approved by the Board of Directors. It sets out a number of commitments, which aim to:

- Protect the environment and create an environmental protection management system;
- Contribute to the environmental awareness of its employees and stakeholders;
- Reduce or use natural resources and energy more efficiently, reduce emissions, environmental releases, and waste;
- Regularly monitor and declare its environmental performance, particularly in terms of water management, climate impact, waste, circularity, and recycling;
- Involve and consult stakeholders on environmental issues.

McPhy is strongly committed to minimizing its carbon footprint. For several years now, the company has implemented eco-responsible initiatives, led by its EHS, HR and CSR departments. As a key player in hydrogen, McPhy integrates the reduction of greenhouse gas emissions into all its activities. This includes managing direct and indirect emissions throughout its value chain, with:

- Annual measurement of the Company's carbon footprint and definition of a reduction trajectory;
- Measurement of the emissions avoided by its low-carbon solutions and their contribution compared to a technological alternative.

These initiatives are coordinated by the CSR department.

6.5.3.1 Conduct an annual Greenhouse Gas Emissions Assessment (BEGES) exercise

Measuring the carbon content of the Group's activities and products and aiming for a reduction in ratios in relation to revenue growth is one action to which McPhy is committed in the fight against climate change. Since 2022, McPhy has published an annual Greenhouse Gas Emissions Assessment, in accordance with GHG Protocol standards. A rigorous process was put in place with the help of Carbone 4, a consultancy specializing in the measurement and calculation of carbon footprints and greenhouse gas emissions. A critical third-party review was conducted in 2023 by another firm specializing in carbon footprint measurement, to better incorporate McPhy's business model and adjust the methodology as part of continuous improvement. This rigorous continuous improvement approach contributes to make the current and future results always more reliable.

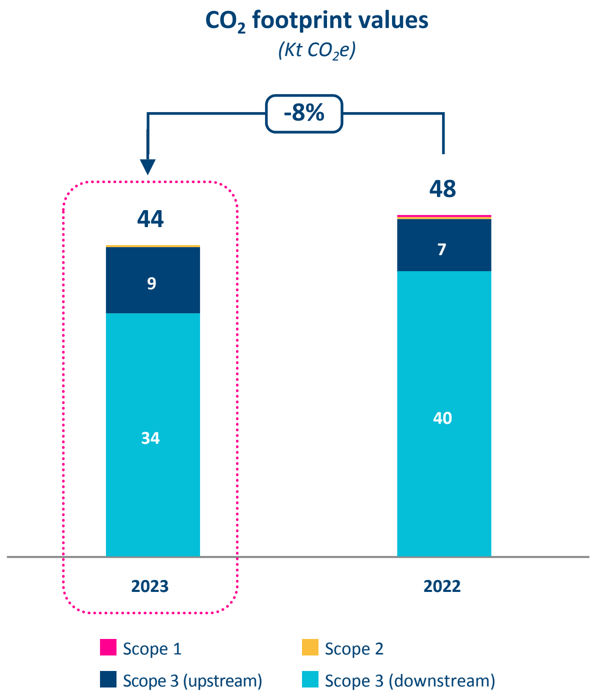
Within this framework, McPhy has identified and quantified the significant greenhouse gas emission items linked to its activities, for the 3 scopes as follows [(1)] with details item by item for 2023 and 2022 (including a reassessment of 2022, the reference year):

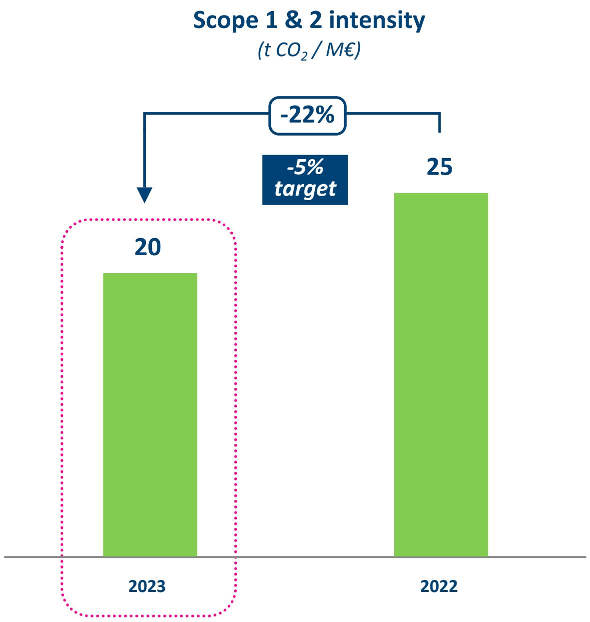
(1) **Methodological note:**

- The main methodological improvements in 2024, which have led to a 2023 assessment and a reassessment of the 2022 carbon footprint, include more detailed consideration of emissions from McPhy's operations, and a more refined view of customer operating models and type of power supply when using equipment sold by McPhy.
- Internal data: emission items in the original consumption unit (e.g. kWh of electricity consumption or kg of metal, converted into an emission factor), indirect consumption (e.g. expenditure in Euros converted into consumption and then into an emission factor); mainly existing data read directly from systems, invoices, regulatory and/or operational reports, etc., and some sampling or ad hoc studies (e.g. employee studies on commuting habits);
- Main external sources (especially for calculating emission factors): Include but not limited to IPCC, ADEME, GLEC, CITEPA, CEDDRe, CITEO, DGAC, IFPEN;
- Scope 1: mainly includes direct consumption of natural gas to heat buildings or fuel for leased or owned cars;
- Scope 2: originates from the electricity consumed on all our tertiary and production sites;
- Scope 3 - upstream: includes purchases of products and services such as raw materials, packaging or transport, occupancy and use of office or production buildings, equipment and machinery (including IT equipment), emissions associated to upstream use of energy, transport and storage related to purchases, waste, business travel, employee commuting, and office and industrial assets;
- Scope 3 - downstream: includes transportation, installation and use of products sold, customer visits, and waste management;
  The use of products sold covers products for which McPhy has received a confirmed order within the year, projecting their use (end-to-end electricity and hydrogen supply) over the expected life of the project/product, within the specific use communicated by each customer expected for each equipment sold (e.g. Grid type power source in the country of operation of the installed equipment or connected renewable source, hydrogen source and transport or storage before use, equipment load percentage, average production capacity over time, etc.)

Greenhouse Gas Emissions Assessment

		2023		23 vs 22	2022	
Scope	**Emission source**	*t*	*%*	*%*	*t*	*%*
TOTAL		**43,601**	**100 %**	**(8)%**	**47,593**	**100 %**
SCOPE 1	**Gas/fuel oil consumption**	**125**	**0.3 %**	**(29)%**	**176**	**0.4 %**
	of which air-conditioning	5			5	
SCOPE 2	**Electricity / Heat purchased**	**247**	**0.6 %**	**6.0 %**	**233**	**0.5 %**
	Market based	n/a			n/a	
	Location based	247	0.0 %	0.0 %	233	0.0 %
Intensity	**Scope 1 & 2 (t/M€)**	**20**	**0.0 %**	**(22.0)%**	**25**	**0.0 %**
				(Target: -5% per year from 2022 to 2025))		
SCOPE 3		**43,228**	**99.1 %**	**(8.0)%**	**47,184**	**99.1 %**
	Scope 3 upstream	**9,207**	**21.1 %**	**28.0 %**	**7,212**	**15.2 %**
	Goods or services purchased	6,921	15.9 %	19.0 %	5,839	12.3 %
	Fixed assets	898	2.1 %	121.0 %	406	0.9 %
	Energy use	135	0.3 %	(3.0)%	140	0.3 %
	Upstream Transmission and Distribution	380	0.9 %		341	0.7 %
	Waste generated by Operations	111	0.3 %	111.0 %	53	0.1 %
	Business travel	473	1.1 %	78.0 %	266	0.6 %
	Employee commuting	288	0.7 %		168	0.4 %
	Leased assets - upstream	0	0.0 %		0	0.0 %
	Scope 3 downstream	**34,021**	**78.0 %**	**(15.0)%**	**39,972**	**84.0 %**
	Downstream Transmission and Distribution	151	0.3 %	(18.0)%	183	0.4 %
	Processing of products sold	0	0.0 %		0	0.0 %
	Use of products sold	33,126	76.0 %	(16.0)%	39,293	82.6 %
	Waste from end-of-life products	744	1.7 %		495	1.0 %
	Leased assets - downstream	0	0.0 %		0	0.0 %
	Franchises	0	0.0 %		0	0.0 %
	Investments	0	0.0 %		0	0.0 %
	Customer transport	0	0.0 %		0	0.0 %
Construction of GigaFactory		**16,324**			**5,441**	





- Scope: The Group (French, German and Italian sites and entities, cross-functional activities);
- Note that, for 2022 and 2023 respectively, the construction of the Belfort Gigafactory represents a one-off additional emission of 5.4 kt and 16.3 kt. These emissions are related to the construction of the Gigafactory in Belfort and have been allocated on a pro rata basis to the work carried out between 2022 and 2023. Construction of the new site will be completed and activity will start in 2024. It will be included in the scope of McPhy's recurring GHG assessment measurements from 2024.
- Comprehensive nature: this assessment covers emissions from McPhy's entire value chain, including emissions concerning purchases from its suppliers and emissions from the use of products sold to its customers;
- Product lines: Electrolyzers and Stations (the two current lines of the Group);
- Indicators:
  - McPhy has not yet defined an objective validated by the Science Based Target initiative (SBTi). McPhy is growing rapidly, implying the construction of new production sites and the extension of its product range. Its emissions profile is constantly evolving and may soon result in an increase in absolute emissions. To date, it therefore is difficult to establish a scientific target for absolute reductions in greenhouse gas emissions in the short, medium, or long term. However, it is important to note that the difficulty of setting an SBTi objective does not prevent McPhy from committing to reducing its emissions and promoting sustainability in its operations. Furthermore, in the short term, McPhy has focused on reducing its carbon intensity:
  - McPhy's carbon intensity (in tons of CO_2 per €million of sales) in 2023 is 20 for scopes 1 and 2. For future fiscal years, the variation in calculated emissions and intensity in relation to revenues for scopes 1, 2 and 3 will be assessed in light of the updated monetary emission factors for purchases and changes in international standards for calculating greenhouse gas emissions, used to calculate the carbon footprint. McPhy has taken steps to reduce its Scope 1 and 2 intensity by approximately 5% per year from the 2022 baseline, to reach a sustainable level of less than 21 tCO_2/€M of revenue per year by 2025.
- In addition to continuing to measure emissions to ensure that its emissions are under control in light of its planned industrial and commercial growth, McPhy has implemented a proactive policy to reduce its carbon intensity, particularly for upstream scopes 1, 2, and 3 (per €million of revenue) and aims to reduce its scopes 1-2 intensity by 5% per year for the next three years. This internal "Climate and Decarbonization" roadmap was determined collectively by the departments involved in the carbon footprint assessment, by the suggestions and action plans proposed by all employees who participated in a climate fresck and/or the "Sobriety Day", organized as part of the Group’s efforts to raise employee awareness on environmental issues, as well as by the identification of best practices on this matter. The measures have been communicated and implemented with the employees and departments concerned, to involve the entire Group in this approach. This policy of reducing carbon intensity is based on

pragmatic measures, after verifying their feasibility and swift impact. McPhy continues to refine the measurement method and its carbon footprint measurements, to assess the relevance and impact of the measures implemented. Progress in implementing these measures is regularly communicated to all employees. These measures include:

- Scope 1:
  - Lowering building heating temperature below 21 °C in winter, air conditioning capped at 26 °C in summer
  - Promotion and gradual conversion of company vehicles to electric vehicles (battery or hydrogen powered)
- Scope 2:
  - Progressive transfer of all McPhy sites to renewable or low-carbon electricity supply contracts whenever possible
- Scope 3:
  - Purchasing: inclusion of the carbon footprint criterion in the Supplier charter and selection process: target virtuous policies (less/no plastic, paper, cardboard; more low-carbon transport, procurement from local suppliers, low-carbon transport, supply chain mapping, etc.)
  - Product definition: evaluation of the carbon footprint of consuming steel, polymers, copper, etc., by R&D to reduce their use and their impact
  - Implement approaches based on the circular economy (1) in purchasing (2) in product design (3) in the recycling of McPhy materials, equipment and waste
  - Encourage low-carbon transportation solutions from McPhy sites to customer facilities
  - Improve the energy efficiency of products sold by McPhy to reduce the electricity consumed by equipment during operation on customer sites, while maintaining the same level of performance
  - Implement a travel policy that favors video conferencing over travel and if travel is unavoidable, rail over air
  - Develop an HR policy encouraging soft mobility (e.g. cycling) and remote working
  - Give priority to commercial projects based on low-carbon power supplies for equipment (renewable PPA, direct connection to a proven low-carbon source, heat recovery on industrial sites, etc.)

By the end of 2023, 80% of the actions in this "Climate and Decarbonization" roadmap have been implemented, with 69% currently deployed.

6.5.3.2 Contribute to avoided emissions at our customer sites

The world production of hydrogen represented 95 million tonnes in 2022. Today, hydrogen is mainly produced by chemical extraction from fossil fuels. The CO_2 emissions resulting from its production are therefore considerable. In 2022, they reached 900 million tonnes per year, or about 2% of global emissions. The production of hydrogen by water electrolysis using renewable or low-carbon energy can significantly reduce these emissions. By designing and manufacturing electrolyzers, McPhy offers decarbonization solutions for industry and transportation as part of a response to the climate challenge.

To ensure that its growth ambitions will effectively serve the energy transition, McPhy has conducted a study with external specialists (Carbone 4) to calculate the emissions prevented by its products, electrolyzers in particular. Avoided emissions are an estimate of the impact of a solution on CO_2 emissions compared to a baseline situation, over the entire life of the product and in a life cycle approach (and using assumptions on electrolyzer operation, the associated project, and the market). The methodological principles for calculating avoided emissions have been defined and constructed by McPhy and its external partner. Three use cases were studied, in line with our markets and strategy: 1. the production of ammonia from electrolytic hydrogen; 2. the production of steel by direct reduction of iron ore using electrolytic hydrogen; and 3. the production of electrolytic hydrogen and its distribution to fuel a captive fleet of light vehicles.

Case #1. Production of ammonia from electrolytic hydrogen

The decarbonization of ammonia production relies almost exclusively on the decarbonization of hydrogen production. However, the installation of electrolyzers in countries where electricity is low-carbon helps to avoid emissions for ammonia production. On average, according to the calculations made during this study, worldwide ammonia production emits 2,410 kg CO_2 / tonne of ammonia. In France, McPhy electrolyzers help reduce emissions by nearly 1,600 kg of CO_2 / tonne of ammonia, i.e. a reduction of nearly 70% in CO_2 emissions. However, in some countries, the high carbon content of the electricity mix can make these solutions more emissive than the baseline situation for producing ammonia, especially in China.

Case #2. Steel production by direct reduction of iron ore using electrolytic hydrogen

On average, according to the calculations made during our study, worldwide steel production emits 1,600 kg CO_2 / ton of steel. In countries where electricity is low-carbon, such as France, the project prevents CO_2 emissions related to steel production. In France, McPhy electrolyzers help reduce CO_2 emissions by almost 1,000 kg of CO_2 / tonne of steel, i.e. by over 60%.

Case #3. The production of electrolytic hydrogen and its distribution to power a captive fleet of light vehicles

At McPhy stations powered by a McPhy electrolyzer, the distribution of hydrogen produced on site using electricity from the French grid avoids up to 40% of the CO_2 emissions generated by a light vehicle (between 2,000 and 4,000 tonnes of CO_2/MW of electrolyzer).

There is a significant difference between the average emission factor of a standard French taxi and the emission factor of a hydrogen taxi when the hydrogen is produced in France using McPhy electrolyzers. This gap will narrow by 2039, as the decarbonization of light mobility involves the deployment of battery-powered electric cars. .

6.5.4 Skills development and training

The rapidly expanding hydrogen ecosystem exposes McPhy to the risk of a shortage of specialized talent. The relatively new sector lacks experienced hydrogen professionals, intensifying competition for these rare skills. In addition, companies in other sectors are seeking expertise similar to that required by McPhy.

McPhy takes a comprehensive approach to recruitment. It seeks technical skills (electrical, electronic, chemical, manufacturing techniques, safety, industrialization, etc.) for its integrated process, from design to installation and maintenance of equipment. These skills range from high school leavers to Master level and include junior to expert profiles, some of which require certification or accreditation. McPhy also values behavioral skills (agility, autonomy, multi-discipline skills, learning ability, collaboration, multicultural sensitivity) for its growth and international expansion. These skills are reinforced by in-house learning and experience in the field.

Linguistic skills are also very important, and each McPhy employee has access to an e-learning platform to grow skills in the language(s) of his/her choice, while also benefiting from individual classes that are subject to rigorous assiduity

The Group implements an international HR policy focused on excellence, covering the entire employee life cycle. Since 2022, McPhy has structured its HR department, launched a communication campaign to strengthen its employer brand, and created a career site to attract and retain talent. In 2023, McPhy attended several recruitment forums, affirming its values and facilitating direct dialog between students, job seekers and McPhy staff. Vacancies are advertised regularly, with encouragement of internal mobility. Employees can apply via McPhy's internal recruitment portal.

Create a pool of future employees through close collaboration with academic institutions and students

In the short and medium term, McPhy's challenge is to train the Group's future recruits to support its accelerated growth. In addition to a proactive policy in terms of hosting interns and apprentices, McPhy is actively working to establish the hydrogen industry in France and Europe, with all stakeholders (industry, public authorities, academia, research institutes, associations, suppliers, etc.) by identifying the current and future needs in terms of skills, by identifying activities under tension. As an example, since 2022, as part of its preferred partnership with UTBM (University of Technology of Belfort-Montbéliard), McPhy has delivered a technical training module on electrolysis to the students of the UTBM Hydrogen master’s degree course, in class and by direct video link with our Centers of Excellence for R&D / Engineering and Production. Other partnerships, levels, and training formats are being deployed and developed, including through the IPCEI program (see section 6.5.10 of this Document). In 2023, McPhy signed nine work-study agreements (Apprenticeships or other) which will end in 2024. The Group’s policy is to train these talented individuals as rapidly as possible and to plan for future recruitment. It should also be noted that 30 % of interns present at the end of their course in 2023 were offered full-time employment at McPhy.

Develop permanent or fixed-term Company employees

McPhy's growth ambition is dependent on both its capacity to develop a Group-wide policy and to implement it for each employee. Whatever their assigned site and whatever their occupation, the Group's ambition is to foster the professional development and personal fulfillment of employees, especially through ongoing training starting when they arrive in the company.

- **Integration**: the Group implements a New Talent Onboarding Program which tracks all recruitments and defines a comprehensive pathway for new hires and monitoring from their induction phase to the assumption of their duties. This integration process reflects teamwork and a collaborative approach: (i) At the initiative of the manager of the new employee: on arrival in the company, a series of individual interviews with the main people with whom they will have the most interaction across company sites and functions, so that they can understand the respective expectations, common topics, and ways of working of each. Definition of achievement objectives and development for 1/2/3 months at McPhy; (ii) at the initiative of Human Resources: every quarter, two sessions of 1/2 day per group with each function in the company, to present their organization and missions, and to provide information about the market, business model, technology, internal procedures, etc., and (iii) at the initiative of the new employee: completion of an discovery report which they presents to their Manager and the HR department during their 3-party interview following the trial period. McPhy has set itself the target of 100% of new employees completing this integration program within four months of their arrival.
- **Development review**: the bi-annual performance reviews, the annual appraisal and the professional interview help to identify and manage employee skills development needs and desires, through internal/ external training, day-to-day learning on the job, or intra-group mobility. McPhy has set itself the target of 100% of employees having completed and documented their performance review in the HR system within four months of the end of the year.
- **Training**: the Company pursues its training policy with a long-term approach, based on actions to improve individual and collective skills. McPhy has set up external training courses on technical subjects (safety, purchasing, ESG, services, etc.) as well as access to an e-learning platform for the acquisition of language skills, to meet the language challenges associated with the geographical diversity of customers, the international profile of McPhy employees, and the Group's European locations. McPhy also intends to continue to provide managerial training, to develop the soft skills needed to accelerate growth within the Group and on the market, for the extended Executive Committee through quarterly meetings/seminars, regular presentations to the Management Committee, and a dedicated training program. McPhy has put in place a systematic approach to identifying training needs and fulfills them using internal or external resources. As part of a continuous improvement process, McPhy evaluates its training programs with a view to fine-tuning their content and/ or format.

McPhy sets itself a target of more than 30 hours of training per employee per year.

Training hours (excluding apprenticeship)

	2023	2022	2021	2020
Hours of training	6330	8602	5 121	2 153
Number of training hours per employee per year	28	42	33	20
% of employees attending at least one training course over the year	87%	87%	80%	55%
Training budget (total or per employee) in K euros	243	186	53	N/A

At the highest level of the Group, the challenges of attracting, developing, and retaining talent are regularly discussed (presentation of key HR performance indicators to each Executive Committee, talent review procedure and succession plans). These indicators are reviewed by the Board of Directors via the Appointments and Remuneration Committee.

In 2023, more than 40 managers benefited from a leadership and managerial training, spread over 6 months, as part of the industrial scaling up and internationalization.

In 2023, these efforts enabled 21 employees to move internally (to a position with greater responsibility and/or to a different department).

6.5.5 Code of Conduct and Business ethics

Compliance with fundamental conventions

The main aims of the International Labor Organization (ILO) are *“to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialog on work-related issues.”* The Group is committed to respecting these fundamental conventions and to observing the legal requirements applicable to each of the countries where it operates. The Group also abides by the Universal Declaration of Human Rights. In addition, McPhy is a member of the Global Compact, supporting human rights.

Code of Conduct and Fair Practices

- **Code of conduct.** In 2023, the Group overhauled its code of conduct [(1)] which summarizes the rules and behavior expected of all its employees and suppliers regarding compliance with laws, regulations, and ethical principles in the performance of their activities.

In addition, in 2023, the Group introduced a supplier ethics charter [(2)]. A copy of this charter is available on the Company's website (https://mcphy-finance.com/index.php/en/sustainability) to which suppliers must adhere. For Information, please see section 6.5.10.2 of this Document.

- **Whistleblowing system**. In 2023, the Group set up a whistleblowing system, via web-based platform [(3)], open to Group employees and stakeholders, to report any suspected non-compliance with the code of conduct, laws, and regulations. This system guarantees confidentiality in the handling of whistleblower reports and prevents repercussions against them. As of December 31, 2023, no internal or external reports had been submitted via the alert system.

To ensure that its code of conduct and whistleblowing system are properly understood and followed, McPhy has implemented a mandatory training module for all its employees. Information and training campaigns will be rolled out on a regular basis, with a view to continuous improvement and training. Disciplinary procedures are provided for in the event of demonstrated non-compliance with the code of conduct.

- **Fight against corruption and money laundering.** The Group also considers that at this stage of its development, alongside the code of conduct, the internal control procedures covering spending commitments to protect its liquidities represent effective, preventive measures in terms of anti-money laundering and corruption. For more details on these topics, see section 2.3 of this Document.
- **Management of conflicts of interest**

In addition to the rules applicable to its employees and suppliers set out in the Code of Conduct, particular attention is paid to managing conflicts of interest at governance level, concerning the members of its Board of Directors and business relations with Group shareholders. For more detailed information, please see sections 3.3.2.2.1 and 3.4.4.3 of this Document.

6.5.6 Provide good working conditions

Human resources are the main asset of a high-tech company like McPhy.

The Group aims to be an employer of choice and is committed to providing favorable working conditions, through the design of offices in healthy, pleasant environments suited to collaboration, to attract and develop its talents. In a demanding context of strong growth, well-being at work and employee satisfaction is a point of vigilance for McPhy, which makes every effort to ensure that its employees feel comfortable at work, in a constructive and caring environment. For each change project, employees are requested to submit their opinion and work groups are set up to find the most suitable arrangements in terms of working hours, for example (flexible working hours for production staff, flexible working hours and remote work for other departments, etc.) or in terms of space planning.

(1) A copy of this code of conduct is available on the Company's website (https://mcphy-finance.com/index.php/en/sustainability)
(2) A copy of this charter is available on the Company's website (https://mcphy-finance.com/index.php/en/sustainability)
(3) Platform, available 24/7 in the Group's four languages (English, French, Italian, German), accessible via the link: https://mcphy.integrityline.app/

McPhy is a signatory and supporter of the United Nations Global Compact and in addition to the ten principal articles, McPhy pays particular attention to sustainable development goal #8 (access to decent employment). 100% of Group employees work in France, Germany and Italy, countries that have ratified the eight ILO fundamental conventions on freedom of association, forced labor, human trafficking, discrimination, and child labor, and have incorporated them into their national law. McPhy applies these requirements to its own operations via the Code of Conduct and Internal Regulations, HR policy, and extends them to its value chain, notably via the Supplier CSR Charter and qualification and control audits, as well as KYC ("Know Your customer") procedures for its customers and Partners.

A large number of innovative measures are initiated by the Human Resources Department and relayed by the operational teams throughout the life cycle of the applicant or employee, to attract, promote, retain, and develop the best talents.

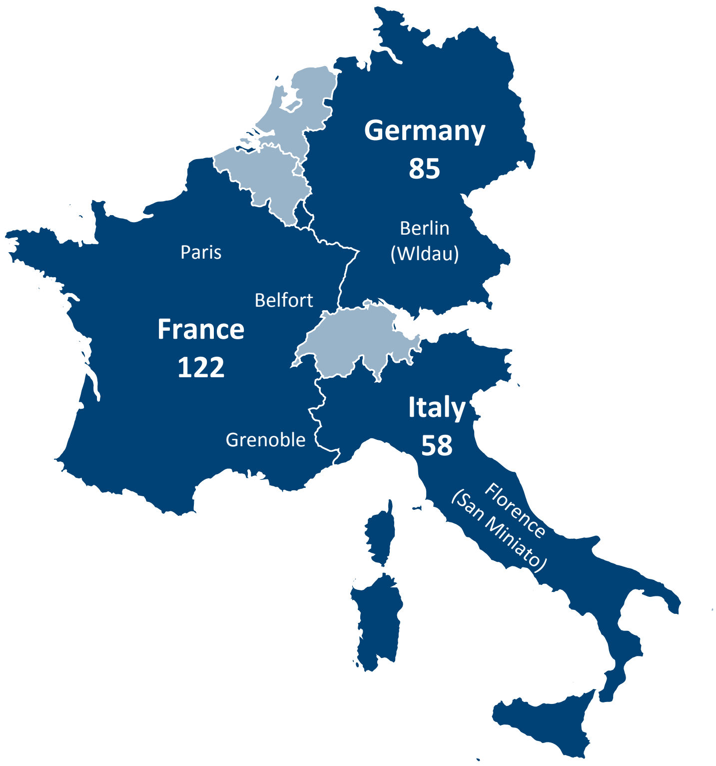
6.5.6.1 Better recruitment

To ensure visibility on all channels of the job market, McPhy is active on recruitment forums and works directly by internal co-opting, or via headhunters, and has developed recruitment tools highlighting the value proposition of the Hydrogen sector and the McPhy Group. McPhy has also structured and digitized its HR procedures and tools, to meet recruitment challenges and improve the "Applicant experience", by creating a dedicated careers site (https://careers.mcphy.com/) that features all job offers within the Group in Europe. Secondly, the recruitment administration process was digitized on an IT platform, to monitor the progress of recruitment, ensure coordination between the human resources department and the operational staff who are recruiting, and to provide the applicant with precise feedback in real time on the progress of their application. The "Friends of Friends" co-opting program allowing an employee to recommend McPhy to potential candidates and desirable profiles to the human resources department and operational management for open positions, enabled the recruitment of six new employees in 2023.

People involved

265 people

- + 25% women
- + 30 nationalities
- 70 recruitments in 2023



6.5.6.2 Enhance employee engagement

To ensure the motivation and support of its employees and cohesion within the Group, as its workforce has almost tripled in three years, McPhy organizes team building events by site, group initiatives to promote inter-site or inter-function knowledge (such as climate frescoes), monthly video conference meetings with all employees and bi-weekly meetings by team in person or by video, as well as regular, clear and transparent written communications. Internal communication tools and an intranet are also in place and updated daily to allow new employees to quickly find their way around the organization and easily identify contacts (organization chart, who's who, contact person sheet). They are also useful for all employees to track swift changes in the organization and the increasing number of employees.

To ensure the impact of all measures relating to well-being and quality of life at work, McPhy conducts annual employee satisfaction surveys. Since 2022 this barometer has surveyed 100 % of employees on quality-related (suggestions) and quantity-related (scored on a scale of 1 to 4 for four key points) topics to measure satisfaction, recommendations of McPhy as an employer, the feeling of belonging, and the perception of personal contribution to the business activity. Quantitative and statistical analysis of the results is complemented by quality-related analysis of comments, as well as focus groups and team discussions, to identify areas for improvement and draw up a roadmap of actions to be implemented within six months. This quantitative barometer is conducted annually, to measure the effectiveness of the measures taken and pursue a continuous improvement approach to the quality of working conditions. With a response rate of over 70%, the 2023 edition of the barometer shows results that are over 80% positive and all the more so on these four points. It is followed by an action plan to fulfill the expectations raised and a new barometer will be conducted in 2024.

2023 highlights:

- 89% of employees feel they contribute to the company's results
- only 73% of employees recommend McPhy as an employer to their networks, suggesting that the company is not suitable for everyone, not only because of its specific characteristics, but also because of the dynamic nature of the hydrogen sector, which requires the ability to adapt quickly.

The sense of pride in belonging is greater in France than in the subsidiaries (Italy/Germany).

The intranet set up in the first half of 2023 as one of the post-2022 survey actions has improved ease of access to information for employees.

In 2023, McPhy Group retained a 4.4 out of 5 rating on the Glassdoor online ranking, while 100% of respondents would recommend McPhy as an employer. All criteria (Culture and Values, Diversity and Inclusion, Work/Life Balance, Leadership Team) are rated above 4 out of 5. In 2022, McPhy Germany received the Employer of the Year award in the state of Brandenburg in the 51-100 employee category.

6.5.6.3 Offer attractive remuneration packages

Employee stock ownership

To recognize and associate employees with the company's success, an exceptional universal allocation of 30,220 free shares was granted to all McPhy employees. For more details, please see section 3.4.7.2.1 of this Document.

Profit-sharing and incentive agreements

In continuity of the recognition and involvement of employees in the Company's success, since 2022 the Group has implemented incentive agreements negotiated with labor partners, which reward employees based on Company performance. The performance indicators of the incentive plan are centered on the criteria of operational performance, safety and CSR action deployment. CSR criteria account for 60% of this plan, half of which is based on meeting EHS/safety criteria, and half on the completion of key CSR actions).

64% of these profit-sharing targets were met in 2023 (including 100% for CSR criteria).

Variable compensation and other benefits

All employees eligible for a variable compensation component are subject to EHS objectives in the collective part of their annual objectives. CSR accounts for 15-20% on average. The collective variable compensation mechanism (profit-sharing agreement) also includes a safety objective. These objectives are subject to interim reviews. Moreover, the formats and amounts of compensation and benefits were compared with the help of a specialized HR consultant, to ensure fair and motivational treatment for employees.

Special measures have been taken since 2022 to involve the EWC on the subjects of health, death and provident benefits.

In 2023, additional mechanisms have been implemented for McPhy to support commuting between personal and professional locations, in line with local regulation, as a way to improve purchasing power and to align with our CSR Commitment.

In France, the EWC now has a “social projects” budget, enabling the distribution of various benefits to eligible employees.

The multiple mechanisms in place, coupled with a regular monitoring of those topics, both by HR and by the Nomination and Remuneration Committee, allow to guarantee to each employee a global compensation & benefit package superior to the mimimum legal requirements and in line with market benchmarks.

6.5.6.4 Tracking absenteeism

The global absenteeism level presented in the table below incorporates absences for sickness, maternity and paternity, as well as workplace accidents.

Absenteeism rate	2023	2022	2021	2020
Global absenteeism	3.1 %	4.2 %	4.0 %	3.2 %
Of which due to illness	1.8 %	2.8 %	1.7 %	1.2 %
Of which due to long-term illness	0.8 %	0.6 %	1.4 %	0.8 %
Of which due to workplace accidents	0.1 %	— %	— %	— %
Of which for other reasons	0.4 %	0.8 %	0.9 %	1.2 %

6.5.6.5 Facilitate well-being at work

The Group observes all legal and contractual obligations applicable to working hours in all its subsidiaries. Working hours depend on local conditions and activity levels, in line with the Group's HR policy on working hours.

The Group also offers a remote working and/or flexible working hours (or part-time) program for over 80% of its workforce. With the involvement of the EWC, the Group has implemented procedures to organize remote work applicable to all employees able to ensure their responsibilities remotely. An individual remote working agreement is renewed annually with each employee. IT equipment for remote work in good ergonomic conditions is offered to all employees concerned. Remote work was systematically favored across all McPhy sites during and since the pandemic. These procedures have been adopted permanently with the roll-out of a remote work charter applicable to all Group employees. It has been fully effective since the end of the first half of 2022. Although remote work procedures have protected employees throughout the pandemic, they also aim to raise the quality of life at work for employees. In 2023, a Unilateral Decision on the right to disconnect was presented to the EWC and distributed to employees. These principles are set out in the internal best practices document Ways of Working, to encourage everyone to demonstrate discipline in the organization of their work and respect for others, both in the way they communicate and in their behavior.

McPhy wishes to involve employees as much as possible in defining their work environment. As an example, and in a backdrop of new workplaces (new engineering and production sites in Wildau, Grenoble or Belfort, retrofit of San Miniato production site, new offices in Paris), volunteer employees were involved in outfitting the new workplaces so that these spaces meet the professional and personal demands of the Company and its employees as much as possible. In 2023, in total, 3 employee pulse surveys have been carried out regarding refurbishment or installation of work spaces and common work area. Employees have suggested new improvement opportunities, among which some have already been implemented in Wildau or Grenoble.

The Group also attaches great importance to ensuring that its employees and their families can live in peace. Requests for parental and paternity leave are accepted under the conditions requested by the beneficiary. A number of employees have also seen their requests for reduced working hours accepted independently of statutory leave, to devote more time to their families, to take care of young children, or to provide family support.

Changes to the health insurance scheme have resulted in better coverage of costs, and an improvement in the previous cover for the categories concerned.

6.5.7 Manage lobbying activities

The regulatory framework for hydrogen is in the making, both at European Union and national levels, in Europe and worldwide. In this context, McPhy actively contributes on its own behalf and alongside its associations, to the thought processes of political decision-makers on the evolution of hydrogen regulations. McPhy is committed to ensuring that its contributions and lobbying activities are aligned with the objectives of the Paris Agreement.

In 2023, to provide a framework for its lobbying activities, McPhy endorsed and published its Responsible Lobbying Policy [1]. This policy was approved by senior management and prohibits any form of political involvement on behalf of the Company. It also requires the Company to publish its lobbying expenses annually.

Responsibility for coordinating lobbying activities is entrusted to the Head of Public Affairs within the Strategy Department. His mission is to:

- coordinate the preparation of McPhy's positions on regulatory and legislative developments, particularly in the context of consultations organized by public authorities;
- monitor and/or undertake lobbying of the relevant authorities at Group level;
- monitor budgets and expenses related to lobbying;
- monitor McPhy's contributions to the work of associations related to the interests McPhy represents.

The Strategy Department ensures compliance with legal obligations and the principles set out in McPhy's Responsible Lobbying Policy.

In 2023, McPhy was supported by several specialist consultants for these assignments.

McPhy is a member of more than 10 associations involved in the hydrogen sector. Through its involvement in these collective structures, McPhy is fully mobilized to continue building a European champion for hydrogen equipment, while ensuring that the interests of the French and European industry are upheld.

The main associations are listed below. McPhy is particularly active:

- In France, within the Conseil National de l'Hydrogène (National Hydrogen Council), France Hydrogène and the Comité Stratégique de Filière Nouveaux Systèmes Energétiques (Strategic Sector Committee for New Energy Systems);
- At European Union level, through its involvement in Hydrogen Europe;
- Internationally, through its involvement in the Hydrogen Council;
- In other countries where it operates, notably Germany and Italy, through DWV or H2IT.

[1] McPhy's Responsible Lobbying Policy is available at the following link: https://mcphy-finance.com/index.php/en/sustainability

In 2023, in line with its Responsible Lobbying Policy, McPhy made no political contributions. McPhy has not made any donations to or expenditure on behalf of political campaigns or organizations, nor for lobbying, trade associations, tax-exempt entities, or other groups whose role is to influence political campaigns, public policy or legislation.

In 2023, McPhy spent €147,298 on lobbying activities at Group level (in France, Germany, and European Union level).

6.5.8 Other environmental priorities

In December 2023, at COP28 in Dubai, the International Energy Agency pointed out that the non-binding commitments announced by over a hundred countries and oil companies would achieve only 30% of the energy-related emissions reductions needed to achieve carbon neutrality by 2030. Furthermore, the COP28 participants committed to a gradual phase-out of fossil fuels by 2050. As the window of opportunity closes, the climate crisis demands a swift transformation of our societies. The international community is far from achieving the Paris objectives and no credible pathway to 1.5°C is in place. McPhy shares this awareness and is convinced that it can contribute to the objectives of the Paris Agreement.

Tackling environmental challenges is essential to the long-term viability of McPhy's business model. This is why the Group has developed a broad environmental policy for 2023, which is more ambitious than our commitments to mitigate the effects of climate change. This policy encompasses multiple dimensions, including responsible water management, preservation of biodiversity, promotion of the circular economy, more efficient use of natural and energy resources, and responsible waste management.

In terms of compliance with international standards, McPhy has worked since 2023 to bring its management system into line with ISO 14001:2015. By making this adjustment and aiming for certification in 2024, McPhy intends to proactively manage energy consumption, waste production and greenhouse gas emissions. This should lead to a method of reducing our carbon footprint and contribute to global efforts to mitigate climate change.

ISO 14001 encourages us to consider the environmental impact of our products and services throughout their life cycle. For McPhy, this will include assessing the carbon footprint of products, identifying opportunities to improve energy efficiency, and promoting the use of renewable resources. By adopting a lifecycle perspective, McPhy aims to identify areas for improvement and make informed decisions that contribute to climate change mitigation.

6.5.8.1 Adaptation to climate change

McPhy is striving to adapt to climate change by exploring new markets and integrating sustainability into its operations. Among the adaptation measures implemented by the Operations and EHS departments, McPhy:

- evaluates its tier 1 and 2 suppliers on environmental criteria and their exposure to climate change. These annual assessments can lead to termination of relationships with suppliers who exhibit poor environmental performance;
- has changed its procurement practices and processes: (i) replacement suppliers are identified, in case McPhy's production and assembly activities have to be stopped, (ii) inventories of key components are built up to limit the risk of shortage or stoppage of McPhy's activity, in case the supply chain (suppliers, carriers) is disrupted or a dual sourcing policy is implemented insofar as possible, to enable the substitution of one supplier by another in case of difficulties;
- has set up a plan to adapt to heat waves: (i) office and production buildings and working hours have been adapted to allow work to continue in the event of extreme heat and to avoid the production of heat islands, (ii) remote working agreements allow employees whose roles permit it, to work remotely, (iii) the EHS department distributes instructions to all Group employees and subcontractors on how to behave and on health risk prevention in the event of heat waves with alert systems;
- trains its employees on climate awareness: over 60 employees attended a Climate Fresk in 2023.

In 2023, in accordance with Appendix A of the Climate Delegated Act, a climate-related physical risk assessment was conducted at all McPhy sites, as well as at the sites of key suppliers and customers. The critical nature of the twenty-eight hazards listed in Appendix A of the Delegated Act was assessed for our activities and sites. Of these, eight were deemed relevant and included in the climate risk assessment. Given that the expected lifespan of the activities concerned is in excess of ten years, the climate risk assessment was carried out taking into account an optimistic and a pessimistic scenario in relation to the current risk. Both scenarios are developed by the IPCC:

- SSP 1 - RCP 2.6, optimistic scenario based on a 1.8 °C rise in global temperature by 2100.
- SSP 5 - RCP 8.5, pessimistic scenario illustrating a temperature rise of 4.4 °C by 2100.

The climate data required to assess climate risks were extracted from the IPCC Interactive Atlas and the Aqueduct Atlas. The risk score is defined as the weighted average of the probability of a risk occurring at a given location, the company's level of exposure at that location, and the vulnerability of our business activity. Vulnerability is based on the combination of the activity's sensitivity and ability to adapt to the respective risk at a given location. In line with the requirements of the European taxonomy, the importance of a risk is assessed based on the level of inherent risk, which does not take adaptability into account.

The inherent risk is assessed for each situation and for both scenarios. This assessment enables us to identify the major physical climate risks that should be covered by an adaptation plan. The assessment of existing adaptation measures revealed that the most significant risks were adequately covered.

However, as part of a continuous improvement process, an adaptation plan has been drawn up to mitigate and reduce the remaining physical climate risks. The results of this climate risk assessment are intended to be incorporated for future assets to make them climate-resistant before the start of operations.

6.5.8.2 Improve energy management

To align with the Paris Agreement and support the COP commitments, McPhy is committed to setting ambitious objectives in the management of its energy needs. McPhy wants to radically rethink its systems and habits, using innovative policy frameworks, technologies, and new approaches to enable sustainable business growth. These objectives and commitments have been defined by the EHS department and will incorporate the new activities of the Gigafactory and the Test Zone, which subsequently increase energy uses and demand from 2024 onwards (energy consumed by production machines, air conditioning, heating, lighting, and electricity).

For its industrial and office sites, McPhy sources energy from suppliers whose production is only partly - sometimes significantly - low-carbon. McPhy is currently consulting energy suppliers with a view to using renewable energy sources to a greater extent in 2024.

In 2024, an energy audit will be conducted to help McPhy reduce its consumption of energy from non-renewable sources. Absolute and relative targets will be defined, as well as a trajectory for reducing consumption from non-renewable sources.

Electricity and gas consumption

(In MWh)	2023	Chg 23 vs 22(%)	2022	2021	2020
Electricity	1,093	-2.2%	1,118	1,050	732
Gaz	21	50%	14	15	60
Total *(en MWh)*	**1,114**	**-1.6%**	**1,132**	**1,065**	**792**

- In Italy, the San Miniato site experienced a plateau phase in its electrolyzer stack and PIEL manufacturing activity, resulting in final electricity consumption almost identical compared with the previous year (change < 0.2%);
- In Germany, the increase in the number of employees continued in 2023 and was partly reflected in the rise in energy expenditure (linked to the use of gas), with an increase of +42.6%.
- In France, energy consumption (primarily electricity) fell by 7.9% overall between 2022 and 2023. This is partly due to the refocusing of our activities on the Grenoble plant.

6.5.8.3 Control water consumption

For McPhy, water use is mostly limited to office needs: toilet flush water, showers, drinking water for hot drinks. In most cases, water is collected via a single outflow. Much more rarely and exceptionally, it is used to clean surfaces and parts. In this case, the water may be charged with dust and traces of grease. Water is evacuated via the sewage system. In the event of water contaminated by chemicals (potassium hydroxide or glycol), it is systematically treated by a specialized company which neutralizes the chemicals and only releases the treated water with the assurance that it complies with release standards.

Controlling water consumption is required to enable McPhy to adapt to climate change. According to weather organization Météo France, a global warming of 1.5 °C to 4 °C would lead to an increase in winter precipitation (+17%) and a reduction in summer precipitation (-19%). This will have consequences for water stress and seasonal depletion of water resources, whether in France, Italy, or Germany. Summer droughts are therefore likely to be more frequent, followed by episodes of groundwater depletion. In some years, this could lead to Prefectoral orders restricting the use of drinking water in the regions where McPhy operates. These restrictions could force McPhy sites to restrict water use during the height of the summer season, between July and the end of September.

In addition, McPhy has taken several initiatives at its sites to support national and international targets for reducing water consumption:

- The new Gigafactory site plans to recover rainwater for sanitation purposes, while gray water from sinks and showers will be used to irrigate the plant beds around the factory.
- At the other sites (San Miniato, Grenoble and Wildau), campaigns to raise awareness of the need to use drinking water sparingly are scheduled for 2024, targeting both in-house staff and service providers. A study will be planned to optimize rainwater recovery (from roofs) and the feasibility of capturing gray water for plant and tree watering.

This important water issue is managed by the EHS department. McPhy plans to measure the following indicators to track its environmental performance in terms of water: - (i) amount of water used for start-up tests (FAT & SAT) and (ii) conductivity of wastewater.

More broadly, the Group's Environmental Policy was published in 2023. It specifies that McPhy is committed to the following points concerning water management:

- Measure our water requirements rigorously and regularly;
- Regularly analyze the quality of water released in the course of our activities, assess the risks associated with our use of water and take the necessary steps to reduce them;
- Assess and communicate risks to water accessibility, availability and quality in areas of high water stress;
- Communicate publicly and transparently on our progress in water management, providing information on our water use, reduction initiatives and environmental performance;
- Strictly comply with all environmental laws and regulations relating to water in the regions where we operate;
- Minimize our water footprint by setting time-bound reduction targets and implementing efficient practices to reduce water consumption at our production facilities;
- Implement actions to reduce our use of fresh water;
- Promote a circular economy approach by re-using water resources in our production processes and minimizing effluent release into the environment;
- Train our employees in responsible water management and encourage awareness of the importance of this resource.

Water consumption *(m3/year)*	**2023**	**Chg 23 vs 22 (%)**	**2022**	**2021**
Italy	1,828	38.9%	1,316	767
France	244	10.9%	220	280
Germany	170	49.1%	114	91
Total	**2,242**	**35.8%**	**1,650**	**1 048**

6.5.8.4 Air pollution

McPhy's industrial manufacturing processes do not involve significant emissions of air pollutants.

The atmospheric pollutants associated with our activities are primarily the result of transportation of materials and equipment to assembly or commissioning sites.

Atmospheric pollution from road transport exhaust gases consists mainly of nitrogen oxides (NOx), hydrocarbons, fine particles (PM10 and PM2.5) and heavy metals (copper, zinc).

As part of its environmental policy, McPhy aims to encourage its suppliers to take responsibility and limit their emissions of atmospheric pollutants.

6.5.8.5 Impact and dependencies of biodiversity

The planet is facing an unprecedented depletion of biodiversity. Human activities are at the root of this depletion. Each player, whether from the public or private sector, can act according to its impact on biodiversity. The Group's activities constantly interact with biodiversity, both by benefiting from nature's services and by impacting on ecosystems.

McPhy aims to avoid, reduce, or offset its impact on biodiversity. The Group's commitments have been approved by the Board of Directors and are set out in its environmental policy.

Among them, McPhy is committed to assessing the risks generated by its activity on biodiversity. An initial assessment will be conducted in 2024. It will be done rigorously with reference to the methodologies and frameworks used. The assessment will include a site-specific approach to the impact of our activities. It will be integrated into the Group's multidisciplinary risk management processes. It will assess not only the risks generated by McPhy's activity on biodiversity, but also the risks of the Group's dependence on biodiversity.

In 2023, McPhy implemented several actions to reduce the impact of its activities on biodiversity. Nature and biodiversity have been considered in the construction of the Gigafactory in Belfort, whose design received "Excellent" HQE Sustainable Building certification. A number of wildlife-friendly features will be installed on the site, including fences to allow the passage of small wildlife, as well as multi-level hedges. To encourage plant biodiversity on the site, an appropriate array of plants will be integrated into the grounds and a vegetation roof will cover the factory entrance.

6.5.8.6 Resource use and circular economy

The overexploitation of natural resources is a real threat to humanity, with current withdrawals far exceeding the Earth's capacity to regenerate itself.

Faced with this challenge, the circular economy is emerging as an economic model that encourages the sustainable production of goods and services by limiting over-consumption, the loss of resources, and the generation of waste.

As a facilitator of the environmental transition, McPhy considers it essential to implement a circular business model, with the use of recycled materials, the recyclability of its materials, and the lifecycle of its products. These initiatives are jointly managed by the Purchasing and Engineering Departments. The associated commitments are set out in McPhy's environmental policy.

Products

The Group aims to reduce its environmental impact by adopting an eco-design approach to its products. Our circularity requirements are also integrated into the design and construction of our factory buildings. Our suppliers are involved in our thought processes in this area.

McPhy uses only small quantities of noble metals/or platinoids to manufacture its electrolyzers. In 2023, McPhy committed to reducing the use of noble metals and platinoids in its electrode coatings. More generally, it has been demonstrated that drastically reducing their use is technically feasible without significantly penalizing the performance of McPhy's electrolyzers. This gives our technology a substantial competitive advantage over PEM.

Should the use of noble metals or platinoids remain necessary, McPhy will take all necessary steps to ensure that its components can be dismantled and that other critical materials used in its electrolyzers can be recycled. In 2023, McPhy conducted an internal study to this end, establishing the recyclability of its stacks and the recycling methods (primary, secondary, tertiary and quaternary) for its components. An action plan has accordingly been defined and in-depth discussions have been held with our suppliers.

Production processes

In addition to its existing industrial production sites, McPhy has integrated its Gigafactory project into this approach, from the design and start of the project (for example, the Gigafactory project includes a comprehensive waste recycling process limited to packaging (cardboard and wood), and less than 1% of ferrous waste used in the process). McPhy will specifically ensure that packaging waste materials (cardboard, wood) are recycled, through agreements with suppliers specialized in recycling and who are able to demonstrate the full traceability of recycling. There is little hazardous waste and where necessary it is neutralized or recycled, so no hazardous waste is stored. One "waste" product from the manufacturing process is oxygen, which will be released into the air.

2023 was marked by a significant increase in the consumption of raw materials compared to 2022, primarily due to:

- the implementation of a test bench in Grenoble, as of January 2023
- the development of commissioning activities on Client sites, with numerous installations in 2023.

(in tonnes)	2023	Chg 23 vs 22 (%)	2022	2021	2020
Raw materials [(1)]	41	175 %	15	4	5

(1) Nitrogen, argon, H_2, magnesium

To monitor progress on this issue, McPhy plans to measure and act on the recovery rate for treated waste (recycling, composting/energy) and greenhouse gas emissions prevented.

6.5.8.7 Waste management

As a player in the environmental transition, McPhy aims to minimize its environmental impact, by reducing, re-using, recycling and recovering waste where possible, otherwise disposing of it correctly. This approach is coordinated by the EHS Department, supported by the commitment of all staff in the application of its policy.

The management of waste generated is integrated into McPhy activities (i.e. the collection, transportation, recovery, and disposal of waste) and inherent to its whole value chain, as is the choice of source materials used to manufacture its products.

Consequently, and in line with the principle of controlling and minimizing its impact, McPhy intends to focus on waste reduction for continuous improvement by maximizing collection, reuse, recovery, and recycling. To this end, the criterion that is now considered before purchase is the recyclability of materials, McPhy equipment and products, as well as collaboration with customers regarding product end-of-life management.

Waste generation remains limited due to McPhy's business model which requires the use of metals for large equipment, where equipment delivered by suppliers is assembled (as opposed to the manufacture of products on site). Nevertheless, in a spirit of end-to-end product eco-design, McPhy remains attentive to waste minimization at source, i.e. upstream of its value chain, starting with the selection of its suppliers and their management of issues such as the limitation of packaging materials, and downstream to the management of waste in its current and forthcoming industrial facilities. The breakdown of waste by category is as follows:

(in tonnes)	2023	Chg 23 vs 22 (%)	2022	2021	2020
Reused hazardous waste	10	25%	8	1	2.5
Non-reused hazardous waste	65	15%	56,5	90	30.9
Reused non-hazardous waste	76	31%	58	23	44
Non-reused non-hazardous waste	64	-8.5%	70	12	10.1
Total quantity of waste produced	**215**	**11.7%**	**192.5**	**126**	**87.5**

In 2023, the volume of waste handled by the Group amounted to 215 tonnes, compared to 192.5 in 2022 (an increase of 11.7% in waste tonnage).

In its environmental charter, McPhy is committed to promoting the circular economy and reducing its hazardous waste fraction.

McPhy will:

- Examine with its supplier(s) the potential for recycling electrodes from end-of-life electrolyzers;
- Take all necessary measures to ensure the recyclability of other critical materials used in its electrolyzers;
- Integrate circular economy requirements into the design and construction of its production buildings;
- Ensure that packaging waste materials (cardboard, wood) from its products are recycled, through agreements with suppliers specialized in recycling and who are able to demonstrate the full traceability of recycling;

- Measure and act on the recovery rate of treated waste (recycling, composting/energy);
- Comply strictly with all environmental laws and regulations relating to the circular economy;
- Raise employee awareness of the importance of the circular economy;
- Publish regular information on its performance and initiatives in this area.

To this end, the Company is assessing the recyclability of hazardous products used in the operation of its electrolyzers, such as potassium hydroxide, sodium hydroxide, and glycol water.

An initiative is underway with two chemical treatment companies (Trédi and Véolia) to examine the treatment of potassium hydroxide, sodium hydroxide, and glycol water.

6.5.9 Other social priorities

6.5.9.1 Sustain a rich social dialog

Since its creation, McPhy has favored the development of labor relations founded on respect for staff representative bodies [(1)] and constructive social dialog. Management favors social dialog and attentiveness to employees' right of expression. The Group's advantage in this case is the relatively small size of its subsidiaries, which favors frequent dialog between managers and employees about Company business and current projects.

Freedom of association and negotiation is a fundamental right that the Group is conscientious in respecting. The staff representative bodies and more generally employees are regularly consulted and informed about projects and certain changes that may occur in all Group entities.

The Group strives to create and maintain ongoing dialog with its employees. A monthly All-Hands meeting setting out the strategy, performance, and perspectives of the Group brings together all employees, offering time and space for discussion and questions. Social ties have also been strengthened through individual physical or virtual meetings initiated by members of the Executive Committee, particularly when they assume their new positions. Some face-to-face team meetings were also held for all departments in 2023.

The Group also maintains strong relations with trade union partners and professional associations on each of its sites in Europe. In France, relationships are handled with EWC representatives, in Italy with the trade unions on site and in Germany with the Betriebsrat (since July 2023).

Since 2023, 100% of employees hence have a representative body, and 68% of employees are covered by a collective convention.

Specifically, three company agreements were signed with the EWC in 2022 and 1 in 2023. Professional elections for the EWC also took place end of 2022, increasing the number of members from 3 to 12, and all seats were filled. Also, in 2023, Management had 13 meetings with the EWC and a member of the EWC now attends meetings of the Board of Directors.

6.5.9.2 Promote diversity

Equality of treatment

The diversity of employees and cultures represented across the Group is a tremendous asset. As part of its commitments as an employer, the Group is determined to offer its employees equal opportunities for recognition and career development whatever their origin, gender, gender identification, religious or philosophical beliefs, and shall not tolerate any form of discrimination nor moral or sexual harassment [(2)]. Corrective or disciplinary action is taken in the event of discriminatory behavior or harassment. In addition to dedicated training on discrimination and harassment available to all employees, these principles are recalled in McPhy's Diversity Charter [(3)], which was introduced in 2022 and communicated to all employees, staff representative bodies and more specifically to managers in a position to recruit. The latter receive specific information about this charter to guide them and raise their awareness of the risks of unconscious bias as well as the importance of respecting diversity in recruitment. McPhy intends to continue to deploy initiatives that promote the recruitment of diverse talent. The Group is conscious that differences are an asset, and therefore strives to implement a non-discrimination policy and cultivate such differences, while ensuring equal treatment of all employees. This equality of treatment is implemented through the following measures: (i) a neutral and equal recruitment process,

(1) In France, the following collective bargaining agreements apply to McPhy employees: National collective agreement for engineers and managers in the metallurgy industry and the Isère collective agreement for non-management employees based in Grenoble.

(2) Any behavior considered to be harassment (comments relating to the age, gender, religion of an employee, or behavior with sexual undertones) is prohibited within the Group and is subject to immediate sanctions, including dismissal.

(3) https://cellar-c2.services.clever-cloud.com/com-mcphy/uploads/2023/02/2022.Affiche_Diversity_Charter.pdf
https://mcphy-finance.com/index.php/en/sustainability#ancre-1530

(ii) equal access to training and (iii) compensation and benefits based on skills, experience, level of responsibility, results and expertise in the position held.

Diversity and Inclusion initiatives and measures are issued and reviewed by the Executive Committee and the Board of Directors (via the Appointments and Remuneration Committee) and incorporated in the Group's HR Policy. In general, McPhy strives to recruit from a diverse pool of talent and to provide in-house mentoring and sponsorship where necessary. Specific indicators have been developed to track progress on these subjects.

Disabilities

The policy concerning employees with disabilities is based on the following measures: (i) maintaining the employment of disabled workers, (ii) a commitment to non-discrimination in the recruitment of disabled people or their placement in internships and work-study programs, and (iii) the development of partnerships with the sheltered sector.

Gender parity

In 2023, women represented 25% of the Group's workforce (compared with 24% in 2022), and McPhy's professional equality index in France stands at 94 points out of 100 [4].The index result compared with 2022 has improved by 8 points (76 points in 2022), demonstrating the first positive results of the action plan to promote parity. At December 31, 2023, two women (or 22%) were members of the Group Executive Committee [5] and the Extended Executive Committee included 17% of women (out of a total of 48 people). At the same date, the majority of the Company's Board of Directors were women (5 out of 8 directors) [6].

By 2025, McPhy's ambition is to have at least 25% female employees and 30% female managers. This diversity target is also implemented in terms of compensation and representation in the most senior positions with higher levels of responsibility, as follows:

Pay gap indicator	• Ensure equal access to pay for employees returning from maternity, adoption, paternity, and childcare leave. • Neutralize periods of maternity, paternity, adoption, and childcare leave in the allocation of variable pay - justify any difference in salary; • Improve working conditions to broaden recruitment to all genders (by allowing a better work/life balance, notably through remote working and flexible hours).
Indicator of the number of employees of the under-represented sex among the 10 highest-paid employees	• Ensure that positions of responsibility are equitably paid between women and men; • Encourage and facilitate professional mobility for all employees, to ensure better representation of women at all levels of hierarchy, with more communication about the positions to be filled; • Promote work/life balance for employees of the under-represented gender among the 10 highest paid employees, with a view to long-term retention; • Improve the representation of women in the company's hierarchical grades by hiring female middle managers; • Maintain a minimum of two employees of the under-represented gender among the 10 highest paid in 2023, with a target of three by 2024.

[4] As determined by application of article 13 of French law no. 2021-1774 of December 24, 2021 aimed at accelerating economic and professional equality. In this context, the following four criteria are assessed: (1) Gender pay gap indicator: 39/40 (difference in favor of men); (2) comparative indicator of rate of salary increase: 35/35; (3) Indicator relating to the % of employees receiving a raise in the year following their return from maternity leave 15/15 and (4) Indicator of the number of employees under-represented among the 10 highest earners: 5/10 (difference in favor of men).

[5] For more details, please see section 3.2.2 of this Document.

[6] For more details, please see section 3.3 of this Document.

To achieve this objective, in 2023 the Group launched W@M, the women's network within McPhy. It also adopted and deployed an assertive diversity policy, addressing factors from recruitment to employee development. Moreover, to raise awareness among all its employees, McPhy organizes specific events to mark International Women's Day, and by communicating its commitments to greater parity, both internally and externally.

International

More than 20 nationalities from every continent are represented within the Group. This is a great asset for McPhy and its customers. In view of the skills required for its development, McPhy intends to continue to grow its workforce, with a strong international aspect [7], and has set itself the goal of maintaining a workforce of over 20 nationalities over the next three years.

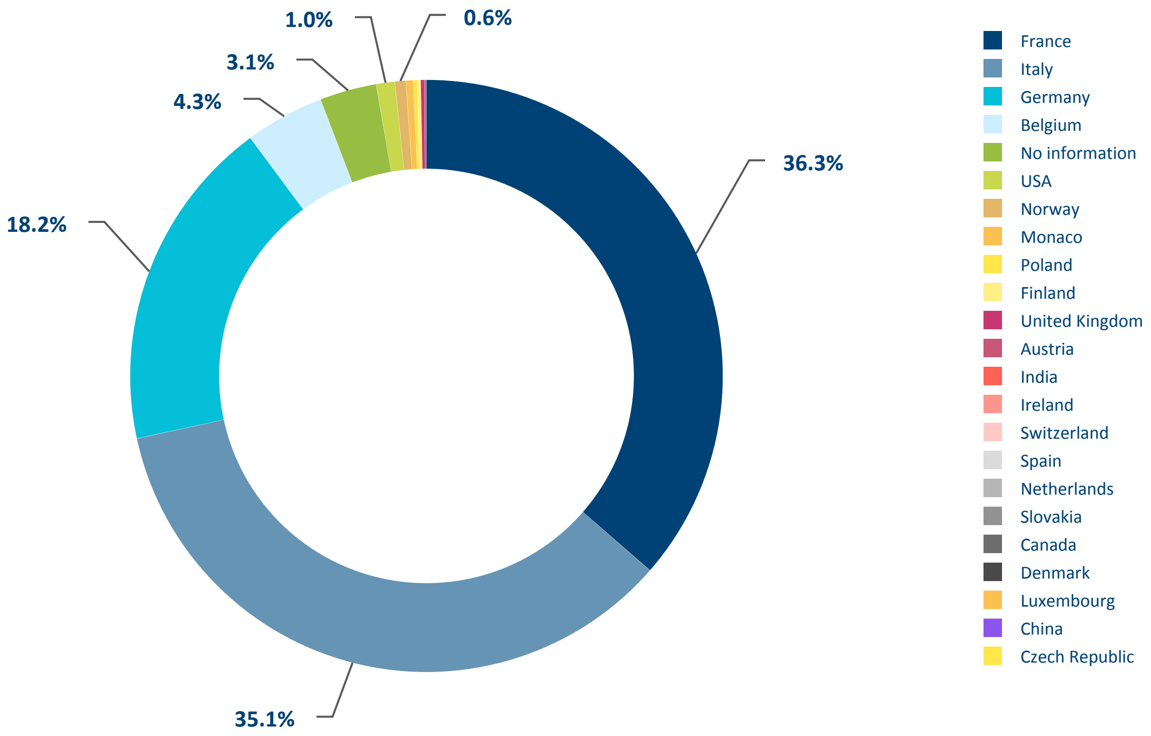
Age

In terms of harmonious distribution of generations, McPhy is careful to recruit and develop its employees in all age categories (both junior profiles - a real breeding ground for the company's future - and senior profiles who able to share their experience with other employees, especially in specific areas of expertise). In 2023, McPhy employees ranged in age from 18 to 66, with an average age of 38.8.

6.5.9.3 Workers in the value chain

McPhy is a signatory and supporter of the United Nations Global Compact, and in addition to the 10 main articles, McPhy pays particular attention to sustainable development goal #8 (access to decent employment) both internally and externally, throughout its value chain. McPhy procurement requirements are exclusively sourced from European and American suppliers. In view of the applicable laws applied in these countries, the risks of suppliers not observing fundamental workers' rights have been estimated as low.

Breakdown of purchases by country as a % of the total € amounts of purchases



[7] To facilitate openness and communication between its different nationalities, in 2022 McPhy introduced a language e-learning platform open to all its employees. It also enables the most assiduous to benefit from custom courses on the language of their choice and an introduction to inter-cultural awareness.

Group employees must also comply with the code of conduct (see section 2.3.3 of this Document). A binding CSR supplier Charter (https://mcphy-finance.com/index.php/en/sustainability#ancre-1530) has been deployed with 79% of suppliers, representing 83% of purchases in € over the last two years. In the event of a breach of this charter, McPhy may terminate the commercial relationship with the supplier. This charter was reviewed by the McPhy Executive Committee then validated by the Board of Directors.

This CSR supplier Charter is derived from McPhy's own Code of Conduct. It covers:

- **ENVIRONMENT**: greenhouse gas emissions and energy consumption, pollution prevention and waste management, resource use, biodiversity protection, combating deforestation, land conservation;
- **SOCIAL**: Human and labor rights, i.e. forced labor, child labor, working conditions (e.g. compliance with regulations concerning the number of hours worked, physical and mental working conditions, compensation and benefits), occupational health and safety, discrimination and harassment, freedom of association and group bargaining, acceptable living conditions;
- **ETHICS**: prevention of corruption, conflicts of interest and competitive distortion.

Supplier qualification

The expectations of the Supplier Charter and the above criteria are shared during technical and commercial discussions during the supplier qualification process.

The CSR criteria (supported by documents or physical evidence) addressing Environmental, Social and Governance aspects, applied when identifying and qualifying main suppliers include:

- The existence and implementation of a CSR policy;
- The existence of third-party CSR certificates;
- The compliance by the supplier and its own suppliers with: (i) the Universal Declaration of Human Rights, (ii) the United Nations Convention on the Rights of the Child, (iii) the rules of ethics and social law, in particular with the applicable regulations on labor law and the international standards of the World Labor Organization, (iv) the prohibition of any form of discrimination within the Company or with respect to its suppliers and subcontractors, (v) European regulations on health and safety and (vi) regulations on environmental protection, as well as the actions necessary to reduce its impact on the environment;
- The compliance of certain products sold by the supplier with specific standards (recycled steel, certified rubber, etc.);
- The percentage of renewable energy use;
- Carbon footprint tracking;
- Other CSR practices.

From 2024 onwards, McPhy plans to use a third-party company specializing in supplier evaluation and certification to reinforce this procedure and render it systematic.

The risks associated with certain commodities are incorporated in these qualifications.

Contract and supplier management

A CSR clause is part of the contract between McPhy and each of its contracted suppliers (i.e. qualified suppliers have been assessed as observing McPhy's CSR requirements during the qualification phase, especially regarding workers in the value chain, and on-site audits can be conducted in case of alerts on code topics, and lead to the termination of the contract in case of non-compliance). This contractual clause covers the subjects of fundamental human rights as laid down in the Declaration of Human Rights, and the United Nations Convention on the Rights of the Child, compliance with local and international labor laws, European safety standards, the environmental regulatory framework, the GDPR, and applies to relevant supplier or its own suppliers or subcontractors. Respect for fundamental human rights is a McPhy requirement for all its suppliers.

Extract from the CSR clause in McPhy supplier agreements
19.1. The parties agree to conduct their respective businesses in a fair, ethical and legal manner, in accordance with generally accepted principles of codes of conduct.

The supplier undertakes to respect:

- fundamental rights, in particular the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child;
- rules of ethics and labor law, in particular compliance with applicable regulations concerning employment law and the international labor standards of the International Labor Organization, including employment, immigration, prohibition of undeclared work, prohibition of child labor and any other form of forced labor; prohibition of any discrimination within the company, or within its suppliers and subcontractors;
- European health and safety rules to guarantee minimum health and safety standards in the workplace;
- regulations concerning environmental protection and the implementation of actions to reduce our impact on the environment;
- the supplier must comply with the above measures and ensure that its suppliers and subcontractors do likewise.

19.2. Each party must ensure that it complies with the requirements of all applicable laws or regulatory requirements regarding the use and protection of personal data, including the General Data Protection Regulation (GDPR 2016/679 of April 27, 2016).

6.5.9.4 Local Stakeholder Consultation

McPhy is committed to working with local stakeholders, both in terms of consultation and co-construction, to ensure that the impact of McPhy in surrounding areas is positive for local stakeholders.

Territorial, economic, and social impact of activity

The geographical location of the Group's four sites, the regional university cities and associated industrial employment areas (Florence-Pisa-Livorno in Tuscany for Italy, Berlin-Potsdam-Cottbus in Brandenburg for Germany, Grenoble in Auvergne Rhône-Alpes and Belfort-Montbéliard in Bourgogne Franche Comté for France) is favorable to recruiting personnel with high technical and intellectual potential. Yet it also strengthens the overall attractiveness of the Group, by providing its employees with a quality of local life and potential career opportunities in the Group at similar conditions.

The Group's involvement in local and regional development where its sites are located is reflected in the following approaches: (i) working with local suppliers and subcontractors, (ii) strong investment in Research and Development in the course of technical collaborations with universities for example and (iii) collaboration with other industrial operators in regions and Public Authorities on the development of skills and the construction of a Hydrogen sector, to meet the recruitment needs of the employment areas concerned.

As the Group's production sites are mostly located in uninhabited business or industrial parks, disturbances to local resident populations are limited. When McPhy moved to its new premises in Grenoble, Local resident associations were consulted prior to the development of the site and the arrival of McPhy.

Territorial, economic, and social impact of the electrolyzer Gigafactory in Belfort

Alongside the three company sites located in the territories of Grenoble in France, San Miniato in Italy, and Wildau in Germany, McPhy started building a Gigafactory for industrial production of electrolyzers. In 2024, this new regional installation will represent a major step forward in the industrial scaling-up and generation of economies of scale to build a competitive market for green hydrogen produced by alkaline electrolysis. Moreover, this future factory will play an essential role in the industrial scaling-up of hydrogen production, which is required for green hydrogen to achieve the decarbonization objectives set by the French government and European authorities. This new gigawatt-scale electrolyzer production site will satisfy the high growth expected on the European market. In this way the Group will transform its head start in pressurized alkaline electrolysis, a mature and proven technology for large-scale hydrogen projects, into a sustainable competitive and industrial advantage.

McPhy Gigafactory, a strategic resource to deploy the industrial mass production of new-generation electrolyzers.

The development of this new production site would contribute to creating over 500 jobs at McPhy, including around 400 in France and around 100 in Germany and Italy, as well as several hundred indirect jobs in France in Europe, when at full capacity.

The construction of the Gigafactory in Belfort will strengthen the ecosystem of Energy Valley and fully illustrates the attractiveness for project sponsors in Northern Franche-Comté. It will enable diversification of operations in Belfort and mark it out as a European cluster for engineering the energy transition.

The Gigafactory is a strategic facility designed to boost the company's competitiveness by reinforcing and sustaining McPhy's leadership position on the alkaline electrolyzer market and by generating the economies of scale capable of dramatically reducing the cost of green hydrogen produced through electrolysis vs fossil sources. This project is supported by three commitments made to the European Commission and the French State (Product Innovation: the development of new generation electrolyzers; Industrial Innovation: the industrial deployment of their serial production; and Partnership Innovation: the development of technology "”spill over” partnerships within the Hydrogen ecosystem in Europe) and is part of the Hydrogen IPCEI program. The objective of the IPCEI and the public investments in electrolysis technology is to speed up the development of the sector and the competitiveness of low-carbon hydrogen.

The selection of the Belfort site represents a major step in meeting the forecast growth on McPhy's markets. The Belfort site is resolutely oriented high-tech and was selected for its capacity to meet key challenges generated by the industrial scaling-up of electrolyzer production:

- Existing structuring of an industrial, research and development ecosystem dedicated to innovation and to hydrogen, existence of potential partners within the sector;
- Attractive environment and industrial employment area;
- Geographically located at a crossroads of Europe, facilitating interactions with other McPhy sites but also easier supply and delivery activities;
- Support from public stakeholders with measures on economic, technical, functional, and administrative aspects to facilitate project management and deployment.

The objective is to start production in the first half year of 2024 with a progressive ramping up until a capacity of 1 GW per year is reached.

On its own, the construction of this new industrial infrastructure represents an investment of €30 to €40 million from an overall amount of almost €120 million. This major investment in its industrial base in Belfort will give McPhy a total annual production capacity of 1.3 GW, in line with growth forecasts for green hydrogen markets, particularly in heavy industry.

6.5.9.5 Key indicators

Breakdown of employee headcount by geographical region

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
France	122	102	70	49
Germany	85			
Italy	58			
Total for Group	**265**	**205**	**154**	**110**

Breakdown of employees by category

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Management	199	139	102	68
Supervisors	45	43	23	10
Employees and workers	21	23	29	32
Total for Group	**265**	**205**	**154**	**110**

Breakdown of employees by gender and age

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Below age 25	10	7	9	2
Between 25 and 39 years	142	79	65	47
Between 40 and 49 years	68	37	21	16
50 and over	45	32	25	18
Total Male	**200**	**155**	**120**	**83**
Below age 25	6	4	3	5
Between 25 and 39 years	105	28	20	15
Between 40 and 49 years	51	12	6	3
50 and over	38	6	5	4
Total Female	**65**	**50**	**34**	**27**
Below age 25	4	11	12	7
Between 25 and 39 years	37	107	85	62
Between 40 and 49 years	17	49	27	19
50 and over	7	38	30	22
Total for Group	**265**	**205**	**154**	**110**

Recruitment and Churn [(1)]

	2023	2022	2021	2020
New hires	104	85	67	29
Departures	44	34	23	16

6.5.9.6 Employee Compensation and Benefits

As part of the roll-out of our strategic plan, throughout the 2021 fiscal year and continued in 2022 and 2023, the McPhy Group has involved General Management and the Board of Directors in giving thought to the philosophy underpinning our remuneration policy and its guiding principles in order to implement one of the pillars of our Invest in Our People strategy. Beyond the local policy which respects the principle of equal pay between men and women in equal positions, this strategic pillar is a key success factor in the McPhy development plan. It consists in securing the loyalty and development of talented individuals across the Group and in reinforcing the attractiveness of the Company for existing and future employees.

(1) During the 2023 fiscal year:
- 44 employees left the Group, of which 16 were resignations, 17 were ending fixed-term contracts, 5 were mutually agreed departures, 1 for retirement, 5 for other reasons
- 104 people joined the Group: 80 on permanent contracts, 13 on fixed-term contracts and 11 on professional training contracts or apprenticeships.

A comparative analysis of McPhy pay scales with those of the sector was conducted by an external specialist, which defined a benchmark for remuneration of job positions. This analysis gave rise to a revaluation of remuneration across the Group and a plan to progressively realign all pay scales. The analysis on the competitiveness of remuneration also enabled us to build a solid roadmap to transform the compensation policy, aiming to support the Company's medium/long growth objectives. The short-term measures identified were implemented from 2021 to 2023. They define specific measures concerning increased employee salaries. Average salaries are above the legal minimum for all employee categories. All Group pay scales are above those for the sector.

In 2023, all existing positions within McPhy (France) were graded to apply the changes in coefficients agreed in the metallurgy collective bargaining agreement applicable on January 1, 2024. The 2024 compensation and benefits policy will incorporate the salary impacts of this contractual update, which will concern a small number of employees in the first management coefficients.

To integrate the dynamics of market compensation and benefits given the inflationary context and the evolution of its organization, an update of the Group's grading system with an external partner was again undertaken in the last quarter of 2023, with results expected in the first half of 2024.

The table below presents the breakdown of average gross monthly salaries (basic + bonuses) between men and women, in Euros, for 2020-2023 [(1)]:

	12/31/2023	Chg 23 vs 22	12/31/2022	12/31/2021	12/31/2020
Men	5666	3 %	5523	5550	5370
Women	5084	22 %	4167	4218	3953
Group	**5534**	7 %	**5191**	**5279**	**5075**

The Company applies a system of individual salary reviews. Bonuses are of two types: individual and collective according to the achievement of annual quality-related and quantitative objectives.

In 2023 the women average of monthly gross salary has increase by 22% compared to 2022.This reflect the action plan deployment as mentioned in 6.5.9.2 with concrete actions delivered such as recruitment of women in 2023 at the upper job grade of the organization and a special budget of salary increase allocated to women exclusively to reduce salary gap when existing.

In all subsidiaries, the employment contracts of permanent and fixed-term employees comply with the local employment law rules, and compliance with minimum wage requirements is reviewed annually, in addition to the control performed at the time of hiring.

(1) Excluding apprentices or professional trainees

6.5.10 Other governance priorities

6.5.10.1 Culture and corporate governance

As a result of McPhy's growth, a culture of rigor, risk management and employee buy-in is key to McPhy's future. The matter of corporate culture, which involves all departments, is managed by the Human Resources Department and the whole Executive Committee. It combines several components:

Corporate governance

For further details on the Company's corporate governance, please refer to chapter 3 of this Document.

McPhy culture and values

Scaling up, recruitment, proliferation of projects: McPhy is growing and changing. With this rapid evolution and as part of our CSR roadmap (Corporate Social Responsibility), the question of identifying McPhy's values [(1)] has arisen. The project to define McPhy's values was completed in 2023 with the help of a specialist external consultant and the project was managed by Human Resources. This project is rooted in the people who work with McPhy on a daily basis and has therefore involved all stakeholders, namely employees, the Board of Directors, suppliers, subcontractors and customers. English is used as the common language, so initially the values were defined in English, then translated into each of the languages of the three countries in which McPhy operates:

- *CARING | Respect people & ideas, support each other;*
- *ADAPTING | Being agile & solution driven;*
- *INNOVATING | For low-carbon & clean energy;*
- *COMMITTING | To sustainable achievements.*

These values were co-constructed with our employees and stakeholders to reflect the philosophy of McPhy's global values and corporate purpose and are transposed into actions.

ESG governance

For more details, please see section 6.2 of this Document.

Risk management

For more details, please see Chapter 2 of this document.

Management of group development and scaling up

Given the challenges of scaling up, McPhy rolled out a transformation plan in 2021 continuing into 2022 and 2023, to structure the Group in terms of strategic growth initiatives and operational deployment of growth, governance practices, corporate culture, CSR management and risk management. Based on a continuous improvement mindset, the plan also aims to develop a culture of managerial rigor during the growth phase. The Strategy Department manages this transformation and adaptation plan. The Executive Committee reviews the plan monthly to monitor progress on previously determined objectives and to jointly decide on corrective actions. In terms of IT protection and security, in 2022 and 2023 McPhy conducted penetration tests on its server network, developed a preventive and corrective action plan, and trained all employees in IT security best practices.

6.5.10.2 Responsible procurement

McPhy procurement requirements are exclusively sourced from European and American suppliers. In view of the applicable laws applied in these countries, the risks in terms of responsible governance for its suppliers have been estimated as low. In the same way that Group employees must comply with the code of conduct (see section 2.3.3 of this Document), suppliers must comply with the Supplier CSR charter, available at https://mcphy-finance.com/index.php/en/sustainability).

Aside from complying with applicable regulations and rights, McPhy has defined specific procedures to address these issues in its procurement policy. McPhy attaches great importance to selecting its subcontractors. A formal assessment procedure for suppliers and subcontractors is used. Besides technical and commercial criteria, the selection and certification of subcontractors and suppliers is also based on their EHS performance and CSR commitments in relation to an assessment grid and to issues specific to McPhy. A CSR clause is included in contracts with suppliers and an on-site audit may be carried out in the event of alerts on these matters.

(1) Values are what define the Group today and what will drive it forward tomorrow. The very essence of McPhy is the women and men who work every day to support our growth and ambitions. Identifying values helps to guide, both internally and externally, our actions and decisions, our management practices, our behaviors and our daily actions. Values are a component of our employer brand, to develop talent acquisition and retention, they bring our shared culture to life.

McPhy does not produce all the components used in the manufacture of its products, its core business being the design, assembly and maintenance of its systems. Consequently, the main outsourced activity involves the purchase of components used in the manufacturing process. McPhy also uses subcontractors for other activities [(1)].

6.5.10.3 McPhy continues its commitment to society and Thought Leadership

In general, McPhy wishes to develop and maintain a significant number of high-quality, long-term cooperative partnerships, enabling it to contribute to the Hydrogen knowledge available on the market, establish the technological credibility of the Group and collectively benefit from the best technical expertise available. McPhy has therefore formed close relationships with public sector research bodies and multiple cooperative projects with academia and industrial operators in the sector, both in France and internationally.

These partnerships are jointly managed by the Strategy Department and the Technology Department, and feature:

- In France: GE-UTBM-UTC-UTT-Ineris-GRTgaz (https://www.utbm.fr/memorandum-hydrogene-ge-mcphy-ineris/), CEA;
- In Germany: Fraunhofer IFAM, DNV, ZSW, TU Cottbus;
- In the Netherlands: TU Delft;
- In Italy: Universita degli studi Firenze, Universita de Pisa, De Nora;
- In Spain: Tecnalia;
- Multi-country: DNV project [(2)]

These partnerships can take the form of joint studies, research or technological developments, sponsorship of interns or PhD students on technical subjects, pooling of technical resources or sharing of risks associated with new technologies, training provided by McPhy experts, or knowledge sharing and technical discussions between experts.

In France starting in 2021 for example, McPhy signed an agreement with the network of French technology universities (UTBM, UTC and UTT [(3)]) creating a hydrogen research hub for electricity production, which also involves three other industrial operators: General Electric, a world leader in technology, services and natural gas supply solutions, GRTgaz, a European leader in gas transportation and worldwide expert in gas systems, along with Ineris, France's national institute for the industrial environment and risks, the public sector expert in terms of technology risks. This collaborative work with McPhy and the network of technology universities aims to reinforce existing knowledge about research and development on the production, transportation, storage, distribution, and safety of hydrogen, for all uses including electricity production.

In 2022 and 2023, McPhy continued the development of this partnership, by supporting and jointly supervising four doctoral theses on technical subjects related to hydrogen and decarbonization, for which the formal contractual agreements are being drawn up. Furthermore, McPhy experts delivered a course on electrolysis in Products, Technology, and Industrial scale manufacturing, for the specialized master's degree in Hydrogen Energy at UTBM. The format combines theoretical courses and virtual tours of its technology center of excellence in Wildau, Germany, and its electrolyzer manufacturing plant in San Miniato, Italy.

This alliance illustrates the efforts of McPhy with public institutions alongside major industrial players, to develop new skills and work on training engineers to identify tangible solutions that will speed up the development of hydrogen. In a sectoral approach, McPhy will contribute to the pooling and cross-germination of knowledge. This initiative is therefore a further step for McPhy, as it accelerates the development of technical and industrial skills across national territories.

(1) Waste treatment and certain services.
- For Stations, the main elements purchased and outsourced are: design work; mechanical parts of metal tanks; compressors; containers (shelters); piping and valves, electrical equipment and components, instrumentation, supervision and control system assemblies.
- For Electrolyzers, the main elements purchased and outsourced are: membranes, systems and automation; mechanics; containers (shelters), electrodes, metal tanks, piping and valves, electrical systems and components, components used in manufacturing gas scrubber equipment.

(2) https://mcphy.com/en/news/mcphy-is-proud-to-be-one-of-18-partners-in-dnvs-joint-industry-project

(3) Since 2013, the UTBM in Belfort-Montbéliard, the UTC in Compiègne and the UTT in Troyes are grouped in the network of technology universities (UT), in a structured organization focusing on sharing and promoting the same original training and research model. These three universities are public establishments with a scientific, cultural and professional character. Their primary missions are to train engineers and develop technology. The UTBM, UTC and UTT are all major engineering institutions (members of France's "grandes écoles" conference and the conference of Chancellors of French engineering institutions) which issue the diplomas validated by Engineering qualification commission CTI and by the universities (members of the conference of university chancellors).

6.6 Taxonomy

6.6.1 General Principles of Taxonomy

The Taxonomy Regulation (the general framework set by Regulation EU/2020/852 of June 18, 2020) is a key element of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents a significant step towards the objective of carbon neutrality by 2050 and provides a scientific definition of list of economic activities and technical criteria for determining the sustainable nature of some of these activities.

The list of activities was established by focusing on sectors generating more than 90% of direct greenhouse gas emissions in the European Union in 2017. This common European classification of activities currently focuses on six environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of aquatic and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

These six objectives were described in several delegated acts published between December 2021 and November 2023, and can therefore be calculated. To be considered sustainable, an activity must be eligible and aligned:

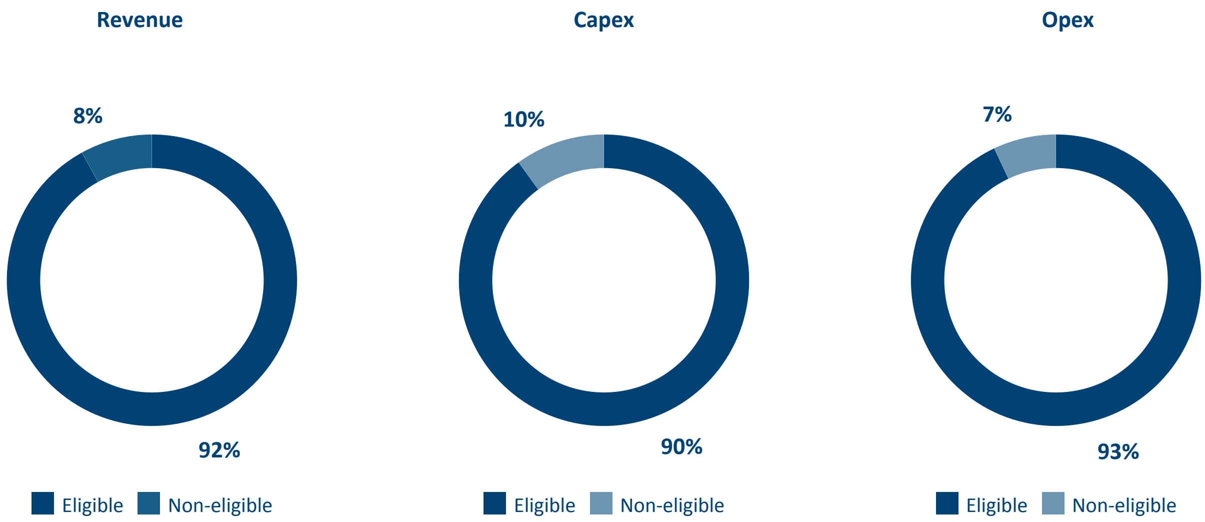
- An economic activity "eligible" for the Taxonomy means an economic activity described in the delegated acts supplementing the Taxonomy Regulation (described in the Climate Delegated Act (2021/2139)), regardless of whether that economic activity meets some or all the Technical Screening Criteria defined in those delegated acts. Conversely, an economic activity not eligible for Taxonomy is any economic activity that is not described in the delegated acts supplementing the Taxonomy regulation;
- An eligible economic activity is also "aligned" with the Taxonomy when it complies with the technical screening criteria as defined in the delegated acts and is conducted in compliance with minimum safeguards on human and consumer rights, anti-corruption and bribery, fair competition, and tax evasion. To meet the technical screening criteria, an economic activity must contribute substantially to one or more of the six objectives described above, without causing significant harm to other environmental objectives.

Although not subject to Taxonomy obligations, for fiscal year 2023 McPhy elected to voluntarily disclose its eligible activities for the second consecutive year. The Group continues to work on measuring its alignment.

6.6.2 Analysis of Group activity eligibility for the Taxonomy

With the help of a specialized consultant, McPhy analyzed all Group economic activities to determine which of them are eligible for the Taxonomy, in accordance with Appendices I and II of the Climate Delegated Act. The graph and table below summarize the portion of Taxonomy-eligible activities in McPhy revenue, Capex and Opex for fiscal year 2023.

Overview of Taxonomy 2023 indicators for revenue, Capex and Opex



Portion of Taxonomy-eligible economic activities in total revenue, Capex and Opex in fiscal years 2023 and 2022

	2023		2022	
Annual profit (loss)	Total *(In € million)*	Portion of eligible activities *(in %)*	Total *(In € million)*	Portion of eligible activities *(in %)*
Revenue	18.8	100 %	16.1	100 %
Capital investment (Capex)	24.3	90 %	19.2	89 %
Operating expenses (Opex)	17.8	93 %	10.7	92 %

6.6.2.1 Eligible activities

The table below specifies Group eligible activities and indicates that they contribute primarily to climate change mitigation.

Taxonomy-eligible activities

Economic activity	Description	NACE codes [(1)]	Contributes to objective
3.2. Manufacture of equipment for the production and use of hydrogen	Manufacture of electrolyzers Completion of technical preliminary design Maintenance contract for sold equipment and spare parts	27	1. Climate change mitigation
6.15. Infrastructure enabling low-carbon road and public transport	Manufacture of hydrogen stations Maintenance contract for sold equipment and spare parts	71.1	1. Climate change mitigation

(1) The NACE (Statistical Classification of Economic Activities in the European Community) is a classification system of economic activities establishing a common statistical nomenclature within the European Community.

- McPhy's hydrogen station maintenance activities are incorporated in activity 6.15., described in Appendix 1 of the Climate Delegated Act as follows: "Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO_2 operation of zero-emissions road transport". Hydrogen station maintenance activities make a substantial contribution to climate change mitigation and meet the following criterion: “the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road systems (ERS)".
- Service activities related to technical preliminary design, maintenance contracts for equipment sold and the sale of spare parts for electrolyzer manufacture are included in activity 3.2, as they are closely associated with the main activity of manufacturing and marketing electrolyzers.

These activities represent less than 5% of 2023 revenue.

6.6.2.2 Non-eligible activities

With the exception of activities linked to the licensing of its pressurized alkaline electrolysis technology for the manufacture of electrolyzers, all Group 2023 activities are eligible, meaning they are listed by the Taxonomy Regulations, because they have the potential to contribute to the climate change mitigation objective

6.6.3 Methodology for calculating performance indicators (KPI)

6.6.3.1 Revenue

The Revenue KPI was calculated following the Taxonomy definition:

a) In the numerator: net revenue generated by the sale of products or services, associated with Taxonomy-eligible economic activities;

b) In the denominator: total net revenue (consolidated IFRS revenue).

Economic activity	NACE code	Annual revenue 2023 *(In € million)*	Portion of revenue *(in %)*
A. Eligible activities		17.3	92 %
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	12.2	65 %
Hydrogen fueling stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	5.1	27 %
Non-eligible activities		1.5	8 %
TOTAL (A+B)		18.8	100 %

6.6.3.2 Capital investment (CAPEX)

The CAPEX KPI was calculated following the Taxonomy definition:

- the numerator is equal to the portion of capital expenditure included in the denominator that meets one of the following conditions:
  a) it is related to assets or processes associated with Taxonomy-eligible economic activities,
  b) it is part of a plan for the expansion of Taxonomy-eligible economic activities or to enable economic activities to be aligned with it (Capex plan), which meets the conditions specified in the second paragraph of this point 1.1.2.2,
  c)
  d) it is associated with purchases for the execution of Taxonomy-eligible economic activities and to individual measures enabling the relevant activities to become low-carbon or to achieve greenhouse gas emission reductions, in particular to activities listed in points 7.3 to 7.6 of Appendix I of the Climate Delegated Act, provided that these measures are implemented and operational within 18 months;
- the denominator includes the current year's additions to property, plant and equipment and intangible assets, before depreciation and amortization and before any restatements, including those resulting from revaluations and impairments for the year in question, excluding changes in fair value. It also includes additions to tangible and intangible assets resulting from business combinations. They include the cost of fixed assets within the meaning of IAS 16, IAS 38, IFRS 16, IAS 40 and IAS 41. Lease agreements that do not result in the recognition of a right of use on the asset are not counted as Capex.

Economic activity	NACE code	Capital expenditure 2023 *(In € million)*	Portion of capital expenditure *(in %)*
A. Eligible activities		21.9	90 %
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	20.5	84 %
Hydrogen fueling stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	1.4	6 %
B. Non-eligible activities		2.4	10 %
TOTAL (A+B)		**24.3**	**100 %**

6.6.3.3 Operating expenses (Opex)

The Opex KPI was calculated following the Taxonomy definition:

- the numerator is equal to the portion of operational expenditure included in the denominator that meets one of the following conditions:
  a) it is related to assets or processes associated with Taxonomy-eligible economic activities including training and other human resource development requirements, or non-capitalized direct costs corresponding to research and development activities, or L. 443/18 EN Official Journal of the European Union, December 10, 2021.,
  b) it is part of the Capex plan for the expansion of Taxonomy-eligible economic activities or to enable economic activities to be aligned with it within a specific deadline as defined in the second paragraph of this point 1.1.3.2,
  c) it is associated with purchases for the production of Taxonomy-eligible economic activities and to individual measures enabling the relevant activities to become low-carbon or to achieve greenhouse gas emission reductions, provided that these measures are implemented and operational within 18 months;
- the denominator includes non-capitalized direct costs that relate to research and development, building refurbishment, short-term leases, maintenance and repair, and any other direct expenditure concerning the ongoing maintenance of tangible assets by the company or by the third party to whom these activities are outsourced, deemed necessary to keep these assets functioning properly.

Economic activity	NACE code	Operating expenses 2023 *(In € million)*	Portion of operating expenses *(in %)*
A. Eligible activities		16.5	93 %
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	12.7	72 %
Hydrogen stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	3.8	21 %
B. Non-eligible activities		1.3	7 %
TOTAL (A+B)		**17.8**	**100 %**

6.7 Rigorous monitoring of key CSR ratings and performance indicators

McPhy closely monitors the scores, classifications, and ratings of the main agencies, as well as certain labels. The scores shown below have significantly improved year on year, reflecting the realization and impact of McPhy's CSR approach, as well as the company's commitment to transparency.

Agencies	Trend	2023	2022	2021	Ref.	Comments 2023
MSCi	●	AA	A	BB	CCC-AAA	MSCI, American CSR rating agency, assigned McPhy a rating of 6.2/10 in 2023 which places the company above the average for the "Electrical equipment" sector
Sustainalytics	●	28.1	29	29.4	50-0	Sustainalytics, the world leader in CSR assessment, places McPhy at "Medium" risk in the "Machinery" sector in 2023, which puts the company above most comparable players in the sector
ISS ESG	●	C+	C	C	D- A+	ISS ESG, an international CSR rating agency, places McPhy in the 3rd decile of its "Electrical Equipment" sector in 2023, with "Prime" status and a very high level of transparency
S&P Global CSA rating	●	25	14		0-100	S&P Global, the international CSR rating agency, places McPhy above the average for the "Electrical Equipment" sector in 2023
EthiFinance	●		62	41	0-100	Ethifinance, a rating agency focused on SMEs, places McPhy above the sector average in 2023 (no rating in 2023)

Label						
Ecovadis		Silver			0-100	Ecovadis, a supplier chain labeling organization, awarded McPhy a score of 66/100, placing it in the top 14% of all companies analyzed, and in the top 6% of companies in its category (Manufacture of general-purpose machinery)

Principal contacts for rating agencies and investors:

- Olivier JUINO, Director, Strategy and CSR-ESG (olivier.juino@mcphy.com);
- Olivia DUMOULIN, Investor Relations & Financial Planning Manager (olivia.dumoulin@mcphy.com).

6.8 Table of indicators

Scope	Indicators	At 12/31/2023	At 12/31/2022	At 12/31/2021	At 12/31/2020
R&D and innovation					
Group	Number of registered patents	5	2	0	6
Group	Proportion of revenues devoted to R&D or innovation	85 %	77%	62%	
Group	Number of partnerships created	10	7	6	2
Health and safety (of employees and end users)					
Group	Number and rate of recordable work-related incidents	7	5		
Group	Percentage of own employees covered by McPhy's health and safety management system	100%	100%		
Group	Number of work-related deaths	0	0		
Group	Number of days absent	41	16		
Group	Number of lost-time accidents	1	1		
Group	Number of medical cases	2	0		
Group	Number of first aid incidents	2	1		
Group	Fatal accident rate (per million hours worked)	0	0		
Group	Lost time incidence rate LTIR (per 200,000 hours worked)	0.52	0.68		
Group	Total recordable accident rate TRIR (per 200,000 hours worked)	3.61	3.38		
Group	Number of physiological and psychological incidents linked to company activities	0	0		
Group	Number of employees covered by healthcare	265	205		
Group	Lost-time accident frequency rate for direct labor - (total number of lost-time accidents) x 1,000,000 / total number of hours worked in the company as a whole	2.58			
Group	Lost-time accident severity rate for direct labor - (number of days lost due to accidents) x 1,000 / total hours worked	0.11			
Group	Number of customer health and safety incidents (1)	0	0	0	0
Climate change mitigation					
Group	Total scope 1 GHG emissions in tonnes of CO_2e	125	176		
Group	Total scope 2 GHG emissions in tonnes of CO_2e	247	233		
Group	Total gross Scope 3 GHG emissions in tonnes of CO_2e	43,228	47,184		
Group	Total gross downstream Scope 3 GHG emissions in tonnes of CO_2e	34,021	39,972		
Group	Total gross upstream scope 3 GHG emissions in tonnes of CO_2e	9,207	7,212		
Group	GHG emissions (total scopes 1,2,3) in tonnes of CO_2e	43,601	47,593		
Group	GHG emissions intensity (tCO_2 / €M revenue)	20	25		
Group	GHG emissions targets (total and scopes 1,2,3)	-5%	-5%		
Group	Share of revenue eligible for taxonomy	92%	100%		
Group	Share of capital expenditure eligible for taxonomy	90%	89%		
Group	Share of operating expenses eligible for taxonomy	93%	92%		

(1) Number of incidents up to commissioning known to McPhy.

Scope	Indicators	At 12/31/2023	At 12/31/2022	At 12/31/2021	At 12/31/2020
Skills development and training					
Group	Hours of training	6,330	8,602	5,121	2,153
Group	% of employees attending at least one training course over the year	87%	86.80%	80%	55%
Group	Average number of training hours per employee	23.89	41.96	33.25	19.57
Group	Training expenditure in €K (payroll not included in this indicator)	243	186	53	
Group	Percentage of employees participating in regular performance and career development reviews, by employee category	63%			
Group	Number of internal recruitments	16	8		
Business ethics					
Group	Total number of confirmed incidents of corruption or bribery	0	0	0	
Group	Percentage of risk functions covered by training programs	100%	N/A	N/A	
Group	Percentage of employees trained in ethics	100%	N/A	N/A	
Group	Number of cases of breaches of business ethics reported under the internal or external whistle-blowing procedure	0	N/A	N/A	
Group	Number of confirmed incidents of corruption	0	N/A	N/A	
Group	Number of incidents of child or forced labor reported	0	0	0	
Group	Number of reports of incidents of discrimination or harassment	0	0		
Work conditions					
Group	Total number of employees	265	205	154	110
Group	Total staff turnover (headcount)	148	119		
Group	Staff turnover rate (headcount)	36%	39%		
Group	Number of permanent employees	241	187		
Group	Percentage of employees authorized to take family-related leave	100%	100%	100%	
Group	Percentage of employee satisfaction	82%	84%		
Group	Percentage of internal employees covered by living wage benchmarking	100%	100%	100%	
Group	Percentage of internal employees and contracted workers covered by living wage benchmarking	100%	100%	100%	
Group	Percentage of internal employees paid below the living wage	0%	0%	0%	
Group	Percentage of internal employees and contracted workers paid below the living wage	0%	0%	0%	
Group	Global absenteeism	3.1%	4.2%	4.0%	3.2%
Group	Of which due to illness	1.8%	2.8%	1.7%	1.2%
Group	Of which due to long-term illness	0.8%	0.6%	1.4%	0.8%
Group	Of which due to workplace accidents	0.1%	0.0%	0.0%	0.0%
Group	Of which for other reasons	0.4%	0.8%	0.9%	1.2%

Scope	Indicators	At 12/31/2023	At 12/31/2022	At 12/31/2021	At 12/31/2020
Lobbying activities					
Group	Total monetary value of financial and in-kind political contributions made directly and indirectly	0	0	0	0
Other environmental priorities					
Climate change adaptation					
Group	Number of assets presenting a significant physical risk in the short, medium and long term	0			
Group	Share of these assets (presenting a significant physical risk in the short, medium and long term) taken into account by the climate change adaptation action plan (€, %)	N/A			
Energy management					
Group	Total energy consumption from renewable sources	Info. unavailable	Info. unavailable	Info. unavailable	Info. unavailable
Group	Electricity consumption (MWh)	1,093	1,118	1,050	732
Group	Gas consumption (MWh)	21	14	15	60
Group	Heat consumption (MWh)	146.6	22	0	0
Group	Total consumption (MWh)	1,261	1,154	1,065	792
Water consumption					
Italy	Annual water consumption in Italy (m^3)	1,828	1,316		
France	Annual water consumption in France (m^3)	244	220		
Germany	Annual water consumption in Germany (m^3)	170	114		
Group	Total water consumption (m^3)	2,242	1,650		
Air, soil and water pollution					
Group	Company emissions of ozone-depleting substances (ODS)	0	0	0	
Group	Company emissions of atmospheric pollutants (1)	0	0	0	
	Total weight of pollutants released into water	0	0	0	
Impact and dependencies of biodiversity					
Group	Number and surface area (in hectares) of sites owned, leased or managed in or near biodiversity-sensitive areas	1 (8ha)	1	0	
Resource use and circular economy					
Group	Total weight of products and materials used (in tonnes)	776	462,5	204	
Group	Total weight of materials used in the production process of McPhy products (including packaging) in tonnes	991	655	330	
Group	Consumption of raw materials (in tonnes)	41	15	4	5
Waste management		Y23	Y22	Y21	Y20
Group	Total quantity of waste produced (in tonnes)	215	192.5	126	87.5
Group	Total weight of hazardous waste (in tonnes)	75	64.5	91	33.4
Group	Reused hazardous waste (in tonnes)	10	8	1	2.5
Group	Non-reused hazardous waste (in tonnes)	65	56.5	90	30.9
Group	Total weight of non-hazardous waste (in tonnes)	140	128	35	54.1
Group	Reused non-hazardous waste (in tonnes)	76	58	23	44
Group	Non-reused non-hazardous waste (in tonnes)	64	70	12	10.1
Group	Total weight of recovered waste (in tonnes)	86	66	24	46.5

(1) As part of manufacturing processes (therefore excluding pollutants generated by service vehicles)

Scope	Indicators	At 12/31/2023	At 12/31/2022	At 12/31/2021	At 12/31/2020
Other social priorities					
Social dialog					
Group	Percentage of workers covered by a collective agreement	68%	72%		
Group	Number of employees covered by employee representatives	265	147		
Diversity					
Group	Breakdown of employees by age group				
Group	Male - below age 25	6	7	9	2
Group	Male - Between 25 and 39	105	79	65	47
Group	Male - Between 40 and 49	51	37	21	16
Group	Male- 50 and over	38	32	25	18
Group	Total Male	200	155	120	83
Group	Female - below age 25	4	4	3	5
Group	Female - between 25 and 39	37	28	20	15
Group	Female - between 40 and 49	17	12	6	3
Group	Female - 50 and over	7	6	5	4
Group	Total Female	65	50	34	27
Group	Total - below age 25	10	11	12	7
Group	Total - between 25 and 39	142	107	85	62
Group	Total - between 40 and 49	68	49	27	19
Group	Total - 50 and over	45	38	30	22
Group	Total for Group	265	205	154	110
Group	Total number of incidents of discrimination, including harassment, reported during the reference period	0	0	0	N/A
Group	Percentage of women employees in the organization as a whole	25%	24%	22%	25%
Group	Percentage of women on the board of directors	63%	50%	50%	60%
Workers in the value chain					
Group	Number of recordable work accidents (T.F.)	7	5		
Group	Recordable accident rate	2.58	3.38		
Group	Number of child or forced labor incidents reported	0			
Group	Number of deaths	0	0	0	0
Other governance priorities					
Culture and corporate governance					
Group	Number / proportion of independent members on the Board of Directors	37.50%	30%	30%	
Group	Number of eligible employees whose compensation takes ESG criteria into account	100%	100%		
Group	Number / proportion of board members with ESG expertise	50%	50%	50%	
Responsible procurement					
Group	Number / share of ESG criteria integrated into the supplier selection process	3			
Group	Number / share of suppliers audited on ESG criteria each year	0			
Group	Percentage of targeted suppliers who have signed the supplier code of conduct	79%			

Scope	Indicators	At 12/31/2023	At 12/31/2022	At 12/31/2021	At 12/31/2020
Group	Percentage of targeted suppliers whose signed contracts include clauses on environmental, labor and human rights requirements	100%			
Group	Percentage or number of targeted suppliers who have undergone a CSR assessment	n/a			
Group	Percentage or number of targeted suppliers having undergone an on-site CSR audit	0			
Group	Number of buyers trained in sustainable public procurement	1			
Group	Percentage or number of audited/evaluated suppliers engaged in corrective action or capacity building	0			
IT security					
Group	Number of confirmed information security incidents	4			

CHAPTER

7

Capital and Shareholders

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7.1 McPhy share

7.1.1 Main characteristics of McPhy share

- The Company shares are listed on Euronext Paris (Compartment C) (ISIN code FR0011742329). The Company is included in the Euronext Tech Leaders segment, which brings together over 100 high-growth Tech Leader companies. The ICB classification puts McPhy shares in the sub-section 60102020, “Renewable energy production systems”.
- No shares in Company subsidiaries are traded on the stock exchange.
- During Fiscal Year 2023, the highest and lowest closing values amounted respectively to €14.73 (February 2) and €3.154 (December 13) and the daily average volume of shares traded amounted to 77,149 shares. The last closing value of the year was €3.366. On December 31, 2023, the Company’s market capitalization amounted to approx. €94.240 million [(1)].

7.1.2 Shareholder relations and financial communication

7.1.2.1 Relations with institutional investors, financial analysts and individual shareholders

The Company pays special attention to its shareholders, taking care to inform them regularly of developments in its activities, strategy, investments, results and outlook. This willingness reflects the provision and distribution of communication tools informing shareholders of Group life on the Company website (https://mcphy-finance.com/), the universal registration document (incorporating the annual financial statements, the management report, and the corporate governance report), as well as the interim financial statements. A dedicated e-mail address is also available (investors@mcphy.com). The financial community and individual shareholders are also informed about Group activities through press releases made when financial results are published and through information provided at the annual shareholders’ general meeting.

The Company management team meets regularly with institutional investors and financial analysts at roadshows and conferences in France and Europe. In 2023, amongst other events, McPhy took part in the Oddo BHF Forum on January 9, a roadshow on March 28 held by Société Générale, and contributed to the Jefferies Renewable Conference on May 23. In the second half of the year, McPhy took part in the Autumn Conference organized by Kepler Chevreux on September 12 and in the Impact Investing seminar organized by Portzamparc on November 7, 2023. Financial publications are also presented via an investors’ webinar.

7.1.2.2 Share coverage

On December 31, 2023, the Company's share was covered by seven sell-side analysts (Bryan Garnier, Gilbert Dupont, Oddo BHF, Portzamparc, RBC Capital Markets, Barclays and Santander). The coverage by four analysts is through sponsored research.

7.1.2.3 Provisional calendar 2024

Annual shareholders’ general meeting	May 30, 2024
H1 2024 revenue	Jul 30, 2024
H1 2024 results	Sept 30, 2024

7.1.2.4 Contacts

The Company financial communication reports to the Group Chief Financial Officer:

- Phone: +33 (0)660 154 202
- e-mail address: investors@mcphy.com

(1) Source: Euronext.

7.2 Share ownership

7.2.1 Capital structure and voting rights

7.2.1.1 Capital structure and voting rights over the last three fiscal years

The changes in the Company capital structure and exercisable voting rights over the last three fiscal years are as follows [1]:

	At March 31, 2024				At December 31, 2022				At March 31, 2022			
	Number		Percentage		Number		Percentage		Number		Percentage	
	Shares	Vote	Shares	Votes	Shares	Votes	Shares	Votes	Shares	Votes	Shares	Votes
EDF Pulse Holding SAS	3,933,708	3,933,708	13.61%	13.29%	3,933,708	3,933,708	14.07%	13.99%	3,933,708	3,933,708	14.08%	14.08%
Fonds Ecotechnologies (1)	1,669,120	1,669,120	5.78%	5.64%	1,669,120	1,669,120	5.97%	5.94%	1,669,120	1,669,120	5.97%	5.98%
BlackRock, Inc. (2)	1,398,588	1,398,588	4.84%	4.72%	2,110,575	2,110,575	7.55%	7.51%	2,810,627	2,810,627	10.06%	10.06%
Chart Inc. (3)	1,276,595	1,463,726	4.42%	4.94%	1,276,595	1,463,868	4.57%	5.21%	1,276,595	1,276,595	4.57%	4.57%
CDC croissance (4)	1,127,266	1,127,266	3.90%	3.81%	947,592	947,592	3.39%	3.37%	1,079,600	1,079,600	3.86%	3.87%
Technip Energies N.V.	638,297	1,276,594	2.21%	4.31%	638,297	638,297	2.28%	2.27%	638,297	638,297	2.28%	2.29%
Others (5)	18,706,862	18,737,729	64.75%	63.29%	17,312,726	17,354,395	61.92%	61.72%	16,487,914	16,522,491	59.00%	59.16%
Treasury shares	142,364	-	0.49%	-	70,482	-	0.25%	-	51,234	-	0.18%	-
Total	**28,892,800**	**29,606,731**	**100%**	**100%**	**27,959,095**	**28,117,555**	**100%**	**100%**	**27,947,095**	**27,930,438**	**100%**	**100%**

(1) Named "FCPI Fonds Ecotechnologies" represented by Bpifrance Investissement SAS.

(2) This information is taken from the crossing of legal thresholds filed with the Autorité des Marchés Financiers on (i) December 21, 2023 (see section 7.2.2 of this document), (ii) October 24, 2022 (no. 222C2387) and (iii) March 9, 2022 (no. 222C052).

(3) named "Chart International Holdings Inc.". See footnote 1 below.

(4) This information is taken from the crossing of legal thresholds filed by Caisse des dépôts et consignations (CDC) to the Autorité des Marchés Financiers on March 8, 2024 (see section 7.2.2 of this Document), on August 16, 2022 (no. 222C2072) and on December 22, 2021 (221C3583). It should be noted that these filings also include the shares and voting rights of FCPI Fonds Ecotechnologies (as referred to separately above).

(5) As at 31 March 2024, Vester Finance had exercised 895,000 share warrants, resulting in the issue of 895,000 shares. Please also refer to section 7.4.3 of this Document.

All Company shareholders have equal voting rights (based on their share of the capital), except for shares registered in the name of the same shareholder for more than two years, which carry double voting rights, and treasury shares which are excluded from voting rights, without prejudice to any suspension of voting rights that may apply in accordance with regulations. Refer also to section 8.2.1 of this Document.

[1] It is specified that :

- the table below indicates the elements to the best of the Company's knowledge (based on the Company share register, the annual disclosures of the directors and the reported crossings of thresholds (refer to section 7.2.2 in this Document));
- percentages (i) in share capital are calculated based on the share capital in circulation and (ii) in voting rights are calculated based on the net (or exercisable) voting rights, on the date in question and rounded to the nearest whole number or two decimal;
- on the date of issue of this Document, the shares held by Chart International Holdings, Inc. are subject to a partial suspension of associated voting rights due to the threshold of 5% of voting rights been crossed and notified outside of the regulatory deadline. The number of rights thus exercisable (and those suspended) is calculated on the basis of gross voting rights (i.e. on all shares to which voting rights were attached as well as those excluded from voting rights) and rounded to the nearest whole number.

7.2.1.2 Share ownership structure on March 31, 2024 on a fully diluted basis

The table below shows the breakdown of the share ownership structure on March 31, 2024 on a fully diluted basis [1,2]. However, it should be noted that the figures below do not take into account the impact in terms of potential dilution of the convertible bond issue that will be proposed at the 2024 Annual General Meeting (see section 7.3.3.3 of this document).

	Capital before dilution		Instruments and free shares	Capital after dilution		Theoretical voting rights		
	Shares	% of capital		Shares	% of capital	Before dilution	After dilution (number)	After dilution (%)
EDF Pulse Holding SAS	3,933,708	13.61%	-	3,933,708	11.86%	3,933,708	3,933,708	11.21%
FCPI Fonds Ecotechnologies (1)	1,669,120	5.78%	-	1,669,120	5.03%	1,669,120	1,669,120	4.75%
BlackRock, Inc. (2)	1,398,588	4.84%	-	1,398,588	4.22%	1,398,588	1,398,588	3.98%
Chart International Holdings Inc.	1,276,595	4.42%	-	1,276,595	3.85%	2 553 190	2 553 190	7.27%
CDC croissance (3)	1,127,266	3.90%	-	1,127,266	3.40%	1,127,266	1,127,266	3.21%
Technip Energies N.V.	638,297	2.21%	-	638,297	1.92%	1,276,594	1,276,594	3.64%
Sub-total - Principal shareholders	**10,043,574**	**34.76%**	**-**	**10,043,574**	**30.29%**	**11,958,466**	**11,958,466**	**34.06%**
Luc Poyer (Chairman of the Board)	6,724	0.02%	-	6,724	0.02%	13,448	13,448	0.04%
Myriam Maestroni (director)	850	0.003%	-	850	0.003%	850	850	0.002%
Jean-Marc Lechêne (director)	800	0.003%	-	800	0.002%	800	800	0.002%
Jean-Baptiste Lucas (Chief Executive Officer)	20,000	0.07%	49,250	69,250	0.21%	20,000	69,250	0.20%
Others (4)	500	0.002%	313,230	313,730	0.95%	500	313,730	0.89%
Sub-total - Corporate officers (5)/ Employees (6)	**28,874**	**0.10%**	**362,480**	**391,354**	**1.18%**	**35,598**	**398,078**	**1.13%**
Oter shareholders	18,820,352	65.14%	0	18,820,352	56.76%	18,844,495	18,844,495	53.68%
Vester Finance (7)	0	0	3,905,000	3,905,000	11.78%	0	3,905,000	11.12%
Total - Général	**28,892,800**	**100%**	**4,267,480**	**33,160,280**	**100%**	**30,838,559**	**35,106,039**	**100%**

(1) Represented by Bpifrance Investissement SAS. See also note (3) below.
(2) This information is taken from the crossing of legal threshold filing with the Autorité des Marchés Financiers on December 21, 2023. See section 7.2.2 of this Document.
(3) This information is taken from the crossing of a legal threshold filing by Caisse des dépôts et consignations with the Autorité des Marchés Financiers on 8 March 2024, it being specified that this filing also includes the shares and voting rights of FCPI Fonds Ecotechnologies (as referred to separately above). See section 7.2.2 of this document.
(4) See sections 3.4.7 and 7.2.4 of this Document.
(5) For the avoidance of doubt, the EDF and Chart groups and Bpifrance Investissement SAS are also Directors of the Company (see section 3.3.1 of this document). The shares and voting rights held by them or by the fund they represent are included in the 'main shareholders' sub-total above.
(6) With regard to free shares, the number taken as a reference (both for the Chief Executive Officer and the other grantees) corresponds to the number of target shares (i.e. on the basis of a 100% payout rate provided for in the applicable plans). For further details (including the number of shares in the event of a maximum payout rate of 130%), see section 3.4.7.2.1 above.
(7) At 31 March 2024, Vester Finance held a balance of 3,905,000 share warrants that could result in the issue of a maximum of 3,905,000 shares, see section 7.4.3 of this Document.

7.2.2 Crossed thresholds

- **Legal threshold crossed.** Any shareholder acting alone or jointly who crosses either upwards or downwards one of the Company capital share ownership thresholds and/or voting rights thresholds foreseen by applicable laws and regulations, shall comply with the provisions of articles L.233-7 and subsequent of the French Commercial code and article 223-14 of the general regulations of the French financial markets authority. The shareholder must inform the Company of the total number of shares, voting rights, and securities giving access to the capital held, as well as assimilated securities defined by article L.233-9 of the French Commercial code. This disclosure must be made within five trading days after the crossing, as per the

(1) I.e. in the event of the exercise of all instruments giving access to the Company's share capital. . Please refer to sections 3.4.7 (with regard to employees and corporate officers) and 7.4.3.2 (with regard to the 2023 equity financing line) of this Document. It should be noted that, with the exception of the number of BSA/BSCPE and AGA granted to the Group's corporate officers and employees and shares held by employees (at December 31, 2023), the items are as at March 31, 2024.

(2) It is specified that:
- the table below indicates the elements to the best of the Company's knowledge (based on the Company share register, the annual disclosures of the directors and the reported crossings of thresholds (refer to section 7.2.2 in this Document));
- percentages (i) in share capital are calculated based on the share capital in circulation and (ii) in voting rights are calculated based on theoretical (gross) voting rights (i.e. on the basis of all shares with attached voting rights and those excluded from voting rights on the date in question);
- it uses an assumption of zero treasury shares;
- it uses an assumption of zero shares held by Vester Finance.

conditions of notification and content foreseen by legal and regulatory requirements applicable to declarations of crossing legal thresholds. In the event of failure to comply with this obligation to declare, the shareholder shall be deprived of the voting rights associated to the shares exceeding the fraction that has not been correctly declared for all shareholder meetings held until a period of two years following the date of the correction.

- **Statutory threshold crossed**. None. The Company articles of association do not impose an obligation to disclose crossed thresholds other than those required by law.

- Between January 1, 2023 and March 31, 2024, the Company was aware of the following threshold crossings:

Date of disclosure	Company crossing threshold	Nature of crossing	Nature of the operation	Date of crossing	Threshold(s) crossed	Number of shares held on date of declaration	% of capital held on date of declaration	Number of voting rights held on date of declaration	% of voting rights on date of declaration
21/03/2023	Caisse des Dépôts et Consignations	Upward	Share purchase	March 15, 2023	10% of share capital	2,808,524	10.05	2,808,524	9.60
19/12/2023	BlackRock Inc.	Downward	Disposal of shares	December 18, 2023	5% of voting rights	1,464,198	5.23	1,464,198	4.89
21/12/2023	BlackRock Inc.	Downward	Disposal of shares	December 19, 2023	5% of share capital	1,398,588	4.99	1,398,588	4.67
08/03/2024	Caisse des Dépôts et Consignations (1)	Downward	Disposal of shares	March 3, 2024	10% of share capital	2,796,836	9.93	2,796,836	9.29

(1) At the date of the declaration, and according to the information contained therein, Caisse des dépôts et consignations (CDC) held McPhy shares through Bpifrance Investissement SAS (in its capacity as management company of the FCPI Fonds Écotechnologies, with 5.93% of the capital and 5.55% of the voting rights), CDC Croissance (with 4.00% of the capital and 3.75% of the voting rights, as part of its management activity) and CNP Assurances (with 0.16% of the capital and 0.15% of the voting rights)

- On the date of the issue of this Document, the Company is not aware of other shareholders, except those indicated in section 7.2.1 of this Document, who directly or indirectly hold, alone or jointly, over 5% of the Company's share capital or voting rights.

7.2.3 Identification of bearer share owners

On September 25, 2023, a survey of Identifiable Bearer Shares (Titres au Porteur Identifiables - TPI) [1] identified 62,219 shareholders, holding more than 27,433,896 shares (representing 98.1% of the capital), including 179 institutional shareholders holding 21.8% of the Company's capital.

7.2.4 Employees shareholding

As at December 31, 2023, Group employees [2] held 0.002 % of the Company's capital and of its theoretical voting rights. Refer to section 7.2.1.2 of this Document.

7.2.5 Control over the Company and shareholders' agreement

On the date of issue of this Document and to the best of the Company's knowledge:

- **Control.** No shareholder directly or indirectly has control of the Company under the terms of article L. 233-3 of the French Commercial code nor a blocking minority at the Company shareholder general meetings. Therefore, there is no risk of abusive control over the Company by a minority or majority shareholder. Consequently, the Company has not implemented specific measures to avoid shareholder abuse in the exercise of their voting rights, while it is specified that the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer is one measure to prevent such control being implemented abusively.
- **Shareholder pact.** None. Refer to section 7.6 of this Document.
- **Concerted actions.** None
- **Other agreements which if implemented could lead to a change of control.** None.

(1) Request made by the Company by application of the regulations and article 10 of the Company articles of association), which authorize the Company to request from Euroclear France any information required to identify the owners of bearer shares which immediately or over time grant voting rights in general meetings, as well as the quantity of shares or securities held be each of them, and where necessary, the restrictions that may be applied to such shares.

(2) Employee ownership of Company stock as defined by Article L. 197-102 of the French Commercial Code.

7.3 Dividends

To date, the Board has not adopted a predefined dividend distribution policy, given the Company's current stage of development:

- no dividends have been distributed over the last three fiscal years;
- we do not foresee initiating a dividend distribution policy in the short term.

The Company will regularly re-evaluate the opportunity to pay a dividend, taking into account the general conditions of the economic climate, the conditions specific to its sector of activity, Group results, its financial position, shareholder interests, and all other factors deemed relevant.

7.4 Share capital

7.4.1 Share capital amount

Share capital

As at December 31, 2023, McPhy's subscribed and fully paid-up share capital stood at €3,359,736, divided into 27,997,800 ordinary shares of a single class, each with a nominal value of €0.12. The total number of theoretical voting rights attached to existing shares amounted to 29,941,471 [(1)].

As at March 31, 2024, the Company's outstanding share capital (in circulation) amounted to 28,892,800 shares and the total number of theoretical voting rights attached thereto to 30,838,559 [(2)].

Securities giving access to share capital

Considering all 5,162,480 dilutive instruments [(3)], not yet exercised or acquired at December 31, 2023, the maximum potential dilution of the Company's share capital at that date was 18.44 % (i.e. 5,162,480 new shares) [(4)].

Pledges

To the best of its knowledge, the Company is not subject to any pledges concerning a significant portion of its capital.

7.4.2 Changes in share capital

Changes to the number of shares and share capital over the last three fiscal years are as follows:

Year	Nature of the operation	Number of issued shares	Nominal share price *(in €)*	Total capital amount	Total number of shares *(in €)*
2021	Capital increase by exercise of instruments*	82,555	0,12	3,352,69.40	27,939,095
2022	Capital increase by exercise of instruments*	20,000	0,12	3,355,091.40	27,959,095
2023	Capital increase by exercise of instruments*	18,705	0,12	3,357,336.00	27,977,800
2023	Capital increase through the issue of free shares	20,000	0,12	3,359,736.00	27,997,800

* *Exercise of BSA or BSCPE warrants and/or subscription options by their beneficiaries, giving rise to the issue of new McPhy shares.*

(1) Refer to section 7.2.1.1 of this Document.
(2) Calculation methods identical to those described in section 7.2.1.1. of this Document.
(3) I.e. all instruments giving access to the Company's share capital outstanding at December 31, 2023. Please refer to sections 3.4.7 (with regard to employees and corporate officers) and 7.4.3.2 (with regard to the 2023 equity financing line) of this Document.
(4) Refer to section 7.2.1.2 of this Document.

7.4.3 Authorized share capital

7.4.3.1. Authorizations and delegations as at December 31, 2023

The financial authorizations and delegations of authority to increase the capital granted by the shareholder General Meeting to the Board of Directors in effect on December 31, 2023 were [(1)] :

Shareholders General Meeting and resolutions concerned	Nature of authorization or delegation	Maximum amount *(nominal value)*	Duration and Expiry date	Use in 2023
Issue of share and securities granting access to the share capital				
AGM May 24, 2023, 18th resolution	Issue with preferential subscription rights (“**PSR**”)	• Capital: 20% of share capital (i.e. €671,018) • Debt securities: €100 M up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 19th resolution	Issue without PSR, by public offering, other than an offering under 1° of Article L. 411-2 of the French Monetary and Financial Code (MFC)	• Capital: 20% of share capital (i.e. €671,018) • Debt securities: €100 M up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 20th resolution	Issue without PSR, by public offering under 1° of article L.411-2 of the MFC	• Capital: 20% of share capital (i.e. €671,018) • Debt securities: €100 M up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 21st resolution	Issue without PSR to categories of persons meeting specified characteristics [(1)] in accordance with Article L. 225-138 of the French Commercial Code	• Capital: 20% of share capital (i.e. €671,018) • Debt securities: €100 M up to the Aggregate Limits	18 months November 23, 2024	Maximum of 4,800,000 shares / 17.17% of share capital [(2)]
AGM May 24, 2023, 22nd resolution	Determination of the issue price, associated with an issue without PSR (pursuant to the 19th and 20th resolutions above)	• 10% of share capital (on date of issue, over a 12-month period) up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 23rd resolution	Increase in the number of shares issued in the event of excess demand	• 15% of the initial issue up to the Aggregate Limits	26 months July 23, 2025 [(3)]	None
AGM May 24, 2023, 24th resolution	Share capital increase by incorporation of premium or reserves	• €100,000 up to the Aggregate Capital Limit	26 mois 23 juillet 2025	None
AGM May 24, 2023, 25th resolution	Issue to remunerate contributions in kind comprising capital securities or transferable securities granting access to the capital	• 10% of share capital (at time of issue) up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 26th resolution	Issue without PSR to remunerate securities contributed in case of public offering of exchange initiated by the Company	• Capital: 20% of share capital (i.e. €671,018) • Debt securities: €100 M up to the Aggregate Limits	26 months July 23, 2025	None
AGM May 24, 2023, 28th resolution	Aggregate limit - capital - of issues likely to be completed by virtue of aforementioned delegations (the “**Aggregate Capital Limit**”)	• Capital: 20% of share capital (i.e. €671,018)	N/A	Maximum of 4,800,000 shares / 17.17% of share capital [(2)]
AGM May 24, 2023, 29th resolution	Aggregate Limit - debt securities - for issues that may be carried out under the relevant delegations (the "**Aggregate Debt Limit**", and together with the Aggregate Capital Limit, the "**Aggregate Limits**")	• Debt securities: €100 M	N/A	None

(1) The full text of the authorizations and delegations is available on the Company's website (section: General Meetings)

Shareholders General Meeting and resolutions concerned	Nature of authorization or delegation	Maximum amount *(nominal value)*	Duration and Expiry date	Use in 2023
Issue reserved to employees and/or corporate officers				
AGM May 24, 2023, 27th resolution	Share capital increase for members of a company savings plan, with removal of preferential subscription rights	• 1% of share capital (as at the date of the AGM) up to the Aggregate Capital Limit	26 months July 23, 2025	None
AGM May 24, 2023, 30th resolution	Allocation of free shares, new or existing, to the benefit of employees and Group corporate officers without PSR	• Limit: 0.5 % of share capital (as at the date of the AGM) • Sub-limit: 0.15% of share capital (as at the date of the AGM) for eligible corporate officers of the Company	12 months May 23, 2024	107,500 shares, including 27,500 shares in favor of the Chief Executive Officer / 0.38% of share capital, including 0.098% in favor of the Chief Executive Officer (4)
Share repurchase and cancellation				
AGM May 24, 2023, 16th resolution	Company repurchase of its own shares	10% of share capital Unit price: €60 Total amount: €10 million	18 months November 23, 2024	Balance on December 31, 2023: 131,862 shares (0.47 % of the share capital) (5)
AGM May 24, 2023, 17th resolution	Reduction of share capital by cancellation of treasury shares	10% of share capital (per 24 month period)	18 months November 23, 2024	None

(1) i.e. : (a) natural or legal persons (including companies), trusts or investment funds, or other investment vehicles whatever their form, governed by French or foreign law, investing on a regular basis in the energy, chemicals and clean-technology sectors and/or in small- or mid-cap growth companies participating in the issue for a unit investment amount in excess of one hundred thousand euros (€100,000) (including issue premium); (b) French or foreign companies, institutions or entities of any kind and/or industrial companies with a similar or complementary business to that of the Company, which may, where applicable, enter into or have entered into partnerships for the purpose of (i) developing hydrogen production, storage and distribution solutions and (ii) producing such solutions on industrial scale; and (c) French or foreign investment services providers, or any foreign institution with equivalent status, likely to guarantee the completion of an issue intended to be placed with the persons referred to above and, in this context, to subscribe to the securities issued.

(2) Corresponding to the issue of share warrants that could result in the issue of a maximum of 4,800,000 shares and a capital increase (nominal value) of 576,000 euros. Percentage determined on the basis of the share capital at the date of the OGM of May 24, 2023 (i.e. 3,355,091.40 euros). Refer to section 7.4.3.2 of this Document.

(3) Except for the 21st resolution, for which the term is 18 months / November 23, 2024.

(4) These figures correspond to the "target" number of shares (100% pay-out). In the event of over-performance (130% pay-out), these figures refer to 139,750 shares, of which 35,750 allocated to the Chief Executive Officer, representing 0.499% of the share capital, of which 0.134% allocated to the Chief Executive Officer. Percentage determined on the basis of the share capital at the date of the OGM of May 24, 2023 (i.e. 27,959,095 shares). See also section 3.4.7.2.1 of this Document

(5) Based on the share capital as at December 31, 2023. See also section 7.5 of this Document.

The option for the Board to repurchase shares or to use the delegations of authority and authorization to issue shares, securities or transferable securities granting access to the capital [2] during a takeover bid aimed at the Company shares was excluded by the general meeting.

7.4.3.2 Launching of a new equity financing line in 2023

Pursuant to a delegation from the shareholders General Meeting on May 24, 2023, a sub-delegation of the Board of Directors on December 8, 2023, and decisions by the Chief Executive Officer on December 19, 2023, the Company has implemented a new equity financing facility, in the form of an equity line (PACEO), with Vester Finance.

Under this equity line, Vester Finance may at its own initiative subscribe to a maximum of 4,800,000 shares in the Company [3] through the exercise of share warrants, over a maximum period of 24 months. The Company is committed to a minimum utilization of the line of credit of €2 million, beyond which the Company will be able to suspend or terminate this line of credit at any time and at no cost. Shares are issued based on the average market price preceding each issue, less a maximum discount of 5%, in accordance with the price and limit rules set by the shareholders General Meeting. Vester Finance charges a variable commission of 2%.

(2) In accordance with the 16th and 18th to 26th resolutions of the Shareholder General Meeting of May 24, 2023

(3) For further details on the proportion of capital (on a diluted basis) (as at December 31, 2023), please refer to section 7.1.2.1 of this Document.

As at April 3, 2024, Vester Finance had subscribed to a total of 1,022,000 shares in this context.

In accordance with regulations, a supplementary report by the Board of Directors and a report by the Statutory Auditors on the use of the aforementioned authorization by the shareholders General Meeting will be made available to shareholders at the Company's registered office and will also be provided at the 2024 shareholders General Meeting.

7.4.3.3 Renewal of authorizations and delegations subject to the 2024 shareholder General Meeting

Contemplated issuance of convertibles bonds

As announced by the Company prior to the issue of this Document [1], the Company will propose to its shareholders, at the 2024 shareholder General Meeting to authorize the issuance of bonds convertible into new shares and/or exchangeable for existing shares in order to finance its working capital requirements and general cash needs, in particular the development of its commercial activity, its industrial facilities and its research and development activity..

The key financial terms of the convertible bonds would be as follows:

- To be issued and redeemed at par, bear interest at 8% per annum, payable annually, and with a maturity of 5 years;
- Conversion price with a premium of 20% over the price determined on the issuance date;
- Conversion (in whole or in part) that may be requested by bondholders at any time from the date of issuance until maturity. In the event of a conversion request, the issuer may deliver new and/or existing shares and/or a cash amount (based on the share price at the time of the conversion request).

The legal documentation would include the standard clauses for this type of market instrument: in particular, early redemption at the option of the bondholders (after 3 years or if certain events occur) or the issuer in certain cases, and adjustments in the event of financial transactions.

McPhy has already received commitments to subscribe for a total of €30 million: EDF Pulse Holding, existing shareholder, on the one hand and the Bpifrance EPIC (Public Institution of an Industrial and Commercial Nature), acting on behalf of the French State under the French Tech Souveraineté Agreement dated December 11, 2020, on the other, for an amount of €15 million each. the Company will investigate the possibility of issuing an additional amount to other investors depending on market conditions.

Along with the approval by the shareholders of the necessary resolutions, the offering will be subject to the approval of the prospectus, by the AMF, prepared for the admission to trading on Euronext Paris of the new shares resulting from the conversion of the Convertible Bonds, and to the renewal of an EDF Pulse's second Board of Directors' member.

The terms and conditions of this issuance and the description of the related resolutions will be detailed in the Board's report to the 2024 shareholder General Meeting.

Renewal of authorizations and delegations

The other financial authorizations and delegations of authority that will be proposed for renewal at the shareholder General Meeting of May 30, 2024 will be presented in the report of the Board of Directors to said general meeting.

[1] Refer to press release ("McPhy 2023 Annual Results") dated 7 March 2024, available on the Company website.

7.5 Share repurchase program

7.5.1 Treasury shares

In light of the balance of treasury shares on December 31, 2022 namely 70,482 shares and (ii) the 713,598 shares acquired and 652,218 shares sold in 2023 (all under the Liquidity Agreement, as defined below), the balance of treasury shares held by the Company on December 31, 2023 amounted to 131,862 shares (representing 0.47% of the share capital). All these treasury shares were held under the Liquidity Contract and therefore allocated to ensuring market liquidity. Their book value is shown in section 5.2 of this Document.

7.5.2 On-going share repurchase program

Legal framework and characteristics of share repurchase programs in effect in 2023

Pursuant to the decision of the shareholder General Meeting of May 24, 2023 (renewing the authorization granted previously by the shareholder General Meeting of May 19, 2022), the Board was authorized, for a period of 18 months until November 23, 2024, to enable the Company to repurchase its own shares under the conditions and within the limits set out below. On May 24, 2023, the Board delegated all powers to the Chief Executive Officer to proceed with said share repurchases.

- **Repurchase program objectives**
  - allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in accordance with the code of ethics recognized by the French financial markets authority;
  - allocate or sell shares to employees or corporate officers of the Company and related companies as defined by law, in particular in the context of employee savings plans, share purchase options, free share allocations, employee share ownership transactions or any form of compensation in shares as defined by the law;
  - allocate shares to cover debt securities exchangeable for shares in the Company and, more generally, securities giving access to shares in the Company, notably by redemption, conversion, exchange, or presentation of a warrant;
  - cancel shares through a share capital reduction;
  - implement any market behavior authorized by the law or by the French financial markets authority and more generally, execute any other transaction compliant with applicable regulations in effect.
- **Maximum portion of share capital to acquire, maximum number, maximum purchase price and other limits**
  - In accordance with articles L. 22-10-62 and subsequent of the French Commercial code, this repurchase is within the limit of 10% of the capital (adjusted where necessary to reflect later capital transactions) [(1)];
  - The unit purchase price shall not exceed €60 per share (excluding fees and commissions) and the maximum amount of funds available for commitment to the share repurchase program shall be fixed at €10 million;
  - The shares acquired may be reassigned or traded under the conditions set by the French financial markets authority.

Liquidity agreement

On February 1st, 2021, the Company entered into a liquidity agreement with Natixis ODDO BHF in accordance with the decision of the French financial markets authority (the "**Liquidity Agreement**").

Transactions under the share repurchase programs in effect in 2023 [(2)]

Under the Liquidity Agreement, the following transactions were completed [(3)]:

- 713,598 shares were repurchased on the market at a weighted average price of €8.8068; and
- 652,218 shares were sold on the market at a weighted average price of €8.8505.

It is expressly stated that:

- no other repurchases were made by an investment services provider;
- the transactions made by the Company in 2023 under its share repurchase programs were completed in cash without any open sale or purchase positions being taken;
- the Company used no derivative products in its share repurchase programs.

(1) Or 5% of the capital for a merger, split or contribution transaction.
(2) Namely the repurchase program between January 1st, 2023 and May 24, 2023 then the repurchase program in effect since May 24, 2023 (and in effect at the date of the issue of this Document)
(3) All amounts are indicated excluding fees and commissions.

7.5.3 Share repurchase program proposed for renewal at the shareholder general meeting of May 30, 2024

The shareholder General Meeting of May 30, 2024 will be asked to authorize a new share buyback program (the "**Program**"). The description of this Program was drawn up in accordance with the provisions of Article 241-2 of the AMF General Regulations and is presented below. Therefore, as provided for in Article 241-3 of said regulations, it will not be subject to specific publication.

- **Legal framework of program:** Implementation of the Program falls within the framework of Articles L. 22-10-62 and subsequent of the French Commercial Code, regulation (EU) No. 596/2014 of the European parliament and of the Council of April 16, 2014 on market abuse, and Articles 241-1 to 241-7 of the General Regulations of the French financial markets authority.
- **Breakdown of shares held by the Company by objective:** as at March 31, 2024, all treasury shares held by the Company (namely 142,364 shares, representing 0.49% of its share capital) were held under the Liquidity Agreement and were therefore all allocated to ensuring market liquidity. The Company does not use derivatives to buy back its own shares.
- **Program objective:** The objectives of the Program would be to enable the Company to purchase its own shares with a view to:
  - allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in accordance with the market practices recognized by the French financial markets authority;
  - allocate or sell shares to employees or corporate officers of the Company and related companies as defined by law, in particular in the context of employee savings plans, share purchase options, free share allocations, employee share ownership transactions or any form of compensation in shares as defined by the law;
  - allocate shares to cover debt securities exchangeable for shares in the Company and, more generally, securities giving access to shares in the Company, notably by redemption, conversion, exchange, or presentation of a warrant;
  - cancel treasury shares through a capital reduction in accordance with existing (or to be granted) authorization by the extraordinary shareholders general meeting;
  - conduct any market behavior authorized by the law or by the French financial markets authority and more generally, execute any other transaction compliant with applicable regulations in effect.
- **Characteristics of the securities concerned by the Program:** The Program concerns the Company's ordinary shares (ISIN code: FR0011742329) listed on Euronext Paris.
- **Maximum portion of capital, maximum number, maximum purchase price:**
  - Maximum proportion of capital that may be repurchased: The maximum number of shares that may be acquired may not exceed 10% of the Company's share capital (or 5% in the event of acquisition with a view to their retention and subsequent remittance in payment or exchange as part of a merger, split or contribution transaction).
  - Maximum purchase price and maximum authorized amount of funds to be committed: The purchase price may not exceed €20 per share (excluding costs and commission). The maximum amount of funds that can be committed is set at €5,000,000.
- **Conditions of buyback:** The purchase, sale, exchange, or transfer of these shares may take place in observance of rules set down by the French financial markets authority (AMF), on or off the market, at any time except during a public takeover bid for the Company capital, and by any means, in one or several phases, and particularly by means of transferring a block of shares, by exercising any financial instruments or using derivative products.
- **Duration of the Program:** This authorization would be granted for a period of eighteen months from the date of the Shareholder General Meeting and would supersede the previous authorization granted by the shareholder General Meeting of May 24, 2023.

7.5.4 Canceled shares

Pursuant to the decision of the shareholder General Meeting of May 24, 2023 (renewing the authorization granted previously by the shareholder General Meeting of May 19, 2022), the Board was authorized to cancel, in one or more operations, treasury shares acquired through the implementation of repurchase programs, up to 10% of the share capital per period of twenty-four (24) months and to make a corresponding reduction in the company share capital by allocating the difference between the purchase price of the shares canceled and their book value to all available reserve items and bonus items.

This authorization has not been used as of the date of this Document.

7.6 Items likely to have an incidence in case of a takeover bid [1]

- **Capital structure - direct or indirect holdings in the capital - shareholder pacts.** Information concerning the share ownership of the Company (capital structure, crossed thresholds and control of the Company) is provided in section 7.2 of this Document.
- **Statutory restrictions on the exercise of voting rights and share transfers or agreements reported to the Company.** No specific rules have been put in place by the Company, without prejudice to (i) the exercise of double voting rights granted to shares held in registered form for at least two years (as described below) and (ii) commitments between shareholders concerning representation on the Board, as described below.
- **Holders of securities conferring special control rights.** Shares held in registered form by the same shareholder for at least two years are entitled to double voting rights (refer to section 8.2.1 of this Document).
- **Control mechanisms for possible employee shareholding scheme.** None.
- **Agreements between shareholders that may entail restrictions on transferring shares and exercising voting rights.** Since acquiring a stake in the Company, the EDF and Chart Industries groups have had the option of being represented on the Board [2], with certain commitments to vote at the shareholder General Meetings on the appointment and renewal of the director(s) representing them. It is specified that the commitments of EDF Pulse Croissance and FCPI Fonds Ecotechnologies with regard to the Chart Industries Group representative would cease in the event of termination of the Memorandum of Understanding (MoU) entered into by the latter or the sale of more than one-third of the shares initially subscribed. See also section 8.4 of this Document [3].
- **Specific rules applicable to the appointment and replacement of directors and on the amendment of Company articles of association.** The applicable rules are those set out in the Company's articles of association (implementing the relevant legal rules). No specific rules have been put in place by the Company, without prejudice to the representation of certain shareholders on the Board, as described in the section above.
- **Powers of the Board, particularly in terms of share issue or repurchase.** The Board's powers are set out in the Company's articles of association and regulations, as described in section 3.3.3 of this Document. Furthermore, the authorizations and delegations of authority granted by the shareholder General Meeting and in force at the date of this Document, including the terms and conditions of the Company's share buyback program, are set out in sections 7.4.3.1 and 7.5.2 of this Document.
- **Agreements likely to be amended or canceled in case of change of control of the Company.** Refer to section 8.4 of this Document.
- **Agreements stipulating benefits to directors or employees in case of a takeover bid.** None

In its customary operations, the Company undertakes activities potentially considered as subject to foreign investment control in France (under articles L. 151-3 and subsequent of the French Monetary and Financial code) and consequently, certain transactions and crossed thresholds considered as subject to notification or authorization by the applicable authorities.

(1) In accordance with article L. 22-10-11 of the French Commercial Code.

(2) At the date of this Document, (i) Chart Industries (as per agreements dated October 7, 2020) is entitled to be represented through one position and (ii) EDF (as per agreement dated dated June 5, 2018) is entitle to be represented through two positions as long as it holds a share of the Company's capital equal to or greater than 18% (one position for a holding of between 9% and 18%). Refer to section 3.3.2 of this Document. In connection with the proposed convertible bonds issue, which will be submitted to the 2024 annual shareholder General Meeting, it is envisaged that EDF will be able to retain a second position at the Board subject to EDF Pulse Croissance owns at least 13% of the share capital, on the one hand, and subscribes to the aforementioned proposed issue, on the other. See section 7.4.3.3 of this Document.

(3) It should be noted that the similar undertaking concerning the Technip Energies group is no longer applicable as of the date of this Document, following the latter's resignation from its duties as director in June 2023 and the termination of the Memorandum of Understanding binding it to the Company in January 2024.

CHAPTER

8

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8.1 McPhy General information about McPhy

8.1.1 Legal name and trading name

McPhy Energy.

8.1.2 Company registration place and number

The Company is registered with the Register of Commerce and Companies of Grenoble (France) under under the registration number 502 205 917, APE code 72.12B, SIRET No. 502 205 917 00078 and NAF code 72.19Z.

Its legal entity identifier (LEI) is 969500W5X02DTT3BZS69.

8.1.3 Date of incorporation and term

The Company was created on December 6, 2007, for a duration of 99 years with effect from its incorporation on January 24, 2008, unless otherwise extended or dissolved.

8.1.4 Registered office, legal form, governing law, contact details and website

The head office is located at 79, Rue Général Mangin, 38100 Grenoble, France.
The Company is a public limited liability company with a board of directors, governed under French law.

Phone : +33 (0)475 711 505

The Company website is https://mcphy-finance.com [1].

8.1.5 Company purpose (article 3 of the Articles of Association)

The purpose of the Company, in France, Germany, Italy and all other countries is to:

- design, analyze, develop, produce, distribute, install and maintain electrolyzers;
- design, analyze, develop, produce, distribute, install and maintain hydrogen refueling stations for mobility needs;
- deliver all services, support, maintenance, engineering and training for customers on products distributed by the Company;
- develop, acquire and register all patents, trademarks, licenses and processes that are directly or indirectly related to the purpose above, as well as their use, transfer or contribution;
- all of which directly or indirectly, by creating new companies and combinations, joint ventures, limited partnerships, subscriptions, purchases of securities or ownership rights;
- mergers, alliances, associations through investment, acquisition of interest, rent or lease of all assets and other rights;

and in general, all commercial, industrial, real estate, movable asset, and financial operations having a direct or indirect relation with the purpose above and all similar or related purposes likely to facilitate its extension or development.

8.1.6 Company fiscal year (article 6 of the Articles of Association)

The Company fiscal year lasts twelve months, starting on January 1st and ending on December 31st of each year.

[1] Website aimed at investors, it being specified that the information on this website is not part of this Document, except for the information included by reference to this Document.

8.2 Memorandum of Association and Articles of Association

8.2.1 Rights, privileges, and restrictions attached to shares

As at December 31, 2023, the share capital is divided into 27,997,800 shares all belonging to a single category. Refer also to section 7.4.1 of this Document.

Form of shares (article 10 of the Articles of Association)

Fully paid-up shares are held in registered or bearer form at the shareholders choice under the terms and conditions stipulated by regulations in effect. The company may apply the legislative and regulatory provisions of articles L.228-2 and subsequent of the French Commercial Code concerning the identification of holders of bearer securities.

Rights and obligations attached to shares (articles 13 and 23 of the Articles of Association)

All shareholders are entitled to be informed of the Company's operations and to receive certain corporate documents at the appropriate times and under the conditions stipulated by applicable law and regulations.

The voting rights attached to shares are proportional to the capital they represent, unless in cases where the law stipulates otherwise. In this respect, double voting rights are granted to all fully paid-up shares proven to be registered in the name of the same shareholder for at least two (2) years, in accordance with applicable regulations.

With regard to ownership of the corporate assets, sharing of profits and the liquidation surplus, each share entitles its owner to an amount in proportion to the number of existing shares. Except for cases where the law stipulates otherwise, each share carries the right to one vote at shareholders' general meetings. Shareholders are liable for losses only up to the amount of their capital contributions.

Rights and obligations attached to shares are transferred with the shares whosoever owns them. Share ownership automatically binds shareholders to the Articles of Association and the decisions of shareholders' general meetings.

Modification of shareholder rights

None (other than those provided under regulations in effect).

8.2.2 Clauses likely to affect the occurrence of change of control

The Company is not controlled under the terms of article L. 233-3 of the French Commercial code. No provisions exist in the Company Articles of Association nor in the internal regulations of the Board of Directors that may delay, defer, or prevent a takeover or change of control of the Company.

8.2.3 Shareholder general meetings (articles 22, 23, 24 and 25 of the Articles of Association)

Notice to convene and meetings (main rules)

Shareholder general meetings are convened by the Board of Directors, or failing this, by the Statutory Auditors or by any other person authorized to do so. General meetings are held at the registered office or any location indicated in the convening notification. Shareholder general meetings meetings are convened under the conditions and within the time limits specified by legal and regulatory requirements. If the shareholder general meeting is not able to proceed as the quorum requirement is not met, a second meeting and where necessary, a second postponed meeting are notified under the same conditions as the first. The second notification shall recall the date and indicate the same agenda as the first.

Agenda

The agenda is approved by the issuer of the convening notification. The shareholder general meeting may only examine the points on the agenda. However, it may in any circumstances remove one or more Directors. One or more shareholders representing the legally required portion of capital may, in accordance with legal conditions and time limits, require the inclusion of points or draft resolutions on the agenda.

Admission to meetings – Powers

Each shareholder is entitled to attend shareholders' general meetings and participate in the discussions, in person or by proxy, whatever the number they own, on presentation of proof of identity and of share ownership, in the form of a nominative registration in their name, or a certificate from an authorized financial intermediary holding the account, stating that their shares have been placed in a blocked account, preventing their sale up to date of the shareholder meeting. These formalities must be completed no later than midnight Paris time, two business days before the date of the meeting. Subject to observance of the provisions on shareholder identification, a non-resident intermediary suitably registered as a shareholder on behalf of a share owner may represent the latter at general meetings or forward to the Company the vote or proxy of a share owner for meetings, by virtue of a general appointment on share management. Any shareholder may be represented under the applicable legal conditions. Any shareholder may submit a postal vote using the appropriate form completed and sent to the Company in observance of legal and regulatory conditions; to be counted, this voting form must be in the Company's possession three days before the date of the meeting. Electronic voting forms may be received by the Company until the day before the general meeting, no later than 3.00 pm Paris time. Any shareholder may also attend general meetings by video call or any means of telecommunication under legal and regulatory conditions and which will be indicated in the notice to convene for the meeting. The validity, quorum conditions and majority requirements for ordinary, extraordinary, and special shareholder meetings are set out in articles 23, 24 and 25 of the Company Articles of Association.

8.2.4 Changes in share capital (article 8 of the Articles of Association)

The Company Articles of Association do not include any specific rules that derogate from ordinary law and article 8 of the Articles of Association refers to the terms and conditions determined by law and applicable regulations.

8.2.5 Board of Directors (article 14 of the Articles of Association)

The Company is administered by a Board featuring no less than three members and no more than eighteen, unless otherwise provided for by law. The term of office of directors shall be three (3) years. Expiry dates shall rotate so that membership of the Board is renewed in as equal fractions as possible. Therefore, on an exceptional basis, the ordinary general meeting may appoint one or more directors for a term of one or two years to introduce or maintain the rotation of director terms of office.

For further information on the powers, composition and functioning of the Board, refer to Chapter 3 of this Document.

8.3 Publicly available documents

The Articles of Association, shareholders' general meeting minutes, company accounts and consolidated accounts, statutory auditor reports and all documents that must be made available to shareholders may be consulted at the head office or on the Company website (https://mcphy-finance.com/) in accordance with applicable regulations.

8.4 Major contracts

There are no major contracts other than (i) those described below which, due to their consideration or their purpose, are of a specific and exceptional nature, (ii) the agreements relating to the equity financing line created in December 2023 (as described in section 7.4.3.2 of this Document), (iii) the agreements relating to the contemplated issuance of convertible bonds (as described in section 7.4.3.3 of this Document) and (iv) those concluded in the course of normal business activities, which may include commercial partnerships, purchasing agreements with suppliers or with customers, of a significant value and/or multi-year.

8.4.1 Partnerships with strategic shareholders

EDF

The Company an EDF group on June 15, 2018 (and as subsequently amended), for an period of five years, a Memorandum of Understanding provided for non-exclusive cooperation (in Europe, the United States and Southeast Asia), including joint technical, commercial, and R&D activities relating to: (i) market or regulatory intelligence, (ii) commercial collaboration (in identified sectors and markets) and (iii) industrial collaboration (such as a joint R&D and engineering plan). Under the terms of this agreement, both EDF and the Company had the right to terminate the agreement, notably in the event of a takeover of the Company. This Memorandum of Understanding expired during 2023.

Chart Industries

On October 7, 2020, the Company and Chart Industries signed a Memorandum of Understanding for an initial period of five years, relating to: (i) the presence of a representative from Chart Industries on the Board of Directors of the Company, (ii) the identification of customers for potential hydrogen applications, assessment of business models for a pilot deployment and joint investigation of options to develop projects concerning the production, storage, transportation and resupply of hydrogen, and (iii) a reciprocal non-exclusive right of first refusal in case of new business opportunities.

Technip Energies

The Company and the Technip Energies group entered into a Memorandum of Understanding on October 7, 2020, for a period of five years, relating to: (I) the joint production and sale of hydrogen production and distribution systems around the world, (ii) a reciprocal non-exclusive right of first refusal in case of new business opportunities, and (iii) the introduction of a collaboration committee focused primarily on technical issues and R&D. Pursuant to this Memorandum of Understanding, they also signed a specific cooperation agreement on the joint development and use of technological tools on February 18, 2022. Both agreements were terminated by mutual agreement at the beginning of 2024 [1,2].

8.4.2 Agreements relating to the development of the XL program and the Gigafactory in Belfort

BPI agreement

On October 28, 2022, McPhy signed an agreement with Bpifrance to receive government aid for a maximum total amount of €114 million under the IPECI H2 scheme. This agreement aims to support the Group in developing the XL program (which includes the associated Gigafactory in Belfort) by financing through an IPECI scheme due to expire on December 31, 2026. The support includes (i) an initial installment of €28.5 million received in late 2022 and later installments through the reimbursement of eligible expenses, following the Group's satisfactory completion of key phases (four, as defined in the contract), and (ii) a recovery mechanism (based on the ex-post comparison of cash flows and the final amount of financial support, starting on July 30, 2029). Under the terms of this agreement, Bpifrance enjoys the following rights: (i) prior authorization in case of transfer or concession of the means necessary to completing the program or the sale of the related results; (ii) information in case of change of effective beneficiary (as defined by the French monetary and financial code) of the Company, (iii) termination in case of direct or indirect takeover of the Company by a third party not fulfilling the conditions stipulated by the government or other public bodies as a contractual partner or customer of Bpifrance [3].

(1) Please also refer to (i) section 3.6 of this Document concerning agreements with related parties and (ii) section 3.3.1.2 of this Document concerning the departure of Technip Energies as a director of the Company (June 2023).

(2) It is specified that the supplementary three-party agreement between Chart Industries, Technip Energies and the Company entered into on the same day as the Memorandums of Understanding referred to above, aimed at specifying the roles of Chart Industries and Technip Energies in light of their respective activities, has become with no purpose following such termination.

(3) Please also refer to section 3.6 of this document concerning related party transactions.

Maugis Fund Agreement

As part of the Group's installation in the Belfort region, on September 14, 2022, McPhy signed a financial support agreement for a maximum total amount of €10 million with Pristine SAS (trustee of the "Industrial Revitalization Fund"). This agreement foresees (i) payments in installments (€2.5 million received in 2022, €4.3 million received 2024, and the balance of €3.2 million to be received in late 2024, (ii) a proportional recovery mechanism in the event jobs are not created or sustained on the site (no later than December 31, 2030).

8.4.3 Technology transfer and support agreement with Larsen & Toubro

On June 7, 2023, McPhy signed an exclusive technology licensing and assistance agreement with the Indian conglomerate Larsen & Toubro (L&T). The agreement covers the Company's pressurized alkaline electrolysis technology (as commercialized and where applicable, under development at the date of said agreement) for the manufacture and marketing of products by L&T in the agreed territory (India and countries of the South Asian Association for Regional Cooperation, as well as the Gulf States [1]). Under the terms of this agreement: (i) L&T will be entitled to use McPhy's main trademarks for the purposes of marketing the products, (ii) either party may terminate the agreement in the event of a takeover or change of control of the other party by a third party competing with the Company, and (iii) the parties have the option of extending their cooperation with a view to providing additional services and/or collaborating on projects outside the territory covered by the license.

8.4.4 Supply agreement with De Nora

In February 2015, McPhy entered into a partnership with De Nora, an Italian group that is a world leader in electrochemical products and services. Under this agreement, De Nora supplies McPhy with activated electrodes for its range of new-generation alkaline electrolysers, as privileged supplier. These electrodes are key component for the concerned McPhy products.

De Nora is committed to enhancing the performance of alkaline electrolysis technologies through its patented high-performance electrodes. The combination of McPhy and De Nora technologies will provide industrial and energy customers with more competitive and flexible hydrogen production equipment.

8.4.5 Partnership agreement with Hype

McPhy entered into a partnership with Hype on December 7, 2021. Under this agreement, the Company (i) subscribed to convertible bonds to the amount of €12 million (with a capitalized interest rate of 4.5 % and a term of 9 years, except for early repayment or conversion) and (ii) signed supply contracts concerning two electrolyzers (2 MW and 4 MW) as well as two refueling stations. It was also agreed (i) to sign a co-exclusive preferred partnership agreement for the early deployment by Hype of a minimum of 100 stations, 50% of which would be allocated to McPhy until 2026, (ii) to supply electrolyzers (15 to 25 MW) as well as (iii) implement technical and operational cooperation aimed at jointly improving the stations supplied to Hype (under discussion at the date of this Document).

8.4.6 Agreements relating to contemplated sale of the stations activity

On 19 April 2024, McPhy entered into an sale agreement with Atawey for the sale of its stations business. Under this agreement, the Company and Atawey have respectively undertaken to sell and acquire the stations design, development, production, installation and maintenance activities currently operated by the Company. The fixed portion of the sale price is expected to be between €11 and €12 million, plus a variable portion of up to several million euros (conditional on future orders relating to the scope of the divested business). The transaction is expected to be completed by the end of the 2nd quarter of 2024, subject to completion of the financing and fullfilment of customary conditions precedent.

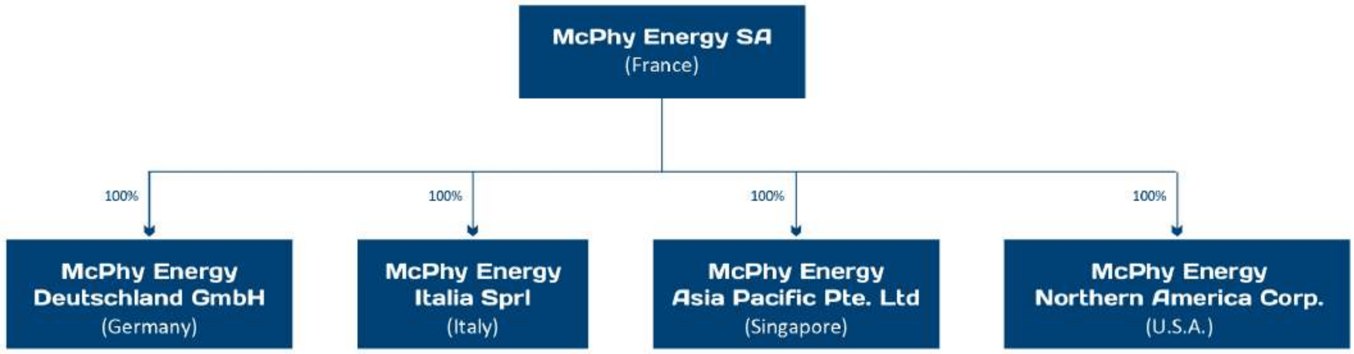
[1] Namely: India, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives, as well as Saudi Arabia, the United Arab Emirates, Oman, Qatar, Kuwait and Bahrain.

8.5 Licensing agreements

Please refer to section 8.4.3 of this Document concerning the technology transfer and assistance agreement which includes a trademark license, signed with Larsen & Toubro.

8.6 McPhy Group organization chart

The organization chart below shows McPhy Energy and its subsidiaries as at December 31, 2023:



8.7 Statutory auditors

AUDIT EUREX

Represented by Guillaume Belin

Technosite Altéa, 196, rue Georges Charpak, 74100 Juvigny, France

Date of first appointment: Shareholder General Meeting of February 27, 2014

Term: appointment renewed on April 10, 2020, expiring at the shareholder general meeting held to approve the financial statements for the year ending December 31, 2025.

DELOITTE & ASSOCIES

Represented by Hélène De Bie

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

Date of first appointment: Shareholder General Meeting of December 19, 2013

Term: appointment renewed on May 23, 2019, expiring at the shareholder general meeting held to approve the financial statements for the year ending December 31, 2024.

No statutory auditor resigned or was removed during fiscal year 2023.

CHAPTER

9

Appendices

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9.1 Declaration by persons responsible

9.1.1 Person responsible for the universal registration Document

Jean-Baptiste Lucas, Chief Executive Officer

9.1.2 Declaration by the person responsible for the universal registration Document incorporating the annual financial statements

"I hereby certify that the information contained in this universal registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated companies, and that the management report (referred to in the concordance tables of this universal registration Document on page 262 provides a true and fair view of the business trends, results and financial position of the Company and all consolidated companies, as well as a description of the main risks and uncertainties to which they are exposed."

April 26, 2024

Jean-Baptiste Lucas, Chief Executive Officer

9.1.3 Person responsible for financial information

Alexandre Brunet, Chief Financial Officer.

9.2 Glossary

Electrolysis

Method used to generate electrochemical reactions by electrical activation. This process converts electrical energy into chemical energy. In the chemicals industry, it enables us to separate elements or synthesize chemical compounds. Electrolysis is used in numerous industrial processes such as the production of hydrogen by water electrolysis, the production of aluminum or chlorine, or even to galvanize objects by electroplating.

Electrolyzer

Machine used to perform electrolysis, to chemically decompose certain compounds (by melting or dissolving) under the action of an electrical current.

Nm^3

The normal cubic meter is a unit of measurement for the quantity of gas, corresponding to the content of a volume of a cubic meter, for a gas in normal conditions of temperature and pressure (0 °C and 1 bar absolute). It is a common unit of weight and measurement.

Fuel cell

A fuel cell is a battery where electricity is produced by the oxidization of a reducing agent (e.g. hydrogen) on an electrode, coupled with the reduction of an oxidizing agent such as the oxygen in air, on the other electrode.

Power to Gas (P2G or PtG)

A technology used to convert energy into gas fuel using a chemical process by which the electricity (primarily of renewable origin) is transformed into hydrogen via water electrolysis. The hydrogen generated can be injected into natural gas networks, in observance of standards defining the maximum proportion of "pure” injectable hydrogen. When it reacts with carbon dioxide, this hydrogen can also be used to produce methane (via the Sabatier reaction), which can also be injected into natural gas networks in limitless quantities.

Power-to-Power

A technology used to convert energy into energy, using a chemical process in which electricity, mainly of renewable origin, is transformed into hydrogen by electrolysis of water, and this hydrogen is then converted back into electrical energy using fuel cells.

Stack

The heart of electrolysis. Stack of cells where water is circulated to be separated into hydrogen and oxygen in the presence of electrodes and an electrically conductive electrolyte solution. Each cell comprises an anode, a cathode, and a membrane to separate the gases. A stack can contain tens or even hundreds of cells.

9.3 Information included for reference in the universal registration document

Pursuant to article 19 of EU regulation 2017/1129 of the European Parliament and Council of June 14, 2017, the following information is included for reference in this Document:

- In respect of the fiscal year ending December 31, 2022, the consolidated financial statements and Company financial statements, the reports of the Statutory auditors and their special report on regulated agreements and commitments, as well as the management report are provided respectively in sections 5.1, 5.2, 3.6 and 4 of the 2022 universal registration Document filed with the French financial markets authority (AMF) on April 25, 2023 under the No. D. 23-0336 and available on the Company investors website (https://mcphy.finance.com); and
- In respect of the fiscal year ending December 31, 2021, the consolidated financial statements and Company financial statements, the reports of the Statutory auditors and their special report on regulated agreements and commitments, as well as the management report are provided respectively in sections 5.1, 5.2, 3.9 and 4 of the 2021 universal registration Document filed with the French financial markets authority (AMF) on April 28, 2022 under the No. D. 22-0381 and available on the Company investors website (https://mcphy.finance.com);

The information of said universal registration Documents not included in this Document are either not relevant for investors or referred to in another part of the universal registration Document.

The information provided on the websites referred to by the hypertext links in this Document is not part of the universal registration document unless incorporated by reference. In this respect, such information has not been examined or approved by the AMF.

9.4 Concordance tables

9.4.1 Universal registration Document

This concordance table resumes the main sections stipulated by Appendices I and II of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, and refers to the paragraphs of this Document containing the information relating to each of these sections.

Information		Chapter(s) / Section(s)	Page(s)
1	**RESPONSIBLE PERSONS, THIRD-PARTY INFORMATION, EXPERT REPORTS AND APPLICABLE AUTHORITY APPROVAL**		
1.1	Indication of persons responsible	9.1	256
1.2	Declaration by the persons responsible	9.1	256
1.3	Declaration of an expert report	N/A	N/A
1.4	Third-party attestation	N/A	N/A
1.5	Declaration by applicable authority (without prior approval)	AMF insert	N/A
2	**PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS**		
2.1	Details of the Statutory Auditors	8.7	253
2.2	Statutory auditors having resigned or been removed	N/A	N/A
3	**RISK FACTORS**	2.1	42 to 52
4	**INFORMATION ABOUT MCPHY ENERGY**		
4.1	Legal name and trading name	8.1.1	248
4.2	Location, registration number and LEI	8.1.2	248
4.3	Date and duration of incorporation	8.1.3	248
4.4	Head office, legal form, governing law, contact details and Website	8.1.4	248
5	**OVERVIEW OF ACTIVITIES**		
5.1	Primary activities	1.3	25 to 39
5.2	Main markets	1.1.3 to 1.1.5; 1.3.1.2; 1.3.2.2; 5.1.5 (note 3.12)	16 to 19; 28 to 29; 37; 142
5.3	Important events in the development of business	Introduction; 4.1.3	4 to 8; 115
5.4	Strategy and objectives	1.2	20 to 24
5.5	Dependency on patents, licenses, agreements, and manufacturing processes	8.4.3	252
5.6	Statement on competitive positioning	1.3.1.4; 1.3.2.1	32 to 33; 39
5.7	Investments	4.3	
5.7.1	Major investments made	4.3.1	118
5.7.2	Major investments in progress	4.3.2	118
5.7.3	Joint ventures and significant holdings	N/A	N/A
5.7.4	Environmental questions potentially influencing the use of tangible non-current assets	N/A	N/A
6	**ORGANIZATIONAL STRUCTURE**		
6.1	Brief description of Group	8.6	253
6.2	Presentation of principal Group companies	5.1.5 (note 3.20) ; 8.6	145; 253
7	**EXAMINATION OF FINANCIAL POSITION AND RESULTS**		
7.1	Financial position	4; 5	113 to 118; 119 to 184
7.2	Operating profit (loss)		
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7.2.2	Explanation of significant changes in revenue, products, and reasons for changes	4.1	114 to 116
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8.1	Capital information (short and long-term)	4.2.2	117 to 118
8.2	Source and amount of cash flows	4.2.3; 5.1.3	118; 122
8.3	Information on capital requirements and financing structure	4.2.4	118
8.4	Restrictions on use of capital	N/A	N/A
8.5	Future sources of finance required	2.1.4.2; 4.2.2; 6.5.9.4	49 to 50; 117 à 118
9	**REGULATORY ENVIRONMENT**		
9.1	Regulatory environment and administrative, economic, budgetary, monetary, or political factors that may have a significant impact on operations	2.1.5 ; 6.3 ; 6.5.9.4	50 to 52; 191 to 192; 218 to 219
10	**TREND INFORMATION**		
10.1	Main trends affecting production, sales, inventories, costs and selling prices since year-end and any significant changes in the Group's financial performance	4.4	118
10.2	Trends, uncertainties, constraints, commitments, or events likely to have a material impact on the outlook	4.4	118
11	**PROFIT FORECAST OR ESTIMATES**	N/A	N/A
12	**ADMINISTRATIVE AND SUPERVISORY BODIES**		
12.1	Information concerning the members of Administrative and Supervisory bodies	3.2 ; 3.3.1 ; 3.3.2	59 to 78
12.2	Potential conflicts of interest and agreements	3.3.3	81
13	**COMPENSATION AND BENEFITS**		
13.1	Compensation and commitments in favor of corporate officers	3.4	89 to 106
13.2	Sums provisions or reported by the Company to pay pension entitlements or other benefits	N/A	N/A
14	**OPERATION OF ADMINISTRATIVE AND SUPERVISORY BODIES**		
14.1	Expiry date of current terms of office and length of time in office	3.3.1.1	66
14.2	Service contracts between members of administrative and supervisory bodies and the Company or one of its subsidiaries	3.3.3.1	81
14.3	Information on the Audit and Remuneration Committees	3.3.5.1; 3.3.5.2	86 to 87
14.4	Statement of Company compliance with the corporate governance regime	3.1	58
14.5	Potential significant incidence on corporate governance	3.3.1.2	67
15	**EMPLOYEES**		
15.1	Number and breakdown	5.1.5 (note 3.21)	145
15.2	Holdings and securities giving access to the capital, held by members of administrative and supervisory bodies	3.3.1.1; 7.2.1	66; 237 to 238
15.3	Agreement providing for employee shareholding in the Company's capital	3.4.7	103 to 106
16	**MAIN SHAREHOLDERS**		
16.1	Shareholders holding in excess of 5% of the share capital and voting rights	7.2.1; 7.2.2	237 to 239
16.2	Voting rights of main shareholders	7.2.1	237 to 238
16.3	Control of the Company and measures to prevent improper exercise (if applicable)	7.2.5	239
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17	**RELATED PARTY TRANSACTIONS**		
17.1	Details of related party transactions	5.1.5 (note 3.27); 3.6	148; 108

Information		Chapter(s) / Section(s)	Page(s)
18	**FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, AND EARNINGS**		
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18.2	Interim and other financial information	5.1.1 to 5.1.5; 5.2.1 to 5.2.3	120 to 149; 155 to 171
18.3	Audit of annual financial information	5.1.6; 5.2.4	150 to 154; 172 to177
18.4	Pro forma financial information	5.5	180 to 184
18.5	Dividend distribution policy	7.3	240
18.6	Legal and arbitration proceedings	2.4	55
18.7	Significant changes in the financial or commercial position	N/A	N/A
19	**SUPPLEMENTARY INFORMATION**		
19.1	Share capital	7.4	240 à 243
19.1.1	Issued capital and class of shares (if applicable)	7.4.1	240
19.1.2	Non-equity securities	N/A	N/A
19.1.3	Treasury shares	7.5.1	244
19.1.4	Convertible or tradeable securities, or with subscription warrants	3.4.7; 7.2.1.2; 7.4.3.2; 7.4.3.3	103 to 106; 238; 242 to 243
19.1.5	Authorized capital	7.4.3	241 to 243
19.1.6	Information on the capital of any member of the Group subject to a conditional or unconditional option or agreement	N/A	N/A
19.1.7	History of share capital	7.4.2	240
19.2	Memorandum of Association and Articles of Association	8.2	249 to 250
19.2.1	Corporate purpose	8.1.5	248
19.2.2	Rights, privileges, and restrictions attached to shares	8.2.1	249
19.2.3	Provisions that would have the effect of delaying, deferring, or preventing a change of control	8.2.2	249
20	**MAJOR CONTRACTS**	7.4.3.2; 8.4; 8.5	242 to 243; 251 to 252; 253
21	**PUBLICLY AVAILABLE DOCUMENTS**	8.3	250

9.4.2 Annual financial report

To facilitate the reading of the Document, the concordance table below serves to identify information in the universal registration document taken from the annual financial statements published by the Company in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the AMF general regulations.

No.	Information	Chapter(s) / Section(s)	Page(s)
1	Company financial statements	5.2	155 to 171
2	Consolidated financial statements	5.1	120 to 149
3	Management report	Dedicated table	262
4	Declarations by the persons responsible for the annual financial statements	9.1	256
5	Statutory Auditors' report on the Company financial statements and consolidated financial statements	5.1.6; 5.2.4	150 to 154; 172 to 177

9.4.3 Management report

To facilitate the reading of the Document, the concordance table below serves to identify information in this universal registration document comprising the management report in accordance with articles L. 225-100 and subsequent, L. 22-10-34 and subsequent, L. 232-1, R. 225-105-2 and L. 225-211 item 2 of the French Commercial Code.

No.	Information	Chapter(s) / Section(s)	Page(s)
1	***Group situation and activity***		
1.1.	Situation of the Company and changes in the business, results and financial situation of the Company and the Group	4	113 to 118
1.2.	Key financial performance indicators	4	113 to 118
1.3.	Key non-financial performance indicators	6	185 to 233
1.4.	Significant events between the date of year end and the date of the report	5.1.5 (note 1.2); 5.2.3 (note 1.2)	124; 157 to 158
1.5.	Identity of main shareholders/holders of voting rights - changes during the year	7.2.1 à 7.2.3	237 to 239
1.6	Existing branches	5.1.5 (note 3.20) ; 8.6	145; 253
1.7	Significant equity interests	N/A	N/A
1.8.	Disposal of cross-shareholdings	N/A	N/A
1.9.	Foreseeable trends in the Company's and the Group's situation and future outlook	N/A	N/A
1.10.	Research and Development activities	1.2.3.1; 2.1.3.1; 5.1.3 (note 3.18)	20 to 22; 45; 144
1.11.	Table of five-year financial data	5.3	178
1.12	Payment periods for suppliers and customers	5.4	179
1.13	Amount of inter-company loans and declaration by statutory auditors	N/A	N/A
2	***Internal control and risk management***		
2.1	Principal risks and uncertainties	2.1	42 to 52
2.2	Financial risks related to the effects of climate change and measures taken by the Company	2.1.5.2 ; 6.5.3	51; 197
2.3	Internal control and risk management procedures implemented by the Company for the preparation and processing of accounting and financial information	2.3	53 to 55
2.4	Company objectives, hedging policy and exposure to price, credit, liquidity, and cash flow risks; use of financial instruments	2.1.4	49 to 50
2.5	Anti-corruption mechanism	N/A	N/A
2.6	Vigilance plan and report on its effective implementation	N/A	N/A
3	***Report on corporate governance***	Dedicated table	263
4	***Share ownership and capital***		
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4.2	Repurchase transactions by the Company of its own shares	7.5	244 to 245
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4.4	Possible adjustments for securities giving access to the capital in the event of share repurchases or financial transactions	N/A	N/A
4.5	Information on securities transactions by directors and related parties	3.5.3	107
4.6	Dividends paid over the past three fiscal years	7.3	240
5	***Statement of non-financial performance***	N/A	N/A
6	***Other information***		
6.1	Supplementary fiscal information	4.1.6	116
6.2	Injunctions or fines for unfair business practices	N/A	N/A

9.4.4 Company governance report

The concordance table below serves to identify information in this Document comprising the Company governance report in accordance with articles L. 225-37 and subsequent, L. 22-10-8 and subsequent of the French Commercial Code.

No.	Information	Chapter(s) / Section(s)	Page(s)
1.	***Information on the compensation and benefits of corporate officers***		
1.1	Policy on the compensation of corporate officers (ex-ante)	3.4.1; 3.4.2.1; 3.4.3.1; 3.4.4.1	89 to90; 90 to 91; 92; 94 to 97
1.2	Compensation and benefits during the year ended (ex-post)	3.4.2.2; 3.4.3.2; 3.4.4.2	91 to 92; 93 to 94; 98 to 100
1.3	Proportion relating to fixed and variable compensation	3.4.2; 3.4.3; 3.4.4	90 to 100
1.4	Possible grant of variable compensation	3.4.2; 3.4.3; 3.4.4	90 to 100
1.5	Compensation and benefits relating to the assumption, termination, or change of duties	3.4.2; 3.4.3; 3.4.4	90 to 100
1.6	Compensation within the scope of consolidation	3.4.2; 3.4.3; 3.4.4	90 to 100
1.7	Ratios: compensation and benefits of executive directors and average/median compensation of employees	3.4.5	100 to 102
1.8	Annual changes: compensation and benefits, Company performance, average employee remuneration and above-mentioned ratios over the last five fiscal years	3.4.5	100 to 102
1.9	Observance of the compensation policy	3.4.2.2; 3.4.3.2; 3.4.4.2	91 to 92; 93 to 94; 98 to 100
1.10	Integration of the vote on the compensation policy at the last Shareholder General Meeting	3.4.1.3	90
1.11	Deviations and exemptions from the procedure for implementation of the compensation policy	3.4.1.2	90
1.12	Suspension / reinstatement of directors' compensation for lack of gender diversity	3.4.4.2	92
1.13	Allocation and retention of stock options by corporate officers	3.4.7.1	103 to 104
1.14	Allocation and retention of free shares by executive corporate officers	3.4.7.2; 3.5.1	104 to 106; 107
	Governance information		
3.15	Offices and functions performed by corporate officers during the fiscal year	3.2.1; 3.3.1.1; 3.3.1.2	59; 66; 71 to 78
3.16	Agreements between an executive and a significant shareholder and a subsidiary	3.3.3.2	81
3.17	Summary of current delegations of authority to issue shares and their use during the year	7.4.3.1	241 to 242
3.18	Conditions of exercise of General Management	3.1; 3.2.1	58; 59 to 60
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3.21	Possible limitations place by the Board on the powers of the Chief Executive Officer	3.2.1	59 to 60
3.22	Reference corporate governance code	3.1	58
3.23	Specific conditions of shareholder participation in general meeting	8.2.3	249
3.24	Procedure for assessing current agreements and implementation	3.6.1	108
3.25	Items likely to have an incidence in case of a takeover bid	7.6	246

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McPhy

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clean energy
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