MCPHY ENERGY

Half-year financial report

June 30, 2021

STATEMENT OF FINANCIAL POSITION

ASSETS (€K)	NOTES	30 June 2021	31 Dec 2020
NON-CURRENT ASSETS			
Goodwill	3.1	2,487	2,487
Intangible non-current assets	3.1	1,652	177
Tangible non-current assets	3.2	4,171	3,755
Other assets		369	340
Deferred tax assets	3.3	65	87
TOTAL		**8,745**	**6,847**
CURRENT ASSETS			
Inventories	3.4	3,6542	2,842
Trade and other receivables	3.5	14,589	12,019
Tax assets due	3.5	329	748
Financial assets	3.6	-	-
Cash and cash equivalents	3.6	184,812	197,674
TOTAL		**203,371**	**213,283**
TOTAL ASSETS		**212,116**	**220,130**

LIABILITIES (€K)	NOTES	30 June 2021	31 Dec 2020
Capital		3,351	3,343
Issue premiums		201,771	206,858
Treasury shares		(153)	(36)
Accumulated retained earnings		(17,614)	(12,929)
GROUP EQUITY		**187,355**	**197,236**
Minority interests			
TOTAL EQUITY		**187,355**	**197,236**
NON-CURRENT LIABILITIES			
Provisions > 1 year	3.7	1,514	1,218
Borrowings and financial debt maturing > 1 year	3.8	3,025	2,463
Other payables	3.9	-	-
Deferred tax liabilities	3.3	621	609
TOTAL		**5,160**	**4,290**
CURRENT LIABILITIES			
Provisions < 1 year	3.7	2,742	499
Borrowings and financial debt maturing < 1 year	3.8	938	4,919
Trade and other payables	3.9	6,636	6,027
Other current liabilities	3.9	9,284	7,160
Current tax	3.9	-	-
TOTAL		**19,600**	**18,604**
TOTAL EQUITY AND LIABILITIES		**212,116**	**220,130**

The appendix is an integral part of the consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME

€K	NOTES	S1-2021	S1-2020	2020
Revenue	3.10	5,212	5,356	13,694
Other income from operating activities	3.11	835	326	947
INCOME FROM CURRENT OPERATIONS		**6,047**	**5,682**	**14,642**
Goods consumed		(1,744)	(3,197)	(7 711)
Change in stocks of finished products, work in progress		(78)	318	353
Payroll charges		(5,710)	(4,146)	(8 883)
External charges		(4,405)	(2,174)	(5 921)
Taxes and duties		(47)	(51)	(101)
Amortization	3.12	(664)	(607)	(1 207)
Provisions	3.12	(1,784)	50	43
CURRENT OPERATING INCOME		**(8,384)**	**(4,125)**	**(8,786)**
Other operating income and charges		(13)	17	(236)
Non-current provisions	3.12	.		
NET OPERATING INCOME		**(8,397)**	**(4,108)**	**(9,022)**
Income from cash and cash equivalents		29	28	46
Cost of gross financial debt		(209)	(144)	(298)
Cost of net financial debt		(180)	(116)	(252)
Tax charge on income	3.13	(22)	(32)	(66)
Income from equity affiliates		-	-	
Net income from ordinary activities		(8,599)	(4,256)	(6,255)
Income (loss) from abandoned activities		-	-	
NET INCOME (LOSS) FOR YEAR		**(8,599)**	**(4,256)**	**(9,340)**
Attributable to owners of the parent company		(8,599)	(4,256)	(9,340)
Attributable to minority interests		-	-	
Net earnings per share - Group share	3.14	(0.31)	(0.22)	(0.34)
Net diluted earnings per share - Group share	3.14	(0.31)	(0.22)	(0.34)
		-		
NET INCOME (LOSS) FOR YEAR		**(8,599)**	**(4,256)**	**(9,340)**
Actuarial gains or (losses) on pension obligations		-	-	4
Currency translation adjustments		76	77	(24)
Deferred taxes recognized as equity		-	-	(1)
Other comprehensive income		76	77	(22)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR YEAR		**(8,523)**	**(4,179)**	**(9,362)**

The appendix is an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

€K	S1-2021	S1-2020	2020
NET INCOME (LOSS) FOR YEAR	(8,599)	(4,256)	(9,340)
Depreciation, amortization, and impairment	325	557	1,148
Other income and expenses	135	(448)	603
Gains (losses) on disposals	(90)	14	31
Income from equity affiliates	-	-	-
CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES	(8,229)	(4,132)	(7,557)
Cost of net financial debt	1,201	75	174
Tax expense	22	32	66
CASH FLOW BEFORE COST OF NET FINANCIAL DEBT AND TAXES	(7,006)	(4,026)	(7,318)
Taxes paid	(4)	(7)	(11)
Reduction (increase) in Inventories	(800)	(780)	900
Reduction (increase) in Trade receivables	269	(2,384)	(2;679)
Reduction (increase) in Other receivables	(2,448)	894	(1,740)
Increase (reduction) in Trade payables	(609)	(289)	1,146
Increase (reduction) in Other payables	2,124	2,725	4,170
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(7,256)**	**(3,866)**	**(7,333)**
Acquisitions of intangible non-current assets	(1,520)	(26)	(115)
Acquisitions of tangible non-current assets	(460)	(57)	(340)
Other cash flows from investing activities	0	0	0
Effect of changes in scope	-	-	-
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(1,980)**	**(83)**	**(455)**
Capital increase sums received (net of capital increase expenses)	329	11,397	189,464
Proceeds drawn from new borrowings	480	4,098	4,072
Repayment of borrowings	(4,436)	(580)	(1,068)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(3,627)**	**14,915**	**192,467**
Effect of changes in exchange rates			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(12,863)**	**10,965**	**184,680**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**197,674**	**12,995**	**12,995**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**184,812**	**23,960**	**197,674**

The appendix is an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

	Number of shares	Capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation adjustments	Other reserves	Equity - Group share	Minority interests	Total Equity
Situation at 1st January 2020	**17,325,851**	**2,079**	**30,853**	**(17,158)**	**(70)**	**52**	**825**	**16,581**	**-**	**16,581**
Recognition of prior losses	-	-	(12,183)	12,183	-	-	-	-	-	-
Reserved capital increase	-	-	-	-	-	-	-	-	-	-
Share issue warrants exercised	-	-	-	-	-	-	-	-	-	-
Share subscription warrants exercised	2,192,215	263	11,121	13	-	-	-	11,397	-	11,397
Cost of payments in shares	-	-	-	-	-	-	126	126	-	126
Other variations	-	-	-	-	-	-	10	10	-	10
Other comprehensive income	-	-	-	-	-	-	14	14	-	14
Net income (loss) for year	-	-	-	(4,256)	-	-	-	(4,256)	-	(4,256)
Variation in equity	-	-	-	-	31	-	64	95	-	95
Situation at 30 June 2020	**19,518,066**	**2,342**	**249,791**	**(9,218)**	**(39)**	**52**	**1,039**	**23,966**	**-**	**23,968**
Recognition of prior losses	-	-	-	-	-	-	-	-	-	-
Capital increase	7,659,574	919	167,805	-	-	-	-	168,724	-	168,724
Share issue warrants exercised	601,455	72	8,881	-	-	-	-	8,954	-	8,954
Share options and BSPCE exercised	77,445	9	380					389		389
Share subscription warrants exercised	-	-	1	-	-	-	-	1	-	1
Cost of payments in shares	-	-	-	-	-	-	127	127	-	127
Other variations	-	-	-	-	-	-	115	115	-	115
Other comprehensive income	-	-	-	-	-	98	(95)	3	-	3
Net income (loss) for year	-	-	-	(5,084)	-	-	-	(5,084)	-	(5,084)
Variation in equity	-	-	-	-	3	-	37	40	-	40
Situation at 31 December 2020	**27,856,540**	**3,343**	**206,858**	**(14,302)**	**(36)**	**150**	**1,223**	**197,236**	**-**	**197,236**
Recognition of prior losses	-	-	(5,408)	5,408	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-
Share issue warrants exercised	-	-	-	-	-	-	-	-	-	-
Share options and BSPCE exercised	65,755	8	321	-	-	-	-	329	-	329
Cost of payments in shares	-	-	-	-	-	-	153	153	-	153
Other variations	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-		53	53	-	53
Net income (loss) for year	-	-	-	(8,599)	-	-	-	(8,599)	-	(8,599)
Variation in equity	-	-	-	-	(1,564)	-	(254)	(1,818)	-	(1,818)
Situation at 30 June 2021	**27,922,295**	**3,351**	**201,771**	**(17,493)**	**(1,600)**	**150**	**1,175**	**187,354**	**-**	**187,354**

MCPHY ENERGY
HALF-YEAR FINANCIAL INFORMATION
AT 30 JUNE 2021

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 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 Company's registered office is listed as 1115, route de Saint Thomas – 26190 La Motte-Fanjas (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 30 June 2021, approved by the Board of Directors meeting of 27 July 2021.

1.1. Highlights for the period

Throughout the first half-year, the Group pursued the industrial scaling up of its operations by announcing:

- a new hydrogen station manufacturing plant located in the heart of the Grenoble agglomeration, due online in March 2022. This site will increase McPhy's production capacity to 150 stations a year, or 7 times its current production capacity;
- its pre-selection of the Belfort site to build its electrolyzer Gigafactory. Construction of the Gigawatt-scale electrolyzer production site remains subject to obtaining financing from the IPCEI and at full capacity will create over 500 jobs at McPhy (around 400 in France and around a hundred in Germany and Italy), as well as several hundred indirect jobs in France in Europe.

The Group has also expanded its partner network, signing several agreements over the period, with big names such as Plastic Omnium, combining technology with a commercial alliance, and TSG, which bolsters our 24/7 maintenance services on McPhy hydrogen stations.

The Board of Directors meeting following the Mixed General Assembly of 17 June appointed Mr Luc Poyer as Chairman of the Board of Directors of the Group. He succeeds Pascal Mauberger, who remains a Director of the Company and becomes its Honorary President.

On 25 June published an announcement about a leakage of potash on one of its electrolyzers on Thursday 24 June 2021 in the Grenzach-Wyhlen power-to-gas plant in Germany, operated by EnergieDienst.

In agreement with EnergieDienst, McPhy has since appointed Gexon as an independent expert to determine the exact causes of the incident. Investigations are under way, the equipment was immediately transported to an expert assessment site and a certified laboratory was appointed to analyze the data and parts. The Group is waiting for the initial conclusions of the expert assessment in the month of September and will announce the results in line with its core priority of transparency.

1.2. Post-closing events

On 12 July McPhy announced changes to its governance. A process to select the new Chief Executive Officer was undertaken and Luc Poyer has assured the role in the interim period. His priority will be to ensure operations are successful, ongoing projects completed and to secure the satisfaction of Group Clients and partners, while speeding up the industrial scaling-up of the Company, by working closely with all teams involved.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the period 30 June 2021.

The condensed half-year consolidated financial statements were prepared in compliance with the IAS 34 - Interim Financial Reporting standard, including the amendment to IAS 34.

These financial statements do not include all of the information required for an end-of-year closure, but rather a selection of explanatory notes, and must be read in comparison to the Group's consolidated financial statements to 31 December 2020.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 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 31 December 2020, available on the European Commission website:

https://ec.europa.eu/commission/index_en.

The accounting principles and methods used to prepare the consolidated financial statements comply with those used for the year ending 31 December 2020, except for the standards, amendments and IFRS interpretations endorsed by the European Union and applicable as of 1st January 2021:

The following standards, amendments and IFRS interpretations, mandatory at 31 June 2021, have not had significant impacts on the accounts:

Amendments to AS 39, IFRS 4 and IFRS 7, IFRS 9, IFRS 16 - Reference interest rate reform phase 2
Amendments to IFRS 4 – Extension of the temporary exemption of application of IFRS 9

Moreover, the Group has opted not to apply in advance the standards, amendments, and interpretations becoming mandatory on 1st January 2022 or later, as the Group is currently analyzing the potential impacts of their entry into effect.

The Company is currently analyzing the potential impacts of the IFRIC publication concerning debt repayment schedules.

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 companies

Entities are fully consolidated in the financial statements if the Group has a generally 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. The income from subsidiaries acquired or disposed of during the fiscal year is included in the statement of comprehensive income respectively since the date of acquisition or until the date of disposal. The excess price paid over the proportionate share of the fair value of the assets, 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):

Exchange rate EUR against currencies		Average rate S1-2021	Average rate S1-2020	Average rate 2020	Closing date rate 30 June 2020	Closing date rate 31 December 2020
Singapore dollar	SGD	1.606	1.541	1.574	1.600	1.622
US dollar	USD	1.205	1.101	1.141	1.190	1.227

2.4. 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:

- The choice of capitalization of research and development projects in progress,
- Goodwill impairment tests,
- Capitalization of deferred tax assets on losses carried forward,
- Losses carried forward are estimated using the amount at the end of the previous period and adding the net result for the period;
- The period of use of assets owned by the Company,
- provisions for retirement benefits: we consider that the change in the retirement benefit provision was not significant, including the impact of actuarial gains and losses, the calculation will be carried out at year end;
- Provisions for guarantees,
- Projected cash flow consumption,
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion;
- as the financial statements of McPhy Energy Northern America Corp. are not significant in terms of the Group's consolidated financial statements, the half-year result used was estimated at 30 June 2021.

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.

2.5. 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. Below: geographical distribution of revenue:

	S1-2021	S1-2020
Annual revenue France	€4.0 M	€2.2 M
Annual revenue Rest of World	€1.2 M	€3.2 M

2.6. Research and Development - Internal R&D work

In accordance with IAS 38 Intangible assets, research costs are stated in charges for the fiscal year in which they are incurred.

According to IAS 38, development costs are recognized as intangible 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.

Research and Development work done internally by the Company and its subsidiaries is subject to capitalization on the closing date, if all the criteria specified above are satisfied. For the first half-year of 2021, €1.4 M was capitalized in research and development. Otherwise, Research and Development costs are stated in the charges for the fiscal year in which they are recognized.

3. SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME

A NOTES TO THE BALANCE SHEET

3.1. Intangible non-current assets

(in thousands of €)	Goodwill	Concessions Patents licenses	Other	Total
At 31 December 2020	**2,487**	**969**	**27**	**3,485**
Acquisitions	-	69	1,451	1,520
Disposals	-	-	-	-
Other variations	-	-	-	-
At 30 June 2021	**2,487**	**1,038**	**1,478**	**5,003**
Accumulated amortizations and impairments				
At 31 December 2020	**-**	**819**	**-**	**819**
Amortization for fiscal year	-	44	-	44
Other variations	-	-	-	-
At 30 June 2021	**-**	**864**	**-**	**864**
Net values at 30 June 2020	**2,487**	**173**	**1,478**	**4,139**

The goodwill is not amortized and is subjected to an impairment test at the end of each financial year. The Company has not identified any indication of loss in value at 30 June 2021.

Acquisitions for the period primarily correspond to research and development costs for a total of €1.4 M.

3.2. Tangible non-current assets

(in thousands of €)	Land and buildings	Plant and machinery	Other tangible	Total
At 31 December 2020	**2,796**	**6,855**	**2,357**	**12,007**
Acquisitions	26	254	179	459
Leases (IFRS 16)	-	-	92	92
Disposals (IFRS 16)	(3)	(10)	-	(13)
Disposals	-	(35)	(23)	(58)
Internal transfer	-	-	-	-
At 30 June 2021	**2,820**	**7,064**	**2,605**	**12,489**
Accumulated amortizations and impairments				
At 31 December 2020	**761**	**5,934**	**1,556**	**8,251**
Amortization for fiscal year	25	202	96	323
Lease amortizations (IFRS 16)	225	5	49	279
Lease restatements (IFRS 16)	(423)	(10)	(52)	(485)
Disposals	-	(35)	(16)	(51)
Other variations	-	-	-	-
At 30 June 2021	**588**	**6,096**	**1,633**	**8,317**
Net values at 30 June 2021	**2,232**	**968**	**972**	**4,171**

Leases whose contract term is less than one year or whose yearly amount is less than $5k have not been included in the IFRS 16 restatement and represent an amount of €57k, for information purposes.

3.3. Deferred taxes

(in thousands of €)	On Balance sheet 30/06/2021	On Balance sheet 31/12/20	On Income Statement 30/06/2021	On Income Statement 31/12/20
Losses carried forward	-	-	-	-
Taxable temporary differences	15	14	-	1
Consolidation restatements	50	72	(22)	10
Total deferred tax assets	**65**	**87**	**(22)**	**11**
Taxable temporary differences	(570)	(539)	(15)	(63)
IAS 32 restatements	-	-	-	-
Other consolidation restatements	(51)	(70)	19	(2)
Total deferred tax liabilities	**(621)**	**(609)**	**4**	**(65)**
Total deferred tax liabilities (net)	**(556)**	**(522)**	**(18)**	**(54)**

Pursuant to IAS 12, deferred tax assets and liabilities are compensated with the entity has a statutory right to offset current tax assets and liabilities, and if the deferred tax assets liabilities are of the type of taxation collected by the same tax authority.

The amount of tax losses carried forward amounts to €134.3 M at 30 June 2021 (€125.7 M at 31 December 2020). For reasons of prudence, the Company did not report deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax charge.

3.4. Inventories

(in thousands of €)	30/06/21	31/12/20
Raw materials and other supplies	3,335	2,316
Work in progress and services	68	227
Finished products	582	659
Gross value	**3,985**	**3,202**
Provisions	(343)	(361)
Net value	**3,642**	**2,842**

3.5. Receivables and other current assets

(in thousands of €)	30/06/2021	31/12/20
Trade receivables and related accounts (1)	8,192	8,461
State and other bodies (2)	2,408	2,388
Deferred charges	68	151
Sundry (3)	4,450	2,519
Gross value	**15,118**	**13,519**
Impairment (4)	(200)	(752)
Net value	**14,918**	**12,767**

(1) The "Trade receivables and related accounts" item includes €3.6 M of non-matured trade receivables at 30 June 2021, contract assets as per IFRS 15 of an amount of €3.8 M (including €1.1 M relating to the Hyport project, €0.7 M to EDF Auxerre, €0.7 M to the Dijon project and €1.2 M on seven other projects).

(2) The "State and other bodies" item includes VAT receivables for an amount of €1.6 M and Research tax credit for an amount of €0.3 M, reclaimable VAT to the amount of €0.3 M and €0.1 M in grants to receive.

(3) The "Miscellaneous" item includes advance payments made to suppliers for the amount of €3.6 M and the cash account on the liquidity contract for €0.8 M.

(4) The "impairment" item reduced by 0.5 M in the first half of 2021 following the settlement of a receivable for €0.5 M on the Hebei project, for which a provision was made at the end of FY 2021.

3.6. Cash and cash equivalents

(in thousands of €)	**30/06/21**	**31/12/20**
Short-term deposits (1)	184,809	197,671
Demand deposits		
Liquidities and equivalent	2	3
Cash and cash equivalents	**184,812**	**197,674**

Marketable securities are accounted for at their market value.

3.7. Provisions for risks and charges

(in thousands of €)	**Balance 31/12/20**	**Provisions**	**Uses**	**Unused reversals**	**Other variations**	**Balance 30/06/21**
Disputes	8	-	-	-		8
Pensions and retirement benefits	169	-	-	-	-	169
Other risks and charges	1,539	2,708	(168)	-	-	4,079
Provisions for risks and charges	**1,717**	**2,708**	**(168)**	**-**	**-**	**4,256**
Non-current	1,220	400	(104)	-	-	1,514
Current	497	2,308	(64)	-	-	2,742
Provisions for risks and charges	**1,717**	**2,708**	**(168)**	**-**	**-**	**4,256**

Provisions for the period correspond to €0.8 M of provisions for Client projects, including €0.3 M in guarantee provisions and €2.1 M in non-current provisions, explained in note 3.12.

3.8. Borrowing and financial debt

(in thousands of €)	31 Dec 2020	Issues	Repayments	Restatements	30 June 2021
Bank borrowing	483	480		(83)	880
Repayable advances	386	1	(7)	0	387
Debt on financial leases	74	0		(74)	0
Lease agreements	1,520	108		130	1,758
Non-current financial debt	**2,463**	**589**	**0**	**(27)**	**3,025**
Bank borrowing	4,201		(4,087)	83	197
Repayable advances	51				51
Debt on financial leases	189	0	(99)	74	164
Lease agreements	477	428	(250)	(130)	526
Current financial debt	**4,918**	**728**	**(4,436)**	**27**	**938**
Total borrowing and financial debt	**7,381**	**1,018**	**(4,436)**	**0**	**3,963**

< 1 year	938
1-5 years	1,964
> 5 years	1,062
Total	**3,963**

3.9. Trade and other payables

(in thousands of €)	30/06/21	31/12/20
Supplier payables	6,636	6,027
Subsidies	2,888	2,887
Tax and employee-related liabilities	3,876	3,585
Other payables	0	166
Liabilities on contracts	2,519	522
Trade and other payables	**15,919**	**13,187**

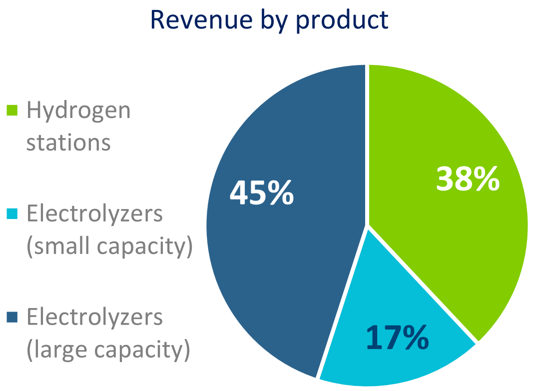
B NOTES TO THE INCOME STATEMENT

3.10. Revenue

Revenue at 30 June 2021 amounts to €5,212 K.

The distribution of the revenue by geographical area presented below reflects the country of the client billed.

(in thousands of €)	S1-21		S1-20		2020	
Europe	4,820	*92%*	5,007	*96%*	13,505	*99%*
Middle East, Africa	69	*1%*	40	*1%*	1	*0%*
Americas	52	*1%*	57	*1%*	20	*0%*
Asia / Pacific	271	*5%*	252	*5%*	168	*1%*
Total	**5,212**	*100%*	**5,356**	*103%*	**13,694**	*100%*



3.11. Other income from operating activities

(in thousands of €)	S1-21	S1-20
Subsidies	431	122
Research tax credit	327	183
Other income	78	21
Other income from operating activities	**836**	**326**

3.12. Amortization and provisions

(in thousands of €)	**S1-21**	**S1-20**	**2020**
Intangible non-current assets	45	49	93
Tangible non-current assets	601	558	1,098
Gains (losses) from asset retirements	18	-	16
Amortization	664	607	1,207
Provisions	2,617	176	563
Reversals of provisions	(821)	(185)	(540)
Net recurring operational provisions	**2,460**	**598**	**1,230**
Non-recurring provisions (reversals)	(12)	(41)	(66)
Gains (losses) from asset retirements	-	-	-
Net operational provisions	**2,448**	**557**	**1,164**

The increase in amortization is justified principally by the restatement of IFRS 16, to the amount of €0.4 M.

The increase in provisions mainly addresses:

1) The estimated financial consequences of the incident occurring on the EnergieDienst site in Grenzach-Wyhlen, Germany, last June. In agreement with EnergieDienst, McPhy appointed an independent expert to identify the exact causes of the incident. The Group's investigations are ongoing and the initial conclusions of the expert report are expected some time in September. The Group reviewed all its installations and assess the risk to date at €1.3 M (potential loss of operation, insurance excess, etc.). These estimates will be revised based on the conclusions of the expert report when finalized.

2) The cost of dismantling the former McPhy technology (MgH2 pellets) on two demonstration sites, for the amount of €0.6 M.

3.13. Expected effective tax rate for the year and integrated

The tax charge stated results from the integration of:

(in thousands of €)	**S1-21**	**S1-20**	**2020**
Tax liability in respect of fiscal year	(4)	(7)	(11)
Deferred taxes	(18)	(25)	(54)
Tax expense	**(22)**	**(32)**	**(66)**

3.14. 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 buyback method. Using this method, funds collected by potentially dilutive financial instruments are allocated to share buybacks at their market value. Dilution consists in the difference between the theoretical amount of shares to be bought back and the number of potentially dilutive options.

(in units except for net earnings expressed in thousands of €)	**S1-21**	**S1-20**	**2020**
Weighted average number of shares in circulation	27,855,307	19,514,814	27,855,480
Dilutive effect of options	355,070	138,502	414,928
Number of shares after effect of dilutive instruments	28,210,377	19,653,316	28,270,408
Net earnings - Group share	(8,599)	(4,256)	(9,340)
Basic net earnings per share	(0.31)	(0.22)	(0.34)
Net diluted earnings per share	(0.31)	(0.22)	(0.34)

The number of shares issued and fully paid-up at 30 June 2021 is 27,922,295 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.

C OTHER INFORMATION

3.15. Scope and methods of consolidation

The companies included in the scope of consolidation close their accounts on 31 December.

Companies	Country	30 June 2021	30 June 2020	Notes
Fully consolidated companies				
McPhy Energy S.A.	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
Companies consolidated using the equity method				
McPhy Waterfuel Energy Equipment LLC	UAE	0%	10%	Marketing

Until March 2021, the company owned 10 % of the capital of Waterfuel Energy Equipment LLC based in Abu Dhabi (UAE), in partnership with Group International (Middle East) Holding LLC, subsidiary of the Sacré-Davey group. This company was liquidated in March 2021.

3.16. Headcount

The headcount of the Company and its fully consolidated subsidiaries totals 134 people at 30 June 2021 (101 people at 30 June 2020).

3.17. 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.

These transactions are conducted at normal market conditions. The Group did not record any transactions falling under the scope of IAS 24 in the period.

MCPHY ENERGY
HALF-YEARLY ACTIVITY REPORT

1. SIGNIFICANT EVENTS DURING THE PERIOD

Throughout the first half-year, the Group pursued the industrial scaling up of its operations by announcing:

- a new hydrogen station manufacturing plant located in the heart of the Grenoble agglomeration, due online in March 2022. This site will increase McPhy's production capacity to 150 stations a year, or 7 times its current production capacity;
- its pre-selection of the Belfort site to build its electrolyzer Gigafactory. Construction of the Gigawatt-scale electrolyzer production site remains subject to obtaining financing from the IPCEI and at full capacity will create over 500 jobs at McPhy (around 400 in France and around a hundred in Germany and Italy), as well as several hundred indirect jobs in France in Europe.

The Group has also expanded its partner network, signing several agreements over the period, with big names such as Plastic Omnium, combining technology with a commercial alliance, and TSG, which bolsters our 24/7 maintenance services on McPhy hydrogen stations.

The Board of Directors meeting following the Mixed General Assembly of 17 June appointed Mr Luc Poyer as Chairman of the Board of Directors of the Group. He succeeds Pascal Mauberger, who remains a Director of the Company and becomes its Honorary President.

On 25 June published an announcement about a leakage of potash on one of its electrolyzers on Thursday 24 June 2021 in the Grenzach-Wyhlen power-to-gas plant in Germany, operated by EnergieDienst.

In agreement with EnergieDienst, McPhy has since appointed Gexon as an independent expert to determine the exact causes of the incident. The Group is expecting the initial conclusions of the expert report some time in September.

At 30 June 2021, McPhy had €185 M in cash.

2. COMMENTS ON THE CONSOLIDATED QUANTIFIED DATA

– IFRS standards - in €M	S1 2021	S1 2020	Reminder of 2020 figures
Revenue	5.2	5.4	13.7
Other income from operating activities	0.8	0.3	0.9
Income from current operations	**6.0**	**5.7**	**14.6**
Cost of materials	(1.8)	(2.9)	(7.4)
Payroll charges	(5.7)	(4.1)	(8.9)
Other operating expenses	(4.4)	(2.2)	(6.0)
Allocations to amortizations and provisions	(1.8)	(0.6)	(1.2)
Current operating income	**(8.4)**	**(4.1)**	**(8.9)**
Other non-recurring income and charges	(0.0)	(0.0)	(0.2)
Cost of net financial debt	(0.2)	(0.1)	(0.2)
Tax charge on income	(0.0)	(0.0)	(0.0)
Net profit	**(8.6)**	**(4.3)**	**(9.3)**

2.1. COMMERCIAL ACTIVITY

McPhy was selected as a key partner by HYPORT to equip the Toulouse-Blagnac airport with a complete chain of zero-carbon hydrogen production to supply a fleet of almost 200 vehicles, including 4 buses operated by Transdev, to transport passengers within the bounds of the airport. Beyond its pioneering character, the specific nature of this project lies in the installation of one station for airport services within a private regulated-access area, while the second will be installed in a public-access area.

McPhy signed a strategic partnership with TSG for the maintenance of hydrogen stations. This agreement will enable the Group to propose a 24/7 first class maintenance service for its hydrogen stations, based on recognized expertise both in renewable energy distribution and conventional fuel stations. This cooperation supports the service offering in line with the Group's industrial scaling-up of its station projects.

McPhy also signed a technology partnership with Plastic Omnium, to boost its station offering and develop the hydrogen mobility ecosystem. The cooperative project between McPhy and Plastic Omnium should result in a research and development program, training in respective Group technologies, and also potential commercial partnerships, in an approach open to other firms. Moreover, McPhy and Plastic Omnium intend to advocate hydrogen to mobility players through a supportive and consultative approach upstream of their hydrogen projects and needs.

As announced and despite a very buoyant market, McPhy has observed delays in the execution of its projects, as well as in firm orders. The latter are late to appear, notably due to the global health crisis, associated restrictions and the wait-and-see attitude of certain economic players dependent on public financing mechanisms. For this reason, the Group recorded revenue of €5.2 M in the first half of 2021, compared to €5.4 M in the same period in 2020, a slight decline of 3%.

Geographical distribution of the revenue:

in thousands of €)	S1-21		S1-20		2020	
Europe	4,820	*92%*	5,007	*96%*	13,505	*99%*
Middle East, Africa	69	*1%*	40	*1%*	1	*0%*
Americas	52	*1%*	57	*1%*	20	*0%*
Asia / Pacific	271	*5%*	252	*5%*	168	*1%*
Total	**5,212**	*100%*	**5,356**	*103%*	**13,694**	*100%*

2.2. CONSOLIDATED RESULTS

Other income from operations amounting to €0.8 M is primarily justified by grants received in Italy for €0.4 M and the Research Tax Credit estimated at €0.3 M.

Purchases consumed for the period fell notably due to capitalized production, for an amount of €1.4 M corresponding to eligible expenditure in research and development capitalized over the period.

With a solid medium-term outlook, the Group is continuing its investment efforts to ensure the necessary resources are available to handle a much higher number of projects, increase its technological advance and rapidly acquire key know-how in its sector.

In total, McPhy's headcount increased by a net amount of 24 people over the first six months of the year, bringing the population to 134 at 30 June 2021. This in line with the objective to recruit 50 new people over the full year. The Group also committed to spending to support its growth.

This ramping up and subsequent efforts have an impact on payroll charges and operating expenses, bringing them to (€5.7 M) and (€4.4 M).

During the period, net provisions rose by €1.8 M and primarily reflect the estimated: (i) potential impacts of the incident occurring on the EnergieDienst site in Grenzach-Wyhlen, Germany, pending the expert assessment. For this reason, the costs estimated to date at €1.3 M have been provisioned, and (ii) the costs of dismantling the two demonstrator projects now completed and equipped with McPhy (MgH2 pellet) storage technology for a provisioned amount of €0.6 M at 30 June 2021.

Hence, net profit amounts to (€8.6 M), a net loss per share of (€0.31) compared to (€0.22) in H1 2020.

The Company did not report deferred tax assets for entities sustaining fiscal losses. This latent tax receivable will be offset against any future tax charge.

2.3. OTHER ELEMENTS

Net assets at 30 June 2021 amounted to €187.4 M, broken down as follows:

	ASSETS		LIABILITIES
Goodwill	€2.5 M	Non-current liabilities	€5.2 M
Other non-current assets	€6.3 M	Current liabilities	€19.6 M
Current Assets	€18.6 M		
Cash and equivalents	€184.8 M		

The net debt to equity ratio (gearing) is negative at -97 % at 30 June 2021, compared to -96 % at 31 December 2020, due to the surplus cash position.

Company cash flows and indebtedness

The company's cash flows and relative cash flow trends can be summarized as follows:

USES		RESOURCES	
Cash flow from operations	€7.0 M	Capital increase	€0.3 M
Increase in WCR	€0.2 M	New bank lending	€0.5 M
Non-financial investments	€2.0 M		
Bank loan repayments	€4.4 M		
Opening cash position	€184.8 M	Closing cash position	€197.7 M

At 30 June 2021, McPhy had €185 M in cash, a net increase compared to the corresponding period of the previous year, resulting from the capital increase occurring during the second half of the 2020 fiscal year.

Cash flow from operations (before cost of net financial debt and taxes) for the Group amounts to €7.0 M for H1 2021, including a matching contribution of €2.5 to the liquidity agreement, in line with the McPhy share trading volumes.

Working capital requirement is €0.2 higher than the previous year.

The Group made investments in equipment to the amount of €0.5 M and capitalized €1.4 M in research and development and repaid €4 M in government-backed loans.

Net liquidity amounts to €180.8 M at 30 June 2021 (compared to €190.3 M at 31 December 2020). Debt comprises €1.1 M of bank borrowing, €0.4 M of advances repayable according to conditions of success and €2.4 M of financial debt (hire purchase and lease contracts).

3. RELATED PARTY TRANSACTIONS

None

4. RISKS AND UNCERTAINTIES

Other than the risks mentioned in the Risk Factors chapter of the Reference Document filed with the Autorité des Marchés Financiers (AMF) on 22 April 2020 under number D. 20-0334, the Company's management has identified the following potential risks:

- The Company received a notification of reassessment for €1.3 M from the Tax authorities, which it contests as it considers that in agreement with advisors, it has sufficient arguments to spread its accounting and fiscal positions previously examined and reassessed by the tax authorities at this time. Consequently, no provisions relating to this reassessment have been booked in the accounts of 30 June 2021.
- Following the incident occurring on the EnergieDienst site in Grenzach-Wyhlen, and on which matter the Company made an announcement on 25 June, an assessment was carried out based on the information currently available and pending the expert report (expected in September 2021), operational and financial consequences on the site directly concerned and other installations. The amounts are given in note 3.12 to the interim consolidated financial statements. These estimates will be revised based on the conclusions of the expert report when finalized.

5. EXPECTED GROWTH

The second half of 2021 should report similar revenue to the second half-year of 2020 and should enable the Group to continue the ramping up of its technological and industrial capacities, and to secure the most appropriate organization to respond effectively to the demands of the sector.

The Group intends to pursue the deployment of its business model founded on the continuous improvement of its green hydrogen technology, which can only be addressed over long cycles. With active teams and the full support of its industrial partners, McPhy is more than ever confident in its medium and long-term growth outlook.

6. DECLARATION BY THE PERSONS RESPONSIBLE

"As the person responsible for the half-year financial report, I certify that, to my knowledge, the financial statements have been drawn up in accordance with the applicable accounting standards and provide a true picture of the assets and liabilities, financial situation and results of all of the companies within the scope of consolidation of McPhy Energy, and that the half-year activity report presents a true picture of the information listed in Article 222-6 of the General Regulation of the AMF. ”

____

Luc POYER

Chairman & Chief Executive Officer

7. DECLARATION OF THE AUDITORS CONCERNING THE HALF-YEAR FINANCIAL DATA

Period from 1 January to 30 June 2021

To the shareholders of MCPHY ENERGY,

In accordance with our appointment granted by your Shareholders' general meetings, and pursuant to Article L. 451-1-2 III of the Monetary and Financial Code, we have performed:

- - a limited examination of the company's condensed consolidated half-year accounts for the period from 1 January 2021 to 30 June 2021, as attached to this report;
- - a verification of the information given in the half-year activity report.

The worldwide crisis stemming from Covid-19 has created special conditions for the preparation and limited examination of the condensed consolidated half-year accounts. Indeed, this crisis and the exceptional measures taken under the health crisis have had multiple repercussions for businesses, especially on their activities and financing, as well as increased uncertainty about their future outlook. Certain of these measures, such as restrictions on travel and working from home, have also affected the internal organization of businesses and the conditions of execution of our work.

These condensed consolidated half-year accounts have been drawn up under the responsibility of the Board of Directors. Our role is to express our findings concerning these accounts, on the basis of our limited examination.

Findings concerning the accounts

We conducted our limited examination in accordance with the professional standards applicable in France. A limited examination essentially consists of speaking with the members of the Board of Directors in charge of accounting and financial matters and of implementing analytical procedures. This work is less extensive than that required for an audit carried out in accordance with the professional standards applicable in France. As a result, the level of confidence with which we may assert that the accounts, as a whole, do not contain major errors, on the basis of a limited examination, is lower than would be the case in the event of an audit.

On the basis of our limited examination, we have not observed any major errors that would call into question the conformity of the condensed consolidated half-year accounts with the IAS 34 standard, IFRS benchmark standard as adopted in the European Union for interim financial information.

Specific verifications

We have also verified the information given in the half-year activity report commenting the condensed consolidated half-year accounts on which we performed our limited examination.

We have no matters to report as to their fair presentation and their consistency with the condensed consolidated half-year financial statements.

Juvigny and Paris-La Défense, 27 July 2021

Statutory Auditors

SARL AUDIT EUREX	DELOITTE & ASSOCIES
Philippe TRUFFIER	Hélène DE BIE