Driving clean energy forward

UNIVERSAL REGISTRATION DOCUMENT 2019

(Including the Annual Financial Report)

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MCPHY ENERGY

Universal registration document 2019

(Including the Annual Financial Report)

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 22 April 2020 with the French financial markets authority (*Autorité des marchés financiers*-AMF), the competent authority within the meaning of Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of the said regulation.

This Universal Registration Document may be used for the purposes of a public offer of securities or admission of securities to trading on a regulated market if supplemented by a securities note and, where applicable, a summary and all amendments to the Universal Registration Document approved in accordance with Regulation (EU) 2017/1129. The whole thus formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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DISCLAIMER

Throughout this Universal registration document (the "**Universal Registration Document**"), the terms "the Company" or "the Issuer" refer to the company McPhy Energy; the terms "McPhy" or "the Group" refer to the Company and its subsidiaries as a whole.

The Universal Registration Document provides the consolidated financial statements for the Group, prepared according to IFRS accounting standards adopted by the European Union (the "**Annual Financial Report**") for the fiscal years ending on 31 December 2018 and 31 December 2019.

Unless otherwise stipulated, the financial information relating to the Company indicated in the Universal Registration Document is taken from the Annual Financial Report. The Universal Registration 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 "considers", "envisages", "believes", "targets", "expects", "intends", "should", "aims", "estimates", "wishes", "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 Universal Registration Document may be revealed to be factually incorrect. In no way does this bind the Company by any obligation to update said statements, subject to applicable regulations and especially the general regulations of the French Financial Markets Authority (the "**AMF**" *Autorité des marchés financiers*).

The Universal Registration Document contains 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 section 3 "Risk factors" of the Universal Registration 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.

CONCORDANCE TABLES

Annual Financial Report

The concordance table below serves to identify information in the Universal Registration Document taken from the Annual Financial Report published by listed companies, 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	Reference
1	Company financial statements	18.1.5
2	Consolidated financial statements	18.1.6
3	Statutory Auditors' report on the annual financial report	18.3.1
4	Statutory Auditors' report on the consolidated financial statements	18.3.2
5	Management report	See concordance table for management report
6	Statement by the person responsible for the management report	1.1 and 1.2
7	Statutory Auditors' fees	18.1.6 note 3.28

Management report

The concordance table below serves to identify information in the Universal Registration Document taken from the management report prepared by the Board of Directors as defined by articles L.225-100 and subsequent, L.232-1, R.225-105-2 and R.225-211 item 2 of the French Commercial Code.

No.	Information	Reference
1	Risk factors	3
2	Financial position and performance	7.1 and 7.2
3	Company activities	5
4	Major contracts	20
5	Share ownership and capital	16, 19.1 and 22
6	Other information: - Non tax-deductible charges - Table of last 5 financial periods - Payment periods for suppliers and customers	 7.3 7.4 7.5

Report on corporate governance

The concordance table below serves to identify information in the Universal Registration Document taken from the governance report prepared by the Board of Directors as defined by articles L.225-37 and subsequent of the French Commercial Code.

No.	Information	Reference
1	Compensation information	13
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3	Main characteristics of internal control and risk control procedures	14.4

1 PERSONS RESPONSIBLE

1.1 Person responsible for the Universal Registration Document

Laurent Carme
Chief Executive Officer

McPhy Energy
1115, route de Saint-Thomas
26190 La Motte-Fanjas

1.2 Statement by the person responsible for the Universal Registration Document

"I hereby certify that, having taken all reasonable care to ensure that such is the case, 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 presents 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.

I have received from the statutory auditors a letter confirming the completion of the execution of their duties, wherein they confirm their verification of the information concerning the financial position and financial statements provided in this Universal Registration Document and confirm their examination of the whole document. "

Laurent CARME
Chief Executive Officer

1.3 Person responsible for financial information

Emilie MASCHIO
Chief Financial Officer

McPhy Energy
1115, route de Saint-Thomas
26190 La Motte-Fanjas

Phone: +33 4 75 71 15 05
Email: emilie.maschio@mcphy.com

1.4 Statement relating to information provided by third parties

Not applicable.

1.5 Statement by applicable authority

Not applicable.

2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

2.1 Statutory Auditors

Statutory auditor:

SARL AUDIT EUREX
Philippe Truffier

Address or head office:
Technosite Altéa – 196, rue Georges Charpak – 74100 Juvigny

Date of first appointment: 27 February 2014

Duration: Current term expires following the annual general meeting to be held to approve the financial statements for the year ending 31 December 2019.

Reappointment of SARL AUDIT EUREX shall be submitted to the vote by Company shareholders at the forthcoming general assembly on 20 May 2020.

DELOITTE & ASSOCIES
Hélène De Bie

Address or head office:
6, place de la Pyramide – 92908 Paris-La-Défense cedex

Date of first appointment: 19 December 2013

Duration: Term expires following the annual general meeting held to approve the financial statements for the year ending 31 December 2024.

2.2 Statutory auditors having resigned or been removed

None

3 RISK FACTORS

To meet the requirements of the new "Prospectus regulation" in effect since 21 July 2019, the presentation of the "Risk Factors" section of this document has been revised to improve its clarity.

In line with the new requirement, only risks identified by the Company as specific to its business are described in this section. At the date of publication of this Universal Registration Document, the risks described below are those identified by the Company as having the potential to significantly affect its activity, its image, its financial position, its results, its capacity to achieve objectives and its shareholders.

To develop the required level of risk control within its organization, the Company identifies and analyzes its risks. This action is part of a continuous improvement approach, aiming to supplement the existing measures by developing the analysis and mitigation of risks using the company's operational processes.

The main objectives of this action are to:

- 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;
- Define an improvement plan aiming to introduce or optimize existing measures, where necessary to correct malfunctions detected, and finally to 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 organizing appropriate risk mitigation actions.

This risk identification and analysis process is done annually and tested regularly to maintain it and ensure its effectiveness.

The table below summarizes the main risks organized into 5 categories. In each category, the residual risks remaining after implementation of mitigation measures are ranked in order of criticality, evaluated by multiplying the probability of occurrence by the risk impact. Only risks assessed with a "significant" criticality level are described in this section.

A further extraordinary risk factor specific to the impact of the Covid-19 pandemic has also been inserted, given the current context at the time of production of the Universal Registration Document. This information is not included in the management report approved by the Board of Directors on 10 March 2020.

Risk identification	Probability of occurrence	Potential impact	Criticality level
1. Risks related to the Company's strategy			
Risks associated with the market	High	High	High
Risks related to the Group's capacity to adapt to high growth	Medium	High	High
Risks related to the development of existing solutions or the emergence of new technologies potentially competing against McPhy solutions	High	Medium	High
2. Risks related to the Company's activity			
Risks related to changes in government policies and regulations	Medium	High	High

Risks associated with the production and use of McPhy products	Medium	Medium	Medium
Risks associated with the supply of components and fossil fuel energies	Low	Medium	Medium
3. Financial risks and market risks			
Liquidity risks	High	High	High
Risks relating to uncertain supplementary financing	High	High	High
4. Risks related to the Company's organization			
Risks associated with procurement from a limited number of suppliers of certain components of its products and production site equipment	High	High	High
Risks related to key employees	Medium	Medium	Medium
5. Regulatory and legal risks			
Risks related to the disclosure of its technology, manufacturing processes, know-how	Medium	High	High
Liability relating to products (accidents)	Low	High	Medium
Risks relating to patents and McPhy's dependence on third parties in terms of industrial property rights	Low	Medium	Medium
Risks relating to the regulatory environment applicable to hydrogen plants	Medium	Medium	Medium
Risks related to continuation of permissions for an ICPE site (classified site for environmental protection)	Low	Medium	Low

3.1 Risks related to the Company's strategy

3.1.1 Risks associated with the market

McPhy develops, assembles and sells hydrogen production and distribution systems to meet the needs of the industrial, mobility and energy markets.

For the industry market, McPhy products and services are aimed at manufacturers using hydrogen as a raw material in their production cycle. They enable the on-site production and distribution of hydrogen by water electrolysis.

For the Mobility market, McPhy sells systems producing hydrogen by water electrolysis and hydrogen refueling points in service stations for fuel cell-powered electric vehicles.

On the Energy market, McPhy hydrogen production solutions transform electricity from renewable sources into hydrogen and to enable its use across a variety of applications such as injection into natural gas grids.

McPhy's product range features two main categories: electrolyzers (all capacities) and hydrogen refueling stations.

McPhy has also developed integration skills across the whole hydrogen chain which enable the group to deliver turnkey projects (design / engineering / production / installation / commissioning), maintenance and remote support, alongside training for operator personnel.

The hydrogen production and distribution markets where McPhy operates are emerging markets, with business volumes that remain limited at this time.

The market may however develop less rapidly or differently than McPhy or industry analysts foresee. Multiple factors could impair growth in terms of production capacity and the attractiveness of renewable energies in relation to other energy sources, including but not limited to:

- the performance, reliability and availability of the energy generated by electricity generation facilities using renewable energy sources in relation to other conventional energy sources; or
- fluctuations in economic and market conditions impacting the price and demand for conventional energy sources, in particular rises or falls in primary energy sources (such as oil, natural gas and other fossil fuels), as well as developments in the cost structure, efficiency and investment in equipment necessary to other electricity generation technologies.

In terms of storage systems associated with renewable energy sources, the decline in oil and gas prices, falling costs of fossil fuel electricity generation could render the solutions delivered by McPhy less competitive than other solutions such as diesel generators and conventional gas-fired production, and consequently negatively impact the interest for McPhy solutions.

More generally, assuming that McPhy technologies do not meet with the expected level of success and in the absence of alternative solutions developed by McPhy, the deployment of new hydrogen-based technologies would require significant investment and time.

The materialization of one or more of the risks described above could have an unfavorable effect on McPhy's activities, financial position, results and/or financial outlook.

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

The Group forecasts high growth in its activity, materialized through the capture of new Clients and higher business volumes with existing Clients. Succeeding in such growth depends in part on the Group's capacity to prepare and manage its growth effectively, by recruiting and integrating dedicated personnel and making the necessary investments in technology. To speed up its growth and secure a foothold in certain geographical markets, the Group may also need to secure external growth or acquire assets. These acquisitions or ventures may cause significant changes to human, organizational and financial aspects.

If Group management were to encounter serious difficulties in managing this growth effectively, or if the Company were not able to make the intended acquisitions referred to above, or to integrate them accordingly, this may have a significant effect on the income, results and financial position of the Group.

3.1.3 Risk related to the development of existing solutions or the emergence of new technologies potentially competing against McPhy solutions

Although the Group considers that it has a genuine technological head start over any competitors, it is the only one currently capable of proposing (i) a full range of electrolyzers offering up to several MW of power and output pressures from atmospheric to over 30 bar and (ii) hydrogen refueling stations for fuel-cell vehicles, the Group may be exposed to competition on certain markets, in particular energy storage markets:

- from certain competitors already active on these markets or seeking to penetrate them, who may have more extensive commercial, financial, technical or human resources than the Group;
- from certain Clients who may decide to internalize the design or production of products and equipment 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 likely to be exerted by this competition on prices may lead the Group to limit is selling prices and reduce its profit margins, to reduce its business development plan or significantly increase its research and development budget, thereby impairing its capacity to generate the expected returns in the intended time scale.

The future success of McPhy therefore depends on its capacity to (i) rapidly adapt to such potential technological developments and the competitive environment, and (ii) improve the performance, power, energy density and reliability of its systems and technologies. Otherwise, the exposure of McPhy to the competitive climate referred to above may have a significant unfavorable effect on the Group's activity, its financial position, its results and/or its perspectives.

3.2 Risks related to the Company's activity

3.2.1 Risks related to changes in government policies and regulations

McPhy activities are currently favorably supported by public policies to promote decarbonized energy sources. These policies may be modified or even canceled due to the decision of a government to prioritize conventional energy sources or due to budgetary constraints leading to a reduction in public funding available to the implementation of such policies supporting energy storage solutions.

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

Therefore, growth on these markets might not reach the envisaged levels, which may have a negative effect on the future profitability of the corresponding investments. These developments are likely to generate uncertainties for the Group, its Clients and its partners, concerning the conditions of sale and use of McPhy technologies.

The materialization of one of these factors could lead to a decline or slowdown in demand for renewable energy sources, storage technologies and/or McPhy activities.

3.2.2 Risks associated with the production and use of McPhy products

The Group might be unable to sustain or increase its production capacity.

McPhy's production activity requires authorizations from local authorities in France and Italy. In France, its activities require approval from the local *Préfecture*, which was duly obtained in September 2013. Any displacement or extension of the existing production site would be subject to further approval by the local authorities. Without the approval of said local authorities, McPhy's ability to expand its production capacities may be affected.

The Group may not be able to meet Client requirements in terms of quality and maintenance service.

The impossibility for McPhy to meet Client requirements in terms of product quality and maintenance service level (e.g. availability rate) could give rise to claims against the Group, harm to the brand and more generally impair its reputation. Another possible effect would be to divert resources from other allocations, insofar that it would engender further spending in terms of compliance or compensation, which could harm its commercial and marketing activities, thereby degrading its competitive standing and more generally have a significant unfavorable effect on its business, its financial position, its results and/or outlook.

3.2.3 Risks associated with the supply of components and fossil fuel energies

The development of certain new markets in which McPhy has invested might be affected by fluctuations in prices and in the supply of components, raw materials and/or fossil fuels (e.g. oil and natural gas). A significant and sustained decline in fossil fuel prices could therefore cause a fall in demand for hydrogen production and storage systems, especially if it is dedicated to energy storage.

Moreover, a scarcity of these raw materials could delay production and/or require modifications to be made to certain components of systems developed or used by the Group. This would impact McPhy's ability to successfully complete projects in the allotted time scale.

It should also be noted that changes in the purchase price of certain components used in the composition of McPhy solutions could lead to significant variations in production costs and/or not be offset by a corresponding increase in the price of McPhy products.

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

3.3 Financial risks and market risks

3.3.1 Liquidity risks

McPhy has reported accounting and fiscal losses since starting its activities in 2007. These operating losses are primarily a result of continued investment in research and in the costs of developing its new-generation hydrogen electrolysis and storage technologies.

Since the Group was created, it has funded its growth by extending its equity through successive capital issues (in particular with the acquisition of a stake by EDF Nouveaux Business Holding in June 2018, since become EDF Pulse Croissance Holding), refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash, cash equivalents and financial investments amounted to €13 M at 31 December 2019; financial debt (excluding leases and long-term contracts) amounted to €1.4 M (including €0.4 M of repayable advances). The Group's credit agreements do not contain default clauses (covenants).

The Group will continue to need extensive funding arrangements to pursue its growth. Its capacity to generate cash flow in the future to meet its needs is not certain and remains dependent on its capacity to develop and market its products and solutions.

It may occur that the Group is not able to obtain further capital when it needs to do so, or that such capital is not available at financial conditions that are acceptable for the Group. If the required finance is not available the

Group may be obliged to slow down its research and development activities and commercial activities, or even compromise its continuity of business.

The Group has carried out a specific review of its liquidity risk and considers that, in a degraded scenario, taking into account (i) incomings limited to current projects and research tax credit, (ii) outgoings associated with said current projects and current activities (salaries, general expenses, R&D), and (iii) no new incoming orders, the cash on hand at 31 December 2019 would enable the Group to continue its activities until the end of June 2021.

3.3.2 Risks relating to uncertain supplementary financing

McPhy may need to raise further funds in the future, particularly in the event of postponement of its business plan, acquisition of other companies 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 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 commercial 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.

If the necessary funding is not available, the Company may be obliged to limit or postpone the deployment of its production capacities, depriving it of access to new markets, or limit the development of new products. This situation may impair McPhy's business continuity.

Furthermore, insofar that the Company raises capital by issuing new shares or other financial instruments which offer future access to the Company's capital, its shareholders may be diluted.

3.4 Risks related to the Company's organization

3.4.1 Risks associated with procurement from a limited number of suppliers of certain components of its products and production site equipment

McPhy products use certain components or very specific materials, of which there are a very limited number of suppliers around the world and they themselves use highly advanced manufacturing processes and specific tools.

As an example, the hydrogen compressors, high-pressure unions specific to hydrogen, and high-pressure storage tanks are only manufactured by a limited number of suppliers around the world. McPhy might therefore be exposed to process drift, production chain interruptions, export bans on its suppliers, refusal to supply by certain suppliers, or may be obliged to source its requirements at prices above market price due to an oligopolistic environment or in the current backdrop of the Covid-19 pandemic. If a supplier fails to complete its obligations to supply materials at the specified time and which meet the quality, quantity or cost specification of the Group, the Group may be obliged to replace one of its strategic manufacturers. In such a situation, it would have a limited number of alternatives. Also, the use of an alternative supplier may imply extensive additional tooling costs.

To mitigate this risk, McPhy selects and monitors suppliers according to their quality and reliability performance and insofar as possible, implements a dual sourcing policy so that one supplier may be replaced by another in case of difficulties. The rapid replacement of a source of components by another may nonetheless require adaptations to products and cause disruption. As described above, the limited number of suppliers is likely to generate a risk for McPhy's activity and the loss of a supplier could have a negative effect on the Group's activity, its financial position, its results and/or its outlook.

3.4.2 Risks related to key employees

A major advantage for McPhy is to enjoy the presence of key employees at strategic positions in the Group. The Group's human capital is a key factor in its sustainability and development. Even if the multiple skills available in the management team limits the degree to which the Group depends on specific people, the departure of a member of the management team may have a negative effect on its capacity to achieve its medium-term objectives.

For example, installing McPhy solutions on a Client site requires the intervention of Group teams. To do so, McPhy has set up a specialized engineering department along with a logistics and maintenance support system. Growth in sales of solutions would subsequently require the recruitment of personnel qualified to carry out such operations. If McPhy were not able to recruit sufficient personnel, its pace of growth and future outlook may be affected.

To secure the loyalty of employees and of those of its subsidiaries, the Company has implemented an incentive and retention system using business creator share warrants, equity warrants, free shares, or Company stock options.

The Company is nonetheless in competition with other organizations (competing businesses, research bodies and academic institutions etc.) to recruit and retain qualified personnel. Insofar that this competition is intense, the Company might not be able to attract or retain such key personnel at economically viable conditions.

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

3.5 Regulatory and legal risks

3.5.1 Risks related to the disclosure of its technology, manufacturing processes, know-how

In the course of current or future collaborative agreements involving the Group and public or private entities, subcontractors or third-party co-contractors, information may be communicated and/or products may be entrusted between parties. In such cases, McPhy will apply non-disclosure agreements. The technologies, processes, know-how and company data that are not patented and/or not patentable are considered to be trade secrets that McPhy intends to protect using such agreements.

It cannot be excluded that such agreements fail to deliver the desired protection or are violated, that McPhy is unable to identify appropriate solutions against such violations or that its trade and commercial secrets or know-how be disclosed to its competitors or developed by them.

The materialization of one or more of these risks could have a significant unfavorable effect on the Group's activity, outlook, financial position, results, and development.

McPhy also depends on its non-patented technology, manufacturing processes, know-how and confidential data that it protects via non-disclosure agreements in contracts binding its employees, consultants, and service providers.

McPhy is unable to guarantee that these agreements will be honored at all times, that McPhy will have suitable recourse in case of violation of said agreements or that the confidential information referred to will not be disclosed to third parties or developed independently by competitors.

The occurrence of any of these situations concerning a patent or industrial property right owned by the Company could have a significant unfavorable effect on the Company's activities, its financial position, its results, or its development.

3.5.2 Liability relating to products (accidents)

Certain manufacturing processes might be the cause of accidents

Certain manufacturing processes might be the cause of accidents, such as high-pressure coupling operations or the assembly of electrolyzer components. In the event of malfunction on a hydrogen production or distribution system, or due to a human error, McPhy may be held liable for any resulting physical, material, or intangible damage.

The occurrence of an accident on Group premises, notably on the sites of La Motte-Fanjas (France) and San Miniato (Italy) or on Client sites, could have a significant unfavorable effect on the Group's results, its development or its financial position.

The Group may be obliged to compensate third parties suffering damage.

In such a case, regulatory restrictions imposed on the Group could also be tightened. The tightening of regulatory requirements could take the form of increased financial guarantees, ICPE 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 Clients and a significant reduction in its revenue.

Risks related to the liability of McPhy in case of damage caused by one of its products

The risk of McPhy being held liable for a defective product is inherent to the development, manufacture, marketing, and sale of its products.

McPhy could be held liable as a manufacturer, due to damage caused by a defect on one of its products sold under its supervision. A product is considered defective if it does not provide the level of safety that can be legitimately be expected. McPhy may be required to pay compensation for any harm caused to a person or property.

It is nonetheless incumbent on the claimant to prove the damage exists, and to demonstrate the causal link between the defect and the damage.

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.

Any accident involving McPhy products could impact demand for products developed by McPhy. The Company's financial position, its results and its outlook may be affected accordingly.

McPhy's reputation could also be impacted by negative publicity resulting from difficulties or accidents involving its products, whether it is held liable or not. McPhy cannot guarantee that such claims may not be made in the future.

3.5.3 Risks relating to patents and McPhy's dependence on third parties in terms of industrial property rights

The protection afforded by patents or other industrial property rights is uncertain. McPhy may be unable to maintain appropriate protection of its industrial property rights and thereby lose any technological and competitive benefit they offer. A portion of McPhy's activities depends on co-owned patents or licenses granted on patents owned by third parties.

McPhy's success depends on its capacity to secure, conserve and protect patents on which it holds appropriate rights. If one or more patents covering a technology, a manufacturing process or a product required for the Group's activities and for which McPhy holds a share of ownership or a license should be invalidated or judged inapplicable, the development and sale of such a technology or such a product could be directly affected or interrupted.

Patent law is not uniform in all countries. Consequently, McPhy is unable to guarantee that:

- its pending patent applications will indeed result in their grant;
- even if granted, its patent applications will not be contested, invalidated or judged inapplicable;
- the scope of all protection afforded by patents will be sufficient to protect McPhy against its competitors;
- its products will not violate industrial property rights or patents owned by third parties and that it will not be forced to defend itself against third-party accusations;
- third parties will not be granted or file applications for patents or will not benefit from any other industrial property right, which even if such rights do not violate those of the Group, may still limit its development.

Disputes concerning industrial property are often long, costly, and complex. Some of McPhy's competitors have much more extensive resources to be able to cover such procedures. An unfavorable legal ruling could seriously affect the Group's capacity to pursue its activity and more specifically, could force McPhy to:

- cease the sale or use of certain of its products;
- acquire the right to use industrial property rights at a high cost;
- change the design, delay the launch, or even abandon some of its products.

3.5.4 Risks relating to the regulatory environment applicable to hydrogen plants

Regulations applicable to hydrogen facilities were developed for hydrogen as a hazardous industrial substance that is produced, used, or stored in large quantities on dedicated sites. Indeed, the purpose of both European and French regulations is to govern such sites and control the risk of major accidents.

Existing regulations are rich 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.

McPhy does not operate a team exclusively dedicated to regulatory intelligence. However, McPhy is an active member of several professional associations such as AFHYPAC (French Association for Hydrogen and Fuel cells), Hydrogen Europe and the Hydrogen Council. The Group also works with French standards authority AFNOR as an associate in a hydrogen-related working group. Consequently, the Group estimates that it conducts sufficient regulatory intelligence and has a satisfactory level of knowledge at its disposal.

Also, the use of hydrogen as an energy vector implies breakout technology, the development of which could be held back by existing regulations that are not always appropriate. The regulatory context therefore imposes restrictions that could delay the development of small production units and therefore the sale of certain Group products.

This mismatch between existing regulations and current technological developments in the hydrogen activity generates uncertainty about the future legal framework for the activity. The European Union has adopted a harmonization approach through EC Regulation 79/2009 of 14 January 2009, concerning the type-approval of hydrogen-powered motor vehicles. This harmonization approach also aims to facilitate the emergence of new technologies.

Currently, industrial firms in the sector and more importantly McPhy, are turning towards standards implemented by international experts to overcome the difficulties in developing products due to unsuitable regulations.

The Group's development, its financial position and its results are closely linked to favorable or unfavorable changes to regulations.

3.5.5 Risks related to continuation of permissions for an ICPE site (classified site for environmental protection)

Current regulations in France impose that all hydrogen production systems are subject to the issue of an ICPE authorization. This authorization is restrictive and imposes the observance of conditions specified by a decree issued by the *Préfecture* by the establishment hosting the production unit.

The Company obtained ICPE authorization via a local *Préfecture* decree on 2 September 2013. This authorization enables the Company to operate a magnesium hydride production facility and a test platform to test electrolyzers and hydrogen recharge stations, in the township of La Motte-Fanjas. Consequently, the Company is subject to strict requirements concerning the operation of the ICPE, the integration of the ICPE in the local landscape, the prevention of atmospheric pollution, the protection of water resources and aquatic mediums, waste, the prevention of noise pollution and vibrations, the prevention of technological risks, the monitoring of emissions and their effects.

If the Company should decide to definitively shut down the ICPE covered by the authorization of 2 September 2013, obligations to ensure the safety of the site will also be imposed. The site must be in such a condition that it does not impair the convenience of the surrounding communities, nor public health, safety and sanitation, agriculture, nature, the environment, and local landscapes.

In the event of non-execution of obligations resulting from the continued use of an ICPE authorization, the Company may be held liable and incur penalties.

Observance of applicable requirements and more generally the responsibility of the Company impose regular operational expenditure by the Company.

Developing the Company's activities could require higher authorization thresholds for quantities of products produced, stored, or used. Similarly, transferring the ICPE to another location would require a new application for authorization. If the Company were to fail to obtain said authorizations, this would have a significant unfavorable effect on its activities, its financial position, or its development.

3.6 Risks related to the Covid-19 pandemic

In the context of the Covid-19 pandemic and to ensure strict observance of the global recommendations of the World Health Organization and government measures to limit the spread of the virus, the Group has adopted an organization to protect the health of its employees, Clients and partners, but also to maintain its obligations under the best possible conditions.

On 19 March 2020, the Group published a memo to all its employees via social media and by e-mail directly to its Clients and partners, to inform them of the first measures taken. It was also communicated to the market on 30 March 2020 via press release, to inform all shareholders of the consequences of the crisis for the Group thus far.

The impact of the Covid-19 pandemic on Group activities and the 2020 outlook is difficult to quantify to any degree of precision at the time of production of this Universal Registration Document, in particular because the development of the pandemic and therefore the breadth and duration of governmental measures remain uncertain. The Group is analyzing and closely monitoring each measure implemented by public authorities and institutions. It is nonetheless clear that if lockdown measures were to continue and block global economic activity until the end of the 2020 fiscal year, this could have a significant unfavorable impact on the Group's activity and outlook.

The Group regularly assesses these impacts and updates its estimates according to the development of the health situation, to ensure it effectively and rapidly adapts its measures to ensure business continuity and to protect employees accordingly.

3.6.1 Risks related to the activity

All employees have been made aware of protective measures, work methods have been adapted and working from home has been adopted by all employees whose activity permits, and in line with the national recommendations for each country. Management has put in place regular internal communications to secure employees, keep them informed and bolster the Group's responsiveness.

As the situation may evolve rapidly and to ensure we are able to act effectively, business continuity plans have been implemented across all sites and are updated according to the changing situation in each country. Offices have been closed but solutions have been implemented to ensure teams are fully operational and remain in contact. At the time of writing, the production site in France remains in operation with limited human resources and reinforced safety conditions. Having remained in operation until 23 March 2020, the site in Italy was closed for one month at the time of writing.

McPhy has consequently identified the risks of delay in the execution of its current contracts, especially a "cascade" effect of possible delays that it could suffer itself due to its suppliers. Possible delays depend on several factors, including:

- the capacity of suppliers to honor their own commitments;
- the duration of restrictions imposed by national governments;
- the level of activity recovery;
- the Group's capacity to make up delays.

The Group has therefore run an information campaign for its Clients, to alert them to the risks potentially encountered. Where necessary, the Group has also decided to invoke the "Force Majeure" clauses in its contracts in order to request extensions to its delivery deadlines and avoid penalties stipulated in said contracts, or even terminate the contracts, while ensuring its Clients of its intention to fully honor its contractual obligations.

Moreover, the possibility of adapting employee working hours and strengthening teams when the Group exits the crisis is currently being examined.

To date, the Group is not aware of any specific difficulties relating to the health crisis and affecting the negotiation of its current contracts.

However, as key trade events for the sector have been canceled or postponed, McPhy must partially forgo the customary visibility concerning new Clients and dialog with its peers. Such opportunities may not reoccur in the near term and could have an unfavorable effect on future orders, as well as short-term and medium-term revenue.

Given the rapid evolution of the pandemic, the continuity of the Group's production activities and those of its suppliers around the work will depend on the health situation and government decisions specific to each country.

3.6.2 Liquidity risks

When announcing its results, the Group stated that it was not able to finalize the Power-to-Gas application project in China's Hebei province. As a reminder, in June 2017 McPhy delivered 4 MW of hydrogen production equipment, used to transform surplus electricity generated by a 200 MW wind farm into zero-carbon hydrogen for storage. Work on site was initially scheduled for McPhy teams to finalize the project in January 2020, but to date this has not been possible due to the hygiene restrictions put in place. The payment of the last contractual installment of €1.3 M is conditional on the work being finalized. In the case that McPhy finds itself unable to complete this final phase in the 2020 fiscal year, its cash position would be affected by the amount of the last installment, i.e. €1.3 M.

The Group finds itself in an essential transitional and industrial development phase, so any delays in the execution of its current or future contracts could have a significant negative effect on its working capital requirement.

To minimize the impacts on its cash flow and preserve some continuity of business, the Group has implemented cost reduction plans and intends to initiate the formalities required to benefit from the aid packages announced by the French government and the European Union (partial furloughs, cancellation or postponement of tax payments, etc.).

The Group has also received the agreement in principle from its banks to contractually agree on further lines of credit backed by the French government, to the amount of €4 M.

To strengthen its financial flexibility and secure access to supplementary resources, on 10 April 2020 the Company renewed its equity credit lines with Kepler Cheuvreux for a period of two years, representing an amount of €18.3 M[1]. Under this arrangement, Kepler Cheuvreux has agreed to subscribe to up to 3,500,000 shares to the extent made possible by the contractual conditions.

The transaction will be completed on the basis, (i) as part of the existing delegations adopted by the Mixed General Assembly of 26 June 2018 (17th resolution), up to the limit of 1,000,000 shares and (ii) of all decisions or other delegation of authority granted by any General Assembly meeting subsequent to the date of signature of the agreement, up to 2,500,000 shares.

[1] Based on the closing share price on 9 April 2020 (€5.23).

These shares may be issued within a period of 24 months running until 10 April 2022, based on the mean market price weighted by the quantities traded during the two days prior to each issue, to which a maximum discount of 5% is applied. These conditions enable Kepler Cheuvreux to ensure the subscription of shares for the determined period in the case of a firm commitment to take up. McPhy retains the possibility of suspending or terminating this agreement at any time.

Therefore, if no capital increase operation or share issue giving access to capital is conducted in 2020 and if the contractual conditions and market context permit, the Group could improve its cash position for the current fiscal year by approximately €4 M.

Lastly, the Company's efforts to secure further medium-term finance could be affected by the widespread absence of recovery in the global economy, as well as the decline and volatility of financial markets.

3.7 Insurance and risk cover

The Group's policy is to cover the principal insurable risks with cover amounts that it deems compatible with its activities. The principal insurance policies contracted by the Group are as follows:

Policy	Insurer	Main features	Expiry
Industrial multi-risk	AVIVA	LMF building: €1.8 M Equipment: €2.6 M Merchandise: €0.5 M	Automatically renewed on 1st January
Civil liability	AIG	CL before delivery €10 M per claim CL after delivery €10 M per year Professional CL €10 M per year	Automatically renewed on 1st January
Civil liability	AVIVA	CL environment €5 M per year	Automatically renewed on 1st January
Civil liability	AIG	CL for management with worldwide cover for civil and penal defense	Automatically renewed on 3rd August

The total amount of insurance premiums paid for all Group insurance policies amounted to €107 K in 2019 and €114 K in 2018.

4 COMPANY INFORMATION

4.1 Legal name and trading name

The legal name and trading name of the Company is: McPhy Energy.

4.2 Place of matriculation and Company registration number

The Company is matriculated on the Register of Commerce and Companies of Romans sur Isère, France with the registration number 502 205 917, APE code 7219Z, SIRET no. 502 205 917 00011. Its legal entity identifier (LEI) is 969500W5X02DTT3BZS69.

4.3 Date and duration of incorporation

The Company was incorporated on 6 December 2007 for a period of 99 years with effect from the date of its incorporation, unless otherwise dissolved or extended.

4.4 Head office, legal form and governing law

Head office listed as: 1115, route de Saint-Thomas, 26190 La Motte-Fanjas, France.

Phone:+33 (0)475 711 505

The Company is a limited company governed by French law. The Company was transformed into a limited company with board of directors on 21st May 2015.

The Company website is available at: https://mcphy.com The reader's attention is drawn to the fact that information provided on the website is not part of this Universal Registration Document, except for any information included in this document for reference purposes.

McPhy
Driving clean energy forward

5 OVERVIEW OF ACTIVITIES

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

With a full range covering the industry, mobility and energy sectors, McPhy delivers turnkey solutions adapted to Client applications such as the supply of industrial raw materials, charging electric vehicles powered by fuel cells, or the storage and reuse of surplus electricity generated from renewable sources.

As a designer, manufacturer, and integrator of hydrogen systems since 2008, McPhy 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.

McPhy's product range features two main categories: electrolyzers (hydrogen production equipment) of all capacities and hydrogen refueling stations (refueling/distribution equipment) for hydrogen-powered mobility.

McPhy has also developed integration skills across the whole hydrogen chain which enable the group to deliver turnkey projects (design / engineering / production / installation / commissioning), maintenance and remote support, alongside training for operator personnel.

5.1 Primary activities

McPhy delivers unique, reliable, and competitive solutions (electrolyzers and charge stations) for high-growth markets in industry, mobility, and energy.

The Group has implemented flexible production resources spread over three design and assembly centers located in France, Italy, and Germany.

- In France, McPhy activities are located on three sites:
    - La Motte-Fanjas, location of the Company head office, dedicated to prototyping, assembly and testing of hydrogen stations. It has the capacity to produce 20 to 30 stations per year. This site features a unique hydrogen test platform suited to products developed by McPhy. Opened in September 2013, the site hosts multiple resources (civil engineering infrastructure, electrical power, supply and management of pressurized hydrogen and argon, telemetry equipment, remote control stations, ATEX safety zones);
    - The Grenoble site hosts teams active in product engineering and project monitoring;
    - The Paris site hosts France sales teams and McPhy's legal department.

Historical McPhy site of La Motte-Fanjas.

- In Italy, the San Miniato site is active in the design and production of stacks[2], as well as the assembly and testing of electrolyzers. It offers an annual production capacity of up to 300 MW of electrolyzer equipment.

McPhy site in San Miniato, Italy.

- In Germany, the Wildau site is where very high-capacity (multi-MW / GW) electrolysis systems are designed and engineered.

McPhy site in Wildau, Germany.

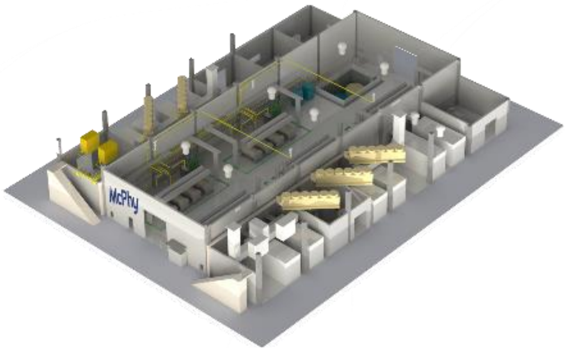
In total, the Group employs 98 people across these three countries, as well as in China where employees are responsible for marketing the Group's products and services in the Asia-Pacific region.

With its range of products and its resources, McPhy has all the strengths required to become a leader in hydrogen solutions for industry, energy, and mobility:

- The widest range of electrolyzers on the market, from 0.4 to 800 Nm^3/h as standard. Beyond this, multi-MW designs are possible by combining 4 MW core modules, enabling McPhy to deliver platforms from 20 to 100 MW and more;
- A range of charge stations for hydrogen-powered electric vehicles, modular and flexible to adapt to the increase in vehicle fleets on the road;
- End-to-end presence on the hydrogen chain and the capacity to deliver turnkey projects, from production to storage and distribution;
- An organization that provides Client support in after-sales and maintenance;
- An ongoing innovation approach.

[2] 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.

5.1.1 On-site production by electrolysis



20 MW electrolysis platform

Although hydrogen is the most abundant element on Earth, it is almost always found in compound form. For this reason, the production of hydrogen gas requires processes that extract it from certain molecules.

Today, over 95% of pure hydrogen production comes from steam methane reforming (SMR)[3] which consists in combining natural gas (principally methane) with steam to extract the hydrogen. This technique is fully mature and offers very competitive production costs. However, it is highly polluting, given the CO_2 emissions resulting from the process (the production of one kilogram of hydrogen by SMR. results in 10 kg of CO_2 emitted).

The rest of hydrogen production consists of many other techniques, mainly used to extract hydrogen from water. In this field, electrolysis is the most frequently used technique, which consists in separating the hydrogen and oxygen molecules in water (H_2O) using electricity.

McPhy large capacity electrolysis systems amount to 37 MW[4].

McPhy electrolyzers are at the leading edge of alkaline technology, which is a competitive, tried and tested solution in industry. McPhy will also install PEM (Proton Exchange Membrane) electrolyzers to meet specific needs.

Given the electrolysis production capacities, this type of system was historically used by industrial firms with annual requirements below 500 Nm^3/h: electronics, metal processing, glass processing, agri-food etc. For these users, on-site production is an alternative to buying hydrogen from distributors.

McPhy estimates that on-site production of hydrogen offers certain benefits over buying it from distributors:

- The economic equation of electrolysis on site is different from buying from a distributor, as it consists in an investment (acquisition of the electrolyzer) then the operating costs of the electrolysis process. These operating costs are fully related to the cost of electricity required to power the electrolysis reaction. Depending on the performance of the electrolyzer, producing a kilogram of hydrogen by electrolysis consumes around 50 kWh of electricity. The cost of producing a kilogram of hydrogen is today around €5 (including equipment amortization). According to the US National Renewable Energy Laboratory, the development of renewable energy sources should enable the production cost to fall to around $2.2 per kilo over the medium to long term. Compare these costs to the sale prices of distributors, which are strongly affected by the distances covered to deliver the hydrogen, somewhere between €5 and €50 per kilogram;
- On-site production provides security of hydrogen supply while avoiding the risk of dependency on distributors, as well as the risks involved in hydrogen transport and logistics;
- It can also improve safety on the production site, by avoid handling and storage of highly compressed gas;

[3] Steam methane reforming or SMR. is currently the most frequently used process to produce hydrogen. It has the drawback of also producing carbon dioxide, which is a greenhouse gas. The production of hydrogen requires the separation of carbon molecules (methane etc.) in the presence of steam and heat. In practice, the reaction needs to be boosted using catalysts or burners.
[4] Systems installed, in the process of installation or under development on 09 April 2020

- Lastly, the use of renewable energy sources, in addition to lowering the production cost per kg, can reduce or even neutralize CO_2 emissions involved in the production of hydrogen.

Progress in technology and lower costs now enable electrolysis to address industrial operator needs for large capacities (from 4,000 m^3/h to 20,000 m^3/h (20 MW to 100 MW), meaning that totally decarbonized hydrogen can be produced at competitive cost.

Given these factors, McPhy considers that the electrolyzer market could represent a growing portion of new hydrogen needs.

Electrolysis is a process using water (H_2O) as a raw material to produce gaseous hydrogen and oxygen using an electric current. This method was discovered at the end of the 18th century and was first used industrially in 1900. In 1939, the first electrolyzers generating 10,000 Nm^3/h of hydrogen were installed; this capacity remains part of the one of the largest facilities in the world today.

However, water electrolysis remains little used today. Less than 5% of the hydrogen produced around the world uses this process.

The carbon footprint of the hydrogen produced varies according to the origin of the electrical current used in the electrolysis process. So, “green” hydrogen (with a very low carbon footprint) can be produced with electricity from renewable energy sources.

An electrolysis cell comprises two electrodes (anode and cathode) connected to a direct current generator and separated by an electrolyte (ion-conducting medium).

McPhy is active in alkaline electrolyzer technology, as this technology is considered to be the most mature. It can even reach the production cost necessary for it to be competitive. These modules generally feature an electrical power supply, electrolysis cells, a water purification unit, a hydrogen drying and purification unit, as well as an instrumentation & control system.

Water electrolysis based on alkaline technology, coupled with renewable energy sources, is an appropriate response for:

- sustainable hydrogen production for industrial use,
- storing green energy without raising the carbon footprint,
- powering green mobility.

Range of electrolyzers developed by McPhy

McPhy has developed the widest range of hydrogen electrolyzers. These electrolyzer modules offer capacities from a few tens of Nm^3/h to over 800 Nm^3/h. They deliver hydrogen directly at medium pressure (30 bar).

Small and medium capacity electrolyzers

McPhy offers a wide range of electrolyzers with a capacity below 100 Nm^3 of hydrogen per hour. This electrolyzer range is mainly for the industrial market requiring on-site hydrogen production and is marketed under the PIEL brand.

Large capacity electrolyzers

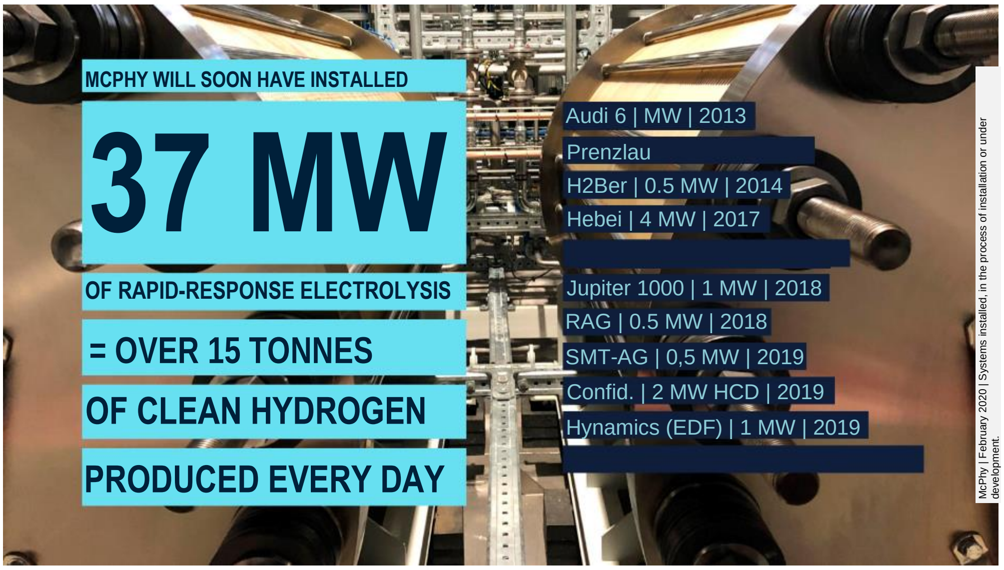
McPhy designs, develops, and manufactures large-capacity modules from 100 Nm^3/h to 800 Nm^3/h as standard.

In April 2018, McPhy launched its Augmented McLyzer range, a multi-MW modular platform solution, able to cover capacities from 20 MW to 100 MW (4,000 to 20,000 Nm^3/h), with a doubled production capacity from identical cell dimensions.

These large capacity electrolyzers and platforms are mainly intended for the industry and energy markets.

The Augmented McLyzer electrolyzers represent a breakout technology which blends reliability and maturity of alkaline technology with high flexibility.

This innovative technology was selected by Nouryon and Gasunie, two major industrial groups, for the largest production unit of zero-carbon hydrogen in Europe, offering a capacity of 3,000 tonnes per year (20 MW).



5.1.2 Hydrogen stations

Augmented McFilling in 2 tonnes / day configuration, 12 train scenario.

McPhy proposes a wide range of hydrogen stations, delivering from 5 to 600+ kg of hydrogen per day, dispensed at 350 and 700 bar. Compact and modular, these hydrogen refueling stations are able to fuel all types of mobility: captive fleets (utility vehicles, forklift trucks), public transportation (bus), city cars (private vehicles), and soon hydrogen-fueled trains.

McFilling stations can be supplied with compressed hydrogen cylinders or using a McPhy electrolyzer on site, which automatically produces the hydrogen needed by the station on demand.

McPhy supports its Clients 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.).

McPhy operates 25 reference stations[5].

[5] Systems installed, in the process of installation or under development on 09 April 2020

Small- and medium-capacity stations

The McFilling station 20-350 serves to create a denser hydrogen supply infrastructure and offers multiple advantages. It features a robust technology that has demonstrated a very high level of availability. Its compact design and modular possibilities enable it to adapt for use on other project phases.

McPhy's Starter kit model offers tried and tested technology that has already been selected for us on many projects, in particular the cities of Paris and Rouen, and on the EAS-HyMob project in Normandy.

The new generation of Starter kits is equipped with an infra-red connector that delivers a vehicle charging solution with a dispensing pressure of 350 bar and a partial charge solution (around 60%) for vehicles requiring a 700 bar charge pressure.

This range is perfect for the needs of captive fleets (utility vehicles) and logistics hubs (forklift trucks).

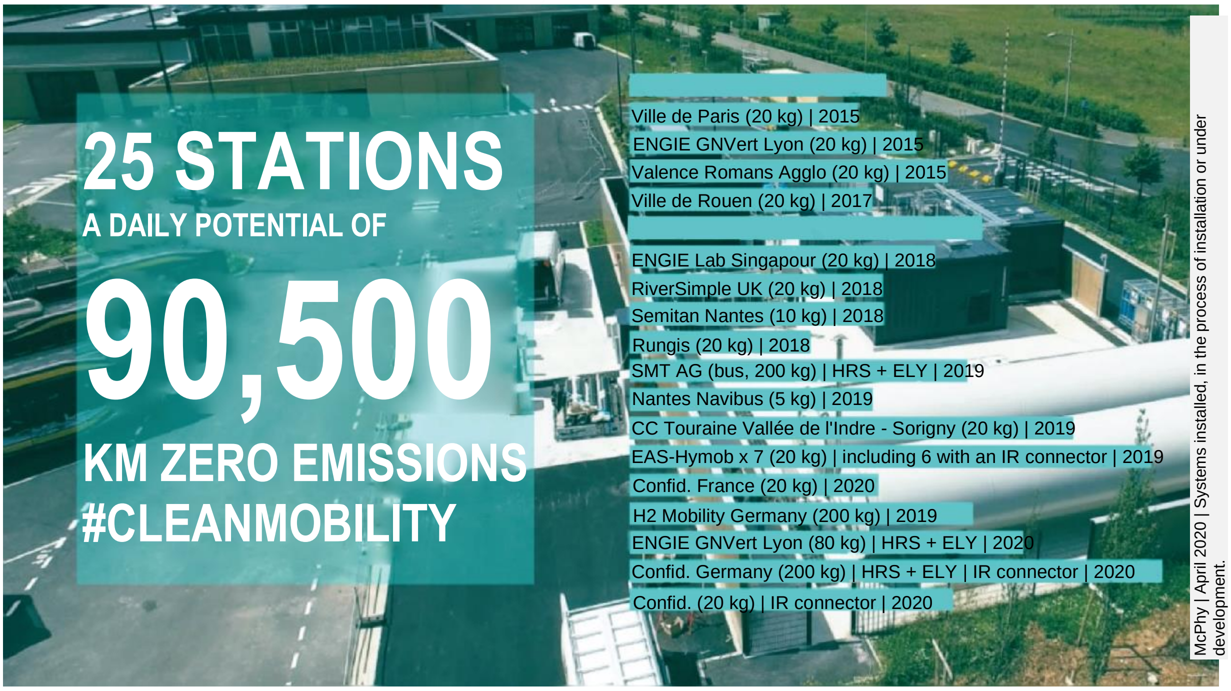
Large-capacity stations

McPhy has developed a complete range of large capacity McFilling hydrogen stations to supply large fleets of hydrogen vehicles (buses, trucks, trains).

From 40 kilos of hydrogen per day, at 350 or 700 bar, McFilling stations meet all your hydrogen mobility needs.

They can be interfaced with an electrolysis module coupled with local renewable energy sources for clean, zero-emission mobility.

In April 2019, McPhy introduced the "Augmented McFilling" smart and dynamically reconfigurable architecture suited to heavy-duty transports and long-distance vehicles.



5.2 Presentation of McPhy target markets

The energy transition: a global challenge

Irreversible exhaustion of natural resources, climate change, increasing inequalities between countries, atmospheric pollution and impact on public health...Whether environmental, economic or societal, **today's world is faced with major challenges, to which only a profound change in our energy production and usage can respond**.

Current energy business models depend heavily on fossil fuels, which raises two major issues:

- Oil, gas, and coal are the most frequently used fuels, but also the most polluting, responsible for climate change and air pollution.
- These fuels are available in limited quantities on Earth and are becoming scarcer.

New ways of producing and consuming energy are necessary, to l**eave fossil fuels behind**. Solar, wind, hydroelectric: the energy transition depends on clean, renewable energy sources that can meet growing energy needs while reconciling several points:

- Preservation of our planet's resources,
- Reduction in CO_2 emissions,
- Improvement in air quality and reduction in particle emissions,
- Local energy independence, reconciling short- and medium-term needs,
- Local economic growth through decentralized energy production,
- Creation of community projects, involving all stakeholders of a territory.

Amongst other international and national conventions, the Paris agreement signed at the COP21 Climate Change Conference in 2015 sets out an international action plan based on renewable energy sources, aiming to limit the impacts of climate change by **maintaining the global temperature rise below 2°C**.

The "energy transition for green growth" aims to **decarbonize the energy mix and create new forms of value, by dramatically increasing the proportion of renewable energies used** and by introducing Smart Grids.

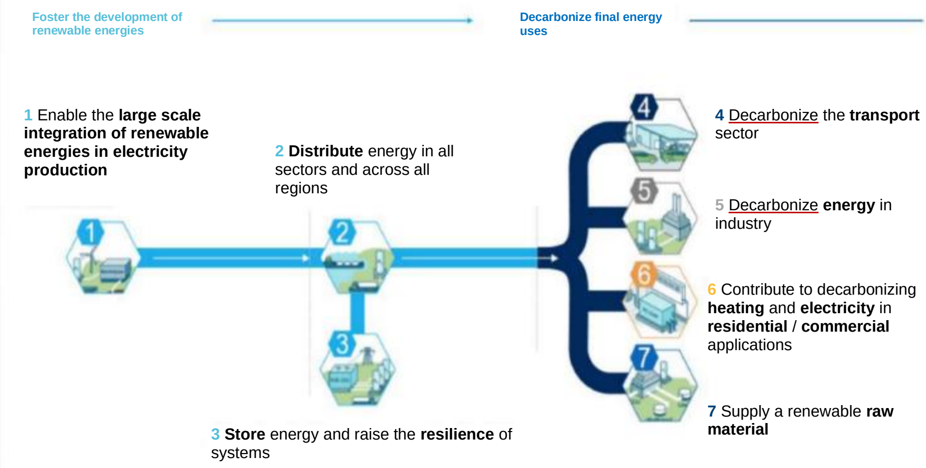
Hydrogen, an essential factor in a successful energy transition

Based on the large-scale deployment of renewable energies, which are intermittent and by their nature difficult to predict, the energy transition creates a **greater need for flexibility and storage** to stabilize grids and meet market demand.

Alongside “traditional” electricity storage solutions such as pumped-storage hydroelectricity and batteries, to offer efficient storage (in gaseous or liquid form) and **bulk reuse of surplus renewable electricity, the use of hydrogen seems to be an essential, flexible, and competitive solution**.

Hydrogen is the **only energy carrier that enables storage of surplus electricity** and its reuse across **multiple applications** in industry, mobility, and energy.

Figure 1: Decarbonized hydrogen can play 7 roles in the energy transition



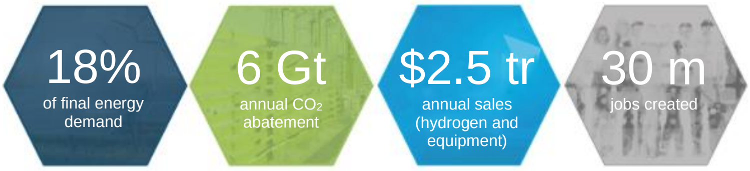
Source: “Prospective study: developing hydrogen for the French economy” (title in French: “Étude prospective : développons l’hydrogène pour l’économie française”), AFHYPAC, 2018

Used as a fluid in industrial processes, converted into clean fuel for zero-emission vehicles, or used to facilitate storage and flexibility for electricity and gas networks: **zero-carbon hydrogen - produced by the electrolysis of water using renewable electricity** - plays a central role in the new energy landscape.

This capacity to adapt to multiple sectors and the possibility of inter-sector coupling (e.g. an industrial hydrogen application coupled with a hydrogen station to supply zero-emission mobility needs) are amongst the key benefits of hydrogen.

Hydrogen generates **no polluting particle emissions nor carbon at the point of use**, thereby participating in decarbonizing all areas of the economy and helping a more carbon-neutral society model to emerge. It is now integrated into a growing number of government roadmaps through the development of international coalitions.

According to the Hydrogen Council[6], hydrogen could represent up to 20% of the total final energy consumed in 2050 ("Hydrogen scaling up - November 2017) and **help reduce annual CO_2 emissions by 6 Gt**. The markets for hydrogen and its technologies could represent **$2.5 trillion per year** and 30 million jobs worldwide.



SOURCE: Hydrogen Council; IEA ETP Hydrogen and Fuel Cells CBS; National Energy Outlook 2016

Hydrogen Council "Scaling up" report, November 2017

Industry, mobility, energy: the markets covered by McPhy are core factors in the environmental, economic, and societal challenges of the energy transition currently taking place all over the world.

Through its hydrogen production and distribution equipment, McPhy is ideally placed to become a key player on the market.

[6] The Hydrogen Council is a global initiative bringing together over 80 leading international firms in energy, transport and industry, to share their vision and intentions for hydrogen as an accelerator of the energy transition. Together, these businesses generate revenue of €1,300 billion and employ 2.06 million people around the world.

5.2.1 The industry market

Hydrogen is widely used for its flexibility, its multi-sector applications, and its energy efficiency. It is a strategic technology for the attractiveness and competitiveness of industrial firms. In total, the production of 70 million tonnes of "pure" hydrogen is responsible for the emission of 830 million tonnes of CO_2 into the atmosphere, the equivalent of the annual emissions of the UK and Indonesia. By replacing current carbon-intensive energies with zero-carbon hydrogen produced by electrolysis that is powered by renewable energy sources, industrial firms are entering a new low-carbon era.

DJEWELS | On a chemicals plant in Delfzjil, Netherlands: McPhy was selected to install the largest industrial zero-carbon hydrogen production unit in Europe. 20 MW, 3,000 tonnes of zero-carbon h_2 / year, 27,000 t.CO_2 avoided / year[7]

Industrial hydrogen market

According to the IEA report "The future of hydrogen: Seizing today's opportunities" produced for the October 2019 G20 meeting in Japan, almost **115 million tonnes of hydrogen are produced every year**.

Approximately **70 Mt of H_2/year are used in pure form**, mainly in oil refining and ammonia production. The almost **45 Mt of H_2/year remaining** are used in industry without prior separation from other gases.

The industrial sectors consuming the most hydrogen are:

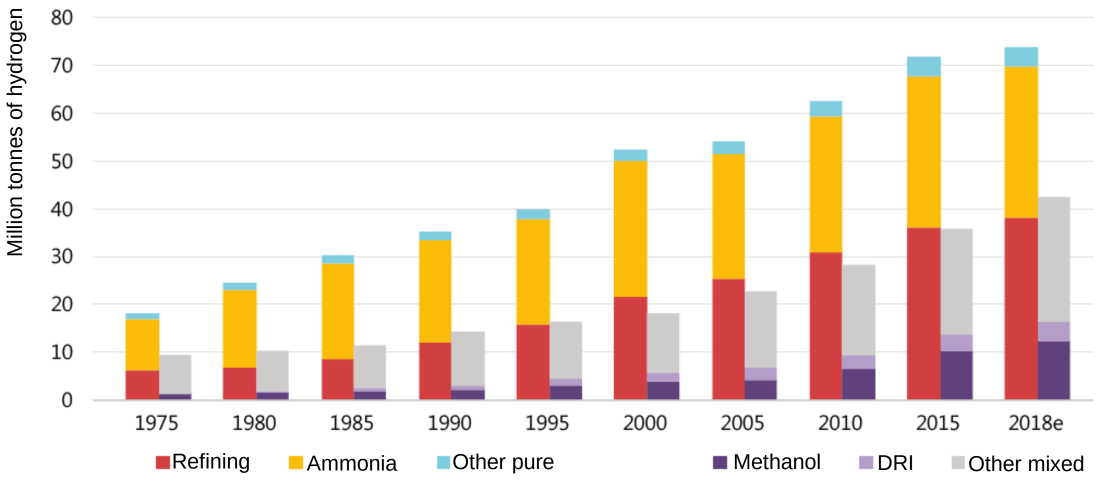
- **Oil refining** industries (33.2% of total demand for hydrogen, 54.6% of pure hydrogen production)
- **Ammonia production** (27.4% of total demand for hydrogen, 45% of pure hydrogen production)

- Together, these two sectors represent almost two thirds of current hydrogen consumption
- Closely followed by **methanol production** (10.4% of total hydrogen demand)
- And the metal / steel industry (3%) [8]

[7] Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hinicio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds

[8] Source : IEA "The future of hydrogen: Seizing today's opportunities", octobre 2019 | Data: https://www.iea.org/reports/the-future-of-hydrogen / p89 of report

Figure 1.



Source: IEA "The future of hydrogen: Seizing today's opportunities", October 2019

Issues

The current challenge is twofold: ensure the continuity of supply and service to meet the growing needs of industry, while dramatically reducing CO_2 emissions produced by the sector.

INCREASE IN DEMAND

According to the IEA report referred to above, industrial demand for hydrogen will rise in coming years with the following perspectives[9]:

- Refineries: +7%, to 41 million tonnes of H_2/year in 2030
- Chemicals industry +30%, from 44 Mt/year today to 57 Mt/year by 2030
- Steel / metal making: double the quantity required by 2030

This growth will require solid, stable, sustainable solutions that can respond to the **massification** of industry needs and the requirements of the **energy transition**.

REDUCING THE HYDROGEN CO_2 FOOTPRINT

Almost all (**95%**) the hydrogen on the market is currently produced using fossil fuels. This is referred to as "gray" hydrogen.

The dependency of the hydrogen production process on natural gas and coal implies high CO_2 emissions:

- **10 tonnes of carbon dioxide produced for each tonne of hydrogen ($tCO_2/t\ H_2$)** produced using natural gas
- 12 t CO_2 /t H_2 for hydrogen produced from petroleum products

[9] source: IEA report October 2019 p90-91; Green Power Global report "Role of hydrogen for a low-carbon economy" March 2020 p10

- 19 t CO_2 /t H_2 for hydrogen produced using coal.

In total, the production of 70 million tonnes of pure hydrogen is responsible for the emission of 830 million tonnes of CO_2 into the atmosphere, the equivalent of the annual emissions of the UK and Indonesia.[10]

These emissions only concern the production process and do not consider the hydrogen compression stages and the carbon footprint of hydrogen transport to the place of consumption (in the case of off-site hydrogen production solutions).

To achieve the global targets of limiting greenhouse gas emissions set in the Paris Agreement during the 2015 COP21, the issue is to **replace "gray" hydrogen with low-carbon or zero-carbon hydrogen, by systematically using hydrogen produced by electrolysis coupled with a renewable electricity source for industrial applications.**

McPhy market position and technology

McPhy is amongst the leaders in alkaline electrolysis, making it a **forerunner** on the industrial hydrogen market. In 2013, the Group installed an electrolyzer capable of supplying the industrial processes of an Audi production site in Werlte, Germany.

Since then, McPhy has achieved fundamental **commercial and technological milestones** to prepare the way ahead, notably through its January 2020 appointment to supply the Djewels project, the **largest zero-carbon hydrogen production site** in Europe[11], boasting a capacity of 20 MW (3,000 tonnes of hydrogen per year).

With 37 MW of high-power electrolysis as references[12], McPhy is truly a key player in the industrial hydrogen sector.

McPhy enjoys a strong position in the industrial hydrogen sector, targeting industrial firms which use sufficient quantities of hydrogen in their production processes to justify the installation of production units on site:

[10] Source: IEA "The future of hydrogen: Seizing today's opportunities", October 2019 | p17
[11] Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hinicio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds
[12] Systems installed, in the process of installation or under development on 09 April 2020

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

- **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

Focus on on-site hydrogen production

Alternative solutions to on-site production consist in delivering hydrogen to the site in liquid or gaseous form in cylinders, by pipeline, tanker, or rail. The supply logistics require frequent deliveries which are complex to manage and generate a high carbon footprint and costs.

McPhy proposes to replace this logistics challenge with ***integrated on-site hydrogen production solutions****. These enable industrial firms to ensure:*

- *Security of supply and energy independence (elimination of logistics restrictions),*
- *Better control over costs,*
- *Reliability and continuity of service,*
- *Dramatic reduction in carbon footprint and air pollution,*
- *On-site production in the best conditions of quality and safety,*
- *Creation of new business models.*

As a specialist in alkaline electrolysis, McPhy enjoys a solid technology position to capture market opportunities generated by the necessity for industry to transition to low-carbon production methods.

The alkaline electrolysis process can produce hydrogen (and oxygen as a by-product) by creating an electro-chemical reaction between water and electricity. **This is the most proven process on the market and one of the least CO_2 generating.**

Moreover, the fall in cost of electricity from renewable sources is raising interest for alkaline electrolysis technology, the most mature on the market to produce zero-carbon hydrogen.

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

- Innovation: in 2018, McPhy introduced the **Augmented McLyzer** technology, a unique combination of 30 bar high pressure alkaline electrolysis by McPhy and advanced electrodes (high current density), specially designed for very large-capacity platforms (multi-MW).
- It is currently the most proven and robust technology, acknowledged amongst market leaders as one of the most promising in terms of future developments.
- In January 2020, this technology was **selected to equip the largest zero-carbon production platform in Europe** with a capacity of 3,000 tonnes per year (20 MW); reduction in CO_2 emissions up to 27,000 tonnes a year, participating in the decarbonization of the industrial sector[13].

- For **light industry**, McPhy has developed its "**small line**" **McLyzer** range and the **Piel** range of products

Key attributes of McPhy electrolysis process

30 bar alkaline electrolysis, at industrial process pressure to improve the total cost of ownership

Integration capacity for PEM technology

1 MW high-density stack

High energy efficiency

37 MW of high-power electrolysis equipment active[14]

Present on multi-MW markets

More details on McPhy technology and the equipment range are available in section 5.1.1.

Industry is a springboard market for hydrogen. The massification of this market will enable the scaling-up of hydrogen production technologies and the generation of economies of scale needed to improve the cost competitiveness of zero-carbon solutions.

McPhy enjoys a solid market & technology positioning to capture opportunities in this high-growth sector.

[13] Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hinicio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds

[14] equipment installed, in the process of installation or under development on 09 April 2020

5.2.2 The mobility market

The transportation sector depends almost entirely on fossil fuels. It is responsible for over 20% of global CO_2 emissions. The International Energy Agency (IEA) foresees that CO_2 emissions will rise by approximately 35% by 2050 in the reference scenario, while the Paris Agreement scenario aiming to limit global temperature change to below 2°C aims to reduce said emissions by 40% by 2050 [15]*. In this context, hydrogen is a must as a zero-emission alternative fuel to significantly reduce air pollution in the transport sector, by eliminating pollutants and CO_2 emissions.*

Haut de France: first zero-carbon hydrogen station for buses in France (200 kg of hydrogen / day, 0.5 MW electrolysis).

Just like electric vehicles, hydrogen-powered vehicles - which only emit a small quantity of water vapor, no CO_2 emissions or pollution - **contribute to decarbonizing the transport sector**.

These two solutions are complementary depending on the context of use, and hydrogen mobility presents undeniable benefits to reconcile **comfort of use, continuity of service and contribution to fight air pollution**.

With a **long range** (several hundred km) and **fast charging times** (a few minutes), hydrogen vehicles are attracting a growing number of local authorities, builders or fleet managers, station operators or logistics platforms.

All forms of transport are concerned

- **Terrestrial**: utility vehicles, private vehicles, buses, goods vehicles, forklifts etc.
- **Rail**: trains.
- Or **Sea**: river shuttles, ferries.

[15] Hydrogen Council "Scaling up" report, November 2017, p30

Focus on how a hydrogen vehicle operates

A hydrogen vehicle is an electric vehicle fitted with a fuel cell which acts as a range extender. The fuel cell converts the hydrogen stored in a tank into electricity and can significantly increase the vehicle range compared to a fully electrical vehicle. Utility vehicles such as the Renault Kangoo ZE-H2 and buses like the Safra Businova offer ranges in excess of 300 km, while light vehicles such as the Toyota Mirai or Hyundai Nexo can travel up to 600 to 700 km (manufacturer data). In November 2019, the explorer Bertrand Piccard set the world record of 778 km traveled in a Nexo[16].

Hydrogen mobility market

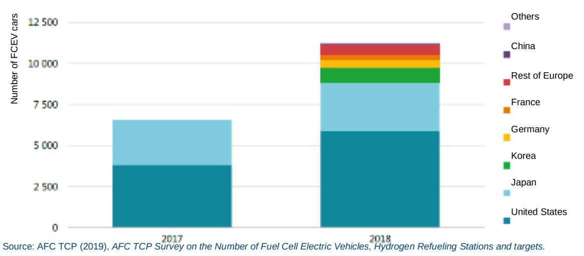
According to the Hydrogen Council's prospective report "Hydrogen, scaling up" (November 2017), fuel cell and electric vehicles (FCEV) could represent up to **20% of vehicles on the road in 2050**. They would therefore contribute to over a **third of the CO_2 reduction required from the transport sector to meet the decarbonization objectives in the 2° scenario**[17].

To achieve it, intermediate milestones have been set for 2030 and **framework policies for the deployment of hydrogen mobility are being adopted all around the world**.

Today, hydrogen mobility in the world represents[18]:

- 381 hydrogen stations in operation
- 11,200 light vehicles on the road
- 500 buses
- 400 heavy goods vehicles
- 2 trains

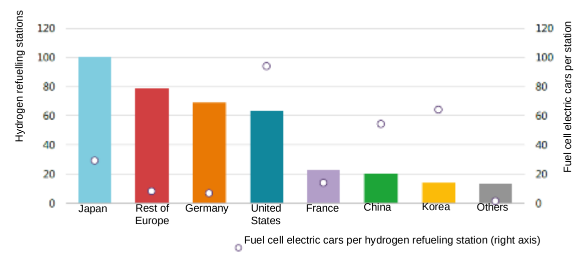
Figure 50. Fuel cell electric cars in circulation, 2017–18



Source: AFC TCP (2019), *AFC TCP Survey on the Number of Fuel Cell Electric Vehicles, Hydrogen Refueling Stations and targets.*

About 4,000 fuel cell electric cars were sold in 2018, growth of almost 56% over the previous year, but this still represents a small fraction of the global light-duty vehicle fleet.

Figure 51. Hydrogen refuelling stations and utilisation, 2018



Notes: Hydrogen station numbers include both publicly available and private refueling units. The number of FCEVs used to estimate the ratio includes only light duty vehicles, and so does not reflect utilization of stations by other categories of road vehicles.

Source: AFC TCP (2019), *AFC TCP Survey on the Number of Fuel Cell Electric Vehicles, Hydrogen Refueling Stations and targets.*

IEA report "The future of hydrogen: Seizing today's opportunities",

[16] https://www.h2-mobile.fr/actus/voiture-hydrogene-record-autonomie-hyundai-b-piccard/
[17] Hydrogen Council "Scaling up" report, November 2017, p38
[18] IEA report "The future of hydrogen: Seizing today's opportunities", October 2019 | p125 and 127

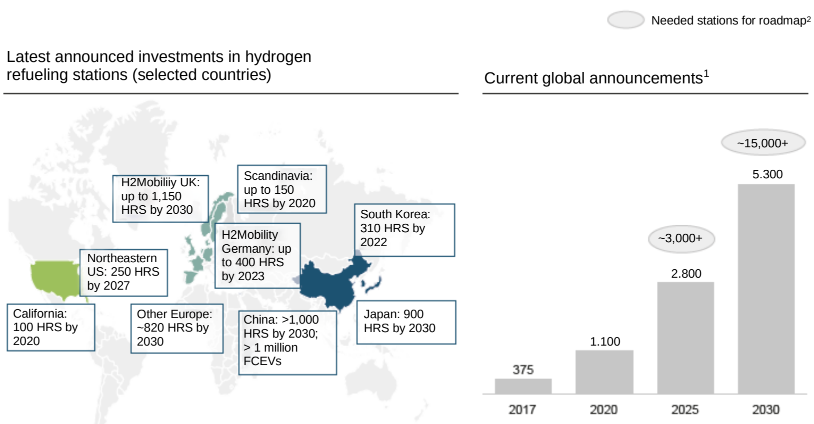
The outlook is impressive. Indeed, the Hydrogen Council[19] foresees on a global scale:

	2030	**2050**
Light vehicles	10 to 15 million	400 million (25% of market share)
HGVs	500,000	5 million (25% market share)
Buses	-	15 million (25% market share)
Trains	-	20% of trains replaced will be replaced by hydrogen models
Tonnes of CO_2 avoided	-	3.2 Gtonnes of CO_2 avoided per year *(equivalent to 20 million barrels of oil)*

Note that to supply 10 to 15 million FCEV in 2030, it will be necessary to **roll out 15,000 fueling stations** to support the development of hydrogen mobility[20].

Hydrogen station networks are therefore expanding rapidly around the world, especially in Germany, the USA, the UK, Japan, South Korea, and France. **Equipping these stations with large-capacity electrolyzers to produce zero-carbon hydrogen on site on-demand at the station, represents another major opportunity for McPhy.**

Exhibit 14: More than 5,000 hydrogen refueling stations have been announced



1 Announcements for shaded countries/regions: California, Northeastern US, Germany, Denmark, France, Netherlands, Norway, Spain, Sweden, UK; Dubai; China, Japan, South Korea
2 Equivalent number of large stations (1,000 kg daily capacity)
SOURCE: Air Liquide; Honda; Hydrogen Mobility Europe; H2Mobility; E4tech; NREL; web search

Hydrogen Council, "Scaling Up" report, November 2017

[19] Hydrogen Council "Scaling up" report, November 2017, p29
[20] Hydrogen Council "Scaling up" report, November 2017, p39

Issues

On the hydrogen mobility market, the issues are fourfold:

SYNCHRONIZATION

The issue is to **synchronize the deployment of vehicles and fueling stations** in order to optimize business models. Strategic approaches with "captive fleets" are therefore implemented by political leaders and private sector stakeholders.

MODULARITY

The key is to offer **flexibility** and **modularity**: as explained above, the forms of zero-emission mobility are multiple. The size of fleets can vary, charge pressures also (private vehicles at 700 bar, other vehicles at 350 bar). To adapt to the progressive adoption of hydrogen mobility and propose equipment suited to the needs of the market, we need **modular stations, capable of changing capacity according to the needs of end users**.

ZERO-CARBON HYDROGEN

Propose a **genuine zero-emission mobility chain** by connecting hydrogen stations - on-site - to **zero-carbon hydrogen production systems** (electrolyzers) rather than supplying hydrogen cylinders delivered by a transporter with a much higher carbon footprint.

DECARBONIZATION OF HEAVY GOODS TRANSPORT

Buses, goods vehicles, and trains generate high amounts of carbon emissions in the transport sector. Due to their weight and limited range, electric batteries are unable to meet the massive needs of this market segment. **Hydrogen is the only scalable technology** capable of competitively meeting the huge needs of heavy-duty transport, which amount to hundreds or even thousands of kilograms of hydrogen every day.

McPhy market position and technology

As a designer, manufacturer, and integrator of hydrogen production equipment (electrolyzers) and distribution equipment (stations), McPhy is a **pioneer in the hydrogen mobility sector**. In 2014 already it was part of a consortium to deploy a hydrogen station on the Berlin airport site (delivery of hydrogen production equipment for the station).

Since then 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 coupled to an electrolyzer in France**. In 2019 it supplied equipment for the **first hydrogen station for buses in France** (project managed by ENGIE GNVert and SMT AG).

To date, McPhy operates 25 hydrogen stations[21], adopting a strong position as a key partner in the deployment of hydrogen stations for zero-emission mobility.

McPhy's target audience includes local authorities, builders and managers of vehicle fleets / public transport fleets, logistics hub operators:

[21] Systems installed, in the process of installation or under development on 09 April 2020

- **Light mobility**
  - Captive fleets
  - Utility vehicles
  - City cars
  - Forklift trucks
- **Heavy-duty mobility**
  - Buses
  - Goods vehicles
  - Trains
  - Boats

To meet the issues of:

Flexibility and modularity …

McPhy proposes a **wide range** of hydrogen stations, the focus of continuous technical and digital innovation, delivering from 10/20 to several hundred or thousand kilograms of hydrogen per day, at 350 and 700 bar. Compact and modular, these hydrogen refueling stations are able to fuel **all types of mobility**: captive fleets (utility vehicles, forklift trucks), public transportation (bus), city cars (private vehicles), but also heavy-duty transport vehicles such as trucks, trains and boats.

To enable the rapid introduction of a hydrogen refueling infrastructure, as early as 2015 McPhy developed a **starter kit** comprising a McFilling station 20-350 with a capacity to produce 20 kg of hydrogen per day. It features a robust technology that has demonstrated a very high level of availability. Its compact design and modular possibilities enable it to adapt for use on other project phases.

In 2019, McPhy developed a new generation of starter kits (20 kg per day) equipped with an **infra-red connector** that delivers a **vehicle charging solution with a dispensing pressure of 350 bar and a partial charge solution (around 60%) for vehicles requiring a 700 bar charge pressure**.

Genuine zero-emission mobility chain…

If it is possible to supply stations by tube trailer or hydrogen pipeline, McPhy is focusing its efforts on promoting the full clean mobility chain, **integrating the "electrolysis" component as** a central part of the architecture. Using the McLyzer and Augmented McLyzer electrolyzers, these stations produce on-site and on-demand, the low-carbon energy they need to fuel the vehicles.

Decarbonization of heavy goods transport...

Combining the latest technological and digital innovations, **Augmented McFilling** by McPhy is a unique proprietary architecture philosophy that supports the heavy-duty transport sector in moving towards the large-scale use of low-carbon hydrogen.

By blending the best of alkaline electrolysis and hydrogen station technologies, **Augmented McFilling** is a modular, intelligent system capable of dynamic reconfiguration to offer Clients multiple operating modes that will maximize TCO (Total Cost of Ownership) in real time.

McPhy's key advantages on the hydrogen mobility market

For light mobility: McFilling serial range of small, medium and large-capacity stations

At 350 and/or 700 bar

For heavy-duty mobility: Augmented McFilling: starting at 2 tonnes / day, a modular solution without limit on capacity

Interface with an electrolyzer for a genuine clean mobility chain and zero-carbon hydrogen soon to be competitive with gray hydrogen

Zero-emission mobility: zero particles, zero CO_2, zero noise

Compact and modular

More details on McPhy technology and the equipment range are available in section 5.1.2.

The mobility segment is the engine that drives the growth on the hydrogen market.

Its "general public" reach and good media coverage can facilitate social acceptance of hydrogen and speed up the widespread adoption. Its integration into territorial development plans is becoming more common. The outlook for the decarbonization of the transport sector is gigantic and we are now looking at scaling up with growing demand for multi-tonne equipment.

McPhy enjoys a solid market & technology positioning to capture opportunities in the high-growth sector.

McFilling 20-350 hydrogen station in Sorigny

5.2.3 The energy market

Solar, wind, hydroelectric...the energy transition depends on renewable energy sources. Given the massive deployment of these energy sources, which by nature are intermittent and difficult to predict, the use of hydrogen seems to offer a flexible and competitive solution. By transforming surplus renewable energy into zero-carbon hydrogen, McPhy is facilitating the large-scale integration of clean energies into the energy mix.

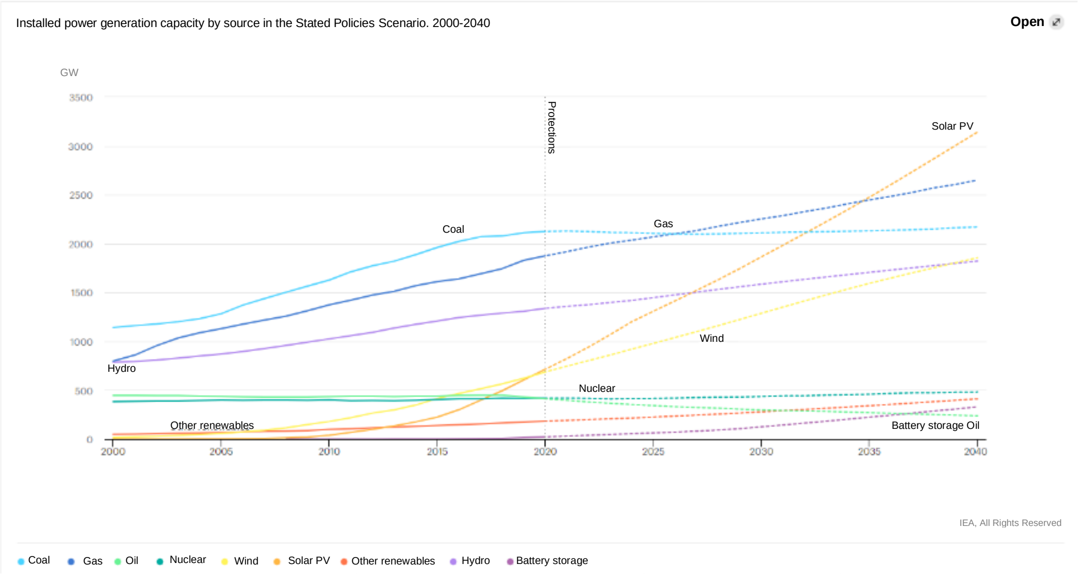
4 MW of electrolysis capacity for a Power to Gas project in the Hebei province, China

To achieve the objective of the 2° scenario, CO_2 emissions must be reduced by a further 470 Gt (gigatonnes) by 2050[22], which implies the **massive adoption of renewable energies and a predominant share for them in the global energy mix**.

According to the IEA report, **by 2040 renewable energy sources (wind, solar, hydroelectric) will represent over half of worldwide electricity production**[23].

For example, **China** could raise the proportion of renewable energies in its energy consumption from 7% in 2015 to **67% in 2050**. In the European Union (EU), the proportion could rise from approximately 17% to **over 70%**[24].

[22] IRENA report “Global Energy Transformation: a roadmap to 2050” published in 2018
[23] Source: IEA "World Energy Outlook 2019”, November 2019 | https://www.iea.org/reports/world-energy-outlook-2019
[24] IRENA report “Global Energy Transformation: a roadmap to 2050” published in 2018



Source: IEA "World Energy Outlook 2019", November 2019

Hydrogen energy market

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. Hydrogen produced by electrolysis can offer a solution to this. Hydrogen can be used to bridge the gap:

Hydrogen production from renewables in case of massive production surplus / dip in consumption (price of green electricity more attractive)

- Storage in form of strategic reserve
- Later reuse when demanded from grids in the form of hydrogen in networks (Power to Gas) or reconverted to electricity by a fuel cell process

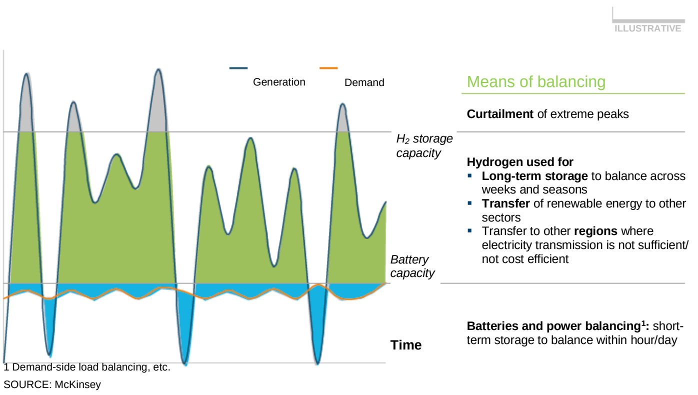


Diagram: Hydrogen Council "Scaling up" report, November 2017, p59

The production costs of renewable energies, especially solar PV and wind, have dropped sharply in recent years, now finding themselves below the level of grid parity. This strengthens the attractiveness of these electricity sources in a post-COP21 international environment marked by the search for solutions to mitigate the impact of human activities on the climate.

According to the Hydrogen Council[25] (annual perspective, on worldwide scale):

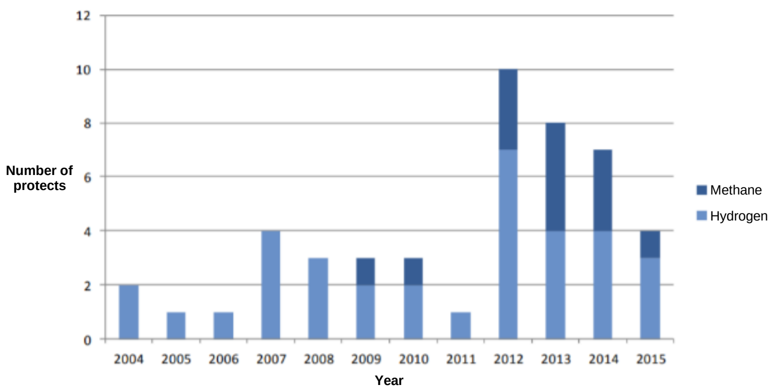
2030	2050
250 to 300 TWh of excess solar and wind electricity converted to hydrogen	**500 TWh** of excess solar and wind electricity converted to hydrogen
200 TWh hydrogen stored in strategic reserves for grids	**3,000** TWh hydrogen stored in strategic reserves
-	Proportion of renewable energies in energy mix: **68%** *(compared to 23% in 2015)*

Two approaches are possible:

Power-to-Power technologies go beyond the conversion of electricity into hydrogen by reconverting the hydrogen into electricity. This conversion of hydrogen into electrical power and heat is done using hydrogen cells which can then enable the use of hydrogen as a stationary energy (generators), onboard (transport) or roaming (small portable electrical devices).

Power to Gas consists in **replacing a proportion of the gas (up to 20% in gas networks) by hydrogen** and thereby raise the level of renewable energies in the energy mix. This solution is widely adopted by large companies all over the world: Audi, Eon, ENGIE etc.

To kick-start the market, around 50 pilot Power to Gas projects are already underway in Europe.



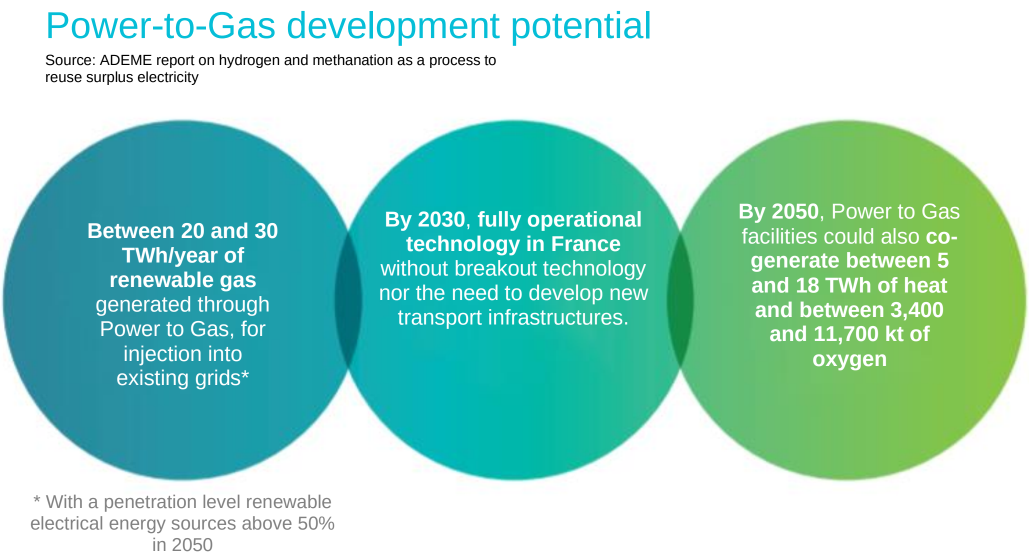
ENEA Consulting "The Potential of Power to Gas", January 2016

[25] Hydrogen Council "Scaling up" report, November 2017, p57

Power to Gas brings **flexibility** to networks and raises the proportion of renewable energy while offering **control over investment**. Indeed, it depends on the use of existing grid infrastructures and requires little in the way of investment in infrastructure or end-use equipment to adapt:

- 3 million km of gas pipelines across the world[26]
- 5,000 km of hydrogen pipelines across 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[27].



GRHYD PtG project press pack

http://grhyd.fr/wp-content/uploads/2018/06/GRHYD_DossierPresse_A4_v3_BD-1.pdf

Issues

"Hydrogen energy" solutions must be able to respond to such phenomena as:

HIGH FLEXIBILITY

Hydrogen production facilities must offer optimal flexibility and be able to cope with variations in renewable supplies (which by their nature are intermittent and difficult to predict).

MASSIFICATION OF NEEDS

Deliver reliable, secure, competitive solutions on the MW or even GW scale to meet the exponential growth of renewable energies.

[26] IEA report "The Future of Hydrogen", November 2019 | p182 and 76
[27] IEA report "The Future of Hydrogen", November 2019 | p182

McPhy market position and technology

Electrolyzers are highly flexible consumers of electricity and can provide the smoothing services required for the grid. As the leader in such equipment, McPhy is active on the energy market with references which pre-date the market scaling up. This is notable the case with the Jupiter 1000 Power to Gas demonstrator at Fos sur Mer, the **first MW-scale PtG project in France**; or the electrolysis facility for the Audi "E-Gas" plant in Werlte, Germany, installed in 2013; or even a 4 MW solution in Hebei, China. McPhy is active on these projects alongside leading industrial players such as EDF, ENGIE, GRTGaz, Enel, EnBW or Enertrag.

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

The McLyzer range is promoted as the **ideal tool to stabilize electricity grids confronted with the growing influx of electricity from renewable sources and to participate in primary and secondary reserves**.

High flexibility...

The response dynamic of the McLyzer range is very fast (from 0 to 100% o, under 30 seconds and from 100% to 0 in less than 5 seconds), perfectly suited to power variations. Its robustness and durability have been demonstrated using data collected since 2014 on the "H_2Ber" Power to Gas project in Berlin.

Massification of needs (MW - GW)...

- Innovation: in 2018, McPhy introduced the Augmented McLyzer technology, a unique combination of 30 bar high pressure alkaline electrolysis by McPhy and advanced electrodes (high current density), specially designed for very large capacity platforms (multi-MW).
- It is currently the most mature and robust technology, acknowledged amongst market leaders as one of the most promising in terms of future developments.

Key attributes of McPhy electrolysis range

Over 37 MW of high-power electrolysis equipment active (industry and energy sectors)

McLyzer: up to 800 Nm^3/h as standard

Augmented McLyzer range for 20, 100 MW models and beyond (design based on 4 MW modules)

Modular systems

Fast response: from 0 to 100% in under 30 seconds and from 100% to 0 in under 5 seconds: instant adaptability to electrical power variations generated by renewable energy sources

High flexibility: perfectly adapts to variations in renewable energy sources

Participates in system services (primary and secondary reserves)

High energy efficiency

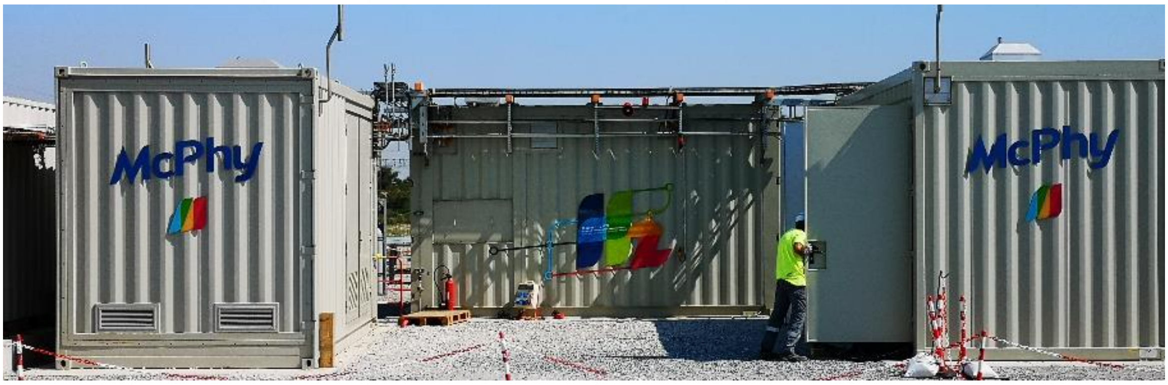
Economically competitive

Reliability and robustness of mature technology

Ease of use and maintenance

McPhy designed these hydrogen generators to limit the impact of their operation on the environment. They feature a zero-loss purification unit and a closed-loop electrolysis unit to reduce water consumption to a minimum during its transformation into hydrogen.

The market maturity phase will bring rising needs for flexibility and services from the networks, while the very 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 long-term growth drivers.



Jupiter 1000: 1 MW of electrolysis for a PtoG demonstrator in Fos sur Mer (0.5 MW alkaline + 0.5 MW PEM)

5.3 Important events

2008

- Company set up in La Motte-Fanjas facility
- First employees recruited
- Continued development work with CNRS

2009

- Designed then started installation of first production line at La Motte-Fanjas
- Designed first production equipment and hydrogen storage prototype
- First round of seed funding for €1.3 M, participation of Arevadelfi and Emertec funds.
- Pascal Mauberger arrived

2010

- Commissioned industrial production line at La Motte-Fanjas facility
- Second capital issue for €9.2 M with Sofinnova Partners, GimV and Amundi Private Equity acquiring stakes
- Manufactured and tested the 1 kilo capacity hydrogen storage prototype
- Commenced commercial activity.

2011

- Delivered first hydrogen storage prototypes
- Initiated several projects: PUSHY (Potential Use of Solid HYdrogen), OSSHY (On Site Solid HYdrogen) and LASHY (Local Alternative Solid HYdrogen).
- Created German subsidiary (McPhy Energy Deutschland GmbH).

2012

- Started the INGRID, GRHYD and H2BER projects
- Created Italian subsidiary McPhy Energy Italia Srl
- Third round of funding for €4.6 M
- Opened second production line
- Fourth round of funding in December for a total amount of €10.1 M with participation of new investor Bpifrance Investissement
- McPhy Energy Italia Srl acquired the PIEL activity

2013

• Integrated PIEL activities into the Group and commercial inauguration of electrolyzer product line for McPhy. Significant expansion of storage system range. Integrated units with electrolysis, proposal of hydrogen solutions

• Commissioned the OSSHY demonstrator comprising a 60 kW electrolyzer and 100 kg storage

• In September, McPhy Energy Deutschland GmbH took over the ENERTRAG HYTEC team responsible for the high-power electrolyzer activity

2014

• Company IPO in March 2014, raising €32 M capital

• Production activities relocated to Italy in a new 5,000 m² facility

• Delivered and commissioned the first integrated production solution coupled with storage in the form of solid hydrogen for the Berlin Schönefeld service station

2015

• Initial commercial success on the Energy market

• Introduced the new McFilling® product line: charge stations for hydrogen mobility, took over 4 stations in France

McPhy
Driving clean energy forward

2016

• Revenue rose sharply by +93% to €7.5 M

• Received 6 MW of orders on the Power to Gas market, including a 4 MW contract with the Hebei province in China.

2017

• Achieved €10 million revenue for the first time

• Delivered the INGRID project

• Capital increase of €4.5 M in the form of private placement

2018

- The Group joined the Hydrogen Council in March
- In June 2018, signed an industrial and commercial partnership agreement with EDF to develop decarbonized hydrogen in France and internationally
- Reinforced financial capacities with EDF Nouveaux Business Holding acquiring a stake in the capital
- Launched a new generation of electrolyzers for platforms offering 20 to over 100 MW, the Augmented McLyzer
- Reinforced McPhy's solutions for hydrogen mobility with a range of stations dedicated to 700-bar vehicles.

2019

- Introduced the Augmented McFilling station: smart architecture for heavy-duty transport vehicles
- In June, inaugurated the first station for hydrogen buses in France
- Capital increase by private placement to the amount of €7 M
- Laurent Carme joined McPhy (separation of functions of Chief Executive Officer and Chairman of Board of Directors)

5.4 Strategy and business model

In 10 years, McPhy has become of the leading global players capable of delivering technological platforms needed by Clients to generate and use hydrogen on a scale to fulfill the needs of the industry, energy, and mobility markets.

The capital raised by the IPO in March 2014 and since then has enabled the development of technology platforms and the first commercial references serving to conform the relevance of McPhy solutions at an industrial scale.

The Company is pursuing a growth strategy focused on 4 pillars:

- Maintain excellence in technology: continue R&D efforts to develop new generations of electrolyzers and charge stations with improved performance such as high current density for electrolyzers and improved availability rates for stations;
- Demonstrate the results from our reference Clients: large-scale industrial electrolysis facilities, Power to Gas and Power to Power projects, large mobility projects for buses, goods vehicles, trains etc.;
- Offer products suited to uses: the Group will continue to define a modular, scalable technology that will adapt to Client needs;
- Improve cost competitiveness: the aim being to progressively reduce the gap with "gray" hydrogen produced using fossil fuels. This will lead us to define a roadmap to reduce product costs, which will require the optimization of equipment performance to reduce energy consumption, but also an updated procurement strategy and economies of scale.

McPhy has adopted a commercial strategy based on 3 areas for development:

- Direct sales: McPhy deals directly with some of its Clients, either though requests for proposals in competitive tenders, or via direct approach.
- 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 and where necessary, research centers, and which can thereby propose a full range of skills for the project.
- Distributor network: McPhy's Italian subsidiary dedicated to small capacity electrolyzers uses a network of fifteen distributors around the world. These distributors account for a significant portion of the subsidiary's historical activity.

McPhy has adopted a flexible production model, primarily based on system assembly. As McPhy's core skills lie in studies and design, its vocation is not to produce all the components that it uses to build its products. This agile model enables the Company to focus its efforts on activities generating higher added value, i.e. the design and assembly of innovative solutions.

Consequently, McPhy attaches great importance to selecting its subcontractors.

For electrolyzers and refueling stations, the main elements purchased and outsourced are:

- Membranes
- Compressors
- Systems and automation
- Mechanical components
- Containers (shelters), electrodes, metal tanks, piping and valves, electrical systems, and components.

McPhy operates a policy aiming to optimize procurement and ensure dual sources for key procurement items whenever possible.

Hydrogen has become an economic reality, benefiting from an unprecedented market momentum; it is gathering interest from policymakers, industrial operators, and investors on a global scale.

In March 2018, the Group became a member of the Hydrogen Council. This unique global initiative aims to demonstrate the potential of hydrogen as a key solution to a successful energy transition. The members of the Hydrogen Council have stated their desire to intensify their investment in the development and marketing of hydrogen and fuel cells. In all, their investment is currently estimated at €1.4 billion per year[28]. McPhy is working closely with worldwide groups on scaling up the hydrogen economy.

In June 2018, McPhy also formed an industrial and commercial partnership with world leader in low-carbon energies EDF, to develop zero-carbon hydrogen in France and around the world. This will strengthen McPhy's financial resources to support its growth and to leverage EDF's strategic markets in order to accelerate its business development.

[28] How Hydrogen empowers the energy transition, Report of the Hydrogen Council, 2017

5.5 Dependency of issuer on patents, licenses, agreements and manufacturing processes

McPhy invests a significant portion of its revenue in Research and Innovation to continuously improve its products. R&D spending eligible for Research and Innovation tax credit amounted to €2.5 M in 2019, representing a significant part of Group spending.

Research and Development costs are reported in the charges for the fiscal year in which they are engaged. 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 € million)	**2019**	**2018**
Research and Development spending	2 546	2 928
Research tax credit	(639)	(764)
Net charges	**1 907**	**2 164**

5.5.1 Industrial property

Patents and other industrial property rights are essential in the Company's sector of activity and represent one of the barriers to entry for its competitors. Subject to statements in section 3.5.3, the Company's industrial property is not, to the best of its knowledge on the date of publication of this Universal Registration Document, disputed by a third party.

5.5.2 Patents

The Company has filed patent applications to protect its technologies, its products, and its manufacturing process.

The Company's strategy is to systematically submit priority patent applications in France. For other countries, the Company uses the 'Patent Cooperation Treaty' process, which enables it to register a patent in over 100 countries; the PCT application is done one year after the priority application. 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.

McPhy can draw benefit from its patents by marketing its products using patented inventions to its Clients and potentially by issuing licenses.

5.5.2.1 Co-ownership

None

5.5.2.2 Sole ownership

A patent concerning hydrogen stations was filed in 2019.

5.5.3 Trade marks

The Company has registered the following marks:

Trade mark	Type	Holder	Number	Date of filing	Classes
McPhy energy	French	McPhy Energy SA	09 3 669 271	5 August 2009	1 ; 6 ; 9 ; 11 ; 12 ; 35 ; 37 ; 39 ; 42
McPhy	French	McPhy Energy SA	16 4 273 985	23 May 2016	1 ; 6 ; 7 ; 9 ; 11 ; 37 ; 40 ; 42
McPhy	EU Extension, China, USA	McPhy Energy SA	1 342 150	22 Nov 2016	1 ; 6 ; 7 ; 9 ; 11 ; 37 ; 40 ; 42
McLyzer	French	McPhy Energy SA	16 4 273 999	23 May 2016	7 ; 9 ; 11
McFuel	French	McPhy Energy SA	15 4 175 222	21 April 2015	1 ; 7 ; 9 ; 11
McStore	French	McPhy Energy SA	16 4 274 004	23 May 2016	1 ; 6 ; 7 ; 9 ; 11
McFilling	French	McPhy Energy SA	16 4 273 995	23 May 2016	6 ; 7 ; 9 ; 11¬
Driving clean energy forward	French	McPhy Energy SA	16 4 288 190	19 July 2016	37 ; 40 ; 42¬
PIEL	EU + option for rest of world	McPhy Italia SRL	018010333	16 January 2019	7, 37,42
Piel	EU + option for rest of world	McPhy Italia SRL	018010357	16 January 2019	7, 37,42
Piel (new design)	EU + option for rest of world	McPhy Italia SRL	006370664	4 April 2019	7, 37,42

None of the Company's trade marks referred to above is subject to a license granted to a third party.

5.5.4 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.

5.5.5 Pledges of industrial property rights

None

5.6 Statement on competitive positioning

None of McPhy's competitors has developed a range as wide as that of McPhy, capable of delivering electrolyzers from a few kW to several MW, with dispensing pressures from 10-12 bar (standard pressures used in industry) up to 30 bar (an excellent pressure setting for the injection of hydrogen into natural gas distribution grids for example).

Concerning small- and medium-capacity electrolyzers, the main competitors are:

Hydrogenics

- This Canadian company specializes in designing and manufacturing electrolyzers, energy storage solutions and fuel cells.
- The company is listed on Nasdaq and was acquired in September 2019 by a joint venture created by Cummins Inc. and Air Liquide. Cummins Inc. owns 81% of the company and generated $38 M in revenue in 2019 on its "New Power" segment ($7 M in 2018).

ITM Power

- ITM Power is a UK firm which designs and builds electrolyzers as well as hydrogen storage solutions and fuel cells.
- The company is listed on the LSE and its revenue for the fiscal year ending 30 April 2019 was reported as £5.9 M (vs. £3.3 M on 30 April 2018).

Casale Group

- Casale Group is a Swiss company specializing in the design and manufacture of equipment for the chemicals sector. Its equipment includes a range of small capacity electrolyzers.
- No financial information available.

Erredue

- Erredue is an Italian firm that designs and manufactures hydrogen, nitrogen and oxygen generators.
- No financial information available.

AREVA H2 Gen

- French firm AREVA H2 Gen is active in the design and production of electrolyzers for the industry and energy sectors.
- No financial information available.

On the large electrolyzer market, McPhy's main competitors are:

NEL Hydrogen

- NEL Hydrogen is a Norwegian firm that supplies equipment generating hydrogen through water electrolysis for industrial applications, hydrogen stations and energy distribution systems. In April 2017, NEL announced its acquisition of US firm Proton-On-Site, a producer of PEM technology electrolyzers.
- The firm is listed on the Oslo stock exchange and reported revenue to Q3 2019 of NOK 394 million (vs. NOK 364 million for the same 3 months in 2018).

Peric Hydrogen Technologies

- Peric Hydrogen Technologies is a Chinese company which develops hydrogen production equipment mainly for industrial applications and notably China's photovoltaic panel industry.
- No financial information available.

On the small station (starter kit) market, McPhy's main competitor is:

Atawey

- Atawey is a 25-person company which has developed a range of hydrogen stations from 2 to 40 kg, for cycles and vehicles.
- The firm has delivered 18+ stations in France and has an order backlog of 30 more stations.

On the large station market (200+ kg), the main competitors are:

Air liquide

- Air liquide is one of the leaders on the hydrogen market, with over 120 hydrogen stations installed around the world.
- The firm is part of the CAC40 index and employs over 60,000 people globally.

Linde

- Linde is another leader on the hydrogen market, with over 150 hydrogen stations installed around the world.
- The firm's headquarters are in Munich and it employs over 80,000 people globally.

Air Products

- Air Products is a leader on the US market with around 50 hydrogen stations installed.
- The firm has its headquarters in the USA and employs over 15,000 people globally.

NEL Hydrogen

See note on competition on the large electrolyzer market.

5.7 Investments

5.7.1 Main investments made

The table below sets out the consolidated non-financial investments made over the last three fiscal years (excluding variations in scope).

(In € million)	**2019**	**2018**	**2017**
Intangible non-current assets	83	16	16
Tangible non-current assets	329	669	610
Total	**412**	**685**	**626**

2019 investment projects primarily concerned equipment and tooling for the San Miniato site in Italy, for a total amount of €0.2 M.

5.7.2 Principal investments in progress or forthcoming

The principal investments planned for 2020 but not yet engaged should amount to approximately €0.3 M.

5.7.3 Joint ventures and entities in which the issuer holds a controlling stake

None

5.7.4 Environmental questions

As part of its sustainable development approach, the Group fully integrates environmental questions in its strategy and culture. Engagements in this area concern actions to mitigate climate change, protect nature, use natural and energy resources more efficiently, reduce the production of waste and toxic emissions in the air or water, preserve heritage, landscapes, and biodiversity. It is incumbent on each employee, to the extent of their functions, to play a part in the Group's efforts and commitments, while observing applicable regulations and Group policies in terms of environmental protection. All employees must report failures to comply or risk situations brought to their knowledge to the appropriate correspondents.

Environmental questions are at the heart of the Group's activity.

No specific environmental training is given within the Group, but campaigns to raise awareness and provide information on the environment, health, and safety, customized to specific occupations and functions, are undertaken regularly throughout the year.

In France, "Flash Info QSE" news bulletins were issued in 2019. They serve to raise employee awareness to the applicable best practices for environmental protection. All new hires at McPhy must attend a Quality, Safety and Environment induction course.

In terms of environmental risk prevention, the following actions were carried out by the Group in the past two years:

- Sorting stock and evacuation of hazardous waste
- Regular news updates for all employees
- Compliance with regulations

The Group is not subject to any legal action that may generate fines or non-financial penalties for non-observance of environmental laws and regulations.

No provisions for risks and charges related to the environment were included in the consolidated balance sheet as at 31 December 2019 (as at 31 December 2018).

The Company has subscribed to an insurance policy to cover environmental risks.

Waste resulting from production is sorted according to type and danger.

In 2019, on the La Motte-Fanjas site, the use of magnesium powder increased in relation to 2018, but the quantities used remain very small. The quantity of potentially dangerous waste is therefore now very low.

Dangerous liquids are also stored in barrels and tubs placed on collection trays, which are designed to contain the full amount of liquid in case of leakage. As the quantities of liquid waste collected are very low, dangerous waste liquids are removed from the site as soon as there is a sufficient quantity to transport.

To date, no significant releases into the air, water or soil have occurred that could severely harm the environment. During the normal operation of electrolyzers, hydrogen and oxygen are released into the atmosphere by vent chimneys, with no impact for the environment.

The Group does not generate any specific or noise pollution in the course of its activities.

The Group's activity generates miscellaneous waste requiring selective sorting for treatment (non-hazardous industrial waste, scrap metal, cardboard, wood).

The Company has entered into specific contracts with qualified services providers for waste removal and processing, in accordance with the standards and rules governing these categories.

The Company stores scrap paper, card, wood, and metal before placing it in collection containers, to enable their reuse on site.

Examples of reuse:

- paper: rough note paper, shredded paper is used to pack parts in packaging,
- card: packaging,
- wood: packaging,
- metal: cut-offs or reuse for emergency repairs.

Furthermore, the Group sorts non-hazardous waste from specific waste requiring special precautions and ensures their separate removal from the site.

The breakdown of waste by category is as follows:

(tonnes)	12/31/2019	12/31/2018	Var %
Reused hazardous waste	0.4	1.6	-75%
Non-reused hazardous waste	32.2	35.8	-10%
Reused non-hazardous waste	20.4	24.3	-16%
Non-reused non-hazardous waste	7.8	0.5	+ 1336%
Total waste produced	**60.8**	**62.2**	**-2%**

Although manufacturing activities increased in 2019, the Group reported a negative variation of -2% in its waste production. This result goes hand in hand with the efforts shown by plants to continuously strive to reduce their carbon footprint.

As the Group does not operate staff canteens, no specific measures are taken against food waste.

No water is consumed in the industrial process, except during electrolysis tests on the La Motte-Fanjas (France) and San Miniato (Italy) sites. Nonetheless, the amounts consumed are not significant. For information, we estimate that approximately 10 liters of water are required for 1 kg of hydrogen generated by electrolysis during the tests. For the H2BER project in Germany, hydrogen is produced using water invoiced to a partner, so it is not accounted for in Group consumption.

2019 was marked by an increase in the consumption of raw materials compared to 2018 (+68%). This rise is in line with the increased number of hydrogen stations produced.

(tonnes)	2019	2018	Var %
Raw materials (1)	3.3	2.0	+68%

(1) The data presented include the raw materials magnesium, hydrogen and argon.

Since April 2016, the entire electricity supply for France operations is obtained from local renewable energy sources.

Energy consumption is broken down as follows:

(in %)	31/12/19	31/12/18	Var %
Electricity, MWh	724	1,038	-30%

Gas, MWh	72	8	+840%
Total MWh	**796**	**1,046**	**-24%**

To meet the energy challenges on a global scale and adapt to the pace of markets, in 2019 the Group strengthened the expansion of its solutions in favor of hydrogen mobility, while continuing to meet the specific requirements of its Clients.

The Group continues its proactive approach to reducing travel between sites and to favor meetings using videoconferencing tools. This helps to reduce greenhouse gas emissions. A new system has been installed and is now used to facilitate inter-site dialog.

Furthermore, when travel is absolutely necessary, employees share their means of personal transport and use public transport as much as possible.

The total greenhouse gas emissions by the Group was calculated based on its consumption of electricity and natural gas. In 2019, the amount of GHG emissions amounted to 192 tonnes of CO_2-equivalent (vs. 317 tonnes in 2018).

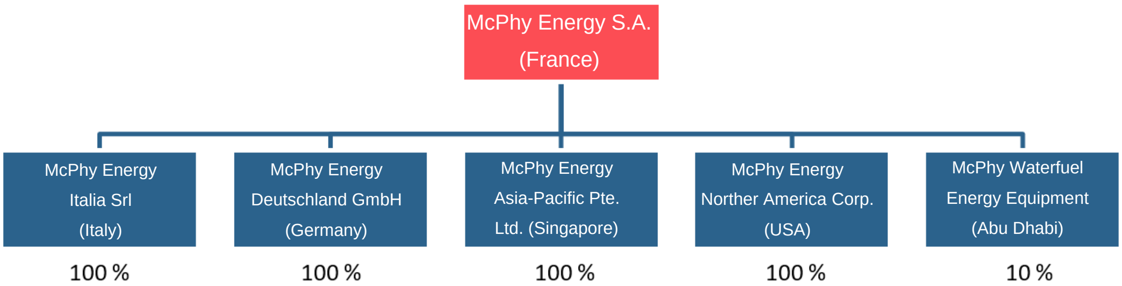
Given the nature of the Group's activities, the main causes of greenhouse gas emissions include the cycle of material and component procurement, the production cycle of equipment and the shipment cycle of finished products, especially exports, and official travel between sites.

Developing solutions to mitigate climate changes is a core component of McPhy's professional purpose.

6 ORGANIZATIONAL CHART

6.1 Organizational chart

The Group organizational structure as at 31 December 2019 is given below:



6.2 Presentation of principal Group companies

6.2.1 McPhy Energy S.A.

McPhy Energy, parent company of the Group, conducts its activity on the La Motte-Fanjas and Grenoble sites. The La Motte-Fanjas site is home to the design process, prototyping and assembly of refueling stations for hydrogen mobility. This site also hosts a laboratory and a test platform specializing in hydrogen and associated materials.

6.2.2 McPhy Energy Italia Srl

McPhy Energy has owned 100% of the share capital of this Italian company since 2012. It houses the Group's main production plant, a 5,000 m² facility in San Miniato (PI). The company is active in the design, assembly, and testing of equipment generating hydrogen by water electrolysis. In 2019, it generated revenue of €4.5 M. It reported a net loss of (€1.6 M) for the year. At the end of 2019, the company employed 30 people.

6.2.3 McPhy Energy Deutschland GmbH

McPhy Energy has fully owned this German company since 2011. Its head office is located in Wildau. In September 2013, this subsidiary acquired the large capacity electrolyzer activity of ENERTRAG HyTec GmbH. It is responsible for design and engineering for large capacity electrolyzers, from 500 kW to several MW. In 2019, it generated revenue of €3.3 M. Net loss amounted to (€0.6 M) for the year. At the end of 2019, the company employed 22 people.

6.2.4 McPhy Energy Northern America Corp.

McPhy Energy incorporated this fully owned company in October 2014. Its purpose is to market the Group's products and services in the North America region. Following the departure of the local management, its activity has been suspended since 2017.

6.2.5 McPhy Energy Asia Pacific Pte. Ltd.

McPhy Energy created this fully owned company based in Singapore in 2014. Its purpose is to market the Group's products and services in the Asia-Pacific region. As at 31 December 2019, it employs three people in China.

6.2.6 Minority stakes

The Company owns 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.

7 EXAMINATION OF FINANCIAL POSITION AND RESULTS

7.1 Financial position

7.1.1 Balance sheet elements and ratios

Net assets at 31 December 2019 amounted to €16.6 M, broken down as follows (in €M).

	ASSETS		LIABILITIES
Goodwill	2,5	Non-current liabilities	3.1
Non-current assets	3,4	Current liabilities	9.5
Current assets	10,4		
Cash and cash equivalents	13,0		

The net debt to equity ratio (gearing) is -61% at 31 December 2019, compared to -57% at 31 December 2018.

7.2 Net income

7.2.1 Consolidated statement of income for 2019 and 2018

The following table sets out the main elements of the McPhy group consolidated income statement for the years ending 31 December 2018 and 2019.

€M	2019	2018	Var. 2019 / 2018
Revenue	11.4	8.0	3.4
Subsidized projects	3.4	0.3	3.1
Research tax credit	0.6	0.8	(0.2)
Other income from operating activities	0.5	0.1	0.4
Income from current operations	**15.9**	**9.1**	**6.8**
Cost of materials	(6.1)	(4.6)	(1.5)
Payroll charges	(7.0)	(6.0)	(1.1)
Payroll charges IFRS2	(0.1)	(0.2)	0.0
Other costs and external charges	(6.0)	(5.5)	(0.5)
Taxes and duties	(0.1)	(0.2)	0.1
EBITDA	**(3.5)**	**(7.3)**	**3.8**
Amortization	(1.5)	(0.9)	(0.6)
Net provisions	(1.0)	(1.2)	0.2
Current operating income	**(6.0)**	**(9.3)**	**3.3**
Other income and charges	(0.1)	(0.0)	(0.0)
Operating income	**(6.1)**	**(9.4)**	**3.3**
Cost of net financial debt	(0.1)	(0.0)	(0.0)
Corporate taxation	(0.1)	(0.1)	(0.0)
Net income for year	**(6.3)**	**(9.5)**	**3.2**
Net earnings per share (€)	(0.42)	(0.75)	0.33

€M	2019	2018	Var. 2019 / 2018
Revenue	11.4	8.0	3.4
Subsidized projects	3.0	0.3	3.1
CIR	0.6	0.8	(0.2)
Other income from operating activities	0.5	0.1	0.4
Income from current operations	**15.5**	**9.1**	**6.8**
Cost of materials	(6.1)	(4.6)	(1.5)
Payroll charges	(7.0)	(6.0)	(1.1)
Payroll charges IFRS2	(0.1)	(0.2)	0.0
Other costs and external charges	(6.0)	(5.5)	(0.5)
Taxes and duties	(0.1)	(0.2)	0.1
EBITDA	**(3.9)**	**(7.3)**	**3.8**
Amortization	(1.5)	(0.9)	(0.6)
Net provisions	(1.0)	(1.2)	0.2
Current operating income	**(6.4)**	**(9.4)**	**3.3**
Other income and charges	(0.1)	(0.0)	(0.0)
Operating income	**(6.5)**	**(9.4)**	**3.3**
Cost of net financial debt	0.4	(0.0)	(0.0)
Corporate taxation	(0.1)	(0.1)	(0.0)
Net income for year	**(6.3)**	**(9.5)**	**3.2**
Net income per share (€)	(0.42)	(0.75)	0.33

7.2.2 Revenue

(In € million)	**2019**	**2018**	**Variation**
H1	4.3	3.5	*23%*
H2	7.1	4.5	*58%*
Total	**11.4**	**8.0**	***43%***

The Group reported an increase of +43% in revenue compared to 2018. This growth was driven by the taking and completion of a number of orders for electrolyzers and hydrogen production and distribution stations in France and abroad.

7.2.2.1 Breakdown of revenue by geographical region

(In € million)	2019		2018		Variation	
Europe	10.0	*88%*	6.8	*86%*	3.2	*48%*
Middle East, Africa	0.1	*1%*	0.7	*8%*	-0.6	*-84%*
Americas	0.1	*1%*	0.0	*1%*	0.1	*167%*
Asia / Pacific	1.1	*10%*	0.4	*5%*	0.7	*156%*
Total	**11.4**	*100%*	**8.0**	*100%*	**3.4**	*43%*

Revenue for the Europe region rose by +48% and represents 88% of 2019 revenue.

7.2.3 Operating income and net income

7.2.3.1 Current operating income

In 2019 the Group reported income from ordinary activities to the amount of €15.5 M, up +70% compared to 2018. Income from ordinary activities is broken down between:

- Revenue: €11.4 M (+43%)
- Other income: €4.1 M

Other operating income amounted to €4.1 M, up sharply by +€3.0 M compared to 2018. The increase in other operating income was associated with the cancellation of €3.0 million debt as part of the Pushy[29] project following the notification by Bpi Financement in July 2019.

Purchases consumed and external costs evolved in line with activity, but only saw a limited increase given the cost reduction measures implemented to ensure a continual improvement in competitiveness. The Group continued its research and innovation efforts, contributing €2.5 M over the 2019 fiscal year (€2.6 M in 2018). Net of the tax credit effect, this spending fell from €2.2 M in 2018 to €1.9 M in 2019.

The Group has strengthened its employee base to ensure a successful industrialization phase. The net recruitment of 12 people over the year brings the headcount at 31 December 2019 to 98; payroll charges increased by +17%.

The increase in depreciation, amortization and provisions was primarily due to the entry into effect on 1st January 2019 of the IFRS 16 standard (leasing contracts) for €0.6 M and the depreciation of 50% of the accrued receivables for the Hebei contract in China[30] for the amount of €0.6 M.

The gross margin on materials consumption is up +3 points from 43% in 2018 to 46% in 2019.

Given these elements, the current operating loss was reduced from (€9.4 M) in 2018 to (€6.0 M) in 2019, an improvement of +36%.

7.2.3.2 Net income

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

[29] This project aimed to develop two innovative technologies (OSSHY and LASHY) blending the production of hydrogen by water electrolysis and its storage in the form of hydrides.
[30] 4 MW Power-to-Gas application project. Schedule postponed due to the Covid-19 pandemic.

Consolidated net income amounts to (€6.3 M) for 2019, compared to (€9.5 M) for 2018, making a net loss per share of (€0.42) compared to (€0.75) in 2018.

7.2.4 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 demonstrator projects and the required investments.

Other aid is received in the form of subsidies or refundable advances. Over the last three fiscal years, the Group received an aggregate amount of €1.7 M (compared to €2.1 M over the three previous years). This figure has dropped since the Company received the outstanding payment of over €5 M in 2017 for a demonstrator project.

The Group recognizes over 80% 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.

7.3 Non-tax-deductible charges

The total amount for 2019 of non-tax-deductible charges as defined by point 4 of article 39 of the French General tax code is €12,846.

7.4 McPhy Energy five-year financial data

In €	Date of year end	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
	Share capital	1,133,172	1,134,972	1,285,150	1,753,597	2,079,102
	Number of shares	9,443,100	9,458,100	10,709,580	14,613,307	17,325,851
	Revenue excluding tax	909,214	1,788,701	2,763,694	2,930,864	5,805,448
Operation and income for the year						
	Income before tax, employee profit-sharing and depreciation, amortization, and provisions	(10,733,089)	(7,443,854)	(7,643,477)	(11,712,207)	(5,523,267)
	Corporate tax	(998,483)	(919,169)	(440,623)	(764,228)	(640,251)
	Employee profit-sharing	-	-	-	-	-
	Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(11,071,139)	(9,217,275)	(7,077,192)	(12,183,161)	(5,407,976)
Income per share						
	Income after tax, employee profit-sharing but before depreciation, amortization, and provisions	(1.03)	(0.69)	(0.67)	(0.75)	(0.28)
	Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(1.17)	(0.97)	(0.66)	(0.83)	(0.31)
	Dividend per share	-	-	-	-	-
Personnel						
	Average headcount	39	34	32	34	43
	Total payroll	2,462,865	2,087,481	2,038,935	2,104,001	2,540,516
	Social security and benefits	869,124	897,468	864,066	924,695	1,221,240

7.5 Payment terms

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 31 December 2019					
	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	87					95
Total amount of invoices concerned (including tax and €K)	693	475	7	- 1	22	504
Percentage of total value of purchases for the fiscal year (excluding tax)	6%	4%	0%	0%	0%	5%
(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 31 December 2019					
	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	10					9
Total amount of invoices concerned (including tax and €K)	1,421	664	- 4	4	15	679
Percentage of revenue for the fiscal year (including tax)	21%	10%	0%	0%	0%	10%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables						
Number of invoices excluded	0					
Invoices excluded (Including tax and €K)	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)					

8 LIQUIDITY AND CAPITAL RESOURCES

See also note 3.7 to the consolidated financial statements for 2018 and 2019, drawn up as per IFRS standards (c.f. Section 18.1.6).

8.1 Group capital, liquidity, and sources of funding

The variation in financial structure is as follows:

USES		RESOURCES	
Cash flow from operations	8.1	Capital increase (1)	7.1
Net investment	0.2	New borrowing	0.1
Loan repayments	1.3	Change in WCR	0.5
Closing liquidity	13.0	Opening liquidity	14.9
TOTAL	22.6	TOTAL	22.6

(1) Net of transaction costs

The Group's cash flow from operations (before cost of net financial debt and taxes) amounted to €8.1 M in 2019, a change of +€0.9M versus 2018.

Working capital requirement for 2019 is -€0.6 M less than the previous year.

In November 2019, McPhy made a capital increase by private placement of almost €7 M.

The Group made tangible investments in equipment to the amount of €0.2 M.

It also continued to repay bank borrowing undertaken previously, to the amount of €1.3 M.

Net liquidity amounts to €10.1 M at 31 December 2019 (compared to €9.0 M at 31 December 2018). Debt comprises €1 M of bank borrowing, €0.4 M of advances repayable according to conditions of success and €1.5 M of financial debt (hire purchase and lease contracts).

8.2 Cash flow

The table of cash flow is provided in the appendix to the consolidated financial statements, in section 18.1.6 of this Universal Registration Document.

8.3 Information on borrowing conditions and finance structure

The Company's finance structure at 31 December 2019 is provided in note 3.9 to the consolidated financial statements, in section 18.1.6 of this Universal Registration Document.

8.4 Restrictions on use of capital

None

8.5 Future sources of finance required

See sections 3.3.1 and 3.1.2 of this Universal Registration Document.

9 REGULATORY ENVIRONMENT

McPhy designs, manufactures, and markets hydrogen production equipment using water electrolysis and refueling stations for hydrogen mobility. The solutions developed are aimed particularly at the renewable energy, mobility, and industry sectors.

The Group operates three production and engineering plants in France, Germany and Italy:

The French site located in La Motte-Fanjas is an industrial manufacturing plant for hydrogen refueling stations;

The San Miniato site in Italy is dedicated to designing and building electrolyzers, as well as manufacturing large capacity stacks;

The German office in Wildau specializes in large system engineering.

Given the spread of activities across the Group, the environmental risk mainly affects the French site, where activities are subject to specific environmental regulations. For the La Motte-Fanjas site, the Company holds prior authorization from the local police authority (*Préfecture*) in line with legislation governing ICPE classified facilities.

Consequently, the Company is subject to strict requirements concerning the operation of the ICPE, the integration of the ICPE in the local landscape, the prevention of atmospheric pollution, the protection of water resources and aquatic mediums, waste, the prevention of noise pollution and vibrations, the prevention of technological risks, the monitoring of emissions and their effects.

At this time, the Company has not adopted any approach to obtain environmental certification.

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

- Observance of environmental regulations applicable to ICPE facilities
- Selection of manufacturing processes with a low environmental impact
- Control of waste management and especially hazardous waste
- Regular informative campaigns for personnel on environmental issues

To address rapidly changing standards and regulations, the Group implements regulatory and legal intelligence applicable to the environment, health, and occupational safety. This enables the Group to anticipate and quickly adapt to changes in regulations.

McPhy operates a continuous improvement process for its quality process. QHSE (Quality, Health, Safety, Environment) managers are appointed to supervise all quality and safety procedures in each Group entity. McPhy operates a continuous improvement approach for its processes, part of the Quality system applicable to three ISO 9001-certified sites (France, Italy, and Germany). McPhy is committed to prioritizing the safety of its employees and to protecting the environment. To honor this commitment, the QHSE managers on each site are overseen by the Group Chief Operating Officer.

9.1 Territorial, economic, and social impact of activity

The geographical location of the Group's three sites, the regional university cities and associated industrial employment areas (Florence-Pise-Livorno in Tuscany for Italy, Berlin-Potsdam-Cottbus in Brandenburg for

Germany, and Grenoble-Romans-Valence in Rhône-Alpes for France) is favorable to recruiting personnel with high technical and intellectual potential. Yet also, it strengthens the overall attractiveness of the Group, by providing its employees with an exceptional 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:

- Priority is given to working with local suppliers and subcontractors;
- High investment in Research and Development. By way of example, the clean hydrogen production and storage equipment in the Utility Services unit of the Grenoble Minatec campus are supplied by McPhy.

As the Group's production sites are located in uninhabited business or industrial parks, disturbances to local resident populations are limited.

9.2 Stakeholder relations

9.2.1 Employees

The Group strives to maintain ongoing dialog with its employees. This communication has been strengthened since the lockdown measures issued by the applicable governments due to the Covid-19 pandemic.

Members of Management present Group results, its strategy and outlook every month to all employees across all three production sites.

In 2019, monthly informative meetings were set up in France by the CCO, to communicate on the highlights of the past month and to come.

9.2.2 Research and Development centers

To develop its technologies, products and processes, the Company has signed multiple agreements to collaborate with research bodies, such as the CEA (French Alternative Energies and Atomic Energy Commission) or the CNRS (National Center for Scientific Research), along with educational institutions such as Joseph Fourier University in Grenoble or Québec University in Trois-Rivières (Canada).

9.2.3 Professional bodies

McPhy has joined professional associations such as AFHYPAC (French Association for Hydrogen and Fuel Cells), HYDROGEN Europe, the Hydrogen Council, TENERRDIS, ANDRH and UDIMEC. It also participates in a working group with French standards authority AFNOR.

Chairman of the Board Pascal MAUBERGER is also Treasurer and former President of AFHYPAC and former Vice-President of the TENERRDIS competitiveness cluster.

9.2.4 Partnerships and sponsoring

The Group has 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.

Under the 2015 joint development agreement between McPhy and De Nora, the latter will supply McPhy with activated electrodes for its range of high-pressure alkaline electrolyzers, thereby successfully inaugurating a new generation of alkaline water electrolysis equipment.

McPhy's range of new-generation electrolyzers is now ready for large-scale deployment and has already been selected by big names in industry.

In 2018, McPhy and EDF signed an industrial and commercial partnership agreement to develop zero-carbon hydrogen in France and internationally.

This agreement marks a new era in McPhy's development. The additional financial resources and support from EDF will enable the McPhy Group to accelerate its growth, bolster its business development and win new markets.

Alongside Toyota, McPhy carried out a conclusive phase of refueling tests on its prototyping and test platform on the Group's historical site in La Motte-Fanjas. The McPhy teams worked on designing and developing a 700-bar platform. The refueling tests were conducted on two vehicles with the aim of testing the architectural concept, the components and processes of the 700-bar station under real-life conditions, while optimizing the user experience upstream of its introduction to market. The outcome of the tests was positive, with the identification of avenues for future optimization.

9.3 Subcontracting and suppliers

Excepting its observance of regulations and applicable laws, the Company has not defined any specific conditions for consideration of these issues in its procurement policy.

It is not McPhy's vocation to make all the components used to manufacture its products. Its core activity is the design, assembly, and maintenance of its systems.

Consequently, the main outsourced activity involves the purchase of components used in the manufacturing process. McPhy uses subcontractors for other activities, including:

- Waste management;
- Performance of certain services.

McPhy attaches great importance to selecting its subcontractors. A formal assessment procedure for suppliers and subcontractors is used.

For storage solutions and hydrogen stations, the main elements purchased and outsourced are:

- Design work
- Mechanical parts for metal tanks
- Compressors
- Containers (shelters)
- Piping and valves, electrical equipment and components, instrumentation, supervision and control system, all mounted on skids.

For electrolyzers, the main elements purchased and outsourced are:

- Membranes
- Systems and automation
- Mechanical components
- Containers (shelters), electrodes, metal tanks, piping and valves, electrical systems and components, components used in manufacturing gas purification equipment.

9.4 Fair practices

The Group’s business ethics code stipulates that it is prohibited to pay, offer, or accept to pay bribes on another’s behalf or grant undue privileges to a public agent and/or a private individual in order to obtain favorable treatment or influence the outcome of negotiations in which the Group is interested. Such practices are unlawful in most countries and violate the international convention on fighting the corruption of foreign public agents in force in many countries. If bribes are paid by an employee in the course of their professional activities, this person is exposed to criminal penalties and the potential termination of their employment.

The Company has not adopted other specific actions to fight corruption. It considers that at this stage of its development, the internal control procedures covering spending commitments, in order to protect its liquidities, represent effective preventive measures.

Observance of the Universal Declaration of Human Rights is a fundamental components of the Group’s business ethics code. As the Group is almost exclusively active in France and Europe, and fully honors applicable law in each country, no other specific action in favor of human rights is adopted at this time.

10 TREND INFORMATION

10.1 Recent events since year end 31 December 2019

McPhy was selected by two industrial groups of worldwide renown to fit out the first large-scale zero-carbon hydrogen production unit in Europe, thereby confirming its leadership position on the market.

The 20 MW zero-carbon hydrogen production platform will be designed, built, and installed by McPhy. It will be equipped with the innovative Augmented McLyzer electrolysis technology. Each year, 3,000 tonnes of clean hydrogen will be generated by electrolysis using green electricity and used to produce bio-methanol that is consumed in industrial processes. This will help reduce CO_2 emissions by up to 27,000 tonnes per year, equivalent to the emissions from 4,000 French households.

From 2020 onwards, McPhy will participate in the pre-engineering phase, the detailed engineering phase, then in time the commissioning phase of the electrolysis platform.

This impressive project marks a change in dimension for McPhy, confirming its industrial scaling up with the aim of lowering the production costs of zero-carbon hydrogen. This will foster the emergence of high-performance, competitive hydrogen ecosystems with the highest levels of quality and safety.

Aside the Covid-19 health crisis described below, no other significant events likely to affect the production, sales, and activities of McPhy occurred since the end of the fiscal year on 31 December 2019.

10.2 Event likely to have a significant impact on the Group's outlook

At this time, the impact of the Covid-19 pandemic on the Group's activity in 2020 is difficult to quantify, given the uncertainty on how the situation will pan out.

In China, McPhy's exposure to the Covid-19 pandemic is limited to a Power-to-Gas application project in the Hebei province.

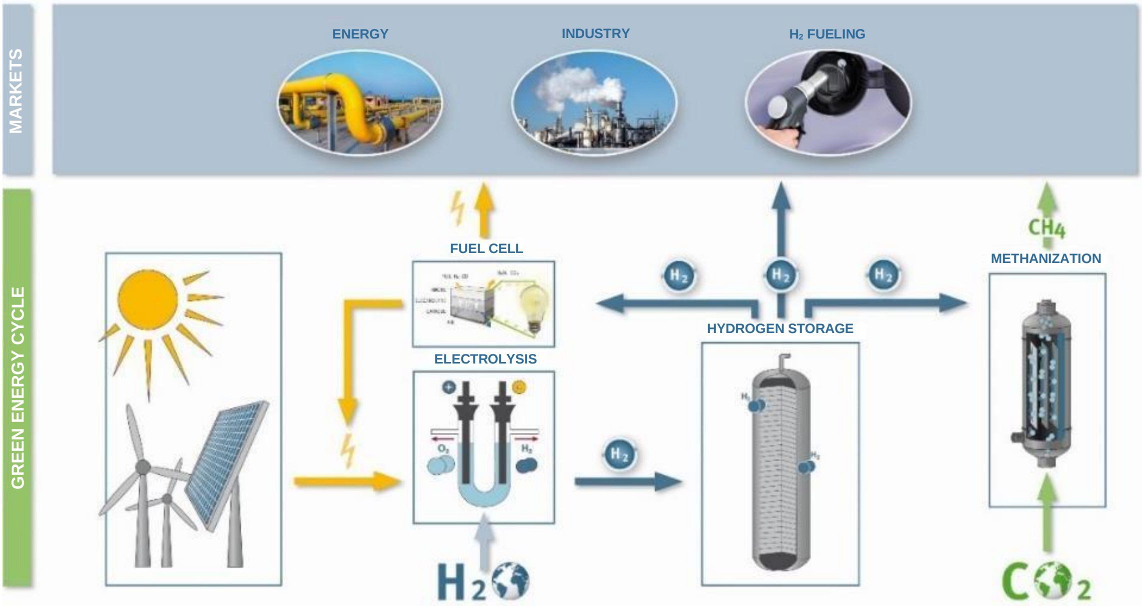
In Italy, McPhy operates a subsidiary in San Miniato (Florence region) involved in the assembly of electrolyzers and the production of large capacity cells. Although this site is located far from the epicenter of the crisis in Italy, suitable precautions have nonetheless been taken.

In this context, McPhy has implemented all suitable safety measures to ensure the health and well-being of its employees and partners. The Company remains confident in the implementation of its strategy.

The amplitude of the health-related and economic impacts of this crisis shows that we already need to consider the "post-Covid-19" situation.

McPhy hopes that with support from the public sector, the energy transition will be a core focus in this new societal model that is developing in France and other countries.

Whether the challenges are environmental, economic, or societal, those we are now facing together are huge and only a deep-seated energy transformation can rise to meet them. By relocating our energy supply sources and industrial capacities, the energy revolution will enable businesses to reconcile their economic performance issues with social responsibility; citizens will enjoy a more responsible and inclusive world. The energy transition will be made possible by the massification of clean energies like zero-carbon hydrogen. The transition brings a multi-level response to all these challenges and should have a fundamental place in our new societal models.



More than ever, the Group is fully committed to achieving its professional purpose of "Driving Clean Energy Forward". It seeks to speed up the deployment of zero-carbon energy systems using its zero-carbon hydrogen production and distribution system. It is also confident in its organization, its business model, and its capacity for resilience, to address the challenges of the future.

11 PROFIT FORECAST OR ESTIMATES

The Group does not provide profit forecasts or estimates.

12 ADMINISTRATIVE AND SUPERVISORY BODIES

12.1 Composition of administrative and supervisory bodies

The Company is a limited company with board of directors since 21st May 2015. A description of the main requirements of the company articles, in particular the practices of the Board and its powers, along with a summary description of the specific committees created by the Company, are provided in sections 14.3 and 19.2 of this Universal Registration Document.

12.1.1 Changes to administrative bodies

The Board of Directors meeting on 1st October 2019 decided to implement separate governance in accordance with (i) article 19 of the Company Articles, (ii) the recommendation of the Appointments and Remuneration Committee and (ii) best practices of governance.

To this end, Laurent Carme was appointed as Chief Executive Officer of the Company. In this role, he succeeds Pascal Mauberger who retains his role as Chairman of the Board of Directors. The appointment of Laurent Carme took effect on 4 November 2019.

12.1.2 Membership of the Board of Directors

At the date of production of this Universal Registration Document, the Board of Directors of the Company is as follows:

Name	Independent Director	Date of appointment / renewal[1]	Date of expiry of term	Audit committee	Appointments and Remuneration committee	Strategy and Development committee
Pascal MAUBERGER	No	Director: Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal) CEO: Board meeting of 21 May 2015 (transformation of Company) Chairman of the Board of Directors Board meeting of 1st October 2019	AGM for 2021 approving the accounts for year ending 31 December 2020			Member
Léopold DEMIDDELEER	Yes	Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal)	AGM for 2021 approving the accounts for year ending 31 December 2020			Chairman
Luc POYER	Yes	Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal)	AGM for 2021 approving the accounts for year ending 31 December 2020		Member	Member
Eléonore JODER	Yes	Board meeting of 6 December 2018 (co-opting) OGM of 23 May 2019 (ratification)	AGM for 2021 approving the accounts for year ending 31 December 2020	Chairman		
Laure MICHEL **(Permanent representative of Bpifrance Investissement)**	No	Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal)	AGM for 2021 approving the accounts for year ending 31 December 2020	Member		Member
Myriam MAESTRONI	Yes	Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal)	AGM for 2021 approving the accounts for year ending 31 December 2020		Member	Member
Christelle ROUILLE **(Permanent representative of EDF Pulse Croissance Holding)**	No	GM of 26 June 2018 (appointment)	AGM for 2021 approving the accounts for year ending 31 December 2020		Chairman	Member
Emmanuelle SALLES	No	GM of 26 June 2018 (appointment)	AGM for 2021 approving the accounts for year ending 31 December 2020	Member		

Pascal MAUBERGER

Pascal MAUBERGER was appointed as Chairman of the Board of Directors at the Supervisory board meeting of 30 June 2009, then as Chief Executive Officer at the Board of Directors meeting of 21 May 2015.

Since 4 November 2019, he now acts as the Chairman of the Board of Directors.

His appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

Mr. Mauberger brings with him over 25 years of experience in high-tech industries. From 1993 to 2001, he headed the reorganization of Air Liquide's engineering division as its Operational Director. He then became Vice President of Vivendi Water Systems, a position he held between 2001 and 2003. Before joining McPhy, he was COO of Soitec (a leading Silicon-On-Insulator manufacturer) from 2003 until 2008.

Pascal is a graduate from top-tier engineering schools Ecole Polytechnique and ENSPM and holds a Young Manager Program degree from INSEAD business school. He was the President of the French Association for Hydrogen and Fuel Cells (AFHYPAC) from December 2013 to December 2017.

Other positions and corporate offices held:

- Administrator and Treasurer of AFHYPAC,
- Co-manager of property management entities SCI La Carterie and SCI Pascanne.

Léopold DEMIDDELEER

Independent

4, avenue Léon Tombu, 1200 Brussels – Belgium

Leopold Demiddeleer was appointed as a member and President of the Supervisory Board at the meeting of the Supervisory Board of 26 September 2013, then as a member of the Board of Directors at the Board of Directors meeting of 21 May 2015. His appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

Mr. Demiddeleer holds a doctorate in chemical science from the Free University of Brussels (VUB). Executive Director of New Business Development, Solvay S.A. From 2001 to 2013, founder of Corporate Venturing in the Solvay group, currently Innovation Advisor to the group CIO.

In 2013 he founded and manages the consulting firm TechBridgeOne s.p.r.l. He acts as an industrial expert for strategic committees in business, capital risk funds, and start-ups alike.

Member of the Royal Academy of Belgium, Technology and Society category. Senior lecturer at the Free University of Brussels. Member of the Scientific/Strategic Committees of Research institutes: IMEC-Leuven in Belgium / Georgia Institute of Technology ("Georgia Tech") in the USA, Manchester Business School (MIOIR) in the UK.

Honorary President of the European Industrial Research Management Association (EIRMA).

Other positions and corporate offices held:

- Managing director of consulting firm TechBridgeOne s.p.r.l.,
- Member of Innovation Committee, Puratso S.A.,

- Member of Strategy Committee, Hevatech S.A.S.,
- Chairman of the Board of Directors of French Biotech start-up ENOBRAQ,
- Member of Strategy Committee, Capricorn Venture Partners NV "Sustainable Chemistry Fund" (Belgium),
- Member of Supervisory Council, ENSCP (National Chemical Engineering Institute),
- President of the Scientific Policy Committee for the Brussels region.

Luc POYER

Independent

40 rue Philibert Delorme, 75017 Paris

Luc Poyer was appointed as a member of the Supervisory Board at the OGM of 25 November 2010, then as a member of the Board of Directors at the Board of Directors meeting of 21 May 2015. His appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

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 Poyer started out 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 project (2004-2005). Between 2006 and 2008, he was Chief Operating Officer of Poweo and Chairman of Poweo Production. He then joined the E.ON group in 2009 to oversee its activities in France, in particular electricity generation, gas and electricity sales.

Other positions and corporate offices held:

- Founder partner of France Nouvelles Energies SARL.

Eléonore JODER

Independent

1 boulevard Malesherbes, 75008 Paris

Eléonore JODER was appointed as a member of the Board on 6 December 2018. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

As a graduate of ESCP and INSEAD Business Schools, Eléonore Joder has worked in the energy sector for over 13 years. She is the Chief Financial & Administrative Officer for the MacqPisto group which she joined in 2012. Previously she was the CFO for listed groups Séchilienne-Sidec (Albioma) from 2009 to 2012 and Poweo from 2006 to 2009.

Previously she was Director of finance at Artémis and also occupied several positions in the Rhône-Poulenc and Rhodia groups, particularly in Internal audit, Market room, Finance and Mergers & Acquisitions, which provided valuable and varied experience in finance occupations.

Other positions and corporate offices held:

- Director of Gascogne group,
- Director of Fournier group,

- Director of Trapil.

Laure MICHEL

Permanent representative of Bpifrance Investissement

27/31, avenue du Général Leclerc, 94700 Maisons-Alfort Cedex

Bpifrance Investissement was appointed as a member of the Supervisory Board at the OGM of 20 December 2010, then as a member of the Board of Directors at the Board of Directors meeting of 21 May 2015. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

With degrees from the Pierre and Marie Curie university and Aix-Marseille graduate school of management, Laure Michel has gained 21 years of experience in private equity. Ms. Michel started as a specialized Analyst in biotech start-ups. In 2000, she joined CDC Entreprises, where for 12 years she fulfilled several investor positions aiming to structure and bolster the French capital investment market. In 2004, Ms. Michel 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.

Other positions and corporate offices held:

- Director of Techniwood International S.A. (Permanent representative of Bpifrance Investissement)
- Director of Apix Analytics S.A. (Permanent representative of Bpifrance Investissement)
- Director of Elichens S.A. (Permanent representative of Bpifrance Investissement)
- Director of Dcbrain S.A.S. (Permanent representative of Bpifrance Investissement)
- Director of Nawa Technologies S.A. (Permanent representative of Bpifrance Investissement)

Myriam MAESTRONI

Independent

67, boulevard Bessieres, 75017 PARIS

Myriam MAESTRONI was appointed as a director at the OGM of 21 May 2015. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

The energy sector has provided a passion and a varied career. When appointed as managing director of Dyneff/Agipn specializing in downstream and distribution of petroleum products in Spain, she participated in the deregulation of the national market. In 1996, she joined the Primagaz group 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. She initiated the energy advisory approach, aiming to transform the company into a “Designer and supplier of sustainable energy solutions”.

Since 2011, she has been Chairperson-funder-shareholder of the firm Economie d’Energie. This company focuses on the new energy paradigm, developing innovative programs to promote energy efficiency in all sectors it covers.

In 2012, she collected the Tribune Award in the Green Business category and was nominated as "Femme d'Or de l'Environnement" in December 2014. Ms. 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 respect of her professional career.

She has authored three works: "Emotional Intelligence, Services and Growth", "Energy Mutations" and "Learning to understand the world of energy 2.0".

Other positions and corporate offices held:

- Chairperson of Economie d'Energie S.A.S.,
- Chairperson of ON5 Italy,
- Member of Supervisory Board of 360Travaux.com,
- Independent director of Boostheat,
- President of the e5t foundation ("Energy, Energy Efficiency, Energy Savings and Territories"),
- Co-president of MENE association (www.mene.org),
- Vice-President of ANVIE, national association for interdisciplinary promotion of research in human and social sciences in enterprise),
- Member of Management Board of KEDGE.

Christelle ROUILLE

Permanent representative of EDF Pulse Croissance Holding

45, rue Kléber, 92300 Levallois-Perret

Christelle Rouillé was appointed as a director at the mixed shareholder general meeting of 26 June 2018. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

As a graduate of the ESSEC business school in Angers and Vienna University of Economics and Business (Wirtschaftsuniversität), Christelle Rouillé has worked in 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 Energies 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 Energies Nouvelles.

In September 2017, Ms. Rouillé joined the newly created "Nouveau Business" entity of the EDF group, responsible for developing the group's future and new activities, to transform them into growth drivers. She currently holds the position of Director of Strategy and Business coordination and is CEO of EDF subsidiary Hynamics.

Emmanuelle SALLES

Director

22-30, avenue de Wagram, 75008 Paris

Emmanuelle Salles was appointed as a director at the mixed shareholder general meeting of 26 June 2018. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

A graduate of Paris Descartes university (Paris V), and the HEC business school (Master's degree in law and international management), Emmanuelle Salles has worked within the EDF Group legal department for almost 15 years.

She started out as a legal advisor in securities law in 2004 and took part in the EDF IPO.

In 2014, she was appointed as project manager to the Group Legal Counsel.

Since 2016 she has headed up the corporate and securities law department of the EDF group, where she oversaw the legal aspects of the Group's capital issue.

Other positions and corporate offices held:

- Director of EDF subsidiary Safidi, providing funding support for industrial development.

12.1.3 Members of the Executive Committee

McPhy is steered by a management team that combines unique skills and extensive experience in industrial gases and renewable energy sources.

Laurent CARME

Laurent Carme was appointed as Chief Executive Officer at the Board of Directors meeting on 1st October 2019 for an unlimited term, taking effect on 4 November 2019.

He graduated from École Polytechnique and École Nationale des Ponts et Chaussées.

Laurent Carme began his career as a consultant at Estin & Co before joining L.E.K. Consulting, where he carried out numerous growth strategy and industrial strategy missions in the energy and transport sectors.

In 2009, he joined Alstom Renewables, where he headed the Business Development division in Paris. Laurent Carme then moved to Barcelona where he was appointed as Vice President Wind Onshore Platform and then Vice President Wind Engineering and Strategic Sourcing. During his time in Spain, he contributed his expertise to onshore and offshore product lines, and notably the development of products and cost-cutting projects.

In 2015, Laurent Carme joined GE Renewable Energy as President of GE Hydro France and Head of the Grenoble site (800 employees), in charge of global R&D, engineering, project management and production activities for the Hydroelectric division. In 2018, Laurent Carme headed up the Power Transformers division at GE Grid Solutions ($700 million / 2,700 staff worldwide).

Laurent Carme occupies no other corporate office than his position at McPhy.

Gilles CACHOT

Gilles CACHOT was appointed McPhy's Executive Vice President of Operations in August 2016, then Chief Operating Officer in August 2017.

Gilles is an expert on the management of major projects, the structuring of activities and change management, in France and abroad. At McPhy, he supervises all the operations of the Group.

Mr. Cachot began his career with Alstom as a commissioning engineer for thermal power stations, before being appointed Managing Director of Alstom Maintenance and Services. He then joined Clemessy as Director for the Maintenance and Services Division. Appointed as Managing Director for Spie Est, he led several external growth operations and change management projects. Gilles also headed up the industrial equipment company Axorys, for which he successfully opened international subsidiaries and achieved a capital increase operation. Recently, he headed up the French subsidiary of a German firm operating in the renewable energy sector and was then appointed Chief Operating Officer of Fives Nordon, a leading industrial company.

He is a graduate of INSA Lyon and INSEAD.

Other positions and corporate offices held:

- Director of McPhy Deutschland GmbH.

Bertrand AMELOT

Bertrand AMELOT is Executive Vice President Sales and Marketing

Bertrand joined McPhy in 2014 as a Sales Manager for France and Benelux, the scope of which was extended to Europe in 2016. He oversees sales managers throughout the world and the marketing division.

Between 1995 and 2005, he began as a business developer and Head of Industry market in Italy with Lafarge Aluminates, before being appointed supply chain director France. He then joined Saint-Gobain as supply chain director. In 2010, Bertrand joined Cofely Services as Director of Sales and Marketing for the Ile de France region before moving on to become Director of Development and Projects in Facility Management at Cofely Gepsa. In the energy sector, Bertrand also participated in the launch of a start-up active in solar power.

Bertrand is a graduate from ESCP Europe and holds a Master's degree (Technology) from the Ecole Centrale Paris.

Other positions and corporate offices held:

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

Emilie MASCHIO

Emilie MASCHIO is the Chief Financial Officer.

With a Master's in finance (specialized in audit and financial control) and 10 years of experience, Emilie Maschio has developed a solid expertise in industrial business, the start-up environment and project management.

Emilie began her career in the SDMS Chaudronnerie Blanche® Group, which created and entrusted her with the position of Financial Controller in 2008, a position she first held locally, then at the Group level.

Emilie joined McPhy in 2013 as Financial Controller, a year before the company's IPO, and actively contributed to the structuring of the Group's finance function. As McPhy grew, Emilie was appointed Group Financial Controller, Administrative and Financial Manager, before being appointed Chief Financial Officer in early 2019. Emilie is responsible for Group finance and information systems.

Other members of the Executive Committee:

- **Jean-René Cavaillé**: COO, France. Before joining McPhy at the end of 2019, Jean-René began his career at Valéo Thermique Moteur as project manager for the installation of a production line in Mexico, before joining the ESSOR group as a productivity improvement consultant. After a spell at Pechiney as Manager of continuous improvement, Jean-René was a senior consultant at ALTRAN for 8 years on topics related to product industrialization and the implementation of lean manufacturing policies. Jean-René continued his career with a Grenoble-based SME specializing in robotized special machines; before taking over the General Management of Vitherm, another Isère company specializing in exchangers for the oil industry. Six years later, Jean-René left Vitherm to become Industrial Manager at Le bronze Alloys Group (metal processing) where he spent two years before his nomination as Chief Operating Officer of McPhy France.

  Jean-René is an ESTACA engineer with a further specialization in the conversion of Energy from the Arts & Métiers school.
- **Michael Wenske**: Based in Wildau (Germany), Michael is McPhy Deutschland's COO. Michael is a recognized expert in the electrolysis sector. He built his career within key players such as Hydrogenics and ENERTRAG A.G. He joined McPhy in 2013 when the company took over the activities of Enertrag Hytec where Michael was CEO.
- **Marco Luccioli**: Chief Executive Officer McPhy Italy and based in San Miniato (Pisa, Italy). Joined McPhy in 2018 after 25 years of varied experience in multinationals such as B&W, Westinghouse, Rolls Royce, General Electric, Air Liquide.
- **Ingrid Leboucher**: Group Human Resources Manager. Ingrid joined McPhy in August 2018 as Human Resources Manager France and then moved to a Human Resources Manager Group position in July 2019. She is based in Grenoble and is responsible for the management and development of the Human Resources of the Group, in compliance with economic, legal and societal obligations, to support the company's growth. Ingrid has more than 15 years of experience in Human Resources, in various sectors such as microelectronics, video games or computer technology, within small companies and also international groups, such as Philips, Ubisoft and Capgemini.

The Group employs a team of 98 professionals with a variety of backgrounds and skills, which complement each other to drive McPhy's development objectives.

12.1.4 Statement concerning members of the Board of Directors

No family ties exist between the directors and the members of the Executive Committee.

To the best of the Company's knowledge, no member of the Board of Directors:

- 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;
- 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.

12.2 Potential conflicts of interest and agreements

Certain members of the Board of Directors are direct or indirect shareholders in the Company and/or hold securities giving access to the capital and/or share subscription options (see section 15.2 of this Universal Registration Document).

To the best of the Company's knowledge, at the date of issue of this Universal Registration Document, there exists:

- no current or potential conflicts of interest between the duties of the members of the Company's Board of Directors and Executive Management and their private interests or other duties;
- no arrangements or agreements have been entered into with shareholders, Clients, suppliers or others under which a member of the Board of Directors or Executive Management has been appointed in this capacity;
- no restrictions accepted by the members of the Board of Directors on the disposal of their Company shares.

To prevent any risk of potential conflict of interest, McPhy has adopted a provision in its internal regulations that Directors must "notify the Chairman of the Board of Directors 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 role of Director. "

Moreover, in accordance with the provisions of article L.225-185 of the French Commercial Code, a portion of any shares acquired through the exercise of share subscription options or purchase of shares held by corporate officers, must be held in registered form until they cease to hold office. The terms and conditions of said options are set out in section 13.1 (table 8) of this Universal Registration Document.

12.3 Information on transactions by Directors and related persons concerning Company shares

As the management company of the Ecotechnologies Fund, Bpifrance Investissement is accorded a place the Board of Directors of the Company. Its permanent representative is Ms. Laure Michel. In this respect, Bpifrance Investissement declares that on 7 November 2019 it acquired 195,780 shares in the Company at a unit price of €2.70, outside trading platforms. This corresponds to the portion of BPI Investissement during the capital increase by private placement on 6 November 2019.

13 COMPENSATION AND BENEFITS

13.1 Compensation and commitments in favor of corporate officers

13.1.1 Policy on the compensation of corporate officers

The statements below constitute the compensation policy for corporate officers drawn up as per article L.225-37-2 of the French Commercial Code. This policy sets out all components of the compensation paid to McPhy corporate officers in respect of their duties and explains the process adopted to determine, distribute, revise, and implement the policy.

The policy on the compensation of corporate officers is divided into three separate policies: (i) the policy on the compensation of directors, (ii) the policy on the compensation of the Chairman of the Board of Directors and (iii) the policy on the compensation of the Chief Executive Officer.

Each of these policies is subject to resolutions submitted to the approval of the shareholders' general meeting as per article L.225-37-2 II of the French Commercial Code, where said resolutions are set forth in Section 23.

The compensation policy approved in year N applies to all persons occupying corporate office for year N. Moreover, if a corporate officer is appointed between two shareholder's general meetings, their compensation is defined by applying the compensation policy approved by the most recent general meeting.

Determination of the policy on the compensation of corporate officers

The policy on the compensation of corporate officers is defined by the Board of Directors on recommendation from the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee and the Board of Directors refer to the Middlenext corporate governance code to determine the compensation and benefits granted to executive and non-executive corporate officers.

Two members of the Appointments and Remuneration Committee are independent and were selected for their technical skills and their extensive understanding of applicable standards, emerging trends, and Company practices.

To successfully complete their mission, Committee members require quantified information from the Company.

Furthermore, the President of the Appointments and Remuneration Committee discusses with other Committee members the financial, accounting, and fiscal impacts of the intended remuneration policy.

The remuneration policy is not revised annually; nonetheless certain conditions of implementation of the policy are defined by the Board of Directors on an annual bases; such is the case for example, of the performance criteria applicable to the variable portion of the Chief Executive Officer's annual compensation.

After consulting the Appointments and Remuneration Committee, the Board of Directors may, on a temporary basis, waiver the policy on the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer in exceptional circumstances and insofar that the changes made are compliant with the Company's interest and necessary to ensure the sustainability or viability of the Company.

Events that may give rise to the use of this possibility of waiving the remuneration policy include but are not limited to exceptional external growth operations or a major change in strategy.

General principles and objectives

McPhy's remuneration policy is based on the following general principles:

- the policy must be simple;
- the policy must be an incentive for medium-term performance;
- the level of remuneration must be competitive to ensure that the Company attracts and retains talented individuals;
- there must be a balance between consideration of the Company's interest, the issues relating to the Company's strategy and the expectations of stakeholders.

The Appointments and Remuneration Committee ensures that changes to the compensation of corporate officers over the medium term are not uncorrelated with changes to the compensation of all Group employees.

The remuneration policy concerning shares (in particular share subscription warrants (*Bons de souscription d'actions or "**BSA**"*) and business creator share subscription warrants (*Bons de souscription de parts de créateur d'entreprise* or "**BSPCE**"), which aims to converge the interests of employees and of shareholders, and to strengthen bonds with the company, is deemed to be an essential factor in the global attractiveness of McPhy as an employer.

Therefore, on recommendation of the Appointments and Remuneration Committee, the Board of Directors sets out the conditions relating to the compensation of said warrants for all beneficiaries of the Company and its subsidiaries around the world. The total pool of business creator share warrants or share subscription warrants is subject to prior vote by the shareholders' general meeting.

13.1.1.1 Policy on the compensation of directors

The maximum overall amount to be allocated to members of the Board of Directors was set by the shareholders' general meeting of 23 May 2019, at €60,000 for the 2019 fiscal year (Seventh resolution).

The formula for distribution of director compensation is regularly examined and adjusted where necessary, to ensure competitive remuneration in national terms, and benefit from the best and most suitable skills in the sector and region.

Until the fiscal year ending 31 December 2019, only independent directors received remuneration, principally in respect of their missions accomplished when chairing a committee.

The Board of Directors meeting of 10 March 2020 revised upwards the global budget allocated to directors with effect from the 2020 fiscal year, due to the status of the Chairman of the Board of Directors, it being specified that approval of the new budget will be voted on by the forthcoming shareholders' general meeting.

The Board of Directors meeting of 8 April 2020 revised the mechanism of distribution of director compensation. Today, it comprises a fixed remuneration taking into account the specific missions of chairing an ad hoc Committee and a variable portion based on fixed amount for each meeting attended, which enables analysis of the effective participation of each director in the work of the Board, its Committees and working groups.

Subject to the shareholders' general meeting approving a sufficient global budget, acting as a director or member of a Committee shall give rise to compensation according to the following conditions:

- Independent director(s):
    - Fixed amount of €5,000

    - Supplementary fixed amount of €2,000 for chairing ad hoc committees of the Board of Directors (excluding the Audit Committee)
    - Supplementary fixed amount of €5,000 for chairing the Audit Committee
    - Supplementary amount in consideration of the presence of the member concerned:
        - €800 per session of the Board of Directors; and
        - €400 per session of an ad hoc Committee.
- Chairman of the Board of Directors:
    - Fixed amount of €36,000
- Other directors: except for the Chairman of the Board of Directors, directors do not receive compensation either for their attendance of Board meetings or an ad hoc Committee.

If a sufficient amount of compensation is not approved by the shareholder general meeting and in the event of multiple independent directors, the remuneration shall be divided between the independent directors and the Chairman of the Board of Directors, only in proportion to the number of sessions of the Board or an ad hoc Committee in which they participated during a given fiscal year, it being clarified that the remuneration allocated to the Chairman of the Board of Directors shall not be subject to this proportional distribution.

Since the enactment of the "Pacte law" no. 2019-486 of 22 May 2019 to facilitate the growth of businesses and create jobs, in companies where shares are traded on a regulated market and which meet the conditions set forth in the French general tax code, BSPCE may be allocated to members of the Board of Directors. It is therefore intended to enable directors to benefit from such financial instruments as per the conditions set out by general meetings voting on the principle of such issues.

13.1.1.2 Policy on the compensation of the Chairman of the Board of Directors

The duration of appointment of the Chairman of the Board of Directors is identical to that of other directors (3 years) and the appointment of the Chairman of the Board is correlated that of the directorship.

The policy on the compensation of the Chairman of the Board of Directors is discussed by the Appointments and Remuneration Committee, which then makes a recommendation to the Board of Directors.

The Chairman of the Board of Directors is not a member of the Appointments and Remuneration Committee and does not attend its meetings at which the remuneration of the Chairman is discussed.

The compensation of the separate Chairman of the Board of Directors currently comprises the following:

- Remuneration as part of the overall budget allocated to directors in respect of his mission as Chairman of the Board of Directors; and
- Remuneration in consideration of the support provided to the Chief Executive Officer and the Company.

The allocation of BSPCE options may also be envisaged under the 21st resolution of the annual general meeting of 23 May 2019 or the 25th resolution proposed for voting at the annual general meeting of 20 May 2020.

The Chairman is covered by director civil liability insurance subscribed by the Company. He also receives reimbursement for travel expenses upon presentation of receipts.

The separate Chairman of the Board of Directors is not entitled to a defined-contribution pension scheme, nor benefits in kind, nor a severance package. The Chairman is not bound by any non-compete obligation.

Starting in the 2021 fiscal year and assuming that the support agreement for Pascal Mauberger will not be renewed, the Board of Directors approved the following remuneration policy at its session on 8 April 2020:

The remuneration of the separate Chairman of the Board of Directors shall comprise compensation in respect of his functions as Chairman of the Board of Directors, granted as part of a global budget allocated to directors, for an amount higher than the sum allocated to independent directors.

Assuming a favorable vote by Company shareholders to approve the 25th resolution proposed to the general meeting of 20 May 2020, an allocation of BSPCE options may also be envisaged.

The other components of the Chairman's remuneration are not subject to modification.

If a new Chairman of the Board of Directors were to be appointed during the fiscal year, the remuneration of the separate Chairman of the Board of Directors could comprise the following:

- an annual fixed institutional remuneration in respect of their functions as Chairman of the Board of Directors, determined by the Board of Directors on the recommendation of the Appointments and Remuneration Committee; and/or
- remuneration in respect of their functions as a Director, equivalent to that of independent directors, granted under the global budget allocated to administrators; and/or
- Allocation of BSA or BSPCE options.

The separate Chairman of the Board of Directors shall not receive a defined-contribution pension. However, he will be entitled to the same personal health and life insurance, as well as the same death, disability and related benefits, life insurance, health insurance and pension benefits (statutory and personal) as McPhy management in France. The Chairman of the Board of Directors will also be covered by the director civil liability insurance paid by the Company. The Chairman shall be entitled to claim travel expenses on presentation of receipts.

The Chairman of the Board of Directors shall not be subject to a non-compete obligation.

13.1.1.3 Policy on the compensation of the Chief Executive Officer

General principles

The Chief Executive Officer is appointed for an unlimited term.

The policy on the compensation of the Chief Executive Officer is defined by the Board of Directors on recommendation by the Appointments and Remuneration Committee.

The remuneration structure is not subject to annual revision and remains applicable as long it is not altered. The conditions of implementation of the policy may vary from one fiscal year to another, in particular concerning the objectives associated with the variable portion of remuneration.

The overall compensation of the Chief Executive Officer is determined after consideration of the remuneration received by Chief Executive Officers of McPhy's closest competitors. The panel was determined based on the comparative nature of the companies featured.

The allocation and payment in year N of variable and exceptional components of the Chief Executive Officer's remuneration, where necessary in respect of fiscal year N-1, are subject to approval by the ordinary general meeting of said components of the Chief Executive Officer's remuneration under the conditions specified in article L.225-100 of the French Commercial Code.

This provision applies to the following components of remuneration:

- Annual variable component (calculated partly based on quantitative criteria and partly based on quality criteria);
- Remuneration in BSPCE (the number of which is proposed by the Appointments and Remuneration Committee and approved by the Board of Directors).

a) <u>Assumption of duties</u>

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 the diversity of lost benefits with a comparable level of risk (variable component, medium-term remuneration in shares/warrants or cash).

b) <u>During term</u>

- Remuneration structure:

The aim of the Company is to implement and maintain a structure of remuneration balanced between the fixed component, benefits in kind, the short-term variable component in cash and the medium/long-term allocation of BSPCE.

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 (i.e. 35%) 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.

During the meeting held prior to the Board of Directors approving the accounts for the year ended, the Appointments and Remuneration Committee shall examine the success rate for the variable component applicable to fiscal year N-1.

Following discussion between the Chief Financial Officer and the Chief Executive Officer, the latter will provide the Committee with a summary of factual and quantified elements serving to assess the achievement of the targets set.

The members of the Appointments and Remuneration Committee shall discuss the elements provided and report to the Board of Directors on their discussion, proposing an assessment of performance for each individual criterion.

- Annual fixed remuneration:

The fixed amount of remuneration is not subject to annual revision.

- Annual variable remuneration:

Annual variable remuneration represents between 0 and 130% of the fixed sum, the maximum being earned by 100% achievement of targets. It is subject to varied and demanding performance criteria, both quantitative and quality-related. The criteria are reviewed regularly, in consideration of the Group's strategic objectives. The criteria are defined by the Board of Directors at the start of the year for the year ahead.

For the 2020 fiscal year, the criteria are as follows:

- 85% based on collective and individual quantitative targets; and
- 15% based on quality-related targets.

It will not be possible to demand the repayment of a part of the annual variable remuneration.

In accordance with the provisions of article L.225-100 II of the French Commercial Code, the payment in year N of the annual variable remuneration for the N-1 fiscal year is subject to approval by the shareholder general meeting.

- Remuneration in shares or other financial instruments:

The Chef Executive Officer does not receive remuneration in shares, the allocation of which would be subject to performance conditions.

He may nonetheless benefit from remuneration in warrants (i.e. BPSCE or BSA), the allocation of which is not subject to performance conditions. It is specified that this subjugation to performance conditions shall be discussed annually by the Board of Directors.

Each allocation granted to the Chief Executive Officer takes into account their previous allocations and their overall compensation.

Obligation incumbent on the Chief Executive Officer to hold shares:

The Chief Executive Officer is subject to the same share retention rules stipulated by the regulations of the securities plan applicable to Company employees.

- Other components of remuneration:

In addition to the benefit in kind represented by the provision of a company vehicle, the Chief Executive Officer does not benefit from a defined-contribution personal pension scheme. However, he will be entitled to the same personal health and life insurance, as well as the same death, disability and related benefits, life insurance, health insurance and pension benefits (statutory and personal) as McPhy management in France. The director civil liability insurance shall include the position of Chief Executive Officer and the Company shall also subscribed to appropriate key employee insurance.

c) <u>After expiry of term</u>

The Chief Executive Officer shall receive a non-compete payment and unemployment insurance for corporate directors (GSC) (which includes director redundancy insurance). In the case of Laurent Carme and in light of the difficulties encountered in implementing his GSC, the Board of Directors meeting of 8 April 2020 decided to propose an amendment to his employment contract, stipulating a notice period of nine (9) months in the event he departs his functions within twelve (12) months of his appointment.

These benefits are considered by the Board of Directors when determining the overall remuneration package for the Chief Executive Officer.

13.1.2 Components of remuneration and benefits of all kinds paid or allocated to corporate officers in respect of the 2019 fiscal year

13.1.2.1 Components of remuneration and benefits of all kinds paid or allocated to directors in respect of the 2019 fiscal year

The policy on the compensation of directors described in section 13.1.1.1 "Policy on the compensation of directors" defines the fixed amount and the principles of distribution of director compensation, up to the limit of the budget determined by the shareholders' general meeting.

In respect of the 2019 fiscal year, the remuneration of directors comprises a fixed amount, calculated proportionally for terms ending or starting during the year, distributed by the Board of Directors according to their effective attendance at Board meetings and their missions within Committees.

Table 3: Global remuneration of non-executive corporate officers

Non-executive corporate officers	Amounts allocated In respect of 2019 fiscal year	Amounts paid In 2019	Amounts allocated In respect of 2018 fiscal year	Amounts paid In 2018
Léopold DEMIDDELEER	15 K€	10 K€	10 K€	15 K€
Myriam MAESTRONI	15 K€	12 K€	12 K€	20 K€
Luc POYER	10 K€	10 K€	10 K€	10 K€
Eléonore JODER	18 K€	0 K€	0 K€	N/A
TOTAL	**58 K€**	**32 K€**	**32 K€**	**45 K€**

13.1.2.2 Compensation and benefits of all kind paid or allocated in the 2019 fiscal year to Pascal Mauberger, Chairman and CEO (until 4 November 2019) and then Chairman of the Board of Directors (from 4 November 2019 onwards)

In respect of his functions as Chairman and Chief Executive Officer

On recommendation from the Appointments and Remuneration Committee, at its sessions of 11 and 29 March 2019, the Board of Directors approved the compensation of Pascal Mauberger for the 2019 fiscal year in respect of this functions as Chairman and Chief Executive Officer. This compensation was determined in consideration of the missions assigned to Pascal Mauberger when the functions of Chairman of the Board of Directors and Chief Executive Officer were united.

In accordance with the principles approved on 23 May 2019 by the annual Ordinary general meeting and extraordinary meeting of the Company for the "ex ante" vote foreseen by the terms of the Sapin 2 law amended by the Pacte law, Pascal Mauberger received the following items in respect of the 2019 fiscal year:

- an annual fixed compensation of a total gross amount of €165,000, paid monthly in twelve (12) equal installments of a gross amount of €13,750;
- a variable compensation to be paid in proportion to the full or partial achievements of annual targets set by the Board of Directors. The variable portion granted for reaching 100% of targets corresponds to 30% (amount can vary between 0% and 130%) of the annual fixed compensation;
- the following benefits in kind:

- statutory health insurance and complementary health insurance, the premiums for which are paid by the Company;
- life insurance under the same conditions of management employees of the Company;
- civil liability insurance for corporate officers, the premiums for which are paid by the Company, covering any errors committed by the Chairman and Chief Executive Officer in the course of his corporate office;
- a company car benefit, materialized by the private use of a vehicle provided by the Company, assessed according to the applicable legal provisions;
- the reimbursement of all expenses incurred in the course of his duties, on presentation of receipts.

Pascal Mauberger was also subject to a non-compete obligation for a period of 18 months, for a determinable geographic scope, should the Company decide to apply the non-compete obligation with effect from the cessation of his functions as Chairman and Chief Executive Officer. As Mr. Mauberger no longer holds this position, this obligation is no longer applicable to his functions as Chairman of the Board of Directors.

At its session of 10 March 2020, the Board of Directors also decided, on recommendation by the Appointments and Remuneration Committee of the Company and having observed the achievement of targets set for 2019, to set the variable portion of compensation due to the Chairman and Chief Executive Officer in respect of the 2019 fiscal year at €32,769 (pro-rata temporis). In accordance with the provisions of article L.225-100 II of the French Commercial Code, the payment of this annual variable remuneration for the 2019 fiscal year is subject to approval by the shareholders' general meeting.

In respect of his functions as Chairman of the Board of Directors

On recommendation from the Appointments and Remuneration Committee, the Board of Directors at its session of 1st October 2019, approved the compensation of Pascal Mauberger for the 2019 fiscal year by virtue of his functions as Chairman of the Board of Directors. The items of compensation were determined in consideration of the missions again entrusted to Mr. Mauberger as Chairman of the Board of Directors, notably that of supporting the new Chief Executive Officer in assuming his functions.

As the separation of the functions of Chief Executive Officer and Chairman of the Board of Directors became effective on 4 November 2019, i.e. after the date of the ordinary general meeting and extraordinary meeting of the Company of 23 May 2019 which approved the "ex ante" vote of the compensation of the Chairman and Chief Executive Officer, the Board of Directors decided to maintain the items of compensation as set earlier and subject to said shareholders' general meeting.

Therefore, Mr. Mauberger received a fixed compensation of a gross amount of €27,500 paid in two equal amounts over the months of November and December 2019.

Furthermore, as a reminder, Mr. Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 2009, date on which his employment contract was suspended. Mr. Mauberger acted as Chairman and Chief Executive Officer between 21 May 2015 and 4 November 2019. It was decided to validate his pension entitlement starting on 31 December 2019, date on which his employment contract expired even if it had continued to remain in suspension. In these circumstances, the Company paid to him a retirement package for a global amount of €28,227, calculated in respect of his years of experience spent at McPhy.

Mr. Mauberger has received no remuneration from a company within the scope of consolidation of the Group as defined by article L.233-16 of the French Commercial Code.

Below is a summary table of components of remuneration of all kinds and any benefits in kind and other components of remuneration paid by the Company, or its participation, to Mr. Mauberger by virtue of his functions as Chairman and Chief Executive Officer and as Chairman of the Board of Directors during the fiscal years ending on 31 December 2019 and 2018:

Table 1: Summary of compensation, options and shares allocated to Pascal Mauberger

	2019 fiscal year	2018 fiscal year
Mr. Pascal Mauberger, *Chairman and Chief Executive Officer then Chairman of the Board of Directors*		
Compensation due by virtue of the fiscal year *(Details given in table 2)*	230,358	213,042
Value of options granted at no charge	4,244	46,684
Value of shares allocated at no charge	-	-
Total	**234,602**	**259,726**

Table 2: Summary table of compensation by virtue of his functions as Chairman and Chief Executive Officer and as Chairman of the Board of Directors

	2019 fiscal year		2018 fiscal year	
	Amounts due (4)	Amounts paid (5)	Amounts due (4)	Amounts paid (5)
Mr. Pascal Mauberger, *Chairman and Chief Executive Officer then Chairman of the Board of Directors*				
Fixed compensation (1)	165,000	165,000	159,750	159,750
Variable compensation (1) (2)	32,769	-	-	17,150
Exceptional compensation (6)	-	-	40,000	40,000
Retirement package	28,227	28,227	-	-
Benefits in kind (3)	4,362	4,362	13,292	13,292
Value of options	4,244		46,684	
Total	**234,602**	**197,589**	**259,726**	**230,192**

(1) Items of compensation provided based on gross pre-tax basis.

(2) The payment of the variable portion of the compensation for each member of Management is subject to the achievement of a combination of individual objectives and Company objectives, relevant to the skills areas covered by each member, fixed in advance by the Board of Directors on recommendation by the Appointments and Remuneration committee. On 10 March 2020, the Board of Directors acknowledged the achievement of the objectives governing the grant of this variable compensation to the Chairman and Chief Executive Officer of the Company. The amount corresponding to 100% of the variable compensation eligible for allocation to the Chairman and Chief Executive Officer of the Company by virtue of the 2019 fiscal year was set at €57,750.

(3) The benefits in kind correspond to the use of company vehicles and GSC premiums.

(4) Compensation allocated to the executive director by virtue of his functions during the fiscal year, whatever the date of payment.

(5) All compensation paid to the executive director by virtue of his functions during the fiscal year.

(6) Exceptional compensation proposed by the Appointments and Remuneration Committee and approved by the shareholders' general meeting of 26 June 2018.

13.1.2.3 Components of remuneration and benefits of all kinds paid or allocated to Laurent Carme, Chief Executive Officer, in respect of the 2019 fiscal year (starting from 4 November)

Pursuant to the decision of the Board of Directors on 1st October 2019 to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, Mr. Laurent Carme was appointed as Chief Executive Officer by the Board of Directors. He assumed his new functions on 4 November 2019 for an unlimited term.

Mr. Carme does not have an employment contract with McPhy and receives no remuneration from a company within the scope of consolidation of the Group as defined by article L.233-16 of the French Commercial Code.

As the separation of the functions of Chief Executive Officer and Chairman of the Board of Directors became effective on 4 November 2019, i.e. after the date of the annual ordinary general meeting and extraordinary meeting of the Company of 23 May 2019 which approved the “ex ante” vote of the compensation of the Chairman and Chief Executive Officer, the Board of Directors decided to refer to historical practices of the Company to define the compensation of the new Chief Executive Officer, as his functions are similar to those of the former Chairman and Chief Executive Officer role.

Therefore, on recommendation from the Appointments and Remuneration Committee, at its sessions of 1st October 2019 and 10 March 2020, the Board of Directors approved the compensation of Laurent Carme for the 2019 fiscal year. The items of compensation were determined in consideration of the missions newly entrusted to Mr. Carme as Chief Executive Officer, this function now being separate from the Chairman of the Board of Directors.

- Fixed and variable compensation

The annual compensation for the Chief Executive Officer for 2019 comprises:

  - a fixed gross amount of €37,667, after application of pro rata temporis for the period from 4 November 2019 to 31 December 2019 to the annual gross amount of €220,000, and
  - a variable amount set at 35% of the fixed annual compensation.

In light of the appointment of Laurent Carme in the later part of the 2019 fiscal year, the variable portion of his compensation for the 2019 fiscal year shall be calculated (i) based on the achievement of the 2020 objectives and (ii) over a 14-month period, to be paid in 2021.

As a reminder, the payment of the variable compensation allocated to Laurent Carme by virtue of the 2019 fiscal year is subject to approval by the ordinary general meeting of said components of the Chief Executive Officer’s remuneration under the conditions specified in article L.225-100 II of the French Commercial Code.

- Social security and insurance

Mr. Carme is entitled to the same personal health and life insurance, as well as the same death, disability and related benefits, life insurance, health insurance and pension benefits (statutory and personal) as McPhy management in France. Mr. Carme is covered by these benefits and pays the charges accordingly. The Company has also extended its civil liability for corporate officers to cover the position of Chief Executive Officer now separate from the Chairmanship of the Board of Directors. The Company has also transferred the key-employee insurance previously covering Pascal Mauberger to Laurent Carme.

- Benefits in kind

Aside the private use of a company vehicle, no other benefits in kind were received by Mr. Carme in 2019.

- Remuneration in shares or other financial instruments

On 10 December 2019, the Board of Directors of the Company decided to allocate 75,000 BSPCE to Laurent Carme (**BSPCE 2019-1**). In accordance with the requirements of the plan, each BSPCE 2019-1 shall entitle the holder to subscribe to new shares having a unit price of €3.01, at the nominal price of €0.12 each.

In accordance with the requirements of the plan, Laurent Carme may exercise the BSPCE 2019-1 warrants granted to him under the following conditions:

- 60% of the BSPCE 2019-1 no earlier than 11 December 2021; and
- the remaining 40% of the BSPCE 2019-1 no earlier than 11 December 2022;

whereas the total of the BSPCE 2019-1 warrants must be exercised before the end of the fifth year following the grant, i.e. 10 December 2024 at midnight.

Exercise of the BSPCE 2019-1 warrants is subject to Mr. Carme remaining amongst Company personnel on the effective date of exercise of the warrants.

- Other components of remuneration

Laurent Carme is also subject to a non-compete obligation for a period of eighteen (18) months applicable to a determinable geographic scope. Should the Company decide to enforce the non-compete obligation with effect from the expiry of his functions as Chief Executive Officer, Laurent Carme shall receive a monthly payment equal to 6/10ths of the annual compensation (fixed and variable) of the previous twelve months of presence (equivalent to that applicable to Company employment contracts as per the conditions stipulated by the collective bargaining agreement).

Below is a summary table of the components of remuneration of all kinds, benefits in kind and any other compensation paid by the Company to Laurent Carme between 4 November 2109 and 31 December 2019:

Table 1: Summary of compensation, options and shares allocated to Laurent Carme

	2019 fiscal year	2018 fiscal year
Laurent CARME, *Chief Executive Officer*		
Compensation due by virtue of the fiscal year *(Details given in table 2)*	38,305	-
Value of options granted at no charge (1)	1,433	-
Value of shares allocated at no charge	-	-
Total	**39,738**	**0**

(1) By virtue of the decision by the Board of Directors meeting on 10 December 2019, 75,000 business creator share warrants (BSPCE 2019-1) were allocated to Mr. Laurent Carme at a unit price of €3.01 (corresponding to the mean value for the 20 last days preceding the decision to allocate). At 31 December 2019, the BSPCE were valued at €1.433 (as per IFRS 2).

Table 2: Summary table of compensation by virtue of his functions as Chief Executive Officer

	2019 fiscal year		2018 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Laurent CARME, *Chief Executive Officer*				
Fixed compensation (1)	37,667	37,667	-	-
Variable compensation (2)	-	-	-	-
Exceptional compensation	-	-	-	-

Benefits in kind (3)	638	638	-	-
Value of options	1,433	-	-	-
Total	**39,738**	**38,305**	**0**	**0**

(1) The annual compensation for 2019 comprises fixed gross amount of €37,667, after application of pro rata temporis for the period from 4 November 2019 to 31 December 2019 to the annual gross amount of €220,000.

(2) In light of the appointment of Laurent Carme in the later part of the fiscal year, the variable portion of his compensation for the 2019 fiscal year shall be calculated based on the achievement of the 2020 objectives and over a 14-month period, to be paid in 2021. This compensation is subject to approval by the ordinary general meeting of the components of the Chief Executive Officer's remuneration under the conditions specified in article L.225-100-II of the French Commercial Code.

(3) The benefits in kind received in 2019 correspond to the company vehicle.

Below is given a summary table concerning the existence of an employment contract in addition to the corporate office, complementary pension schemes, commitments made by the Company corresponding to benefits or payments due or likely to be due, as a result of expiry or change of function from corporate executive officer or at a later time, as well as a non-compete payment (table #11 of AMF position recommendation no. 2009-16).

Corporate Executive 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
Pascal MAUBERGER *Chairman* Start of term: 6/30/2009 End of term: OGM of 31 December 2020		x (1)		x		x		x
Laurent CARME *Chief Executive Officer* Start of term: 11/4/2019 Unlimited term		x		x		x	x	

(1) Mr. Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 2009, date on which his employment contract was suspended. Mr. Mauberger acted as Chairman and Chief Executive Officer between 21 May 2015 and 4 November 2019. It was decided to validate his pension entitlement starting on 31 December 2019, date on which his employment contract expired even if it had continued to remain in suspension.

13.1.2.4 Ratios between the level of compensation of corporate executive officers and the average and median compensation of employees - Evolution of remuneration of corporate executive officers and employees according to Company performance

The information below is provided pursuant to the requirements of article L.225-37-3 line 6 of the French Commercial Code, following the enactment of the Pacte law.

Indications on the ratio calculation method and explanatory elements on the variation of ratios related to the compensation of corporate executive officers:

- McPhy (parent company) and all direct subsidiaries located in Europe are included in the compensation ratio calculations, as this scope covers over 80% of Group payroll costs;

- For employee, the remuneration taken into account in the calculation is the Full Time-Equivalent (FTE) remuneration of permanent employees who have been continuously employed by the Company for two fiscal years;
- Direct remuneration comprises fixed remuneration in respect of fiscal year N and variable components of remuneration relating to fiscal year N-1 and paid in year N;
- The grant of BSA and BSPCE warrants to corporate officers was also taken into account and valued as per the IFRS 2 standard;
- Net income from operations is a consolidated financial performance indicator on a global scale. Net income from 2016 and 2017 operations includes the impacts of the new accounting standard IFRS 15 on the recognition of revenue.

Comparisons are made regularly to ensure that the compensation levels of McPhy employees and that of the Chief Executive Officer are competitive and consistent with other companies in the sector.

Comparison of compensation levels of corporate executive officers with Group employees

Chief Executive Officer (1)	2015	2016	2017	2018	2019
Ratio to average compensation					505%
Ratio to median compensation					628%

(1) Mr. Laurent Carme since 4 November 2019

Chairman & Chief Executive Officer (1)	2015	2016	2017	2018	2019
Ratio to average compensation	399%	406%	384%	510%	395%
Ratio to median compensation	529%	514%	498%	694%	491%

(1) Mr. Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 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 21 May 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purposes of calculating the ratios, as was that of 2019.

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

(In € million)	2015	2016	2017	2018	2019
Chief Executive Officer (1)					
Compensation					40
Change in absolute figures					N/A

Change in %					N/A
Chairman & Chief Executive Officer (2)					
Compensation	221	222	216	260	235
Change in absolute figures		1	-6	-44	-25
Change in %		1%	-3%	20%	-10%
Average compensation of employees on FTE basis					
Compensation	4.3	4.6	4.6	5.1	5.1
Change in absolute figures		0.2	0.0	0.5	0.0
Change in %		6%	1%	10%	1%
Net income from operations					
Net income from operations	-9,5	-8,2	-6,7	-9,-5	-6,-3
Change in absolute figures		1,3	1,6	-2,9	3,3
Change in %		14%	19%	-43%	34%

(1) Mr. Laurent Carme since 4 November 2019

(2) Mr. Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 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 21 May 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purposes of calculating the ratios, as was that of 2019.

13.1.3 Components of remuneration and benefits of all kinds allocated to corporate officers in respect of the 2020 fiscal year

13.1.3.1 Components of remuneration and benefits of all kinds allocated to directors in respect of the 2020 fiscal year

The amounts allocated to directors in respect of the 2020 fiscal year shall be determined in accordance with the principles set forth in the policy on the compensation of directors - see section 13.1.1.1 “Policy on the compensation of directors”.

13.1.3.2 Components of remuneration and benefits of all kinds allocated to Pascal Mauberger, Chairman of the Board of Directors, in respect of the 2020 fiscal year

The elements of compensation allocated to the Chairman of the Board of Directors are described in section 13.1.1.2 “Policy on the compensation of the Chairman of the Board of Directors”.

On recommendation from the Appointments and Remuneration Committee, at its session of 10 March 2020 the Board of Directors approved the compensation of Pascal Mauberger for the 2020 fiscal year.

His annual compensation for 2020 is broken down as follows:

- remuneration to the amount of €36,000 as part of the overall budget allocated to directors in respect of his mission as Chairman of the Board of Directors;
- remuneration in consideration of the support provided to the Chief Executive Officer and the Company under a support agreement; and
- a potential allocation of business creator share subscription warrants (BSPCE).

Concerning the aforementioned support agreement, Mr. Mauberger will act in an advisory capacity on behalf and at the request of the Company.

He will act in support of and at the exclusive request of the Chief Executive Officer in certain areas, including Group strategy or investor relationships.

Compensation for these services has been set as follows: (i) a flat fee of €4,000 excl. tax for the period from 1st January 2020 to 30 June 2020, (ii) a flat fee of €2,000 excl. tax for the period from 1st July 2020 until 31 December 2020, and (iii) additional compensation of €10,000 subject to the achievement of certain targets. This agreement was signed on 30 December 2019 and received prior approval by the Board of Directors meeting on 10 December 2019. It is valid for a term of twelve (12) months with effect from the date of signature and may be extended.

Pascal Mauberger receives no form of variable compensation and shall receive no subscription warrants, options, or performance shares.

He receives no remuneration from a company within the scope of consolidation of the Group as defined by article L.233-16 of the French Commercial Code.

13.1.3.3 Components of remuneration and benefits of all kinds allocated to Laurent Carme, Chief Executive Officer, in respect of the 2020 fiscal year

The elements of compensation allocated to the Chief Executive Officer are described in section 13.1.1.3 "Policy on the compensation of the Chief Executive Officer".

Fixed and variable compensation

On recommendation from the Appointments and Remuneration Committee, at its session of 10 March 2020 the Board of Directors approved the compensation of Laurent Carme for the 2020 fiscal year.

His annual compensation for 2020 comprises a fixed gross annual amount of €220,000 and a variable component representing 35% of the fixed annual compensation, 100% of which is subject to quantitative and quality-related objectives.

These objectives are split: 50% between financial indicators concerning the 2020 budget forecast (Sales, Booking, EBIT and Cash position), and 50% on specific individual objectives that are quantitative and quality-related.

Compensation in shares

The Board of Directors meeting on 10 December 2019 examined the negotiations with Laurent Carme concerning his arrival in the Company. For the 2020 fiscal year, a further 75,000 BSPCE are to be allocated subject to approval by the forthcoming shareholders' general meeting. Conditions of presence and validity periods shall be applicable to the exercise of said warrants, without performance conditions.

Benefits in kind and other components of remuneration

Laurent Carme will continue to benefit from the following insurance schemes:

- Supplementary death and disability benefits;
- Life and health insurance;
- Pension scheme (statutory and personal);
- Unemployment insurance for corporate directors (GSC), the affiliation to which is not finalized at this time;
- Civil liability for corporate officers; and
- Key-employee insurance.

Benefits in kind allocated in respect of 2020 correspond to a company vehicle.

He will also continue to be subject to a non-compete obligation as described above in section 13.1.2.2.

13.2 Sums provisions or reported by the Company to pay pension entitlements or other benefits

The Company has not provisioned any sums to pay pensions or other benefits to corporate executive officers.

13.3 Share subscription or purchase options allocated during the fiscal year to each executive officer by the issuer and by any Group company

Table 4 inserted as per AMF recommendation 2009-16 is not applicable.

13.4 Share subscription or purchase options exercised during the fiscal year by each executive officer

Table 5 inserted as per AMF recommendation 2009-16 is not applicable.

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

Tables 6, 7 and 9 inserted as per AMF recommendation 2009-16 are not applicable.

Table 8: History of allocation of share subscription warrants or business creator share warrants

All these securities have been allocated subject to legal and regulatory adjustments. Indeed, the Board of Directors has secured all powers from shareholders' general meetings deciding on the principle of their issue to determine the conditions and methods of conserving the rights of the holders of these securities pursuant to legal provisions and/or the stipulations of the contract(s) of issue, and in consequence to take all necessary measures in a timely manner to conserve the rights of said holders.

Plan	BSA 2010-1	BSPCE 2010-1	BSPCE 2010-2	BSPCE 2010-3	BSPCE 2010-4	BSPCE 2012-1	BSPCE 2012-2	Option 2012-1	BSPCE 2012-3	BSPCE 2012-4	Option 2012-2	BSA 2012-1	BSPCE 2012-II-1	BSPCE 2012-II-2	Option 2012-II-1	BSPCE | 2012-II-3	Option 2014-1	Option 2017-1	BSPCE 2017-1	BSPCE 2017-2	BSPCE 2019-1	TOTAL
Date of shareholder meeting	**6/6/2010**	**6/3/2010**	**6/3/2010**	**6/3/2010**	**6/3/2010**	**5/16/2012**	**5/16/2012**	**5/16/2012**	**5/16/2012**	**5/16/2012**	**5/16/2012**	**12/20/2012**	**12/20/2012**	**12/20/2012**	**12/20/2012**	**12/20/2012**	**2/27/2014**	**5/18/2017**	**5/18/2017**	**5/18/2017**	**5/23/2019**	
Date of Board of Directors meeting	**25/11/10**	**25/11/10**	**27/01/11**	**08/07/11**	**08/07/11**	**27/08/18**	**27/08/12**	**27/08/18**	**19/12/12**	**19/12/12**	**19/12/12**	**26/09/13**	**28/11/13**	**28/11/13**	**28/11/13**	**07/12/14**	**23/06/15**	**12/03/18**	**12/03/18**	**12/03/18**	**10/12/19**	
Total number of shares available for subscription or purchase, of which the number available for subscription or purchase by:	18,523	154,964	12,914	20,662	28,578	70,450	92,000	109,000	27,631	92,000	69,000	43,477	23,500	96,000	67,000	121,351	90,000	47,000	64,000	119,000	75,000	1,442,050
Pascal MAUBERGER		103,309			19,052		57,000			57,000				40,000					32,000			308,361
Laurent CARME																					75,000	75,000
Léopold DEMIDDELEER												31,000										31,000
Luc Poyer	18,523											12,477										31,000
Start of exercise period	15/01/12					27/08/13	27/08/13	27/08/13	19/12/13	19/12/13	19/12/13	26/09/14	01/01/14	01/01/14	01/01/14	07/02/14	24/06/17	13/03/20	13/03/20	13/03/20	11/10/21	
Expiry date	14/12/16					26/08/17	26/08/17	26/08/17	18/12/17	18/12/17	18/12/17	25/09/18	27/11/18	27/11/18	27/11/18	06/02/19	23/06/20	12/03/23	12/03/23	12/03/23	10/12/24	
Subscription or purchase price	4.88 €	4.88 €	4.88 €	4.88 €	4.88 €	3.91 €	3.91 €	3.91 €	3.91 €	3.91 €	3.91 €	4.88 €	4.88 €	4.88 €	4.88 €	4.88 €	5.78 €	4.84 €	5.10 €	5.10 €	3.01 €	
Conditions of exercise	Exercisable by third party					Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable by third party	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 25% on each anniversary date	Exercisable up to 40% by 06/24/17 and 60% by 06/24/19	Exercisable up to 60% by 3/13/2020 and 60% by 3/13/2021	Exercisable up to 60% by 3/13/2020 and 60% by 3/13/2021	Exercisable up to 60% by 3/13/2020 and 60% by 3/13/2021	Exercisable up to 60% by 10/11/2021 and 40% by 10/11/2022	
Number of shares subscribed at 31 December 2019	10,000	126,241		15,495	28,578	35,306	92,000	81,750	11,649	83,250	56,000	43,477	4,000	64,750	13,500	121,351			19,200			806,547
Cumulative number of options and warrants canceled or expired	8,523	28,723	12,914	5,167		35,144		27,250	15,982	8,750	13,000		19,500	31,250	53,500		90,000		12,800			362,503
Cumulative number of options and warrants remaining at 12/31/2019																		47,000	32,000	119,000	75,000	273,000

14 FUNCTIONS OF ADMINISTRATIVE BODIES

The Board of Directors sets the main orientations of the Company's business activities, monitors their implementation, and verifies the general operation of the Company. With the exception of powers expressly assigned to General Meetings of shareholders 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.

During the 2019 fiscal year, the Board of Directors met nine (9) times. The average duration of a session of the Board is approximately two (2) hours. The average attendance rate of the Board of Directors was 86%.

The main points covered during Board meetings were as follows:

- Session of 11 March 2019: examination and approval of consolidated annual financial statements, proposal to allocate profits, proposal to post previous losses to the "issue premium" account, cancellation of receivables to the benefit of McPhy Energy Italia and McPhy Energy Deutschland GmbH, discussion of agreements referred to in article L.225-38 and subsequent of the French Commercial Code, preparation for the shareholders' general meeting, operational review of activities, discussion on the composition of the Board of Directors, acknowledgment of a capital increase through the exercise of share subscription warrants and correlative amendment of article 7 of the Company's Articles of Association. 8 members present out of 8.
- Session of 29 March 2019: decision concerning the appointment of statutory auditors, discussion on the compensation of the Chairman and Chief Executive Officer and directors, review of points for vigilance and recommendations of the Middlenext corporate governance code, approval of the management report, of the agenda, of the draft resolutions and of the Board of Directors' report on the resolutions. 7 members present out of 8.
- Session of 1st July 2019: review of activity, presentation of recommendations of the Audit Committee, presentation of the extraordinary resolutions voted at the Shareholders' general meeting. 7 members present out of 8.
- Session of 30 July 2019: approval of interim accounts and financial report up to 30 June 2019. 7 members present out of 8.
- Session of 1st October 2019: separation of the functions of Chairman of the Board of Directors and Chief Executive Officer, appointment of Mr. Laurent Carme, discussion of activities and decisions on capital increase. 8 members present out of 8.
- Session of 5 November 2019: capital increase by private placement, project to allocate BSA, acknowledgment of a capital increase following the exercise of share issue warrants and correlative amendment of the Company's Articles of Association. 7 members present out of 8.
- Session of 6 November 2019: capital increase by private placement and approval of the terms of the press release on the results of the operation. 5 members present out of 8.
- Session of 29 November 2019: approval of agenda, of wording of draft resolutions presented to the Shareholders' general meeting and invitation of shareholders to an extraordinary general meeting, report by the Board of Directors on the resolutions presented. 5 members present out of 8.
- Session of 10 December 2019: minutes of last Audit committee, presentation and approval of 2020 budget, adoption of a plan and allocation of business creator share subscription warrants, definition of principles and conditions of the compensation of the Chairman of the Board of Directors for the 2020 fiscal year. 8 members present out of 8.

At 31 December 2019, the Board of Directors comprises five male directors and 3 female directors, a difference of 2 members between the genders. In this way the Company meets the requirements of Law no. 2011-103 of 27 January 2011 and the Middlenext recommendations relating to a desirable balance between men and women in the membership of the Board of Directors.

The Board of Directors evaluates its own functioning and that of its Committees, to provide an assessment of the preparation and quality of their work. This self-assessment mainly concerns the membership of the Board, its functioning, the organization of meetings, access to information, agendas and work, the amounts and conditions of distribution of overall compensation and relationships between the Board and Executive Management. Similar questions are asked about the Committees.

The Board of Directors wishes to conserve a participative functioning in session and refrain from imposing a formal questionnaire with the specific aim of systematically evaluating the contribution made by each member. Members state they are generally satisfied with the membership, the organization and functioning of the Board and its Committees. Certain areas for improvement are, however, being examined, for example the fact that certain executive directors are invited to attend and participate more regularly by Committees depending on the agenda of the meeting and may thus be privy to more information upstream of meetings.

Pursuant to article L.225-37-1 of the French Commercial Code, the Board of Directors discusses the Company's policy in terms of professional equality and parity of pay on an annual basis.

Lastly, pursuant to article L.225-37-4 of the French Commercial Code, the Board inspects and evaluates regulated and ordinary agreements. Concerning the latter, the Board seeks to assess at least annually if the agreements concerning current operations concluded under normal conditions do indeed satisfy applicable conditions, pursuant to article L.225-39 of the French Commercial Code. This identification is mainly done by the Company Chief Financial Officer prior to review by the members of the Board of Directors. Persons directly or indirectly concerned by any of these agreements do not take part in its evaluation.

14.1 Expiry of terms of members of the Board of Directors

The expiry dates of terms served by members of the Board of Directors are provided in section 12.1.2 of this Universal Registration Document.

14.2 Service agreements binding the members of the Board of Directors to the Company

Regulated agreements existing at this time are referred to in the special report of the auditors provided in section 18.3.3 of this Universal Registration Document.

14.3 Specialized committees

At the date of issue of the Universal Registration Document, the Company operates three specialized committees, an Appointments and Remuneration Committee and an Audit committee, each with a membership of at least 50% of independent directors.

Depending on the case, each Committee drafts proposals, recommendations, or opinions in their area of competence. To this end, a Committee may decide to undertake investigations likely to clarify the deliberations of the Board of Directors.

The Board of Directors appoints the members and Chair of each Committee. The members of the Committees participate individually in their meetings.

The Chair of each Committee may decide to invite all or some members of the Board of Directors to its meetings and where necessary, any other person of their choice. The Chair of a Committee informs the Chairman of the Board of Directors which members of management they would like to participate in a session.

The conditions for referral to each Committee are as follows:

- It covers all questions deemed part of the sphere of competence assigned by the Regulations of the Board of Directors and sets out its annual program;
- It may be referred to by the Chairman of the Board of Directors for any question included or planned to appear on the agenda of the Board of Directors;
- The Board of Directors and its Chairman may also refer to the Committee at any time concerning other questions involving its sphere of competence.

14.3.1 Strategy and Development committee

The purpose of Strategy and Development committee is to provide the Board of Directors with opinions on the principal strategic orientations for the Company and the Group, on the development policy and any other major strategic question addressed by the Board of Directors.

It is also tasked with analyzing and providing an opinion to the Board of Directors on questions submitted to the Committee concerning major investment opportunities, external growth, or disinvestment and disposal.

The Committee may be assisted by persons outside the Board of Directors, selected for their specific competences. The Chairman is a member of the Strategy and Development committee.

To date, the Strategic and Development Committee has six members (of whom three independent directors):

- Léopold DEMIDDELEER (Chair);
- Pascal MAUBERGER ;
- Luc POYER ;
- Myriam MAESTRONI ;
- Laure MICHEL (since 29/06/18);
- Christelle ROUILLE (since 29/06/18).

The Strategy and Development committee meets according to the needs of the Company, on invitation by the Chair.

14.3.2 Appointments and Remuneration committee

At the time of issue of this Universal Registration Document, the Appointments and Remuneration Committee has three members (of whom two independent directors):

- Christelle ROUILLE (Chair since 29/06/18);
- Myriam MAESTRONI;
- Luc POYER.

The Appointments and Remuneration Committee meets at least once a year and as often as required, in particular prior to the Board of Directors meeting examining the compensation of the membership of the Executive Committee, or which approves the agenda for a general meeting scheduled to approve draft resolutions concerning questions arising in its sphere of competence.

It also meets prior to any decision to allocate stock options, business creator share subscription warrants (BSPCE), share subscription warrants (BSA) or the allocation of free shares to corporate officers or Group directors.

Also, it meets whenever necessary on invitation from its Chair, at its own initiative or at the request of the Chairman of the Board of Directors.

The Appointments and Remuneration Committee transmits its conclusions to the Board of Directors for validation.

The purpose of this Committee is to determine the compensation of Executive Committee members, the objectives and evaluation of the level of their achievement in relation to the payment of bonuses.

Moreover, the Appointments and Remuneration Committee validates the recruitment of any employee or corporate officer with gross annual compensation in excess of €100,000.

It may also issue advisory opinions on the compensation of the principal Group directors.

These recommendations concern all items of compensation: fixed components, benefits in kind included, variable components, severance packages, supplementary pension schemes and allocations of share subscription or purchase options, BSA, BSPCE or the allocation of free shares, whether these items be paid, allocated or covered by the Company, the company controlling it or a company it controls.

They also concern the balance of elements making up overall compensation and their conditions of allocation, notably in terms of performance.

14.3.3 Audit committee

The mission of the Audit committee is not divisible from that of the Board of Directors, which remains responsible for examining the parent company accounts and consolidated accounts.

The purpose of the Audit committee is to inform the Board of Directors on the conditions of approval of the accounts (schedule, principles, accounting options etc.), the choice of auditors, the organization, procedures and management systems implemented by the Company, the examination of significant risks, significant off-balance sheet commitments, and the Group scope of consolidation.

To complete its mission, the Audit committee is required to interview the Statutory Auditors and the CFO. It examines their fees and issues a decision on the conditions of renewal of the Auditors.

The Audit committee is responsible for monitoring the efficiency of internal control and risk management systems. Based on its work, the Audit committee considers that the Company, without being able to provide an absolute guarantee that risks may be fully eliminated, has implemented the appropriate measures to prevent and control its principal risks.

The Audit committee is invoked by the Chairman or by the Statutory Auditors of any event exposing the Group to a significant risk.

The Audit committee may request the completion of an internal or external audit on any matter it deems relevant to its mission. In this case, the Chair of the Committee informs he Board of Directors.

At the date of issue of this Universal Registration Document, the Audit committee has three members:

- Eléonore JODER (Chair);
- Emmanuelle SALLES;
- Laure MICHEL.

Excepting working meetings between the Chair of the Committee and Company teams, the Audit committee met three times in 2019 (100% attendance):

- Examination of company and consolidated accounts for the fiscal year ending 31 December 2018, financial information calendar, regulatory updates and issues,
- Review of interim account at 30 June 2019 and half-yearly activity report,
- Review of internal control.

14.4 Statement on corporate governance

In terms of its development, the Company refers to the Middlenext corporate governance code for small and medium-sized listed companies as published in September 2016 (the "Middlenext Code"), insofar that the principles it contains are compatible with the organization, size, means and share ownership structure of the Company. This corporate governance code can be viewed (in French) on the Middlenext website at https://www.middlenext.com/IMG/pdf/2016_codemiddlenext-pdf_version_finale.pdf (2009 version in English here:

https://www.esi-group.com/sites/default/files/resource/financial_document/2254/corporate_governance_code_middlenext_eng.pdf).

The Company already complies with a certain number of recommendations made in the Code, as indicated in the table below.

Middlenext Code recommendations	Adopted
R 1: Director ethics	Yes
R 2: Conflicts of interest	Yes
R 3: Composition of the Board – Independent directors	Yes
R 4: Board member information	Yes
R 5: Board and committee meetings	Yes
R 6: Creation of committees	Yes
R 7: Introduction of Board Rules of Procedure	Yes[31]
R 8: Choice of directors	Yes
R 9: Directors' term of office	Yes[32]
R 10: Directors' compensation	Yes[33]
R 11: Introduction of Board evaluation	Yes

[31] Certain sections recommended by recommendation #7 have not been transferred to the internal regulations of the Company Board of Directors, particularly in light of the size of the Company and the change of governance occurring in November 2019.
[32] The renewal of director terms is not staggered despite the inclusion of two new directors in 2018, which coincided with the renewal of all other director terms approved at the general shareholder meeting of 26 June 2018. Given the costs associated with preparing and inviting a general meeting to appoint additional directors, and given the size of the Company, it is not possible to envisage staggered director terms at this time.
[33] Total compliance with effect from the 2020 fiscal year.

R 12: Shareholder relations	Yes
R 13: Definition and transparency of the compensation of corporate officers	Yes
R 14: Preparation of succession of executive management	No[34]
R 15: Corporate officers and employment contracts	Yes
R 16: Golden handshakes	Yes
R 17: Complementary pension schemes	Yes
R 18: Stock options and free share allocations	No[35]
R 19: Review of points for vigilance	Yes

By virtue of the decisions dated 21 May 2015, the Board of Directors adopted a set of internal regulations, the purpose of which is to set out the rules and conditions of procedure for the Board of Directors and its Committees, in addition to applicable legal requirements and the Company's Articles of Association. It also recalls the obligations incumbent on members of the Board of Directors and its Committees. Updates to the internal regulations are currently under consideration by the members of the Board of Directors.

The Middlenext Code also recommends that in observance of the regulations, the Board of Directors considers the opportunity to authorize the cumulation of an employment contract with the role of corporate officer.

The Company ensures that the members of the Board of Directors assess the functioning of the Board and the preparation of its work on an annual basis.

At 31 December 2019, the Board of Directors comprised eight (8) members of whom four (4) are independent directors. The members are:

- Mr. Pascal MAUBERGER (Chairman),
- Ms. Eléonore JODER,
- Ms. Myriam MAESTRONI,
- Bpifrance Investissements represented by Ms. Laure MICHEL,
- EDF Pulse Croissance Holding represented by Ms. Christelle ROUILLE,
- Ms. Emmanuelle SALLES,
- Mr. Léopold DEMIDDELEER,
- Mr. Luc POYER.

The qualification of independent director is discussed annually by the Board of Directors during the meeting concerning the assessment of corporate governance; the last such meeting was held on 10 March 2020. Since

[34] The succession of executive management was a central concern for the Company in 2019. In this respect, it separated the functions of Chairman of the Board of Directors and Chief Executive Officer as from 4 November 2019. Given the current configuration of governance, the Board of Directors does not intend to address this issue next year.
[35] Concerning the conditions of attribution, McPhy directors have historically enjoyed the attribution of securities offering access to the Company's capital. In addition to being considered as a suitable incentive mechanism, and even though they are allocated free of charge, such instruments require an investment at the time of their exercise by the issuer, which may remain quite sizable. Concerning the conditions of exercise and definitive allocation, no performance conditions are defined for executive directors but conditions of exercise relating to the continued presence of the recipient and validity periods are specified, in order to create a form of medium-term interest (i.e. Exercise period of five (5) years).

their appointment, Luc Poyer, Léopold Demiddeleer, Myriam Maestroni and Eléonore Joder meet the criteria of independence of the September 2016 edition of the Middlenext corporate governance code, these criteria being:

- 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 be a significant client, supplier or banker of the Company or its Group, or a client, supplier or banker for whom the Company or its Group represents a significant share of its business;
- they must not be a reference shareholder of the company nor hold a significant percentage of voting rights;
- 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.

14.5 Potential significant incidence on corporate governance

The term of membership of the Board of Directors expires at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

14.5.1 Definition of internal control

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 Executive management;
- correct functioning of the Company’s internal processes, in particular those contributing to conserving its assets;
- the reliability of financial information.

By contributing 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 implemented by the McPhy Energy Group and described herein covers all operations conducted within the Group, both in the parent Company and subsidiaries included in the scope of consolidation.

14.5.2 Organization of internal control

The main bodies exerting internal control actions within McPhy Energy are:

Executive Committee: comprises the executive management. The committee covers all topics concerning the operation and functioning of Group companies, across all operational and financial aspects.

The Committee meets monthly and whenever this frequency is not compatible with the urgency of the topics needing to be addressed. Each member is responsible for internal control of their own department. A power of authority has been defined for Committee members, who may not commit to expenditure above a certain threshold on their own. Two signatures are required above the first threshold, with the potential requirement for the Chief Executive Officer to sign also for significant commitments.

Financial control and internal control: the missions of the financial controllers of each subsidiary are split between financial control and internal control. This function is assigned to the Chief Financial Officer.

Accounting and finance department: five people work in this department which performs a dual mission of expert assessment and control. This control is conducted under the responsibility of the Chief Financial Officer.

The Company accounts and consolidated accounts are subject to annual audit by the Company's Statutory Auditors. The Auditors perform a limited examination after the first half year and for the annual closing they conduct a preliminary review which is completed by an audit of the accounts for the fiscal year. Any recommendations made by the Auditors are examined, implemented, and monitored by the Company.

Limitation of Chief Executive Officer powers: the provisions of article L.225-51-1 of the French Commercial Code enable the Board of Directors to choose between general management of the Company under the responsibility of the Board of Directors, either by the Chairman of the Board of Directors or by another natural person appointed by the Board and bearing the title of Chief Executive Officer. These two functions have been separate since 4 November 2019.

14.5.3 Internal information

Preparation and organization of Board of Directors work

A notification is addressed to each member of the Board of Directors no later than eight days prior to the meeting. All documents and information required for deliberation and decisions are provided to the Directors prior to the Board of Directors meetings.

Preparation and organization of Executive Committee work

The financial control of the Company is done monthly, consisting in analyzing "actual" figures for the month and cumulative total. The data are compared to the monthly budget forecasts and to the previous fiscal year. This control is done in each legal entity and on a consolidated level for the Group. Financial reporting is compared to interim consolidated accounting to rationalize any discrepancies and ensure the continuous improvement of financial information.

Monthly reports include quantified data, observations, and key performance indicator (KPI) measurements. Alongside the monthly monitoring of Group activities and its financial position, 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 operating risks. In this way it constitutes a key internal control tool for our Group.

The reports are distributed to the Executive Committee (ExCom). The Committee analyzes the data for the period during its monthly meeting and decides on any corrective actions to implement as necessary.

Business ethics

The ethics applicable to all Group employees are formally set down in a Business ethics code.

The purpose of this code is to define the rules of conduct applicable to all employees in the course of their professional activities, and to all representatives, corporate officers, consultants and other service providers acting on behalf of the Group or any of its entities.

Whatever their hierarchical grade, in the course of their functions and responsibilities, each employee must apply the principles set out in the business ethics code. These principles are founded on the fair execution of their employment contract in good faith. Each person shall also ensure that the principles are applied in their team or by employees under their responsibility.

The Code covers several main themes:

- compliance with the law and regulations (competition, insider trading, bribery and corruption etc.);
- prevention of conflicts of interest;
- relationships with related parties, commitments to Clients, employees and the environment;
- protection of Group assets;
- financial transparency;
- importance of internal control;
- implementation of ethical principles and penalties for violation.

14.5.4 Control activities

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 that the execution of operations and management decisions as well as personnel conduct all fall within the framework defined by Executive Management, applicable laws and regulations in effect and the Company's internal regulations,
- verify that the information provided and communications to corporate bodies are reliable and faithfully reflect the activity and situation of the Company.

One of the main aims of internal control is to prevent and control risks resulting from the Company's activities and the risks of error or fraud, especially in accounting and finance. Like any control system, it aims to minimize the Company's exposure to risk but cannot in any way provide an absolute guarantee of non-occurrence of a given risk.

Aside the control activities concerning administrative and accounting processes existing in the Group, the primary control activities concerning operational processes concern Product control.

Product control is completed within the Company by the Quality department, which is responsible for quality control on products and their components.

The Quality department steers the Quality Management System (QMS) implemented by the Company. The QMS approach is supported by quality correspondents, who ensure its deployment, management, and follow-up in each of the Company's departments.

Periodical management reviews serve to regularly inform Company management of the achievement of objectives, the completion of actions undertaken to continuously improve services delivered and to ensure the overall effectiveness of the QMS.

The Quality department bases its work on the ISO 9001:2000 standard and on the Company's quality manual. This Quality manual describes the provisions applicable within the Company to ensure that the products delivered respect the standards of compliance. These provisions are based on a system of 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.

Given its size, the McPhy Group does not have a dedicated internal audit team. Internal control procedures are monitored by Financial Controllers and the Chief Financial Officer, who conducts any examination or investigation they deem necessary. The Audit committee also has an active role in terms of monitoring risk management measures.

Given the size of the Group, certain functions referred to below do not systematically have a dedicated organization and the duties are distributed between members of the Administrative and Financial Management depending on the specific skills required. The duties may be accumulated by the management members, in observance of the principle of segregation of duties.

Accounting: The objectives of accounting are to:

- Verify the reliability of the collection and processing of raw data used to generate financial information;
- Guarantee that the Company and consolidated financial statements are drawn up in observance of applicable standards and regulations in effect and of the principle of consistent accounting methods, and that the statements provide a faithful representation of the Company's activity and situation;
- Ensure the availability of financial information in a format enabling their understanding and effective use;
- Ensure 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 market;
- Define and verify the application of financial security procedures, in particular observance of the principle of segregation of duties;
- Integrate financial security procedures in the accounting and management information systems, identifying and implementing 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.

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

In 2016, the Company finalized the implementation of an ERP system (Navision) with the integration of all purchasing, sales, accounting, finance, production, and project management modules. The deployment of this ERP implies the revision of the administrative processes involved and the corresponding controls.

Financial control: the purpose of this function is to:

- Steer the development process of the medium-term plan, the budget and periodical forecast adjustments, and the definition of operating and financial objectives;
- Implement reporting and steering tools, as well as decision aids suited to a variety of levels of responsibility;
- Analyze differences between actual results and objectives, 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 Company is to:

- Propose a risk control strategy by Executive Management and ensure its validation;

- Develop a map of organizational risks consistent with its strategy;
- Define a risk control plan based on the mapping;
- Steer and implement the internal control system (project management, leadership, coordination, communication etc.).

Treasury and finance: the purpose of this function is to:

- Monitor and control the currency risk;
- Ensure the confidentiality of secure payment procedures;
- 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 thresholds and authorization 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 internal and external publication of Group financial information and its strategy. Financial information is published in strict observance of market operating rules and the principle of equality of treatment of investors.

In conclusion, the principal aim of internal control is to prevent and control risks resulting from the Company's activities and 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.

15 EMPLOYEES

15.1 Number and breakdown

Breakdown of employee headcount by geographical region:

	31/12/19	31/12/18
France	43	36
International	55	50
	98	**86**

Breakdown of employees by category:

	31/12/19	31/12/18
Management	54	47
Supervisors	13	15
Employees and workers	31	24
	98	**86**

Breakdown of employees by gender and age:

	31/12/19	31/12/18	Var %
Below age 25	3	3	0%
Between 25 and 39	37	34	9%
Between 40 and 49	16	20	-20%
50 and over	16	11	45%
Total Male	**72**	**68**	**6%**
Below age 25	4	2	100%
Between 25 and 39	14	9	56%
Between 40 and 49	3	4	-25%
50 and over	5	3	67%
Total Female	**26**	**18**	**44%**
Below age 25	7	5	40%
Between 25 and 39	51	43	19%
Between 40 and 49	19	24	-21%
50 and over	21	14	50%
Total for Group	**98**	**86**	**14%**

Churn

	2019	2018
New hires	26	24
Departures	14	18

During the 2019 fiscal year:

- 13 employees left the Group for reasons other than expiry of contract (resignations, amicable agreement).
- 26 people joined the Group: 25 recruitments (19 on permanent contracts, 5 on fixed-term contracts and one on professional training contract), and one person returning from parental leave.

15.2 Holdings and securities giving access to the capital, held by members of the Board of Directors and employees

Holdings and number of securities giving access to capital, held by members of the Board of Directors:

At 31 March 2020, direct and indirect holdings of the members of the Board of Directors are as follows:

Identity of corporate officer	Number of shares	% of capital	% of voting rights
Pascal Mauberger	52	0.0%	0.0%
Léopold Demiddeleer	14,000	0.1%	0.2%
Luc Poyer	12,477	0.1%	0.1%
EDF Nouveaux Business Holding	3,678,389	20.7%	20.7%
FCPR Ecotechnologies (Management company: BPIfrance Investissement)	1,328,695	7.5%	7.5%

The information concerning securities giving access to the capital (BSPCE, BSA and Options) allocated to corporate officers is given in Table 8 of section 13.1.

Holdings and number of securities given access to capital held by employees:

No employees directly hold shares in McPhy.

15.3 Profit-sharing and incentive agreements

None

15.4 Other corporate information

15.4.1 Compensation and trends

The table below presents the breakdown of average gross monthly salaries (base + bonuses) between men and women, in Euro, for 2018 and 2019:

	31/12/19	31/12/18	Var %
Men	5,341	5,140	3.9%
Women	3,774	3,720	1.5%
Group	**4,996**	**4,865**	**2.7%**

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 all subsidiaries, the employment contracts of permanent and fixed-term employees comply with the local employment law rules.

Currently, there is no group-wide compensation policy. In this domain, the policy remains local while observing a basic principle of pay parity between men and women with equal skills and positions.

Average salaries are above the legal minimum for all employee categories.

15.4.2 Organization of work

The Group observes all legal and contractual obligations applicable to working hours in all its subsidiaries. Working hours depend on the local context and the level of activity.

The Group has implemented measures to preserve quality of life for employees, notably a transfer to part-time employment for women with children.

The global absenteeism level presented in the table below takes into account absences for sickness, maternity and paternity, as well as workplace accidents.

Absenteeism rate	2019	2018	Variation in pts
Global absenteeism	3.0%	3.1%	(0.1)
Of which due to illness	1.5%	3.6%	(2.1)
Of which due to long-term illness	0.4%	0.1%	0.3
Of which due to workplace accidents	0.2%	0.1%	0.1
Of which for other reasons	0.8%	3.9%	(3.1)

15.4.3 Labor relations

Since its creation, McPhy has favored the development of labor relations founded on respect for staff representative bodies and constructive social dialog.

In France, the following collective bargaining agreements apply to McPhy employees:

- National collective convention of metallurgy engineers and management
- Collective convention for the metallurgy sector in the Drôme/ Ardèche area for non-management employees based in La Motte-Fanjas
- Collective convention for the metallurgy sector in the Isère area for non-management employees based in Grenoble.

The Group business ethics code clearly underlines the need to foster social dialog and to be attentive to employee concerns. The Group’s advantage in this case is the relatively small size of its subsidiaries, which favors simple and frequent dialog between managers and employee teams on Company business and current projects.

The 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 changes that may occur in the life of all Group entities.

No collective agreement is in effect at this time.

15.4.4 Health and Safety

Group policy concerning the safety and protection of people addresses the following objectives:

- Ensure that McPhy products comply with applicable standards and regulations in effect;
- Ensure the safety of people active in the Company; and
- Ensure the protection of tangible and intangible Company assets.

In France, Company activities are subject to ICPE authorization for the production of hydrogen.

Throughout its facilities, the Company applies high standards for its equipment and operations. It also ensures suitable training for its employees both in procedures intended to ensure product quality and in the safety requirements applicable to each work station.

The Company operates a network of Quality, Safety and Environment correspondents responsible for the implementation and homogenization of Group practices. Each Group entity has a QSE correspondent.

Workplace accidents, frequency and severity, occupational illnesses

Workplace accidents, frequency and severity, occupational illnesses	2019	2018	Variation in pts
Frequency rate (1)	22.72	5.9	16.81
Severity rate (2)	0.28	0.04	0.24
Number of days absent due to workplace accident	50	7	43.00
Number of acknowledged occupational illnesses	0	0	

(1) Number of workplace accidents resulting in absence during the fiscal year, multiplied by 1,000,000 and divided by the total number of hours worked.

(2) Number of calendar days absent during the fiscal year due to workplace accidents, multiplied by 1,000, divided by the total number of hours worked.

15.4.5 Training

The Group organization implemented enables a flexible and scalable operation with shared resources and skills that are potentially mobile on a temporary or permanent basis. This is favored through the flexibility and versatility of employees (in engineering as in production), which have been extended through suitable training (whether technical, language skills, regulations etc.).

Within the Group, the annual appraisal is used to identify and manage training needs for all employees.

The Company implements its training policy with a long-term outlook, based on actions to strengthen collective and individual skills.

The training effort level is maintained above legal obligations.

The Group implements an international human resources policy as part of its efforts to aim for excellence. This ambition is dependent on both its capacity to develop a Group-wide policy and to implement it for each employee. Wherever they are located and whatever their occupation, the Group's ambition is to the foster professional development and personal fulfillment of employees, especially through ongoing training.

Safety training courses are also dispensed internally, to train staff on the risks involved with using machines and hazardous operations. An on-site safety induction is conducted for all staff, especially when new hires take up their positions.

Training time is broken down as follows:

	2019	2018
Hours of training	1,271	1,387
% of employees attending at least one training course over the year	37%	33%

15.4.6 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, and beliefs, and shall not tolerate any form of discrimination or harassment.

These principles must be applied to all recruitments of new staff by the Group.

For example, making derogatory remarks to another employee about their ethnic background, their gender, age, or religious beliefs, or adopting an undesirable behavior with sexual connotations is likely to constitute harassment and is prohibited within the Group.

The Group is conscious that differences are an asset, and therefore strives to implement a non-discriminatory policy and cultivate such differences, while ensuring equal treatment of all employees.

This equality of treatment is implemented through the following measures:

- Neutral and equitable recruitment process;
- Equality of access to training;
- Compensation based on skills, experience, level of responsibility, results and expertise in the position occupied.

The policy concerning employees with disabilities is based on the following measures:

- Retention of employees with disabilities;
- A commitment of non-discrimination to foster the recruitment of persons with disabilities for employment, work experience and work-study programs;
- The development of partnerships with the sheltered employment sector.

As an example, a work station in France was fully refurbished for a person newly afflicted by a disability.

The Group has implemented a proactive policy to combat discrimination of all kinds.

Non-discrimination is one of the Group's "principles and values". This principle is reported and regularly reaffirmed as an intangible principle in internal documents, particularly the business ethics code.

15.4.7 Promotion and observance of the International Labor Organization's Fundamental Conventions

The Company hereby declares that it strictly respects the freedom of association of its employees. The right of collective bargaining is exerted in its establishments in the framework specified by the French Labor Code.

Group activities take place in countries where a strict regulatory framework applies to these issues. The risk of any such practices occurring remains very limited.

Group activities take place in countries where a strict regulatory framework applies to the effective abolition of child labor.

The risk of any such practices occurring remains very limited.

16 MAIN SHAREHOLDERS

16.1 Breakdown of share capital and voting rights

16.1.1 Breakdown of share capital and voting rights in the Company at 31 March 2020

In accordance with the provisions of article L.233-13 of the French Commercial Code, we hereby provide the identity of shareholders owning more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights at general shareholder meetings. This information is valid at 31 March 2020.

Share capital and voting rights	3/31/2020			
	Number		Percentage	
	Shares	Votes	Shares	Votes
FCPR Ecotechnologies (represented by Bpifrance Investissement)	1,328,695	1,328,695	7.5%	7.5%
EDF Pulse Croissance Holding	3,678,389	3,678,389	20.7%	20.7%
Treasury stock (1)	20,374	0	0.1%	0.0%
Other	12,704,342	12,746,938	71.6%	71.8%
Total	**17,731,800**	**17,754,022**	**100%**	**100%**

(1) Reporting issuer's proportionate interest stated on liquidity account

At 31 March 2020, 0.35% of shares are managed in registered form.

At the last TPI (Bearer Share Identification) process on 3 March 2020, 31% of the capital was held by natural persons and 69% by institutional investors (source: Euroclear). The number of individual shareholders is estimated at 10,700.

Share capital and voting rights	3/31/2019			
	Number		Percentage	
	Shares	Votes	Shares	Votes
BPI France	1,132,915	1,132,915	7.8%	7.7%
EDF Pulse Croissance Holding	3,137,250	3,137,250	21.5%	21.4%
Treasury stock (1)	12,737	0	0.1%	0.0%
Other	10,330,405	10,388,855	70.7%	70.9%
Total	**14,613,307**	**14,659,020**	**100%**	**100%**

(1) Reporting issuer's proportionate interest stated on liquidity account

Share capital and voting rights	3/31/2018			
	Number		Percentage	
	Shares	Votes	Shares	Votes
BPI France	1,132,915	1,960,783	10.2%	16.4%
Sofinnova	1,023,947	1,023,947	9.2%	8.5%
Emertec Gestion	511,741	511,741	4.6%	4.3%
Treasury stock (1)	15,965	0	0.1%	0.0%
Other	8,460,012	8,484,831	75.9%	70.8%
Total	**11,144,580**	**11,981,302**	**100%**	**100%**

(1) Reporting issuer's proportionate interest stated on liquidity account

At the time of issues of this Universal Registration Document, the Company is not aware of any other shareholder having direct or indirect control, whether individually or jointly, of over 5% of the share capital or the voting rights in the Company and who is not represented on the Board of Directors.

16.1.2 Breakdown of share capital and voting rights in the Company at 31 March 2020 on a fully diluted basis

The table below indicates, to the best of the Company's knowledge, the breakdown of voting rights in the Company at 31 March 2020, along with its potential breakdown on a fully diluted basis. This means in the event that all financial instruments giving access to the Company's capital still in circulation are exercised; in total the issue of 273,000 Company shares from the exercise of options, BSA and BSPCE allocated to certain employees and corporate officers of the Company.

Name	Number of existing shares	% of capital	Number of incentive instruments and free shares allocated	Number of shares post-exercise of incentive instruments and free share warrants	% of capital post-exercise of incentive instruments and free share warrants	Theoretical voting rights		
						Prior to exercise of incentive instruments and free share warrants	Post-exercise of incentive instruments and free share warrants	% post-exercise of incentive instruments and free share warrants
FCPR Ecotechnologies (BPI France Investissements)	1,328,695	7.49%	-	1,328,695	7.38%	1 328,695	1,328,695	7.37%
EDF Pulse Croissance Holding	3,678,389	20.74%	-	3,678,389	20.43%	3 678,389	3,678,389	20.40%
Sub-total	**5,007,084**	**28.24%**	**-**	**5,007,084**	**27.81%**	**5 007,084**	**5,007,084**	**27.78%**
Other shareholders	12,706,334	71.66%	-	12,706,334	70.57%	12 727,004	12,727,004	70.60%
Pascal Mauberger	52	0.00%	32,000	32,052	0.18%	104	32,104	0.18%
Laurent Carme	-	0.00%	75,000	75,000	0.42%	-	75,000	0.42%
Employees	18,330	0.10%	166 000	184,330	1.02%	19,830	185,830	1.03%
Sub-total	**12,724,716**	**71.76%**	**273,000**	**12,997,716**	**72.19%**	**12,746,938**	**13,019,938**	**72.22%**
Overall total	**17,731,800**	**100.00%**	**273,000**	**18,004,800**	**100.00%**	**17,754,022**	**18,027,022**	**100.00%**

16.1.3 Equity ownership thresholds

Under the terms of article L.233-7 of the French Commercial Code, any time the percentage of capital or voting rights held passes above or below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95%, the Company and the AMF Financial Markets Authority must be specifically notified and the information published on the AMF website.

A specific disclosure relating to the objectives pursued by the shareholder in question over the next six months must be provided to the AMF if the capital or voting rights held cross the thresholds of 10%, 15%, 20% and 25%.

The Company articles do not impose an obligation of disclosure concerning other thresholds of equity or voting rights control.

16.1.4 Crossed thresholds

Date of disclosure	Company crossing threshold	Nature of crossing	Nature of operation leading to crossing	Date of crossing	Threshold crossed	Number of Company shares held on date of disclosure	% of Company equity held on date of disclosure	Number of Company voting rights held on date of disclosure	% of Company voting rights held on date of disclosures
15.11.2019	Caisse des dépôts et consignations	Upward[(1)]	Capital increase by private placement	12 November 2019	10% of share capital and voting rights	1,835,303	10.59%	1,835,303	10.56%
12.09.2019	Sofinnova Partners SAS [(2)]	Downward	Disposal of shares	26 Sept 2018	5% of share capital and voting rights	546,906 [(3)]	3.72%	546,906	3.71%

(1) Indirectly crossed threshold due to Bpifrance Investissement and CDC Croissance.

(2) Sofinnova Partners SAS stated it acts on behalf of the FCPR Sofinnova Capital VI funds which it manages.

(3) Sofinnova Partners SAS stated that it held 718,365 Company shares and the same number of voting rights on behalf of the fund, i.e. 4.92% of the capital and 4.90% of voting rights in McPhy on 26 September 2018.

16.2 Shareholder voting rights

To date, the Company has not issued any preference shares conferring specific voting rights on holders.

Shareholder voting rights are equal to the number of shares held. Nonetheless, by virtue of the provisions of article L.225-123 of the French Commercial Code amended by article 7 of the Florange law no. 2014-384 of 29 March 2014, double voting rights are now in vigor in companies whose shares are traded on a regulated market.

16.3 Control of Company and concerted action

At the date of issue of this Universal Registration Document, no shareholder controls the Company, whether directly or indirectly, under the terms of article L.233-3 of the French Commercial Code.

Moreover, no shareholder holds a blocking minority in the shareholders' general meetings of the Company.

At this time, there is therefore no risk that the Company may be subject to abusive control 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.

To the best of the Company's knowledge, no concerted action or pact exists between shareholders.

16.4 Agreements likely to bring about a change of control

To the best of the Company's knowledge, no shareholder pact, concerted action, or agreement exists, the implementation of which subsequent to the date of this Universal Registration Document could bring about a change of control.

17 RELATED PARTY TRANSACTIONS

In the 2019 fiscal year, the Company did not record any transactions with associate companies or joint ventures.

Regulated agreements existing at this time are referred to in the special report of the auditors provided in section 18.3.3 of this Universal Registration Document.

17.1 Intra-group transactions

For further information, the reader is invited to refer to note 3.21 to the financial statements for the fiscal year ending 31 December 2019, in section 18.1.5 of this Universal Registration Document.

17.2 Significant holdings acquired in French companies

In the course of the 2019 fiscal year, the Company acquired no stakes or holdings in companies incorporated in France.

17.3 Cross-ownership

None

18 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, AND INCOME

18.1 Historical financial information

The tables below set out the key financial figures for the Group. These figures are taken from the Group consolidated financial statements as per IFRS standards and as audited by DELOITTE & ASSOCIES and SARL AUDIT EUREX. The Group consolidated financial statements for the fiscal year ending 31 December 2019 are provided at the end of this Universal Registration Document.

Pursuant to article 19 of EU regulation 2017/1129 of the European Parliament and Council of 14 June 2017, the following information is included for reference in this Universal Registration Document:

- Trends in the financial position and operating result between the 2016 and 2017 fiscal years presented in sections 9.1 and 9.2 of the registration document for the 2017 fiscal year, recorded by the AMF on 27 April 2018 under no. D.18-0440.
- Trends in the financial position and operating result between the 2017 and 2018 fiscal years presented in sections 9.1 and 9.2 of the registration document for the 2018 fiscal year, recorded by the AMF on 30 April 2019 under no. D.19-0449.
- The Company financial statements, consolidated financial statements and audit reports provided respectively in sections 20.1 to 20.4 of the registration document for the 2017 fiscal year, recorded by the AMF on 27 April 2018 under no. D.18-0440.
- The Company financial statements, consolidated financial statements and audit reports provided in sections 21.1 and 21.4 of the registration document for the 2018 fiscal year, recorded by the AMF on 30 April 2019 under no. D.19-0449.

Sections of these documents not included here are not applicable to investors or are covered in another section of the Universal Registration Document.

18.1.1 Historical financial information audited for last three fiscal years and audit report

(In € million)	**2 019**	**2 018**	**2 017**
CONSOLIDATED STATEMENT OF INCOME			
Revenue	11,387	7,950	10,075
Other income from operating activities	4,076	1,138	1,188
Income from current operations	15,463	9,088	11,263
Current operating income	(6,484)	(9,392)	(6,393)
Operating income	(6,548)	(9,438)	(6,470)
Net income	(6,255)	(9,538)	(6,666)
Of which:			
Group share	(6,255)	(9,538)	(6,666)
Minority interests	-	-	-
Basic earnings per share (€)	(0,42)	(0,75)	(0,68)
Diluted earnings per share (€)	(0,42)	(0,75)	(0,68)
Average number of shares	15,070,537	12,644,099	9,789,361

(In € million)	**2 019**	**2 018**	**2 017**
CONSOLIDATED BALANCE SHEET			
Goodwill	2,487	2,487	2,487
Other non-current assets	3,358	3,043	3,489
Current assets	10,402	9,493	10,118

Cash and cash equivalents	12,995	14,895	4,394
TOTAL ASSETS	**29,242**	**29,918**	**20,488**
Equity - Group share	16,581	15,682	6,359
Minority interests	-	-	-
Non-current liabilities	3,118	6,217	5,247
Current liabilities	9,543	8,019	8,882
TOTAL LIABILITIES	**29,242**	**29,918**	**20,488**

(In € million)	**2,019**	**2,018**	**2,017**
CASH FLOW			
Net cash flow:			
- From operating activities	(7,495)	(7,015)	(6,701)
- From (used in) investing activities	(160)	210	(168)
- From (used in) financing activities	5,755	17,453	4,023
Increase (decrease) in cash and cash equivalents	(1,900)	10,648	(2,845)
DIVIDENDS			
Total dividend	0	0	0
Dividend per share (€)	0	0	0

18.1.2 Change of accounting reference data

None

18.1.3 Accounting standards

The accounting standards are presented for the Company financial statements in note 2 in section 18.1.5 and for the Consolidated financial statements in note 2 in section 18.1.6.

18.1.4 Change in accounting framework

None

18.1.5 Company financial statements

BALANCE SHEET - ASSETS

ASSETS (EUR)	NOTES	Gross	Depr. & Amort.	31/12/2019 Net	31/12/2018 Net
NON-CURRENT ASSETS					
Other intangible non-current assets	2.3.4 & 3.1	400,313	399,615	698	6,117
Tangible non-current assets	2.3.5 & 3.1	4,938,517	4,405,829	532,688	881,178
Equity interests and related receivables	2.3.6 & 3.1	6,627,699	2,305,397	4,322,302	5,381,239
Other financial non-current assets	3.1	163,212	400	162,812	156,929
TOTAL NON-CURRENT ASSETS		**12,129,742**	**7,111,242**	**5,018,500**	**6,425,462**
CURRENT ASSETS					
Inventories and work in progress	2.3.8 & 3.2.1	790,991	403,072	387,919	440,660
Advances and payments on account	3.2.2	1,010,008	-	1,010,008	735,437
Trade and other receivables	2.3.9 & 3.2.2	3,945,510	-	3,945,510	1,190,712
Other receivables	3.2.2	1,014,322	-	1,014,322	1,237,530
Marketable securities	2.3.10 & 3.2.3	3,004,250	-	3,004,250	9,004,250
Cash and cash equivalents	2.3.10 & 3.2.3	8,068,711	-	8,068,711	5,324,851
TOTAL CURRENT ASSETS		**17,833,792**	**403,072**	**17,430,719**	**17,933,440**
Prepayments and accrued income	3.2.2	141,385		141,385	60,910
Currency translation adjustments		7,537	-	7,537	27,639
TOTAL ASSETS		**30,112,456**	**7,514,314**	**22,598,142**	**24,447,450**

BALANCE SHEET - LIABILITIES

LIABILITIES (EUR)	NOTES	12/31/2019	12/31/2018
Share capital	3.3	2,079,102	1,753,597
Additional paid-in capital	3.3	30,853,517	31,217,502
Legal reserves	3.3	207,910	174,980
Retained earnings	3.3	(12,183,161)	(7,077,192)
Net income	3.3	(5,407,976)	(12,183,161)
TOTAL EQUITY		**15,549,394**	**13,885,726**
Equity equivalents	2.3.11 & 3.4	371,624	3,641,931
Provisions for risks and charges	2.3.12 & 3.5	688,283	860,071
Borrowing and financial debt	2.3.14 & 3.6	1,014,553	1,521,167
Advances and payments on account received	3.7	27,637	-
Trade and other payables	3.7	2,939,746	3,020,844
Tax and employee-related liabilities	3.7	1,343,587	897,419
Other payables	3.7	12,133	4,161
TOTAL DEBTS		**6,397,563**	**9,945,592**
Accrued income and deferred charges	3.7	616,326	615,461
Currency translation adjustments		34,859	671
TOTAL LIABILITIES		**22,598,142**	**24,447,450**

INCOME STATEMENT

EUR	NOTES	12/31/2019	12/31/2018
Sale of goods		53,573	900
Production sold		5,751,875	2,929,964
Revenue	2.3.15 & 3.8	5,805,448	2,930,864
Production of stocks		(936)	(88,598)
Production capitalized		0	69,563
Operating subsidies	2.3.16	3,017,797	37,884
Other income from operating activities	3.10	812,902	638,796
Operating income		**9,635,212**	**3,588,508**
Goods consumed		(1,898,142)	(1,040,257)
Other costs and external charges		(7,575,615)	(5,676,434)
Taxes and duties		-84,912)	(96,278)
Payroll charges	3.9	(3,761,756)	(3,028,696)
Amortization	3.1	(258,295)	(299,771)
Depreciation and provisions		(409,786)	(909,704)
Other operating expenses	3.10	(32,616)	(56,556)
Total operating expenses		**(14,021,121)**	**(11,107,695)**
OPERATING PROFIT (LOSS)		**(4,385,909)**	**(7,519,187)**
Financial income	3.11	506,208	74,478
Financial charges	3.11	(2,032,304)	(5,489,444)
NET FINANCIAL PROFIT (LOSS)		**(1,526,097)**	**(5,414,967)**
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**(5,912,005)**	**(12,934,154)**
Non-recurring income	3.12	32,217	663,368
Non-recurring charges	3.12	(168,438)	(676,603)
NON-RECURRING PROFIT (LOSS)		**(136,221)**	**(13,235)**
Corporate taxation	2.3.17 & 3.13	640,251	764,228
NET INCOME		**(5,407,976)**	**(12,183,161)**

MCPHY ENERGY

APPENDIX TO COMPANY FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2019

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 registered office is listed as 1115, route de Saint Thomas – 26190 La Motte-Fanjas (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 31 December 2019, approved by the Board of Directors meeting of 10 March 2020.

1.1. Highlights

On 6 November 2019, McPhy issued a capital increase by private placement, of almost €7 M[36]. The Ecotechnologies Fund managed by Bpifrance Investissement under the government's "Investing in the Future Programme" (*Programme d'Investissements d'Avenir - PIA*) and EDF Pulse Croissance Holding, supported the transaction to the extent of their equity holding.

To enable all shareholders to participate in the transaction and enjoy the same conditions of subscription, the Company proposed the free allocation of BSA share subscription warrants to all existing shareholders prior to the Issue; in this respect an entitlement to BSA was allocated by Euroclear to all shareholders and 10 BSA are used to subscribe to one new ordinary share.

In the course of the Pushy project, in line with the contractual provisions, in July 2019 Bpifrance Investissements notified the cancellation of the repayment of €3.5 M debt reported on the balance sheet (including €0.4 M of discount).

[36] In accordance with accounting rules, the costs of the transaction have been reported net of share premiums.

1.2. Post-closing events

No significant events likely to have a significant incidence on the evaluation of the Company occurred or were notified after the closing date of the year ended, except for the events concerning the Covid-19 pandemic, the precise impacts of which on our activities we are unable to describe at this time.

2. ACCOUNTING PRINCIPLES AND 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 financial statements for the year ending 31 December 2019 have been prepared according to the accounting standards defined by the General chart of accounts set out in regulation no. 2016-07 adopted by the French accounting standards authority (*Autorité des normes comptables - ANC*) on 4 November 2016 and approved by decree on 26 December 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 assumption of going concern was adopted by the Board of Directors given the positive cash position of the Company at 31 December 2019 of €11.1 M.

In light of the commitments made at this time, the Company considers that it would be able to cover its forecast cash requirements for the next 12 months.

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:

- The choice of capitalizing research and development projects in progress,
- Equity interests and related receivables,
- The period of use of assets owned by the Company,
- Provisions for guarantees,
- Projected cash flow consumption.

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.

Given its limited exposure, the Company has not implemented currency risk hedge instruments.

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

Development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:

1. Technical feasibility requirement to complete the development project,

2. Intention of the Company to complete the project,

3. Capacity of the Company to use this intangible asset,

4. Demonstration of the probable future economic benefits associated to the asset,

5. Availability of technical, financial, and other resources needed to complete the project and

6. Faithful valuation of development expenses.

Given their nature, where necessary these costs are recognized in the Company financial statements as intangible non-current assets. These costs are amortized on a linear basis according to their estimated economic lifetime.

Research and Development work done internally by McPhy Energy is not subject to capitalization on the closing date, as not all the criteria specified above were satisfied. Research and Development costs recognized as charges for the fiscal year amount to €2,546 K at 31 December 2019.

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 10 years
General fixtures and fittings	3 to 20 years
Transportation equipment	5 years
Computer equipment, furniture, and office equipment	2 to 10 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 derive from the five-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows. Cash flow forecasts are considered without taking account of 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.

The discount rates used at 31 December 2018 and 31 December 2017 to discount future cash flows are 13.6% and 13.4% respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.12% (1.5 % in 2018)
- Market risk premium of 8.10% (7.00% in 2018)
- Specific risk premium of 1.80% (1.80% in 2018)
- Beta of 1.15 (1.4 in 2018)
- Perpetual growth rate of 1.9% (2.15% in 2018)

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 of closing, from the sale of the asset in a transaction executed at normal market conditions, less the costs of disposal.

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 one-year contractual guarantees.

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 is recognized as 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. Operating subsidies

Subsidies are recorded as income in proportion to the costs incurred. For this reason, future subsidies may be recognized when the allocation agreement is signed and that spending has occurred, even if the subsidies have not been received as yet.

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 following 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 FINANCIAL STATEMENTS

A NOTES TO THE BALANCE SHEET

3.1. Non-current assets

Variation in non-current assets in gross values:

(in Euros)	At closing on 12/31/2018	Increase	Decrease	Other variations	At closing on 12/31/2019
Patents-licenses-software	399,283	1,540	(510)	-	400,313
Other intangible non-current assets	-	-	-	-	-
Intangible non-current assets	**399,283**	**1,540**	**(510)**	**-**	**400,313**
Land and buildings	255,376	-	-	-	255,376
Plant and machinery	3,742,374	9,665	(191,516)	-	3,560,522
General facilities	874,914	850	(1,928)	-	873,836
Transportation equipment	25,328	-	-	-	25,328
Office and IT equipment	151,423	22,526	(4,166)	-	169,783
Furniture	47,280	6,390	-	-	53,670
Other tangible non-current assets	-	-	-	-	-
Tangible non-current assets	**5,096,696**	**39,431**	**(197,611**	**-**	**4,938,517**
Equity interests	3,621,202	-	-	-	3,621,202
Receivables from equity investments	3,677,027	3,386,739	(4,057,269)	-	3,006,497
Other long-term receivables	-	-	-	-	-
Treasury shares (1)	128,444	3,434,065	(3,443,295)	-	119,213
Other long-term securities	160	-	-	-	160
Deposits and guarantees	29,037	25,676	(10,873)	-	43,840
Financial non-current assets	**7,455,869**	**6,846,479**	**(7,511,436)**	**-**	**6,790,912**
TOTAL	**12,951,849**	**6,887,450**	**(7,709,557)**	**-**	**12,129,742**

(1) At 31 December 2019, securities held under the liquidity contract amounted to €70 K and cash to €50 K.

Variations in amortization and provisions are as follows:

(in Euros)	At closing on 12/31/2018	Increase	Decrease	Other variations	At closing on 12/31/2019
Patents-licenses-software	393,167	6,959	-510	-	399,615
Other intangible non-current assets	-	-	-	-	-
Intangible non-current assets	**393,167**	**6,959**	**-510**	**-**	**399,615**
Land and buildings	91,206	18,457	-	-	109,662
Plant and machinery	3,336,753	123,445	-80,370	-	3,379,828
General facilities	566,340	74,249	-1,928	-	638,661
Transportation equipment	12,112	5,066	-	-	17,178
Office and IT equipment	106,451	24,886	-3,332	-	128,005
Furniture	37,034	5,234	-	-	42,267
Other tangible non-current assets	65,623	54,507	-29,903	-	90,227
Tangible non-current assets	**4,215,518**	**305,844**	**-115,533**	**-**	**4,405,828**
Equity interests	146,202	-	-	-	146,202
Receivables from equity investments	1,770,788	388,406		-	2,159,194
Treasury shares (1)	711	400	-711	-	400
Financial non-current assets	**1,917,701**	**388,806**	**-711**	**-**	**2,305,797**
TOTAL	**6,526,387**	**701,609**	**-116,754**	**-**	**7,111,242**

3.2. Current assets

3.2.1. Inventories

	31/12/19	31/12/18
Raw materials	5,301	1,667
Other supplies	386,353	416,040
Work in progress	131,117	167,131
Finished products	268,220	233,141
Gross value	**790,991**	**817,980**
Provisions for depreciation	(403,072)	(377,320)
Net value	**387,919**	**440,660**

3.2.2. Receivables

	31/12/19	31/12/18
Advances and payments on account	1,010,008	735,437
Trade receivables and related accounts	3,945,510	1,190,712
Subsidies receivable	136,456	355,525
Recoverable taxes and duties	872,365	867,519
Payroll and related accounts	-	0
Sundry debtors	5,501	14,487
Deferred charges	141,385	60,910
Gross value	**6,111,224**	**3,224,588**
Provisions	-	-
Net value	**6,111,224**	**3,224,588**

At 31 December, trade and other receivables will all mature within less than a year.

3.2.3. Cash and cash equivalents

	31/12/19	31/12/18
Short-term deposits	3,004,250	9,004,250
Money market SICAV funds	-	-
Liquidities and equivalent	8,068,711	5,324,851
Cash assets	**11,072,961**	**14,329,101**
Overdrafts	-	-
Receivables discounting	-	-
Cash liabilities	**0**	**0**
Net cash position	**11,072,961**	**14,329,101**

3.3. Variation in equity

	Number of shares	Capital	Additional paid-in capital	Legal reserves	Retained earnings	Net income	Total equity
Situation at 1st January 2018	**10,709,580**	**1,285,150**	**22,335,026**		**-9,217,275**	**-7,077,192**	**7,325,708**
Capital increase	3,137,250	376470	15,623,505				15,999,975
Canceled treasury shares							
Share issue warrants exercised	635,000	76,200	3,096,150				3,172,350
Share subscription warrants exercised	131,477	15,777	630,055				645,832
Other variations			(1,249,958)	174,980			(1,074,978)
Recognition of prior losses			(9,217,275)		9,217,275		
Other comprehensive income							
Appropriation of previous year's result					(,7,077,192)	7,077,192	
Net income (loss) for year						(12,183,161)	(12,183,161)
Variation in equity							
Situation at 31 December 2018	**14,613,307**	**1,753,597**	**31,217,502**	**174,979,56**	**(7,077,192)**	**-12,183,161**	**13,885,726**
Capital increase	2,552,544	306,305	6,585,564				6,891,869
Share issue warrants exercised	160,000	19,200	617,000				636,200
Share subscription warrants exercised							0
Other variations			(489,356)	32,931			(456,425)
Recognition of prior losses			(7,077,192)		7,077,192		
Other comprehensive income							
Appropriation of previous year's result					(12,183,161)	12,183,161	
Net income (loss) for year						(5,407,976)	(5,407,976)
Situation at 31 December 2019	**17,325,851**	**2,079,102**	**30,853,517**	**207,910**	**(12,183,161)**	**(5,407,976)**	**15,549,394**

3.4. Equity equivalents

The Company has two repayable advance contracts for a total amount of €372 K at 31 December 2019.

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 bases, 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".

Following the failure of the PUSHY project, the repayable advance of €3.5 M was reclassified in other income from operating activities, at an amount of €2.9 M and in financial income to the amount of €0.5 M after discounting.

3.5. Provisions for risks and charges

	Balance 12/31/2018	Provisions	Uses	Balance 12/31/2019
Disputes	77,443	-	- 65,407	12,036
Losses on completion	541,269	51,692	- 365,473	227,487
Other risks and charges	241,359	263,876	- 56,475	448,760
Provisions for risks and charges	**860,071**	**315,568**	**(487,355)**	**688,283**

3.6. Borrowing and financial debt

	12/31/2018	Issued	Repaid	Transferred	12/31/2019
Borrowings from credit institutions	1,521,167	-	(506,614)	-	1,014,553
Shareholder loans	-	-	-	-	-
Total borrowing and financial debt	**1,521,167**	**0**	**(506,614)**	**0**	**1,014,553**

	Total	< 1 year	1-5 years	< 5 years
2019	1,014,553	330,842	533,711	150,000
2018	1,521,167	506,614	839,553	175,000

3.7. Trade and other payables

	31/12/19	31/12/18
Advances and payments on account received	27,637	-
Trade payables	2,939,746	3,020,844
Tax and employee-related liabilities	1,343,587	897,419
Payables on non-current assets	12,133	4,161
Other payables	-	-
Deferred income	616,326	615,461
TOTAL	**4,939,429**	**4,537,885**

	Total	< 1 year	1-5 years	< 5 years
2019	4,939,429	4,939,429	-	-
2018	4,537,885	4,537,885	-	-

B NOTES TO THE INCOME STATEMENT

3.8. Revenue

	2019		2018	
France	5,191,569	89%	2,731,185	93%
Rest of European Union (excl. France)	609,850	11%	197,466	7%
Rest of world	4,030	0%	2,213	0%
Revenue	**5,805,448**	100%	**2,930,864**	100%

3.9. Payroll charges

	2019	2018
Wages and salaries	2,540,516	2,104,001
Social contributions	1,221,240	924,695
Payroll charges	**3,761,756**	**3,028,696**

3.10. Other charges and other income from operating activities

Other income from operating activities for 2019 corresponds mainly to the reversal of provisions and transfer of charges.

3.11. Financial profit (loss)

	2019	2018
Income from Group equity interests	40,795	52,260
Investment income	24,088	5,703
Interest income on advances	434,841	-
Other financial income	6,483	16,515
Financial income	**506,208**	**74,478**
Interest charges on borrowing	(32,978)	(38,696)
Interest charges on advances	(2,339)	(2,109)
Other financial charges	(1,996,987)	(5,448,640)
Financial charges	**(2,032,304)**	**(5,489,444)**
Financial profit (loss)	**(1,526,097)**	**(5,414,967)**

Financial charges include a cancellation of receivables to the Italian subsidiary for an amount of €1.6 M.

3.12. Non-recurring profit (loss)

	2019	2018
Share of investment subsidies recorded under income	-	-
Income from disposal of non-current assets	1	592,186
Other non-recurring income	32,216	71,182
Non-recurring income	**32,217**	**663,368**
Net book value of non-current assets sold	(111,981)	(594,249)
Other non-recurring charges	(56,458)	(82,353)
Non-recurring charges	**(168,438)**	**(676,603)**
Non-recurring profit (loss)	**(136,221)**	**(13,235)**

The non-recurring loss mainly comprises the disposal of an investment for €110 K.

3.13. Corporate taxation

	2019	2018
Research tax credit	640,251	764,228
Other tax credits	-	-
Corporate taxes	**640,251**	**764,228**

The amount of tax losses carried forward amounts to €83.9 M at 31 December 2019 (€77.7 M at 31 December 2018). 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:

	2019	2018
Operating profit before tax	(5,912,005)	(12,934,154)
Non-recurring profit (loss)	(136,221)	(13,235)
Net profit before income tax	**-(6,048,227)**	**(12,947,389)**
Corporate taxation	-	-
Tax credits	640,251	764,228
Net profit	**(5,407,976)**	**(12,183,161)**

C OTHER INFORMATION

3.14. Table of subsidiaries and equity interests

(In € million)	NBV of equity	NBV of receivables from equity investments	Equity interests and related receivables	Proportion of capital owned	Shareholder equity excluding profit at 31 December 2019	Net profit 2019	Revenue 2019
McPhy Italia Sprl	2,400	632	3,032	100%	4 036	(1 636)	2,597
McPhy Deutschland GmbH	1,075	215	1,290	100%	1 143	(585)	1,838
McPhy Asia Pacific Pte. Ltd	-	-	-	100%	(1 091)	(308)	0
McPhy Northern America Corp.	-	-	-	100%	(603)	(7)	0
McPhy Waterfuel Energy Equipment LLC	-	-	-	10%			0
TOTAL	**3,475**	**847**	**4,322**				**4,435**

3.15. Headcount

	12/31/2019	12/31/2018
Management	31	25
Technicians & Supervisors	8	8
Employees and workers	4	3
TOTAL	**43**	**36**

The weighted average headcount for 2019 is 40 employees (33 in 2018).

3.16. Executive committee compensation

Compensation and benefits of all kinds paid to members of the Executive Committee (5 people in 2019 and 5 in 2018) and of the Board of Directors is as follows:

	2019	2018
Compensation due for the fiscal year (1)	754,577	827,368
Compensation in shares, options etc. (2)	77,859	138,723
Executive committee compensation	**832,436**	**966,091**

Includes gross salaries, bonuses, incentives, attendance fees and benefits in kind

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

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:

	31 December 2019	31 December 2018
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 62 (Non-Mgt)
Discount rate (a)	0.9%	1.8%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	3% (Mgt), 2.5% (Non-Mgt)	3% (Mgt), 2.5% (Non-Mgt)
Social contributions rate (b)	46% (Mgt), 37% (Non-Mgt)	48% (Mgt), 47% (Non-Mgt)
Mortality table	Insee 2013-2015	Insee 2013-2015
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 55 onwards	Rate between 25% and 97% up to age 55, then 100% from 55 onwards

Mgt: management, Non-Mgt: non-management.

(a) 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.

(b) Excluding impact of temporary reduction schemes.

The average period at 31 December 2019 is approximately 24 years.

The amount of pension obligation at 31 December 2019 is €140 K (vs. €126 K at 31 December 2018). A 1% increase in the discount rate at 31 December 2019 (respectively a drop of 1%) has a positive effect of €30 K on the result for the year (respectively a negative effect of €35 K).

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	Instruments exercisable
AGM of 5/18/2017					
Options 2017-1	From 03/12/2018 to 03/12/2023	4.84	2	47,000	47,000
BSPCE 2017-1	From 03/12/2018 to 03/12/2023	5.10	1	32,000	32,000
BSPCE 2017-2	From 03/12/2018 to 03/12/2023	5.10	7	119,000	119,000
AGM of 05/23/2019					
BSPCE 2019-1	From 12/10/2019 to 12/10/2024	3.01	1	75,000	75,000
Balance at 31 December 2019			**11**	**273,000**	**273,000**

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 2018	**272,777**	**5.18**
Allocations	240,000	5.04
Cancellations	(173,300)	5.36
Exercised	(131,477)	4.91
Balance at 31 December 2018	**208,000**	**5.03**
Allocations	75,000	3.01
Cancellations	(10,000)	(5.10)
Exercised	-	-
Balance at 31 December 2019	**273,000**	**4.48**

3.19. Leases

	Vehicle	Plant and machinery	Office and IT equipment	Patents-licenses-software	Total
Gross original value	18,115	1,799,328	91,231	314,336	2,223,010
Total prior amortizations	(3,522)	(952,407)	(65,931)	(196,887)	(1,218,747)
Allocation for fiscal year	(6,038)	(222,839)	(11,246)	(62,867)	(302,990)
Accumulated amortizations	(9,560)	(1,175,246)	(77,177)	(259,754)	(1,521,737)
Net value	**8,555**	**624,082**	**14,054**	**54,582**	**701,273**
Total prior royalties	10,893	1,283,179	85,694	225,045	1,604,811
Royalties for fiscal year	8,388	209,686	7,112	71,819	297,005
Total royalties	**19,281**	**1,492,865**	**92,806**	**296,864**	**1,901,816**
Royalties remaining payable					
- within 1 year	8,388	161,711	7,112	50,265	227,476
- between 1 and 5 years	3,495	229,091	8,890	11,963	253,439
- beyond 5 years	-	-	-	-	-
Royalties remaining payable	**11,883**	**390,802**	**16,002**	**62,228**	**480,915**
Purchase option	**18,154**	**3,800**	**750**	**0**	**22,704**

3.20. Financial commitments

(In € million)	**2019**	**2018**
Guarantees and pledges	800	1 254
Leases	481	789
Commercial lease	923	544
Other commitments	-	-
Commitments	**2,204**	**2,588**

3.21. Related party transactions

(In € million)	31 December 2019	Related parties	Party linked by virtue of equity interest	31 December 2018
NON-CURRENT ASSETS				
Set-up costs	-	-	-	-
Other intangible non-current assets	-	-	-	-
Tangible non-current assets	-	-	-	-
Equity interests and related receivables	4,322	4,322	-	5,381
Other financial non-current assets	-	-	-	-
TOTAL NON-CURRENT ASSETS	**4,322**	**4,322**	**-**	**5,381**
CURRENT ASSETS				
Inventories and work in progress	-	-	-	-
Advances and payments on account	453	453	-	12
Trade and other receivables	-	-	-	-
Other receivables	-	-	-	-
Marketable securities	-	-	-	-
Cash and cash equivalents	-	-	-	-
TOTAL CURRENT ASSETS	**453**	**453**	**-**	**12**
Prepayments and accrued income	-	-	-	-
Currency translation adjustments	8	8		-
TOTAL ASSETS	**4,783**	**4,783**	**-**	**5,393**

Equity equivalents	-	-	-	-
Provisions for risks and charges	8	8	-	28
Borrowing and financial debt	-	-	-	-
Advances and payments on account received	-	-	-	-
Trade and other payables	-	-	-	-
Tax and employee-related liabilities	-	-	-	-
Other payables	-	-	-	-
TOTAL DEBTS	**8**	**8**	**-**	**28**
Accrued income and deferred charges	-	-	-	-
Currency translation adjustments	32	32		-
TOTAL LIABILITIES	**40**	**40**	**-**	**28**

Related parties with whom transactions are completed include companies related directly or indirectly to McPhy Energy, and entities which directly or indirectly own an equity interest in the company.

These transactions are conducted at normal market conditions.

3.22. Financial risk objectives and management policy

3.22.1. Interest rate risk

The Company has taken out short and medium-term loans at variable rates, for a total amount of €1,015 K. If the interest rates were to vary by 100 base points up or down, the interest charge would incur a positive or negative impact of €13 K.

3.22.2. Currency risk

The Company has not made hedge provisions to protect its activity against exchange rate fluctuations, as the transactions conducted in currencies are insignificant.

Depending on how its activity grows, the Company cannot exclude the risk of higher exposure to currency risk. If this is the case, the Company will implement a suitable policy to hedge these risks. If the Company were not successful in taking effective hedging measures against exchange rate fluctuations in the future, its results could suffer as a result.

3.22.3. 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.

Cash and cash equivalents amount to €11.1 M at 31 December 2019 and financial payables amount to €1 M. 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. Its capacity to generate future cash flows to meet its funding requirements is not certain.

It may occur that the Company is not able to obtain further capital when it needs to do so, or that such capital is not available at financial conditions that are acceptable for the Company. If the required finance is not available, the Company may be obliged to slow down its research and development activities and commercial activities.

3.22.4. 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 related to cash, cash equivalents and current financial instruments, and exposure to customer credit is not significant.

3.23. 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.

End of "MCPHY ENERGY | APPENDIX TO COMPANY FINANCIAL STATEMENTS | FISCAL YEAR ENDING 31 DECEMBER 2019"

18.1.6 Consolidated financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS (€K)	NOTES	12/31/2019	12/31/2018
NON-CURRENT ASSETS			
Goodwill	3.1	2,487	2,487
Intangible non-current assets	3.1	157	141
Tangible non-current assets	3.2	2,808	2,431
Other assets	3.3	316	419
Deferred tax assets	3.4	77	52
TOTAL		**5,845**	**5,530**
CURRENT ASSETS			
Inventories	3.5	1,941	2,163
Trade and other receivables	3.6	7,714	6,601
Tax assets due	3.6	746	729
Financial assets	3.7	-	-
Cash and cash equivalents	3.7	12,995	14,895
TOTAL		**23,397**	**24,388**
TOTAL ASSETS		**29,242**	**29,918**

LIABILITIES (€K)	NOTES	12/31/2019	12/31/2018
Capital		2,079	1,754
Issue premiums		30,854	31,218
Treasury shares		(70)	(68)
Accumulated retained earnings		(16,281)	(17,221)
GROUP EQUITY		**16,581**	**15,682**
Minority interests			
TOTAL EQUITY		**16,581**	**15,682**
NON-CURRENT LIABILITIES			
Provisions > 1 year	3.8	756	579
Borrowing and financial debt maturing >1 year	3.9	1,784	5,150
Other payables	3.10	-	-
Deferred tax liabilities	3.4	578	488
TOTAL		**3,118**	**6,217**
CURRENT LIABILITIES			
Provisions < 1 year	3.8	584	783
Borrowing and financial debt maturing < 1 year	3.9	1,088	777
Trade and other payables	3.10	4,881	4,166
Other current liabilities	3.10	2,990	2,293
Current tax	3.10	-	-
TOTAL		**9,543**	**8,019**
TOTAL EQUITY AND LIABILITIES		**29,242**	**29,918**

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

STATEMENT OF COMPREHENSIVE INCOME

€K	NOTES	2019	2018
Revenue	3.12	11,387	7,950
Other income from operating activities	3.13	4,076	1,138
INCOME FROM CURRENT OPERATIONS		**15,463**	**9,088**
Goods consumed		(5,787)	(4,349)
Change in stocks of finished products, work in progress		(355)	(203)
Payroll charges		(7,149)	(6,120)
External charges		(6,007)	(5,517)
Taxes and duties		(89)	(203)
Amortization	3.15	(1,531)	(886)
Provisions	3.15	(1,029)	(1,203)
CURRENT OPERATING INCOME		**(6,484)**	**(9,392)**
Other operating income and charges		(64)	(46)
NET OPERATING INCOME		**(6,548)**	**(9,438)**
Income from cash and cash equivalents	3.16	480	100
Cost of gross financial debt	3.16	(110)	(136)
Cost of net financial debt	3.16	370	(36)
Tax charge on income	3.17	(77)	(65)
Income from equity affiliates		-	-
Net income from ordinary activities		(6,255)	(9,538)
NET INCOME (LOSS) FOR YEAR		**(6,255)**	**(9,538)**
Attributable to owners of the parent company		(6,255)	(9,538)
Attributable to minority interests		-	-
Net earnings per share - Group share	3.19	(0.42)	(0.75)
Net diluted earnings per share - Group share	3.19	(0.42)	(0.75)
NET INCOME (LOSS) FOR YEAR		**(6,255)**	**(9,538)**
Actuarial gains or (losses) on pension obligations		(12)	(9)
Currency translation adjustments		82	73
Deferred taxes recognized as equity		3	2
Other comprehensive income		73	67
TOTAL COMPREHENSIVE INCOME (LOSS) FOR YEAR		**(6,182)**	**(9,472)**

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

CONSOLIDATED STATEMENT OF CASH FLOW

€K	2019	2018
NET INCOME (LOSS) FOR YEAR	(6,255)	(9,538)
Depreciation, amortization, and impairment	1,872	2,073
Other income and expenses	(3,545)	155
Gains (losses) on disposals	130	15
CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES	(7,799)	(7,294)
Cost of net financial debt	(370)	36
Tax expense	77	65
CASH FLOW BEFORE COST OF NET FINANCIAL DEBT AND TAXES	(8,093)	(7,193)
Taxes paid	(9)	(10)
Reduction (increase) in Inventories	222	321
Reduction (increase) in Trade receivables	(1,119)	(485)
Reduction (increase) in Other receivables	91	62
Increase (reduction) in Trade payables	715	(153)
Increase (reduction) in Other payables	697	443
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(7,495)**	**(7,015)**
Acquisition of intangible non-current assets	(83)	(16)
Acquisition of tangible non-current assets	(77)	(359)
Other cash flows from investing activities	0	584
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(160)**	**210**
Capital increase sums received	7,073	18,744
Proceeds drawn from new borrowings	-	1,000
Repayment of borrowings	(1,317)	(2,291)
NET CASH FLOW FROM FINANCING ACTIVITIES	**5,755**	**17,453**
Effect of changes in exchange rates		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,900)**	**10,648**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**14,895**	**4,248**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**12,995**	**14,895**

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 2018	**10,709,580**	**1,285**	**22,334**	**(17,692)**	**(92)**	**53**	**472**	**6,359**	**-**	**6,359**
Recognition of prior losses	-	-	(9,217)	9,217	-	-	-	-	-	-
Capital increase	3,137,250	376	14,549	-	-	-	-	14,925	-	14,925
Share issue warrants exercised	635,000	76	3,096	-	-	-	-	3,172	-	3,172
Share subscription warrants exercised	131,477	16	630	-	-	-	-	646	-	646
Cost of payments in shares	-	-	-	-	-	-	161	161	-	161
Other variations	-	-	(175)	-	-	-	175	-	-	-
Other comprehensive income	-	-	-	-	-	(2)	(46)	(48)	-	(48)
Net income (loss) for year	-	-	-	(9,538)	-	-	-	(9,538)	-	(9,538)
Variation in equity	-	-	-	-	24	-	(20)	4	-	4
Situation at 31 December 2018	**14,613,307**	**1,754**	**31,217**	**(18,013)**	**(68)**	**51**	**742**	**15,682**	**-**	**15,682**
Recognition of prior losses	-	-	(7,077)	7,077	-	-	-	-	-	-
Capital increase	2,552,544	306	6,097	33	-	-	-	6,436	-	6,436
Share issue warrants exercised	160,000	19	617	-	-	-	-	636	-	636
Share subscription warrants exercised	-	-	-	-	-	-	-	-	-	-
Cost of payments in shares	-	-	-	-	-	-	129	129	-	129
Other variations	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	1	(37)	(36)	-	(36)
Net income (loss) for year	-	-	-	(6,255)	-	-	-	(6,255)	-	(6,255)
Variation in equity	-	-	-	-	(2)	-	(9)	(11)	-	(11)
Situation at 31 December 2019	**17,325,851**	**2,079**	**30,853**	**(17,158)**	**(70)**	**52**	**825**	**16,581**	**-**	**16,581**

MCPHY ENERGY
APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2019

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 31 December 2019, approved by the Board of Directors meeting of 10 March 2020.

1.1. Highlights

On 6 November 2019, McPhy issued a capital increase by private placement, of almost €7 M [37]. The Ecotechnologies Fund managed by Bpifrance Investissement under the government's "Investing in the Future Programme" (*Programme d'Investissements d'Avenir - PIA*) and EDF Pulse Croissance Holding, supported the transaction to the extent of their equity holding. The reinforcement of McPhy Energy's financial capacities covers the Group's working capital requirement, supports its growth, and finances R&D and product development, so that the Group may initiate the industrialization phase of its systems.

To enable all shareholders to participate in the transaction and enjoy the same conditions of subscription, the Company proposed the free allocation of BSA share subscription warrants to all existing shareholders prior to the Issue; in this respect an entitlement to BSA was allocated by Euroclear to all shareholders and 10 BSA are used to subscribe to one new ordinary share. The extraordinary general meeting held on 16 January 2020 approved the issue of 14,773,307 BSA.

In the course of the Pushy project, in line with the contractual provisions, in July 2019 Bpifrance Investissements notified the cancellation of the repayment of €3.5 M debt reported on the balance sheet.

Mr. Laurent Carme was appointed to the position of Chief Executive Officer on 4 November 2019.

[37] In accordance with accounting rules, the costs of the transaction have been reported net of share premiums.

1.2. Post-closing events

Covid-19: currently, it is difficult to identify and assess the impacts of the pandemic with any degree of certainty.

In China, McPhy Energy's exposure to the Covid-19 pandemic is limited to a Power-to-Gas application project in the Hebei province. As a reminder, in June 2017 McPhy Energy delivered 4 MW of hydrogen production equipment, used to transform surplus electricity generated by a 200 MW wind farm into zero-carbon hydrogen for storage[38]. With the appearance of the Covid-19 outbreak in China in January 2020, the schedule for this project has become uncertain but remains intact.

In Italy, McPhy Energy operates a subsidiary in San Miniato (Florence region) involved in the assembly of electrolyzers and the production of large-capacity cells. Although this site is located far from the epicenter of the crisis in Italy, suitable precautions have nonetheless been taken.

In this context, McPhy Energy has implemented all suitable safety measures to ensure the health and well-being of its employees and partners. The Company remains confident in the implementation of its strategy.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the year ending 31 December 2019.

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 2019, 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 2018, except the standards, amendments and IFRS interpretations endorsed by the European Union and applicable starting from 1st January 2019:

Except for IFRS 16 providing guidance on accounting for leases, the following standards, amendments and IFRS interpretations, mandatory at 31 December 2019, have not had significant impacts on the accounts:

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception
Amendments to IAS 7 - Information concerning financing activities
Amendments to IAS 12 - Accounting for deferred tax assets as unused tax losses
Amendments to IAS 40 – Transfers of investment property
IFRS 15 - Revenue from contracts with customers
Clarifications to IFRS 15

[38] See press release of 29 June 2017.

Amendment to IFRS 11 - Accounting for the acquisition of an interest in joint operation
IAS 1 – Improved information in notes to the financial statements
IAS 16 and IAS 38 - Clarification on acceptable amortization methods
IAS 19 - Defined-benefit pension schemes: employee contributions
Amendments to IAS 27 - Use of equity method in separate financial statements
Annual improvements, 2012-2014 cycle and 2014-2016 cycle
Amendments to IFRS 9 - Expected credit loss
IFRIC 23 - Uncertainty over income tax treatments

Moreover, the Group has opted not to apply in advance the standards, amendments, and interpretations becoming mandatory on 1st January 2020 or later, as the Group is currently analyzing the potential impacts of their entry into effect.

These standards and amendments will be mandatory starting on 1st January 2020 or later.

The assumption of going concern was adopted by the Board of Directors given the following items:

- The Company's deficit situation is explained by the fact that it remains in the development phase of its product ranges, and that the level of revenue generated since commencing its commercial activities is not yet sufficient to balance out its operating charges;
- The positive cash position of €13 M at 31 December 2019 and cash flow forecasts drawn up until June 2021.

In light of these items and the commitments made at this time, the Group considers that it would be able to cover its forecast cash requirements for the next 12 months.

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 2019*	*Average rate 2018*	*Closing date rate 2019*	*Closing date rate 2018*
Singapore dollar	*SGD*	*1.527*	*1.592*	*1.509*	*1.560*
US dollar	*USD*	*1.123*	*1.180*	*1,121*	*1.144*

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,
- The period of use of assets owned by the Company,

- Provisions for pension obligations,
- Provisions for guarantees,
- Projected cash flow consumption.

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.

2.6. Valuation methods and rules

2.6.1. Business combinations, supplementary acquisition of interests and disposal of interests

At 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 minority 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 amortized 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 Asset impairments).

2.6.2. 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 not subject to capitalization on the closing date, as not all the criteria specified above were satisfied. Research and Development costs are stated in the charges for the fiscal year in which they are recognized.

2.6.3. 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).

2.6.4. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition or their cost of production.

The required amortizations are calculated in linear mode according to the estimated useful life of the corresponding assets. Residual values are not taken into account, as their impact is judged not to be significant.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 10 years
General fixtures and fittings	3 to 20 years

Transportation equipment	5 years
Computer equipment, furniture, and office equipment	2 to 10 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.

Lease agreements or assets with the following characteristics are not eligible for accounting treatment under IFRS 16:

- Agreements not exceeding twelve months, including economically attractive renewal options.
- Lease agreements with purchase options are excluded from this category.
- Asset that can be used alone (or with easily available resources), neither dependent nor strongly tied to other assets.
- Low replacement value of underlying asset on an absolute base (<€5 K new).

<u>Valuation of right of use of assets</u>

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).

<u>Valuation of lease liability</u>

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 and variable payments 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.

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.

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. Goodwill is tested based on the cash-generating units (CGU) with which it is associated.

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:

- **Asset 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. 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.

2.6.9. 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.

2.6.10. 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.

2.6.11. 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 one-year contractual guarantees.

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.

2.6.12. Borrowing and financial liabilities

Financial liabilities comprise bank borrowing, the "capital" part of financial lease agreements and debt instruments. 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.

2.6.13. 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 amended, the cost of services delivered and the cost of financial services are stated in operational income. The Company has opted to immediately recognize all actuarial gains and losses as equity in other comprehensive income (OCI).

The impact of changing schemes is immediately recorded in the income statement. No changes occurred in the course of the fiscal years presented.

2.6.14. 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 valuate 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. 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.

2.6.15. Recognition of revenue

Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of control to the Client, especially for “standard” products.

For long-term agreements concerning complex products and in accordance with IFRS 15, the percentage of completion method used reflects the progression of actual costs incurred: revenue is recognized based on the costs incurred to date, in relation to total expected costs on completion. This method complies with that previously used by the Group and reflects the transfer of control. In general, it concerns contracts where two of the following three thresholds are respected:

- the amount is above €200 K;
- the period of execution is 6 months or longer;
- hours of engineering are required.

2.6.16. Other income from operating activities

Other income from operating activities includes subsidy income.

In accordance with IA 20, subsidies are recorded as income in proportion to the costs incurred. Research tax credit (CIR) is also recorded in “Other income from operating activities” in the income statement.

2.6.17. Non-current operating income and charges

Other 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 “Other 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.

2.6.18. Financial profit (loss)

Financial profit or loss incorporate a part of the cost of net debt, mainly comprising financial charges for financing leases and interest paid on Group financing.

Other financial income and charges include accretion charges for non-current liabilities.

2.6.19. 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 visibility about their being charged to future profits. This latent tax receivable will be offset against any future tax charge.

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.

2.6.20. 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.

2.6.21. 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. Therefore, assets financed using a finance lease agreement are not included in the investments for the fiscal year. The reduction of financial debt associated with leases is now included in loan repayments for the fiscal year.

2.6.22. 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),
- operating leases, purchase obligations and investment obligations,
- other commitments.

2.6.23. 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 buyback method.

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 € million)	Goodwill	Concessions Patents Licenses	Other	Total
At 1st January 2018	**2,487**	**810**	**-**	**3,298**
Other acquisitions	-	16	-	16
Disposals / internal transfer	-	(9)	-	(9)
Other variations				
At 31 December 2018	**2,487**	**817**	**-**	**3,304**
Other acquisitions	-	83	-	83
Disposals / internal transfer	-	(1)	-	(1)
Other variations	-	(17)	-	(17)
At 31 December 2019	**2,487**	**882**	**-**	**3,370**
Accumulated amortizations and impairments				
At 1st January 2018	**-**	**601**	**-**	**601**
Amortization for fiscal year	-	74	-	74
At 31 December 2018	**-**	**675**	**-**	**675**
Amortization for fiscal year	-	91	-	91
Other variations	-	(41)	-	(41)
At 31 December 2019	**-**	**725**	**-**	**725**
Net values at 31 December 2018	**2,487**	**142**	**-**	**2,629**
Net values at 31 December 2019	**2,487**	**157**	**-**	**2,645**

The discount rates used at 31 December 2019 and 31 December 2018 to discount future cash flows are 13.1% and 13.6% respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.12% (1.50% in 2018)
- Market risk premium of 8.10% (7.00% in 2018)
- Specific risk premium of 1.80% (1.80% in 2018)
- Beta of 1.15 (1.4 in 2018)
- Perpetual growth rate of 1.9% (1.9 % in 2018)

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 September 2019.

The impairment tests carried out for the fiscal year did not cause us to report an impairment.

Sensitivity analysis

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 € million)	Land and buildings	Plant and machinery	Other tangible	Total
At 1st January 2018	**518**	**6,290**	**2,044**	**8,851**
Acquisitions	1	876	91	969
Disposals / internal transfer	-	(271)	(397)	(668)
Other variations	-	-	-	-
At 31 December 2018	**519**	**6,895**	**1,738**	**9,152**
Acquisitions	-	244	85	329
Lease agreements	1,355	30	155	1,540
Disposals / internal transfer	-	(254)	(10)	(264)
At 31 December 2019	**1,874**	**6,915**	**1,968**	**10,757**
Accumulated amortizations and impairments				
At 1st January 2018	**121**	**4,800**	**997**	**5,918**
Amortization for fiscal year	32	557	197	786
Disposals	-	55	(39)	16
Other variations				
At 31 December 2018	**153**	**5,413**	**1,154**	**6,720**
Amortization for fiscal year	32	525	190	747
Lease agreements	473	20	72	565
Disposals	-	(98)	(12)	(110)
Impairments	-	10	15	25
At 31 December 2019	**658**	**5,870**	**1,419**	**7,947**
Net values at 31 December 2018	**366**	**1,482**	**583**	**2,431**
Net values at 31 December 2019	**1,216**	**1,045**	**548**	**2,808**

Non-current assets concerning finance leases and lease agreements included in the tangible non-current assets item are broken down as follows:

(In € million)	31/12/19	31/12/18
Land and buildings	1,355	-
Plant and machinery	1,829	1,799
Other tangible	264	109
Gross value	**3,448**	**1,908**
Accumulated amortizations	(1,827)	(1,021)
Impairment of non-current assets	-	-
Net value	**1,621**	**887**

3.3. Other non-current financial assets

(In € million)	31/12/19	31/12/18
Loans, deposits, and other receivables - non-current	316	283
Other non-current receivables	-	136
Gross value	**316**	**419**
Provisions for depreciation	-	-
Net value	**316**	**419**

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. Other non-current receivables are subsidy income to receive.

3.4. Deferred taxes

	On Balance sheet		On Income Statement	
(In € million)	31/12/19	31/12/18	31/12/19	31/12/18
Losses carried forward	-	-	-	-
Taxable temporary differences	14	14	-	(17)
Consolidation restatements	62	38	21	1
Total deferred tax assets	**77**	**52**	**21**	**(16)**
Taxable temporary differences	(476)	(412)	(64)	(63)
IAS 32 restatements	-	-	-	-
Other consolidation restatements	(101)	(76)	(25)	23
Total deferred tax liabilities	**(578)**	**(488)**	**(89)**	**(40)**
Total deferred tax liabilities (net)	**(501)**	**(436)**	**(68)**	**(56)**

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.

3.5. Inventories

(In € million)	31/12/19	31/12/18
Raw materials and other supplies	1,716	1,798
Work in progress and services	162	190
Finished products	589	745
Gross value	**2,467**	**2,733**
Provisions	(527)	(570)
Net value	**1,941**	**2,163**

3.6. Receivables and other current assets

(In € million)	12/31/2019	12/31/2018
Trade receivables and related accounts (1)	6,632	4,663
State and other bodies (2)	1,502	1,849
Deferred charges	153	96
Sundry (3)	1,023	1,028
Gross value	**9,310**	**7,636**
Impairment (4)	(850)	(307)
Net value	**8,460**	**7,329**

(1) The "Trade receivables and related accounts" item includes contract assets as per IFRS 15 for an amount of €3.7 M (including €1.2 M relating to the Hebei project).

(2) The "State and other bodies" item includes VAT receivables for an amount of €0.7 M and Research tax credit for an amount of €0.6 M.

(3) The "Sundry" item includes advance payments made for an amount of €0.6 M and a matured receivable for an amount of €0.2 M which was provisioned.

(4) The "Impairment" item was increased by €0.5 M in 2019 as the contract asset for the Hebei project was subject to a 50% impairment.

Movements in provisions for impairment of trade receivables and other receivables are as follows:

(In € million)	Individual impairments
At 1st January 2018	**111**
Provisions for year	217
Reversals (losses on irrecoverable debts)	-
Reversal of provisions no longer required	(20)
Exchange rate fluctuations	-
At 31 December 2018	**308**
Provisions for year	562
Reversals (losses on irrecoverable debts)	(20)
Reversal of provisions no longer required	0
Exchange rate fluctuations	-
At 31 December 2019	**850**

At 31 December, the maturity of trade and other receivables is summarized thus:

(In € million)	Total	< 1 year	1-5 years	< 5 years
2019	8,460	8,460		
2018	7,329	7,329		

3.7. Cash and cash equivalents

(In € million)	**31/12/19**	**31/12/18**
Short-term deposits (1)	12,992	14,892
Demand deposits		
Liquidities and equivalent	3	3
Cash and cash equivalents	**12,995**	**14,895**

Marketable securities are accounted for at their market value.

3.8. Provisions for risks and charges

(In € million)	**Balance 12/31/2018**	**Provisions**	**Uses**	**Unused reversals**	**Other variations**	**Balance 12/31/2019**
Disputes	76	-	(65)	-		11
Pensions and retirement benefits	127	14	-	-	-	141
Other risks and charges	1,159	626	(414)	(184)	-	1,187
Provisions for risks and charges	**1,362**	**640**	**(479)**	**(184)**	**-**	**1,340**
Non-current	579	349	(29)	(144)	-	756
Current	783	291	(450)	(40)	-	584
Provisions for risks and charges	**1,362**	**640**	**(479)**	**(184)**	**-**	**1,340**

3.9. Borrowing and financial debt

(In € million)	12/31/2018	Issues	Repayments	Reclassified / Other	12/31/2019
Bank borrowing	1,015	-	-	(331)	684
Repayable advances	3,642	256	-	(3,526)	372
Debt on financial leases	494	-	-	(231)	263
Lease agreements	0	465	-	-	465
Non-current financial debt	**5,150**	**721**	**-**	**(4,087)**	**1,784**
Bank borrowing	507	-	(507)	331	331
Repayable advances	-	-	-	-	-
Debt on financial leases	270	-	(270)	231	230
Lease agreements	0	1,068	(541)	-	527
Current financial debt	**777**	**1,068**	**(1,317)**	**561**	**1,088**
Total borrowing and financial debt	**5,927**	**1,789**	**(1,317)**	**(3,526)**	**2,872**

The schedule of repayment of borrowings and financial debt is given in note 3.26.

Repayable advances

Following the failure of the PUSHY project, the repayable advance of €3.5 M was reclassified in other income from operating activities.

In the IFRS framework, 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 bases, 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".

3.10. Trade and other payables

(In € million)	31/12/19	31/12/18
Supplier payables	4,881	4,166
Subsidies	214	249
Tax and employee-related liabilities	2,150	1,502
Other payables	223	175
Liabilities on contracts	403	366
Trade and other payables	**7,871**	**6,459**

At 31 December, the maturity of trade and other payables is summarized thus:

(In € million)	Total	< 1 year	1-5 years	< 5 years
2019	7,871	7,871		
2018	6,169	6,169		

3.11. Financial instruments

In accordance with the amendment to IFRS 7, all financial instruments are stated at fair value, calculated using quoted market prices on an active market for identical assets and liabilities (cash equivalents).

B NOTES TO THE INCOME STATEMENT

3.12. Revenue

2019 revenue amounts to €11,387 K, of which €5,192 K or 46% in France.

81% of revenue is generated on long-term contracts.

At 31 December 2019, the order backlog (i.e. orders not yet recognized as revenue) amounts to €6.1 M.

3.13. Other income from operating activities

(In € million)	2019	2018
Subsidies	3,290	295
Research tax credit	640	764
Other income	146	79
Other income from operating activities	**4,076**	**1,138**

Subsidies are principally associated to the partial financing of demonstration programs by French and European bodies, and at 31 December 2019 include €2.9 M due to the cancellation of the repayable advance for the Pushy project.

3.14. Research and Development costs

Research and Development costs are reported in the charges for the fiscal year in which they are engaged. 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 € million)	2019	2018
Research and Development spending	2,546	2,928
Research tax credit	(639)	(764)
Net charges	**1,907**	**2,164**

3.15. Amortization and provisions

(In € million)	2019	2018
Intangible non-current assets	91	84
Tangible non-current assets	1,310	786
Gains (losses) from asset retirements	130	16
Amortization	1,531	886
Provisions	1,199	1,526
Reversals of provisions	(195)	(389)
Net recurring operational provisions	**2,535**	**2,023**
Non-recurring provisions	25	66
Gains (losses) from asset retirements	-	-
Net operational provisions	**2,560**	**2,089**

The increase in provisions is justified principally by the first year of application of IFRS 16, to the amount of €0.6 M.

3.16. Financial profit (loss)

(In € million)	2019	2018
Income from disposal of marketable securities	0	6
Other financial income	480	94
Financial income	**480**	**100**
Cost of financial debt	(89)	(59)
Other financial charges	(21)	(77)
Financial charges	**(110)**	**(136)**
Financial profit (loss)	**370**	**(36)**

3.17. Corporate taxation

The tax charge stated results from the integration of:

(In € million)	2019	2018
Tax liability in respect of fiscal year	(10)	(10)
Deferred taxes	(67)	(55)
Tax expense	**(77)**	**(65)**

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 € million)	2019	2018
Profit before income tax	(6,178)	(9,473)
Tax calculated at rate applicable in France (1)	**1 730**	**2 653**
Non-capitalized losses	(2,031)	(2,940)
Effect of tax credits and tax exemptions	179	221
Effect of different taxation rates	(9)	(10)
Effect of other non-deductible charges and application of the liability method	54	11
Tax charge on income	**(77)**	**(65)**

(1) 28% in 2018 and 2019

The amount of tax losses carried forward amounts to €101.8 M at 31 December 2019 (€93.4 M at 31 December 2018). 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.

3.18. 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 income expressed in thousands of Euros)	**2019**	**2018**
Weighted average number of shares in circulation	15,070,537	12,644,099
Dilutive effect of options	(91,086)	(60,200)
Number of shares after effect of dilutive instruments	14,979,451	12,583,899
Net earnings - Group share	(6,255)	(9,538)
Basic net earnings per share	(0.42)	(0.75)
Net diluted earnings per share	(0.42)	(0.75)

The number of shares issued and fully paid-up at 31 December 2019 is 17,325,851 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

3.19. Scope and methods of consolidation

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

Companies	Country	12/31/2019	12/31/2018	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	10%	10%	Marketing

3.20. Headcount

Headcount of McPhy Energy and its fully consolidated subsidiaries:

	31/12/19	31/12/18
Management	55	47
Technicians & Supervisors	13	15
Employees and workers	30	24
Total	**98**	**86**

	31/12/19	31/12/18
France	43	36
International	55	50
	98	**86**

The weighted average headcount for 2019 is 92 employees (82 in 2018).

3.21. Compensation of administrative and supervisory bodies

The total amount of fixed and variable compensation, including benefits in kind, allocated for the 2019 and 2018 fiscal years to the Executive directors, as per IAS 24, respectively amounted to €1,142 K (7 people) and €1,136 K (7 people). Excluding an amount of €100 K in 2019 and €156 K in 2018 corresponding to a non-cash charge related to the allocation of BSPCE, BSA and subscription options, all compensation comprises short-term benefits.

3.22. 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 obligations under the meaning of IAS 19 has been identified and provisions for the Italian and German subsidiaries.

A comparison of the principal actuarial data used is given here:

	31 December 2019	31 December 2018
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 62 (Non-Mgt)
Discount rate (a)	0.9%	1.8%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	3% (Mgt), 2.5% (Non-Mgt)	3% (Mgt), 2.5% (Non-Mgt)
Social contributions rate (b)	46% (Mgt), 37% (Non-Mgt)	48% (Mgt), 47% (Non-Mgt)
Mortality table	Insee 2013-2015	Insee 2013-2015
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 55 onwards	Rate between 25% and 97% up to age 55, then 100% from 55 onwards

Mgt: management, Non-Mgt: non-management

(a) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with maturities comparable to those of the commitments have been selected.

(b) Excluding impact of temporary reduction schemes.

The average period at 31 December 2019 is approximately 24 years.

(In € million)	Total commitment	Fair value of fund	Net commitment
Balance at 1st January 2018	**106**	**-**	**106**
Cost of services	27		27
Financial cost of benefits paid	2		2
Impact on consolidated income	**29**	**-**	**29**
Actuarial differences	(9)		(9)
Impact on other elements of total income	**(9)**	**-**	**(9)**
Other	-		-
Balance at 31 December 2018	126	-	126
Cost of services	40		40
Financial cost	2		2
Benefits paid	(40)		(40)
Impact on consolidated income	**2**	**-**	**2**
Actuarial differences	12		12
Impact on other elements of total income	**12**	**-**	**12**
Other	-		-
Balance at 31 December 2019	**140**	**-**	**140**

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. A 1% increase in the discount rate at 31 December 2019 (respectively a drop of 1%) has a positive effect of €30 K on the result for the year (respectively a negative effect of €35 K).

Maturity of pension obligations:

- Within 5 years: €7 K
- Beyond 5 years: €133 K

3.23. 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 5/18/2017					
Options 2017-1	From 03/12/2018 to 03/12/2023	4.84	2	47,000	47,000
BSPCE 2017-1	From 03/12/2018 to 03/12/2023	5.10	1	32,000	32,000
BSPCE 2017-2	From 03/12/2018 to 03/12/2023	5.10	7	119,000	119,000
AGM of 05/23/2019					
BSPCE 2019-1	From 12/10/2019 to 12/10/2024	3.01	1	75,000	75,000
Balance at 31 December 2019			**11**	**273,000**	**273,000**

The table below reports movements in stock option, BSA and BSPCE plans:

	Options and warrants in use	Weighted average exercise price
Balance at 1st January 2018	**272,777**	**5.18**
Allocations	240,000	5.04
Cancellations	(173,300)	5.18
Exercised	(131,477)	4.91
Balance at 31 December 2018	**208,000**	**5.03**
Allocations	75,000	3.01
Cancellations	(10,000)	(5.10)
Exercised	-	-
Balance at 31 December 2019	**273,000**	**4.48**

3.24. Financial commitments

Off-balance sheet commitments given:

(In € million)	**2019**	**2018**
Counter-guarantees on contracts	-	454
Transferred receivables not matured	-	-
Pledges, collateral, and security interests	-	-
Endorsements, pledges, and guarantees given	800	800
Other commitments	-	-
Total	**800**	**1 254**

Off-balance sheet commitments received (note 3.27.3)

3.25. Contractual obligations and commitments

(In € million)	**Total amount**	**Within 1 year**	**Between 1 and 5**	**Beyond 5 years**
Repayable advances	372	-	-	372
Bank borrowing	1,014	330	534	150
Finance lease obligations	1,486	758	626	102
On-balance sheet commitments	**2,872**	**1,088**	**1,160**	**624**

3.26. 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 2019 fiscal year.

3.27. Financial risk objectives and management policy

3.27.1. Interest rate risk

The Group has taken out short and medium-term loans at variable rates, for a total amount of €1,015 K. If the interest rates were to vary by 100 base points up or down, the interest charge would incur a positive or negative impact of €13 K.

3.27.2. Currency risk

The Group has not made hedge provisions to protect its activity against exchange rate fluctuations, as the transactions conducted in currencies are insignificant.

Depending on how its activity grows, the Group cannot exclude the risk of higher exposure to currency risk. If this is the case the Group will implement a suitable policy to hedge these risks. If the Group were not successful in taking effective hedging measures against exchange rate fluctuations in the future, its results could suffer as a result.

3.27.3. 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, cash equivalents and financial investments amount to €13 M at 31 December 2019, and financial liabilities to an amount of €2.8 M (of which €1.4 M related to finance leases and lease agreements). The Company's credit agreements do not contain default clauses (covenants).

The Group will continue to need financing to develop its activities until it reaches break-even point. Its capacity to generate future cash flows to meet its funding requirements is not certain.

It may occur that the Group is not able to obtain further capital when it needs to do so, or that such capital is not available at financial conditions that are acceptable for the Group. If the required finance is not available, the Group may be obliged to slow down its research and development activities and commercial activities.

3.27.4. 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 related to cash, cash equivalents and current financial instruments, and exposure to customer credit is not significant.

3.28. Fees paid by the Group to the statutory auditors and members of their networks

	Deloitte & Associés				Eurex			
	In € million		In %		In € million		In %	
	2019	2018	2019	2018	2019	2018	2019	2018
Audit fees:								
Statutory audit, certification, examination of the individual company and consolidated financial statements								
- Parent company	51.8	57.5	48%	64%	36	36	90%	90%
- Fully consolidated subsidiaries	27	30	25%	33%	-	-	-	-
Services other than certification of accounts								
- Parent company	28.4	2.5	27%	3%	4	-	10%	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**107**	**90**	**100%**	**100%**	**40**	**36**	**100%**	**90%**
Other services:								
Legal, tax, social								
Other	-	-	-	-	-	-	-	-
Sub-total	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
TOTAL	**107**	**90**	**100%**	**100%**	**40**	**36**	**100%**	**90%**

The statutory auditors' fees for services other than certification of accounts correspond to services closely associated with the execution of the audit or review of financial statements (especially in the context of the Issue note dated November 2019).

End of "MCPHY ENERGY | APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS | FISCAL YEAR ENDING 31 DECEMBER 2019"

18.2 Interim and other financial information

None

18.3 Audit of annual financial information

18.3.1 Statutory Auditors’ report on the company financial statements

Year ending 31 December 2019

To the Annual General Meeting of MCPHY ENERGY,

Opinion

In accordance with our appointment as statutory auditors by your Shareholders’ general meeting, we have audited the accompanying company financial statements of MCPHY ENERGY for the year ended 31 December 2019. These financial statements were approved by the Board of Directors on 10 March 2020, based on information available at that date in the ever-changing backdrop of the Covid-19 health crisis.

In our opinion, the 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 2019 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 independence rules applicable to us, for the period from 1st January 2019 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 or in the French Code of Ethics for statutory auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the 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, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Long-term contracts

Risk identified

As indicated in note 2.3.15 “Recognition of revenue” in the appendix to the Company financial statements, 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.

The remaining amount of costs to be committed on long-term contracts is determined using estimates made by project managers.

These estimates are updated regularly. Management considers that operational teams have sufficient experience to produce reliable estimates of profit on completion of the contracts.

The significant degree of judgment required to recognize revenue and the associated margin as well as contingent losses on completion for each long-term project in progress at the year end has led us to question the reliability of budgetary processes implemented by Management and to consider the recognition of long-term contracts as a key matter in our audit process.

Our response

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

- Selected contracts to test, reconciled accounting information with budget monitoring, corroborated the degree of completion used for its recognition, in particular by examining technical documentation;
- Tested on a sample basis the reality of costs actually incurred during the period for the projects selected;
- Lastly, we have verified that note 2.3.15 “Recognition of revenue” in the Company financial statements provided sufficient and appropriate information.

Valuation of equity interests and related receivables

Risks identified

Equity interests and related receivables stated on the balance sheet at 31 December 2019 for a net amount of €4.322 million, represent one of the largest items on the balance sheet. They are stated at their cost of acquisition and where necessary, impaired based on their value in use.

As indicated in note 2.3.6 “Equity interests” in the appendix, the recoverable value is estimated by Management using a multi-criteria approach including the discounted cash flow method. These 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.

Estimating the value of interests requires Management to exercise judgment in its choice of items to consider, both in terms of future cash flow forecasts and rates used to discount these flows, along with the perpetual growth rate for the terminal value.

The competition and the economic environment faced by certain subsidiaries may cause a decline in their activity and a deterioration of operating income.

In this context, and due to uncertainties inherent to certain elements, in particular the probability of realization of the forecasts, we considered that the correct valuation of equity interests, related receivables and provisions for risks represented a key audit matter.

Audit procedures adopted to respond to the risks identified

We have performed a critical review of the conditions of implementation of the impairment test completed by the Company, notably by:

- assessing the consistency of cash flow projections with the enterprise value used in the course of the capital increase occurring in the year ended, with the latest Management estimations as presented to the Board of Directors and with our knowledge of the Group and its area of activity;
- examining the reliability of the process used to draw up forecasts for differences between past realizations and the corresponding budgets;
- With assistance from our valuation department, verifying the reasonable character of the rate used to discount future cash flows and the terminal cash flow with regard to the economic climate and observed practices of main players on the market where the Group operates.
- Beyond the assessment of value in use for equity interests, our work also consisted in appreciating the recoverable nature of related receivables given the analyses performed on equity interests;
- Lastly, we have examined the sufficient and appropriate nature of the information provided in note 2.3.6 “Equity interests”.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations of Group information provided in the management report of the Board of Directors.

Information given in the management report and in the other documents with respect to the financial position and financial statements provided to shareholders

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 approved on 10 March 2020 and in the other documents with respect to the financial position and the financial statements provided to shareholders. Concerning events occurring and information available after the year end in relation to the effects of the Covid-19 crisis, Management informed us that such items would be communicated to the shareholders’ annual general meeting called to approve the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors’ report on Corporate Governance provides the information required by articles L225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to compensation and benefits received by the corporate officers and any other commitments made in their favor, 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 companies controlling it or within 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.225-37-5 of the French Commercial Code, we have verified this information with source documents provided 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 in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors for the financial statements of MCPHY ENERGY by the shareholders' general meetings of 27 February 2014 for SARL Audit Eurex and of 19 December 2013 for Deloitte & Associés.

As at 31 December 2019, SARL Audit Eurex was in its 6th year of total uninterrupted engagement and Deloitte & Associés in its 7th year, both being in their 6th 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 risks 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

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

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

- identifies and assesses the risks of material misstatement of the 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 certify the accounts with reservations or refuse to certify;
- 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.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards applied.

Juvigny and Paris-La Défense, 6 April 2020

Statutory Auditors

SARL Audit Eurex

Philippe TRUFFIER

Deloitte & Associés

Hélène DE BIE

18.3.2 Statutory Auditors' report on the consolidated financial statements

Year ending 31 December 2019

To the Annual General Meeting of MCPHY ENERGY,

Opinion

In accordance with our appointment as statutory auditors by your Shareholders' general meeting, we have audited the accompanying consolidated financial statements of MCPHY ENERGY for the year ended 31 December 2019. These financial statements were approved by the Board of Directors on 10 March 2020, based on information available at that date in the ever-changing backdrop of the Covid-19 health crisis.

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 2019 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 independence rules applicable to us, for the period from 1st January 2019 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 or in the French Code of Ethics for statutory auditors.

Justification of assessments – Key audit matters

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

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the aforementioned context, 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 from projects according to the percentage of completion

Risk identified

As indicated in note 2.6.15 "Recognition of revenue" of the appendix to the consolidated financial statements, the Group applies IFRS 15 "Revenue from contracts with customers" and recognizes a significant proportion of its overall revenue as and when control is progressively transferred, i.e. according to the percentage of completion 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 incur on the project.

The remaining amount of costs to be committed on long-term contracts is determined using estimates made by project managers. These estimates are updated regularly. Management considers that operational teams have sufficient experience to produce reliable estimates of profit on completion of the contracts.

The significant degree of judgment required to recognize revenue and the associated margin for each long-term project in progress at the year end has led us to question the reliability of budgetary processes implemented by Management and to consider the recognition of long-term contracts as a key matter in our audit process.

Our response

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

- assessed the degree to which the accounting principles and methods used to recognize revenue as described in note 2.6.15 in the appendix comply with IFRS 15;
- selected contracts to test based on the significance of the contracts and the profit margins, reconciled accounting information with budget monitoring, corroborated the degree of completion used, in particular by examining technical documentation;
- tested on a sample basis the reality of costs incurred during the period for the projects selected;
- lastly, we have verified that notes 2.6.15 “Recognition of revenue” and 3.12 “Revenue” in the appendix to the consolidated financial statements provided sufficient and appropriate information.

Verification of Group information provided in the management report

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations of Group information provided in the management report of the Board of Directors approved on 10 March 2020. Concerning events occurring and information available after the year end in relation to the effects of the Covid-19 crisis, Management informed us that such items would be communicated to the shareholder AGM called to approve the company financial statements.

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

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors for the financial statements of MCPHY ENERGY by the shareholders’ general meetings of 27 February 2014 for SARL Audit Eurex and by that of 19 December 2013 for Deloitte & Associés.

As at 31 December 2019, SARL Audit Eurex was in its 6th year of total uninterrupted engagement and Deloitte & Associés in its 7th year, both being in their 6th 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 the IFRS framework as adopted in 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 risks 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

Objectives 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 financial statements.

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

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

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

- In terms of financial information concerning persons or entities within the scope of consolidation, it collects information that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the oversight, supervision, and completion of the audit of the consolidated financial statements and the opinion expressed on these statements.

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 consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

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

Juvigny and Paris-La Défense, 6 April 2020

Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Philippe TRUFFIER	Hélène DE BIE

18.3.3 Special report of the Statutory Auditors on regulated agreements and commitments

Year ending 31 December 2019

Shareholders' General Meeting held to approve the financial statements on 20 May 2020

To the shareholders of McPhy Energy,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms, conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. Pursuant to Article R.225-31 of the French Commercial Code, it is your responsibility to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' general meeting.

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 verifying the consistency of the information provided to us with the reference documents from which it taken.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

Pursuant to article L.225-40 of the French Commercial Code, we have been advised of the following agreement that was subject to the prior approval of your Board of Directors.

Sole agreement

Person concerned:

Mr. Pascal MAUBERGER, Chairman of the Board of Directors

Type and purpose:

Consulting role on behalf and at the request of McPhy Energy.

Conditions:

Pascal MAUBERGER shall be involved in certain activities, in particular contact with investors or any other assistance requested by Laurent CARME.

Compensation for these services has been set as follows: a flat fee of €4,000 excl. tax for the period from 1st January 2020 to 30 June 2020, a flat fee of €2,000 excl. tax for the period from 1st July 2020 until 31 December 2020, and additional compensation of €10,000 excl. tax subject to the achievement of certain targets.

This agreement is for a term of twelve months and may be extended.

Justification of its interest for the Company:

This agreement is justified by the extensive knowledge of the Company and skills exhibited by Pascal MAUBERGER, required in the managerial transition and project financing arrangements.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that no notification of any agreement or commitment already approved by the Shareholders' general meeting has continued during the year ended.

Juvigny and Paris-La Défense, 6 April 2020

Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Philippe TRUFFIER	Hélène DE BIE

18.3.4 Other information verified by the Statutory Auditors

None

18.4 Proforma financial information

Not applicable.

18.5 Dividend distribution policy

18.5.1 Dividends paid in the last three fiscal years

None

18.5.2 Dividend distribution policy

Given the stage of the Company's development, 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.

18.6 Legal and arbitration proceedings

At the date of issue of this Universal Registration Document, there are no governmental, legal or arbitration proceedings in progress, including any procedures of which the Company is aware to be suspended, or threatening the Company, likely to have or which over the last twelve months has had significant effects on the Company's financial position, activity or income.

18.7 Significant changes in the financial or commercial position

None

19 SUPPLEMENTARY INFORMATION

19.1 Share capital

19.1.1 Amount of share capital

The number of ordinary single-category shares issued and fully paid-up at 31 December 2019 is 17,325,851 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 (section 18.1.6 of the Universal Registration Document).

19.1.2 Non-equity securities

None

19.1.3 Treasury shares and buybacks

At 29 February 2020, the Company's treasury share account contained 14,773 of its own shares under the liquidity contract implemented in favor of the liquidity of its securities, via an investment service provider acting independently.

19.1.4 Securities giving access to share capital

All securities giving access to Company capital in circulation at 31 December 2019 are stated below:

Date of shareholder meeting	5/18/2017	5/18/2017	5/18/2017	5/23/2019	**TOTAL**
Date of Board meeting	3/12/2018	3/12/2018	3/12/2018	12/10/2019	
Plan	Options 2017-1	BSPCE 2017-1	BSPCE 2017-2	BSPCE 2019-1	
Total number of shares available for subscription or purchase (original)	57,000	64,000	119,000	75,000	**756,328**
Start of exercise period	13/03/20	12/03/18	13/03/20	11/12/21	
Expiry date	12/03/23	12/03/23	12/03/23	10/12/24	
Subscription or purchase price	4.84 €	5.10 €	5.10 €	3.01 €	
Conditions of exercise	Exercisable up to 60% by 3/13/2020 and 40% by 3/13/2021	Exercisable up to 60% by 3/12/2018 and 40% by 3/12/2019	Exercisable up to 60% by 3/13/2020 and 40% by 3/12/2021	Exercisable up to 60% by 12/11/2021 and 40% by 12/11/2022	
Number of shares subscribed or purchases at 12/31/2019	-	19,200	-	-	**266,278**
Cumulative number of options and warrants canceled or expired	10,000	12,800	-	-	**217,050**
Cumulative number of options and warrants remaining at 12/31/2019	47,000	32,000	119,000	75,000	**273,000**

At 31 December 2019, the full exercise of all instruments giving access to capital in circulation would enable the subscription of a total of 273,000 new shares, thereby generating a dilution of approximately 1.4% of the capital existing at this time.

19.1.5 Authorized capital

The summary table below indicates the ongoing delegations of authority at the date of this Universal Registration Document, granted by the Shareholder general meeting to the Board of Directors with respect to capital increases:

Date of authorization	Body	Beneficiary	Purpose	Amount	Duration	Use during fiscal year
23 May 2019 **12th resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities **without** preferential subscription rights by public offering	Maximum €450,000 nominal and €3.000.000 for debt securities (1)	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
23 May 2019 **13th resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities **with** preferential subscription rights by public offering	Maximum €450,000 nominal and €3.000.000 for debt securities (1)	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
23 May 2019 **14th resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities giving access to Company capital, to remunerate **contributions in kind** granted to the Company and consisting of equity securities or securities giving access to the share capital	Maximum 10% of the capital (1)	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
23 May 2019 **15th resolution**	A.G.E.	Board of Directors	Delegation of authority to the Board of Directors in order to increase share capital via a share issue **without preferential subscription rights in favor of categories of persons** meeting specified characteristics within the meaning of Article L.225-138 of the French Commercial Code	Maximum €400,000 nominal and €3,000,000 for debt securities (1)	18 months with effect from the date of the extraordinary general meeting, ending on 23 November 2020	None
23 May 2019 **16th resolution**	A.G.E.	Board of Directors	Increase of number of shares to issue via capital increase **with or without preferential subscription rights**	Maximum 15% of the initial issue (1)	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
23 May 2019 **17th resolution**	EGM	Board of Directors	Authorization to grant in case of issue without preferential subscription rights to set, within the limit of 10% of the capital, the issue price in the	Caps of resolutions #12 and #17	26 months with effect from the date of the extraordinary general meeting,	None

			conditions laid down by the shareholders' general meeting		ending on 23 July 2021	
26 June 2018 **17th resolution**	A.G.E.	Board of Directors	Increase by issue **without preferential subscription rights** via private placement	20% of capital per year (1)	26 months with effect from the date of the extraordinary general meeting, ending on 24 August 2020	€19,200 nominal (160,000 shares)
23 May 2019 **19th resolution**	A.G.E.	Board of Directors	Capital increase by **incorporation of bonuses, reserves, profits or other**	Maximum €100,000	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
23 May 2019 **20th resolution**	A.G.E.	Board of Directors	Increase via issue **without preferential subscription rights** in the event of a public exchange offer	Maximum of €2,250,000 for capital increases and maximum €75,000,000 for debt securities	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021	None
16 January 2020 **2nd resolution**	A.G.E.	Board of Directors	Capital increase reserved for employees enrolled in a company savings scheme	Maximum €50,000 nominal	26 months with effect from the date of the extraordinary general meeting, ending on 18 March 2021	None

(1) The aggregate nominal cap referred to in the 18th resolution of the extraordinary general meeting of 23 May 2019 is €450,000 for shares and €3,000,000 for debt securities.

In accordance with the deliberations of 18 May 2017 and 23 May 2019, the shareholders' general meeting delegated to the Company's Board of Directors full authority to issue a maximum number of:

- 250,000 share subscription options and/or purchase options (OSA/OAA 2017); and
- 125,000 business creator share subscription warrants (BSPCE 2019), 80,000 share subscription warrants (BSA 2019) and 60,000 free shares (AGM 2019), it being specified that these issues may not represent in excess of 5% of the fully-diluted share capital.

In light of these delegations of authority:

- The Board of Directors meeting of 12 March 2018 allocated to the benefit of certain key management members 57,000 OSA 2017, the allocation of which will be made definitive after the vesting period, subject to observance of a condition of presence;

- The Board of Directors meeting of 10 December 2019 allocated 75,000 BSPCE 2019 to the Chief Executive Officer, the exercise of which is subject to certain conditions (including the effective presence of the beneficiary);
- The Board of Directors meeting of 8 April 20 allocated 30,000 BSPCE 2019 and 20,000 BSA 2019 to certain management members of the Group, the exercise of which is subject to certain conditions (including the effective presence of the beneficiary).

In accordance with the extraordinary general meeting of 16 January 2020, the shareholders' general meeting proceeded with the issue and free allocation, with preferential subscription rights, of 14,733,307 BSA enabling a capital increase of a maximum nominal amount of €177,279,60 reserved for shareholders of the Company (including the Company itself), justifying the entry of their securities in a registered account on 6 November 2019, as determined by Euroclear. The shareholders' general meeting delegated its powers to the Board of Directors with authority to sub-delegate to the Chief Executive Officer, to carry out within six months of the meeting, all operations necessary to the issue and free allocation of said BSA, in accordance with the terms and conditions set out above, with the capital increases being linked with their exercise.

On 13 September 2017, in conjunction with Kepler Cheuvreux, the Company set up a multi-year equity financing line. In this context, Kepler Cheuvreux subscribed to 970,000 share subscription warrants. These shares are only likely to be issued at the specific request of McPhy Energy and within a period of 24 months, at the weighted average price of a share at the time of drawing, to which a maximum discount of 5% will be applied. This credit line expired on 13 September 2019, on which date a total number of 795,000 shares were created in respect of this credit line.

To the best knowledge of the Company, there are no purchase or sale options or other commitments concerning Company shares to the benefit of shareholders of the Company or granted by them.

It is specified that the 17th resolution of the shareholders' general meeting of 26 June 2018 will be suspended in the event of a takeover bid concerning the Company's shares, until the end of the offer period unless otherwise decided by the shareholder meeting.

The table below summarizes the delegations of authority to be proposed at the shareholders' general meeting on 20 May 2020 in terms of capital increases:

Date of shareholder meeting	Body	Beneficiary	Purpose	Amount and cap	Duration and expiry date
20 May 2020 **16th resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities **with** preferential subscription rights by public offering	Maximum €1,320,000 nominal and €20,000,000 for debt securities (1)	26 months with effect from the date of the extraordinary shareholder meeting, ending on 21 July 2022
20 May 2020 **17th resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities **without** preferential subscription rights by public offering	Maximum €1,320,000 nominal and €20,000,000 for debt securities (1)	26 months with effect from the date of the extraordinary shareholder meeting, ending on 21 July 2022
20 May 2020 **18th resolution**	A.G.E.	Board of Directors	Authorization to grant in case of issue without preferential subscription rights to set, within the limit of 10% of the capital, the issue price in the	Cap of 17th resolution	26 months with effect from the date of the extraordinary shareholder meeting, ending on 21 July 2022

			conditions laid down by the shareholders' general meeting		
20 May 2020 **19th resolution**	A.G.E.	Board of Directors	Delegation of authority to the Board of Directors to increase share capital via a share issue **without preferential subscription rights in favor of categories of persons** meeting specified characteristics within the meaning of Article L.225-138 of the French Commercial Code	Maximum €1,320,000 nominal and €20,000,000 for debt securities (1)	18 months with effect from the date of the extraordinary shareholder meeting, ending on 21 November 2021
20 May 2020 **20th resolution**	A.G.E.	Board of Directors	Increase by issue **without preferential subscription rights** via private placement	20% of capital per year (1)	26 months with effect from the date of the extraordinary shareholder meeting, ending on 21 July 2022
20 May 2020 **22nd resolution**	A.G.E.	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities giving access to Company capital, to remunerate **contributions in kind** granted to the Company and consisting of equity securities or securities giving access to the share capital	Maximum 10% of the capital (1)	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022
20 May 2020 **23rd resolution**	A.G.E.	Board of Directors	Increase of number of shares to issue via capital increase **with or without preferential subscription rights**	Maximum 15% of the initial issue (1)	26 months with effect from the date of the extraordinary shareholder meeting, ending on 21 July 2022
20 May 2020 **21st resolution**	A.G.E.	Board of Directors	Delegation of authority granted to the Board of Directors to issue shares and/or transferable securities giving access to new Company shares, **without preferential subscription rights to the benefit of a nominated person** (i.e. Kepler Cheuvreux)	Maximum €300,000 for capital increases	18 months with effect from the date of the extraordinary shareholder meeting, ending on 20 November 2021
20 May 2020 **27th resolution**	A.G.E.	Board of Directors	Capital increase reserved for employees enrolled in a company savings scheme	Maximum €50,000 nominal	26 months with effect from the date of the extraordinary general meeting, ending on 23 July 2021

(1) The aggregate nominal cap referred to in the 24th resolution of the extraordinary general meeting of 20 May 2020 is €1,518,000 for shares and €20,000,000 for debt securities.

At the next general meeting on 20 May 2020 the shareholders will also be asked to vote on the usual specific incentive schemes for employees and directors at McPhy, i.e.:

- By virtue of the 25th resolution, the free issue and allocation in one or several phases of business creator share subscription warrants (**BSPCE 2020**), each BSPCE 2020 carrying the right to subscribe to one ordinary Company share. It is specified that the total number of BSPCE 2020 shall not entitle the beneficiary to subscribe to a maximum number of shares above 200,000; and
- By virtue of the 26th resolution, the issue and allocation in one or several phases of share subscription warrants (**BSA 2020**), each BSA 2020 carrying the right to subscribe to one ordinary Company share. It is specified that the total number of BSA 2020 will not entitle the beneficiary to subscribe to a maximum number of shares above 50,000; and

It is also specified that the total number of shares referred to above resulting from the exercise of these financial instruments is fixed subject to the number of shares to issue, with a view to preserving the rights of holders of securities giving access to the Company's capital and shall not represent more than 5% of the fully diluted capital.

19.1.6 Company capital subject to options or conditional or unconditional agreement to put the capital under option

To the best knowledge of the Company, there are no purchase or sale options or other commitments concerning Company shares to the benefit of shareholders of the Company or granted by them.

19.1.7 Changes in shareholder equity

The table below provides the changes in shareholder equity over the last three fiscal years:

	Number of shares	Nominal price	Share capital
Situation at 1st January 2017	**9,458,100**		**1,134,972,00**
Exercise of BSPCE	278,276	0.12 €	33,393.12
Issue of new shares (private placement)	973,204	0.12 €	116,784.48
Situation at 31 December 2017	**10,709,580**		**1,285,150**
Exercise of BSPCE	131,477	0.12 €	15,777.24
Share issue warrants exercised	635,000	0.12 €	76,200.00
Issue of new shares (private placement)	3,137,250	0.12 €	376,470.00
Situation at 31 December 2018	**14,613,307**		**1,753,596.84**
Share issue warrants exercised	160,000	0.12 €	19,200.00
Issue of new shares	2,552,544	0.12 €	306,305.28
Situation at 31 December 2019	**17,325,851**		**2,079,102.12**

19.1.8 Items likely to have an incidence in case of a takeover bid

Items potentially having an incidence in case of a takeover bid for the Company capital:

- financial delegations and authorizations in effect at the date of this Universal Registration Document have been granted to the Board of Directors by the Company shareholders' general meetings (refer to the table in section 19.1.5 of this Universal Registration Document), according to which the Board may issue, up to the limits defined by the general meeting in question, securities giving immediate or future access to the Company's capital, with or without preferential subscription rights for its shareholders; and
- the Company Articles of Association do not foresee the possibility of waiving the introduction of a double voting right when it is granted to fully paid-up shares and for which proof is provided of registration in the name of the same shareholder for at least two years, as well as registered shares allocated to a shareholder in case of capital increase by incorporating reserves, profits or issue premiums, in respect of existing shares on which they enjoy this right.

19.1.9 Company shares given as collateral

To the best knowledge of the Company and at the date of this Universal Registration Document, no Company shares were involved in pledges, given as collateral or guarantee.

19.2 Memorandum of Association and Articles of Association

The internal regulations of the Company's Board of Directors dated 21 May 2015, an amended version of which is currently under examination by the members of said Board of Directors, do not at this time contain specific provisions concerning the rules applicable to the appointment and replacement of Board members nor to amendments to the company articles.

Concerning the conditions of participation in general meetings as described below, please note that in the current health crisis related to the Covid-19 pandemic, and in accordance with the provisions adopted by the Government, in particular order No. 2020-321 of 25 March 2020 modifying the rules applicable to meetings and deliberations by shareholders and management bodies of legal persons and entities without legal personality as a body governed by private law due to the Covid-19 pandemic, the Board of Directors decided on 8 April 2020 to hold the next annual general meeting on 20 May 2020 in closed session, without the presence (physical or by conference / video call) of its shareholders or other participants (such as the auditors or staff representative bodies). Under these conditions, shareholders have been invited to grant a proxy to the Chairman of the AGM or to vote remotely using the postal voting form and whenever possible to use electronic means of transmission.

19.2.1 Company purpose (Article 3 of Articles of Association)

The purpose of the Company, in France and all other countries is:

- the design, analysis, development, mass production and distribution of materials intended to store hydrogen in metal hydride form, tanks and containers of said materials;
- the design, analysis, development, production, distribution and maintenance of electrolyzers;
- the crushing, mechanical granulation and mechanical synthesis, pressure forming, pressing, incineration, fusion, recasting, atomization in liquid phase, deposit, alloying, refining or blending of these products or materials and all related services;
- all services, support, maintenance, engineering and customer training on products distributed by the Company;
- the direct obtention, acquisition and creation of all patents, marks, licenses and processes related directly or indirectly to the purpose above, 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 generally, all commercial, industrial, movable asset, property 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.

19.2.1.1 Board of Directors (Article 14 of Articles of Association)

Unless otherwise permitted by law, the Company shall be managed by a Board of Directors comprising a minimum of three (3) members and a maximum of eighteen (18) members.

The Board of Directors shall seek to ensure a balanced membership of women and men in accordance with article L.225-17 item 2 of the French Commercial Code.

During the existence of the company, the Directors shall be nominated or renewed by the ordinary general meeting. The term of office of directors shall be three (3) years.

These terms end after the ordinary general meeting approving the financial statements for the year ended and held during the year in which the term of the Director in question ends. Directors may seek re-election. They may be removed at any time by the shareholders' ordinary general meeting.

Directors may be natural or legal persons. At the time of their appointment, Directors with legal personality must nominate a permanent representative who is subject to the same conditions and obligations, and who is bound by the same responsibilities as if they were a Director in their own name, all of which without prejudice to the joint and several liability of the legal person they represent.

19.2.1.2 Organization and operation of the Board of Directors (Article 15 of Articles of Association - extracts)

The Board of Directors elects a Chairman from its membership and determines their compensation. The Board defines the functions of the Chairman, which may not exceed that of their term as a Director.

The Chairman shall organize and direct the work of the Board and be accountable for this to the Shareholders' General Meeting. The Chairman shall ensure that the Company's management bodies operate properly and in particular that the Directors are capable of fulfilling their duties.

Powers of the Board of Directors (Article 17 of Articles of Association)

The Board of Directors sets the main orientations of the Company's business activities and monitors their implementation. With the exception of powers expressly assigned by law 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.

The Board of Directors shall conduct tests and verifications as it deems appropriate.

The Board of Directors may decide to create one or more committees within its own structure, for which it sets out the membership, functions, and remuneration of each member as appropriate.

19.2.1.3 Executive management (Article 19 of Articles of Association - extracts)

In accordance with article L.225-51-1 of the French Commercial Code, the executive management of the Company shall be conducted under the responsibility of the Chairman of the Board of Directors, either by himself or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors shall decide whether executive management of the Company is conducted by the Chief Executive Officer or the Chairman of the Board of Directors.

The Chief Executive Officer is appointed by the Board of Directors, which sets the term of his office, defines his compensation and where appropriate, the limits of his powers.

The Chief Executive Officer may be removed at any time by the Board of Directors. The removal of a Chief Executive Officer who does not assume the role of Chairman may give rise to damages if decided without reasonable cause.

The Chief Executive Officer shall have the broadest powers to act in all circumstances in the name of the Company. 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.

He shall represent the company in its dealings with third parties. The Company is committed through actions of the Chief Executive Officer even if they are not part of the Company Purpose, unless it can prove that the third party was aware that the action exceeded this Purpose or that it could not be unaware given the circumstances, it being specified that the sole publication of the Articles of Association is insufficient to constitute proof.

19.2.2 Rights, privileges, and restrictions attached to shares

19.2.2.1 Form of shares (Article 10 of Articles of Association)

Fully paid-up shares are registered or bearer shares, according to the shareholder’s choice, under the conditions established by applicable legal provisions.

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.

19.2.2.2 Right and obligations attached to shares (Articles 13 and 23 of Articles of Association)

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.

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 foreseen by the law and regulations.

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 the shareholders' meetings.

The voting rights attached to shares are proportional to the capital they represent, unless in cases where the law stipulates otherwise.

19.2.2.3 Modification of shareholder rights

Insofar that the Articles of Association do not include a specific provision, any modification of shareholder rights attached to shares is subject to legal provisions.

19.2.3 Clauses likely to affect the occurrence of change of control

No clauses in the Articles of Association are likely delay, defer or prevent the change of control of the Company.

19.2.4 Shareholders’ general meetings (Articles 22, 23, 24 and 25 of the Articles of Association - extracts)

Notifications and meetings

The meetings are convened by the Board of Directors or failing this, by the Statutory Auditors or by any other person authorized to do so. During the liquidation phase, general meetings are notified by the liquidators.

General meetings are held at the registered office or any location indicated in the convening notification.

General meetings are convened under the conditions and within the time limits specified by legal and regulatory requirements.

If the shareholders' 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 and the notification uses the date and the same agenda as the first.

Agenda

The agenda is approved by the issuer of the convening notification.

The shareholders' 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; this form must be in the Company's possession three days before the date of the meeting to be included. 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. Pending the update of the Company Articles of Association to ensure compliance with applicable legal requirements, the majority rules applicable to ordinary, extraordinary, and special general meetings as from 19 July 2019 shall be those set out by French law No. 2019-744 of 19 July 2019 on the simplification, clarification, and update of Company law, which stipulates that majorities required for adoption of decisions are now determined based on the votes expressed and no longer on the votes of shareholders present (and considered to be so) or represented. Therefore, the votes expressed do not include those attached to the shares for which the shareholder did not take part in the vote, refrained from voting, or made a blank or null and void vote.

19.2.5 Changes to share capital (Article 8 of Articles of Association)

The Company Articles of Association do not include any particular rules that derogate from ordinary law.

20 MAJOR CONTRACTS

Major contracts for the Company over the last two years other than those concluded in the normal course of business are as follows:

20.1 Financing agreements

None

20.2 Cooperation agreements

20.2.1 Technology partnership with De Nora

In February 2015 McPhy signed a joint development agreement with De Nora, Italian multinational leader in electrochemical technologies and services.

The agreement has enabled McPhy to equip its new generation of alkaline electrolyzers with advanced electrode packages. The new machines destined for the Industry and Energy markets are twice as compact, more responsive and offer a longer useful lifetime, along with vastly improved technical and economic performance.

De Nora helps contribute to improving the performance of alkaline electrolysis technologies through its patented high-performance electrodes. The alliance of McPhy and De Nora technologies will deliver more competitive and more flexible hydrogen production equipment to industrial and energy supplier Clients.

20.2.2 Industrial and commercial partnership with EDF

In June 2018, McPhy formed an industrial and commercial partnership with world leader in low-carbon energies EDF, to develop zero-carbon hydrogen in France and around the world. The additional financial resources and support from the EDF group will help McPhy speed up its expansion, ramp up its business development and win new markets. This non-exclusive partnership is now live and has produced tangible results in the form of joint bids on tenders for bus stations involving several hundred kg/day with electrolyzers and platforms to supply hydrogen trains and waterway transports with over 1 tonne per day.

20.3 Licensing agreements

No licensing agreements are currently in effect.

21 PUBLICLY AVAILABLE DOCUMENTS

Throughout the validity period of this Universal Registration Document, all legal documents concerning the Company and which must be made available to shareholders in accordance with the applicable regulations, can be viewed at the Company's registered office at 1115 Route de Saint-Thomas – 26190 La Motte-Fanjas, France.

Furthermore, a certain amount of financial information concerning the Group is available on the website www.mcphy.com. The documents required by article R.225-73-1 of the French Commercial Code may also be viewed on the Company website as from the 21st day preceding the annual general meeting.

22 DESCRIPTION OF THE SHARE REPURCHASE PROGRAM

22.1 Description of the share repurchase program currently in effect

In accordance with the requirements of article L.225-211 of the French Commercial Code, we report on the Company's repurchase transactions of its own shares.

Pursuant to the decision of the Shareholders' general meeting of 23 May 2019, the Board of Directors was authorized to enable the Company to buy back its own shares, notably in order 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 AMAFI code of ethics recognized by the French Financial Markets Authority (AMF);
- hedge stock option plans or free share allocation plans to the benefit of employees or Directors of the Company and related companies as defined by law;
- deliver shares as exchange or as payment in the context of external growth operations;
- cancel shares through a capital reduction, in particular to optimize net earnings per share, subject to adoption of the resolution to authorize the Board of Directors to reduce the share capital;

In the context of the liquidity contract signed on 13 September 2018 with investment services provider Gilbert Dupont, taking effect on the morning of 1st October 2018, the breakdown of purchase and sale transactions concerning Company shares by Gilbert Dupont on behalf of the Company between 1st April 2019 and 31 March 2020 is as follows:

	Aggregate gross flows (1)		Open positions at 31 March 2020 (2)			
	Purchases (3)	Sales (3)	Open call positions		Open put positions	
Number of shares	524,020	516,383	Calls bought	Forward purchases	Puts sold	Forward sales
Maximum average maturity			None	None	None	None
Average transaction price	4.29	4.26				
Average exercise price	None	None	None	None	None	None
Amounts (4)	2,245,565	2,200,876				

(1) Aggregate gross flows including cash purchases and sales as well as option and forward transactions exercised or expired.

(2) Open positions include non-expired forward sales and purchases as well as non-exercised sale and purchase options.

(3) The period concerned started on 1st April 2019 and ended on 31 March 2020.

(4) Amounts are indicated exclusive of fees and commissions.

Other purchases made by an investment services provider:

None

Maximum portion of capital acquirable:

The maximum number of shares for which repurchase is subject to authorization by the Shareholders' general meeting, which the Company undertakes to not exceed, may not exceed 10% of the Company's share capital on the date of execution of the purchases.

Moreover, in the event of implementation of the repurchase program, the Company has agreed to permanently remain within the maximum limit of direct or indirect ownership of 10% of the capital, in accordance with article L.225-210 of the French Commercial Code.

Given the 20,374 treasury shares, representing 0.11% of the total capital, the Company may not repurchase more than 9.89% of the existing shares, i.e. 1,752,806 shares at the date of 31 March 2020, with a global maximum cost defined as €2 million.

Canceled shares

In accordance with article L.225-209 of the French Commercial Code, the Shareholders' general meeting of 23 May 2019 authorized the Board of Directors to reduce the share capital by canceling in one or several phases, all or part of the treasury shares bought back through the implementation of the Company's share repurchase program, up to 10% of the total number of shares per 24-month period. This authorization remains valid for a period of 24 months.

Moreover, the Company has undertaken to maintain a sufficient float that respects the thresholds defined by NYSE-Euronext Paris.

22.2 Description of the share repurchase program submitted to approval by shareholders at the forthcoming general assembly on 20 May 2020

Purpose of the 2020 share repurchase program

At the shareholders' general meeting called for a closed session on 20 May 2020, the shareholders will be asked to authorize the Board of Directors under the 14th resolution to enable the Company to repurchase its own shares, in order 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 code of ethics recognized by the French Financial Markets Authority (AMF);
- allocate or sell shares to employees or Directors 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;
- conserve the shares acquired, sell, transfer or deliver them as payment or exchange in the context of external growth operations;
- cancel shares through a capital reduction, subject to adoption of the resolution to authorize the Board of Directors to reduce the share capital;
- conduct any market behavior authorized by the law or by the Financial Markets Authority and more generally, execute any other transaction compliant with applicable regulations in effect.

Maximum portion of capital acquirable and other limitations

By virtue of article L.225-209 of the French Commercial Code, the number of shares acquirable under this authorization may not exceed ten per cent (10%) of the total number of shares comprising the Company share capital, where this limit will apply to an amount of share capital that will be adjusted as necessary to take into account transactions affecting the share capital subsequent to the relevant Shareholders' general meeting.

Moreover, the number of shares acquired by the Company with a view to their conservation or later delivery as payment or exchange as part of a merger, split, or contribution to creating a company shall not exceed 5% of the share capital.

The unit purchase price shall not exceed €15 per share (excluding fees and commissions) and the maximum amount of funds available for commitment to the share repurchase program shall be fixed at €2,000,000.

This authorization is granted for a period of eighteen (18) months with effect from the date of the general meeting, with the effect of voiding any other previous authorization for the same purpose.

Canceled shares

By virtue of the 15th resolution, the Shareholders' general meeting of 20 May 2020 is asked to authorize the Board of Directors in accordance with article L.225-209 of the French Commercial Code to cancel, on its own initiative, in one or several phases, Company shares that it holds following the implementation of share repurchase programs, up to the limit of 10% of the total number of shares making up the share capital per period of twenty-four (24) months, and to correspondingly reduce the share capital by stating the difference between the purchase value of the canceled shares and their book value against all available reserve or premium accounts.

This authorization would be granted for a period of eighteen (18) months with effect from the general meeting of 20 May 2020, with the effect of voiding, from this date forward, any other previous delegation for the same purpose.

23 DRAFT RESOLUTIONS PROPOSED TO MIXED SHAREHOLDERS' GENERAL MEETING OF 20 MAY 2020

Within the competence of the ordinary meeting

First resolution

Approval of the Company financial statements for the year ended 31 December 2019

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors as well as the reports of the Statutory Auditors, hereby **approves** the Company financial statements for the fiscal year ended 31 December 2019 as presented, as well as the transactions reflected in the financial statements and summarized in the reports.

It specifically **approves** the total amount of non-tax-deductible charges as defined by point 4 of article 39 of the French General tax code, amounting to €12,846.

Second resolution

Allocation of the results for the fiscal year ended 31 December 2019

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, **approves** the proposal of the Board of Directors and having observed that the statements report a net accounting loss of €5,407,975.60, **decides** to allocate this amount to "Retained losses" which will thus be raised to €17,591,136.29.

In accordance with legal provisions, the general meeting notes that no dividend has been paid in the last three years.

Third resolution

Allocation of previous deficits to the "Issue premiums" account

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, **decides** to partially allocate previous losses stated in the "Retained losses" account to the amount of €12,183,160.69, to the "Issue premiums" account, which will therefore now show the amount of €18,630,666.79.

Fourth resolution

Approval of the consolidated financial statements for the year ended 31 December 2019

The general meeting of shareholders, acting under the conditions of quorum and majority required for an ordinary general meeting, having reviewed the management report including the Group management report as well as the reports of the Statutory Auditors on the consolidated financial statements for the fiscal year ended 31 December 2019, hereby **approves** the consolidated financial statements for said fiscal year as presented, as well as the transactions reflected in the financial statements and summarized in the reports.

Fifth resolution

Approval, pursuant to article L.225-38 of the French Commercial Code, of the support agreement signed between the Company and Mr. Pascal Mauberger, Director and Chairman of the Board of Directors

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the special report of the Statutory Auditors on regulated agreements and commitments as specified by article L.225-38 of the French Commercial Code, decides on the part of this report concerning the support agreement between the Company and Mr. Pascal Mauberger in the context of his new function as Chairman of the Board of Directors, authorized by the Board of Directors meeting of 10 December 2019, and **approves** said agreement and the terms of the special report of the Statutory Auditors describing said agreement.

Sixth resolution

Approval of information referred to in paragraph I of article L.225-37-3 of the French Commercial Code and concerning the total compensation and benefits of all kinds paid to corporate officers during the fiscal year ended 31 December 2019 or allocated to them in respect of said fiscal year

The general meeting of shareholders, in accordance with the requirements of article L.225-100 II of the French Commercial Code, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves** the information referred to in paragraph I of article L.225-37-3 of the French Commercial Code concerning the total compensation and benefits of all kinds paid to corporate officers during the fiscal year ended on 31 December 2019 or allocated to them in respect of said fiscal year, including information relating to the compensation and benefits of corporate officers in the context of the separation of functions of Chairman of the Board of Directors and Chief Executive Officer, as described in the said report provided in the Company's Universal Registration Document 2019, section 13.1.

Seventh resolution

Approval of fixed, variable and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to the Chairman and Chief Executive Officer of the Company, as referred to in article L.225-37-3 of the French Commercial Code

The general meeting of shareholders, in accordance with the requirements of article L.225-100 III of the French Commercial Code, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves** the fixed, variable, and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to Mr. Pascal Mauberger by virtue of his function as Chairman and Chief Executive Officer of the Company (term running from 1st January 2019 to 3 November 2019 inclusive), as described in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Eighth resolution

Approval of fixed, variable, and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to the Chairman of the Board of Directors of the Company, as referred to in article L.225-37-3 of the French Commercial Code

The general meeting of shareholders, in accordance with the requirements of article L.225-100 III of the French Commercial Code, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves** the fixed, variable, and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to Mr. Pascal Mauberger by virtue of his function as Chairman of the Board of Directors of the Company (term running from 4 November 2019 to 31 December 2019 inclusive), as described in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Ninth resolution

Approval of fixed, variable, and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to the Chief Executive Officer of the Company, as referred to in article L.225-37-3 of the French Commercial Code

The general meeting of shareholders, in accordance with the requirements of article L.225-100 III of the French Commercial Code, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves** the fixed, variable, and special items comprising the total remuneration and benefits of all kinds paid during the fiscal year ended 31 December 2019 or allocated in respect of said fiscal year to Mr. Lauren Carme by virtue of his function as Chief Executive Officer of the Company (term running from 4 November 2019 to 31 December 2019 inclusive), as described in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Tenth resolution

Approval of the policy on the compensation of directors (excluding the Chairman of the Board of Directors) in respect of the 2020 fiscal year

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves**, pursuant to the requirements of article L.225-37-2 paragraph II of the French Commercial Code, the policy on the compensation of directors in respect of the 2020 fiscal year (excluding the Chairman of the Board of Directors), as presented in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Eleventh resolution

Approval of the policy on the compensation the Chairman of the Board of Directors in respect of the 2020 fiscal year

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves**, pursuant to the requirements of article L.225-37-2 paragraph II of the French Commercial Code, the policy on the compensation of the Chairman of the Board of Directors in respect of the 2020 fiscal year, as presented in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Twelfth resolution

Approval of the policy on the compensation the Chief Executive Officer in respect of the 2020 fiscal year

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors on Company governance stipulated in article L.225-37 of the French Commercial Code, **approves**, pursuant to the requirements of article L.225-37-2 paragraph II of the French Commercial Code, the policy on the compensation of the Chief Executive Officer in respect of the 2020 fiscal year, as presented in said report provided in the Company's Universal Registration Document 2019, section 13.1.

Thirteenth resolution

Determination of the overall annual amount of compensation allocated to Directors

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors, **sets** the overall annual amount of compensation allocated to Directors in respect of the 2020 fiscal year at €100,000; the general meeting grants all powers to the Board of Directors to distribute all or part of this compensation to its members under such conditions as it sees fit.

Fourteenth resolution

Authorization and delegation to enable the Company to trade in its own shares - Determination of conditions in accordance with article L.225-209 of the French Commercial Code

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors, acting in accordance with article L.225-209 of the French Commercial Code and the provisions for direct application of regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014,

authorizes the Board of Directors to arrange the repurchase by the Company of its own shares, in order 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 code of ethics recognized by the French Financial Markets Authority (AMF);

- allocate or sell shares to employees or Directors 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;
- conserve the shares acquired, sell, transfer or deliver them as payment or exchange in the context of external growth operations;
- cancel shares through a capital reduction, subject to adoption of the following resolution to authorize the Board of Directors to reduce the share capital;
- conduct any market behavior authorized by the law or by the Financial Markets Authority and more generally, execute any other transaction compliant with applicable regulations in effect;

decides that, by virtue of article L.225-209 of the French Commercial Code, the number of shares acquirable under this authorization shall not exceed ten per cent (10 %) of the total number of shares comprising the Company share capital, where this limit will apply to an amount of share capital that will be adjusted as necessary to take into account transactions affecting the share capital subsequent to this Shareholders' general meeting;

acknowledges that the number of shares acquired by the Company with a view to their conservation or later delivery as payment or exchange as part of a merger, split or contribution to creating a company shall not exceed 5% of the share capital;

decides that the unit purchase price shall not exceed €15 per share (excluding fees and commissions) and sets the maximum amount of funds available for commitment to the share buyback program at €2,000,000;

decides that in the event of modification of the nominal value of shares, capital increase through incorporation of reserves, allocation of free shares, share split or combination, distribution of reserves or any other assets, capital impairment or any other operation concerning equity, the purchase price set above shall be adjusted arithmetically to take into account the incidence of these operations on the value of the share;

decides that the purchase, sale, exchange, or transfer of these shares may take place in observance of rules set down by the 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;

delegates all powers to the Board of Directors with authority to sub-delegate in accordance with legal requirements, to decide and implement this authorization;

sets the duration of this authorization at eighteen (18) months with effect from the date of this general meeting, with the effect of voiding any other previous authorization for the same purpose.

Within the competence of the extraordinary meeting

Fifteenth resolution

Delegation of authority to reduce the share capital by cancellation of treasury shares under the terms of article L.225-209 of the French Commercial Code - Powers to the Board of Directors

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors,

authorizes the Board of Directors in accordance with article L.225-209 of the French Commercial Code to cancel, on its own initiative, in one or several phases, Company shares that it holds following the implementation of share repurchase programs, up to the limit of 10 % of the total number of shares making up the share capital per period of twenty-four (24) months, and to correspondingly reduce the share capital by stating the difference between the purchase value of the canceled shares and their book value against all available reserve or premium accounts;

delegates, in consequence, all powers to the Board of Directors with authority to sub-delegate in accordance with conditions stipulated by the law and the Articles of Association, to perform any share cancellation action that may be decided by virtue of this authorization, modify the Articles of Association accordingly and complete all required formalities;

decides that this authorization is granted for a period of eighteen (18) months with effect from the date of this general meeting, with the effect of voiding, from this date forward, any other previous delegation for the same purpose.

Sixteenth resolution

Delegation of powers to issue ordinary shares and/or transferable securities with preferential subscription rights

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, having observed that the share capital is fully paid-up, acting by virtue of the provisions of articles L.225-129 and subsequent of the French Commercial Code and articles L.228-91 and L.228-92 of the French Commercial Code,

delegates to the Board of Directors its authority to undertake the issue in one or several phases, with preferential subscription rights, in the proportion and at the times it deems appropriate, in France or internationally, in Euros or another currency or whatsoever monetary unit created by reference to a basket of currencies, of ordinary shares of the Company or any transferable securities governed by the requirements of articles L.228-91 and subsequent of the French Commercial Code, giving immediate or future access to the ordinary shares of the Company, for which the subscription may be made in cash or by converting debt;

decides that the transferable securities issued by virtue of this delegation could consist of debt securities or be related to the issue of such shares or enable their issue as intermediate securities;

specifies, where required, that the issue of preference shares and securities giving access to preference shares is expressly excluded from this delegation;

decides that the maximum nominal amount of share capital increases likely to be performed immediately and/or in the future by virtue of this delegation shall not exceed one million three hundred and twenty thousand Euros (€1,320,000), it being specified that:

i. this amount will be deducted from the overall amount referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

ii. this amount will be supplemented where necessary by the nominal amount of additional shares to issue to preserve, in accordance with legal and regulatory requirements and all contractual requirements, the rights of holders of securities giving access to the Company's share capital;

decides that the overall maximum nominal amount (or its corresponding value in Euros) of the issues of debt securities giving access to the capital shall not exceed twenty million Euros (€20,000,000), this amount being deducted against the overall cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

sets the duration of this delegation of authority at twenty-six (26) months with effect from the date of this general meeting, with the effect of voiding from this day forward any other previous delegation for the same purpose;

decides that the shareholders may, in accordance with applicable legal and regulatory requirements in effect, exert their preferential subscription right as of right to the shares issued by virtue of this delegation;

decides that the Board of Directors may introduce an excess subscription right to the benefit of shareholders, that will be exercised in proportion to their rights and within the limit of their requests;

decides that if subscriptions do not absorb the whole capital increase, including those of shareholders, the Board of Directors may use the faculties offered by article L.225-134 of the French Commercial Code in the order it chooses;

acknowledges that this decision shall imply as of right that the shareholders waive, to the benefit of holders of securities giving access to the Company's capital, their preferential right to subscribe to the equity securities to which these transferable securities give entitlement;

decides that the sum received or receivable by the Company for each security issued under this delegation shall not be less than the nominal value of the share at the date of issue of said transferable securities;

decides that the issues of Company share subscription warrants may be conducted either through a subscription offer, or through the allocation of free shares to holders of existing shares;

decides that in case of free allocation of independent share subscription warrants, the Board of Directors will be able to decide that fractional share allocations are neither marketable nor transferable and that the corresponding equity securities will be sold;

decides that the Board of Directors will have full authority to implement this delegation, with authority to sub-delegate, under conditions set down by the law and the Articles of Association, enabling it to:

- determine the terms and conditions of any issue;
- set the price and conditions of issues as well as the amounts of shares to issue;

- determine the dates and conditions of the issue or issues and the nature, form and characteristics of the securities created, which may take the form of subordinated securities or not (and if necessary, their seniority in accordance with the requirements of article L.228-97 of the French Commercial Code);
- set, as necessary, the conditions of exercise of the rights associated with securities issued or to be issued, and in particular, set the date, even retroactive, from when the new shares shall be entitled to receive dividends, determine the conditions of exercise of rights to exchange, convert, refund or assign the securities issued in any other way;
- suspend, as required, the exercise of the rights associated with these securities in accordance with legal and regulatory requirements;
- perform all adjustments required in accordance with legal and regulatory requirements and determine the conditions under which, where necessary, the rights of holders of securities giving access to the capital shall be preserved;
- at its own initiative, deduct the capital increase costs against the amount of related premiums and deduct from this amount the sums required to ensure the legal reserve of one tenth of the new capital after each increase;
- acknowledge capital increases resulting from issues decided by virtue of this delegation, perform the corresponding amendments to the Articles of Association;
- in general, approve all agreements, in particular to ensure the due execution of planned issues and/or take all measures and complete all appropriate formalities;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements.

Seventeenth resolution

Delegation of powers to issue ordinary shares and/or transferable securities without subscription rights by public offering

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, having observed that the share capital is fully paid-up, acting by virtue of the provisions of articles L.225-129 and subsequent of the French Commercial Code and in particular articles L.225-135, L.225-136, L.228-91 and L.228-92 of the French Commercial Code,

delegates to the Board of Directors its authority to proceed with, by public offering, in one or several phases, in the proportion and at the times it deems appropriate, in France or internationally, in Euros or another currency or whatsoever monetary unit created by reference to a basket of currencies, the issue of ordinary shares of the Company or any transferable securities governed by the requirements of articles L.228-91 and subsequent of the French Commercial Code, giving immediate or future access to the ordinary shares of the Company, for which the subscription may be made in cash or by payment with liquid and due receivables;

decides that the transferable securities issued by virtue of this delegation could consist of debt securities or be related to the issue of such shares or enable their issue as intermediate securities;

specifies, where required, that the issue of preference shares and securities giving access to preference shares is expressly excluded from this delegation;

decides that the maximum nominal amount of share capital increases likely to be performed immediately and/or in the future by virtue of this delegation shall not exceed one million three hundred and twenty thousand Euros (€1,320,000), it being specified that:

i. this amount will be deducted from the overall amount referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

ii. this amount will be supplemented where necessary by the nominal amount of additional shares to issue to preserve, in accordance with legal and regulatory requirements and all contractual requirements, the rights of holders of securities giving access to the Company's share capital;

decides that the overall maximum nominal amount (or its corresponding value in Euros) of the issues of debt securities giving access to the capital shall not exceed twenty million Euros (€20,000,000), this amount being deducted against the overall cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

decides to remove the preferential right of shareholders to subscribe to ordinary shares of the Company and/or to all securities that would be issued by virtue of this delegation;

acknowledges that in accordance with the requirements of article L.225-132 of the French Commercial Code, this delegation shall imply as of right, that the shareholders waive, to the benefit of holders of securities giving access to the Company's capital, their preferential right to subscribe to the equity securities to which these securities give entitlement;

decides that the Board of Directors, pursuant to article L.225-133 of the French Commercial Code, shall be able to grant to shareholders, for a given period and under the conditions to be defined in accordance with all applicable legal and regulatory requirements for all or part of an issue, a period of preferential right to subscribe to new shares as of right and/or to excess shares, not resulting in the creation of marketable rights and which must be exercised in proportion to the number of shares owned by each shareholder;

decides that if subscriptions do not absorb the whole capital increase, including those of shareholders, the Board of Directors may use the faculties offered by article L.225-134 of the French Commercial Code in the order it chooses;

delegates full authority to the Board of Directors to determine the issue price of securities to be issued by virtue of this delegation, under the following conditions:

- the issue prices shall be set in accordance with the requirements of articles L.225-136 line 1 and R.225-119 of the French Commercial Code (at this time, no less than the average market price weighted by the volumes for the last three trading days preceding the subscription period, potentially lowered by a maximum discount of ten per cent (10%);
- the issue price of securities giving access to the share capital and issued by virtue of this delegation, shall be the sum received immediately by the Company, plus where necessary, that likely to be received later by the Company, i.e. for each share issued subsequently to these securities, no less than the issue price defined in the previous point;

sets the duration of this delegation at twenty-six (26) months from the date of this general meeting, with the effect of voiding from this day forward any other previous delegation for the same purpose;

decides that the Board of Directors will have full authority to implement this delegation, with authority to sub-delegate, under conditions set down by the law and the Articles of Association, enabling it to:

- determine the terms and conditions of any issue;

- set the price and conditions of issues as well as the amounts of shares to issue;
- determine, in the case of a priority period, the conditions of subscription to securities issued as of right and for excess shares;
- determine the dates and conditions of the issue or issues and the nature, form and characteristics of the securities created, which may take the form of subordinated securities or not (and if necessary, their seniority in accordance with the requirements of article L.228-97 of the French Commercial Code);
- set, as necessary, the conditions of exercise of the rights associated with securities issued or to be issued, and in particular, set the date, even retroactive, from when the new shares shall be entitled to receive dividends, determine the conditions of exercise of rights to exchange, convert, refund or assign the securities issued in any other way;
- suspend, as required, the exercise of the rights associated with these securities in accordance with legal and regulatory requirements;
- perform all adjustments required in accordance with legal and regulatory requirements and determine the conditions under which, where necessary, the rights of holders of securities giving access to the capital shall be preserved;
- at its own initiative, deduct the capital increase costs against the amount of related premiums and deduct from this amount the sums required to ensure the legal reserve of one tenth of the new capital after each increase;
- acknowledge capital increases resulting from issues decided by virtue of this delegation, perform the corresponding amendments to the Articles of Association;
- in general, approve all agreements, in particular to ensure the due execution of planned issues and/or take all measures and complete all appropriate formalities;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements.

Eighteenth resolution

Authorization to grant in case of issue with removal of preferential subscription rights to set, within the limit of 10% of the capital, the issue price in the conditions laid down by the shareholders' general meeting

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, acting in accordance with the requirements of article L.225-136 item 1 of the French Commercial Code,

authorizes the Board of Directors, except during a takeover bid, to set the issue price of shares to be issued by virtue of the**Erreur ! Source du renvoi introuvable.**th resolution of this general meeting and up to 10% of the share capital (assessed on the date of issue) for a period of twelve (12) months, under the following conditions:

- the share issue price shall be no less than the average market price weighted by the volumes of the three (3) last trading days preceding the determination of the issue price, potentially lowered by a maximum discount rate of 20%;

- the issue price of securities giving access to the share capital shall be the sum received immediately by the Company, plus where necessary, that likely to be received later by the Company, i.e. for each share issued subsequently to these securities, no less than the issue price defined in the previous point;

sets the duration of this authorization at twenty-six (26) months with effect from the date of this general meeting, with the effect of voiding from this day forward any other previous delegation for the same purpose.

Nineteenth resolution

Delegation of authority to the Board of Directors in order to increase share capital via a share issue without preferential subscription rights in favor of categories of persons meeting specified characteristics within the meaning of Article L.225-138 of the French Commercial Code

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, acting in accordance with the requirements of article L.225-129 and subsequent and L.225-138 of the French Commercial Code,

delegates to the Board of Directors, with the right to sub-delegate in accordance with legal and regulatory conditions, its authority to proceed with, in one or several phases, in the proportion and at the times it deems appropriate, in France or internationally, in Euros or another currency or whatsoever monetary unit created by reference to a basket of currencies, the issue of ordinary shares of the Company or any securities governed by the requirements of articles L.228-91 and subsequent of the French Commercial Code, giving immediate or future access to the ordinary shares of the Company, for which the subscription may be made by one or several categories of beneficiaries meeting the following criteria:

- investment firms and investment funds (including but not limited to any FCPI (innovation investment funds), FCPR (venture capital funds) or FIP (local investment funds) governed by French or foreign law and investing in the energy, chemicals or clean technology sectors;
- investment firms and investment funds (including but not limited to any FCPI (innovation investment funds), FCPR (venture capital funds) or FIP (local investment funds) governed by French or foreign law and commonly investing in small cap or mid cap firms;
- groups or companies governed by French or foreign law with which the Company intends to enter into or has entered into partnerships with the purpose of (i) developing hydrogen production, storage and distribution solutions and (ii) scaling up such solutions to industrial scale;
- industrial firms with a similar or complementary activity to that of the Company;
- natural persons seeking to invest in a company in order to benefit from a tax reduction; and
- companies commonly investing in small and medium-sized firms to enable their shareholders or partners to benefit from tax reductions;

removes, in favor of said beneficiaries, the preferential subscription right of shareholders to shares issued by virtue of this authorization;

decides that the nominal amount of the capital increase potentially conducted by virtue of this delegation of authority shall not exceed one million, three hundred and twenty thousand Euros (€1,320,000) or the equivalent in another currency or monetary unit created by reference to a basket of currencies, it being specified that the nominal amount of any capital increase conducted under this delegation shall be deducted from the aggregate nominal cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below. Where necessary, this cap will be supplemented by the nominal amount of shares to issue to preserve, in accordance with legal and regulatory requirements and where necessary, applicable contractual requirements, the rights of holders of transferable securities or other rights giving access to the Company's share capital;

decides to set at twenty million Euros (€20,000,000), or the corresponding value if this issue is made in another currency, the maximum nominal amount of debt securities available for issue by virtue of this delegation, this amount being deducted from the aggregate cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

delegates full authority to the Board of Directors to determine the issue price of securities to be issued by virtue of this delegation, under the following conditions:

- the issue price of shares likely to be issued by virtue of this delegation shall be no less than the average market price weighted by the volumes of the three (3) last trading days preceding the determination of the issue price, potentially lowered by a maximum discount rate of 20%;
- the issue price of securities giving access to the share capital and issued by virtue of this delegation, shall be the sum received immediately by the Company, plus where necessary, that likely to be received later by the Company, i.e. for each share issued subsequently to these securities, no less than the issue price defined in the previous point;

decides that the Board of Directors shall not, unless authorized beforehand by the shareholders' general meeting, make use of this delegation of authority once a third party has submitted a takeover bid for the Company's shares and until such bid has come to an end;

decides that the Board of Directors shall have full powers, with authority to sub-delegate in accordance with legal and regulatory conditions, to implement this delegation within the limits and under the conditions set out above, in particular to:

- set the list of beneficiaries from within the categories of beneficiaries defined above, for each issue and the number of shares available for subscription by each of them, by virtue of this delegation of authority;
- set the amounts of these issues and determine the prices and dates of subscription, the conditions for each issue and the conditions of subscription, full payment and delivery of the shares issued by virtue of this delegation of authority, as well as the date, even retroactive, from when the new shares will be entitled to receive dividend payments;
- set the period granted to subscribers to fully pay-up their shares;
- acknowledge or delegate acknowledgment of the execution of the capital increase corresponding to the amount of shares that will be effectively subscribed;
- at its own initiative, deduct the costs of the capital increase or increases against the amount of related premiums and deduct from this amount the sums required to ensure the legal reserve remains at one tenth of the new capital after each increase;
- in general, take all measures and complete all formalities involved in the issue and listing of the shares and transferable securities issued, as well as the corresponding amendments to the Articles of Association by virtue of this delegation;

decides that this authorization is granted for a period of eighteen (18) months with effect from the date of this general meeting, with the effect of voiding, from this date forward, any other previous delegation for the same purpose.

Twentieth resolution

Delegation of authority to organize a capital increase by issue without preferential subscription right of ordinary shares and/or transferable securities giving access to the Company's capital and/or the issue of transferable securities giving right to the allocation of debt securities by private placement referred to in article L.411-2, paragraph 1 of the French Monetary and Financial Code

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, having observed that the share capital is fully paid-up, acting in accordance with the requirements of articles L.225-129, L.225-129-2, L.225-136, and L.228-91 and subsequent of the French Commercial Code,

delegates to the Board of Directors its authority to proceed with the issue, in one or several phases, in the proportions and at the times it deems appropriate, in France or internationally, in Euros or another currency or whatsoever monetary unit created by reference to a basket of currencies, by way of offer referred to in article L.411-2 paragraph 1 of the French Monetary and Financial Code, of ordinary shares of the Company or any transferable securities governed by the requirements of articles L.228-91 and subsequent of the French Commercial Code, giving immediate or future access to the ordinary shares of the Company, for which the subscription may be made in cash or by payment with liquid and due receivables;

decides that the transferable securities issued by virtue of this delegation could consist of debt securities or be related to the issue of such shares or enable their issue as intermediate securities;

specifies, where required, that the issue of preference shares and transferable securities giving access to preference shares is expressly excluded from this delegation;

decides that the maximum nominal amount of share capital increases likely to be performed immediately and/or in the future by virtue of this delegation shall not exceed one million three hundred and twenty thousand Euros (€1,320,000), it being specified that:

i. this amount will be deducted from the overall amount referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

ii. this amount will be supplemented where necessary by the nominal amount of additional shares to issue to preserve, in accordance with legal and regulatory requirements and all contractual requirements, the rights of holders of securities giving access to the Company's share capital;

decides that the total amount of equity securities potentially issued in respect of this delegation shall not exceed 20% of the share capital per year, in accordance with the requirements of article L.225-136 of the French Commercial Code;

decides that the overall maximum nominal amount (or its corresponding value in Euros) of the issues of debt securities giving access to the capital shall not exceed twenty million Euros (€20,000,000), this amount being deducted against the overall cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

sets the duration of this delegation of authority at twenty-six (26) months with effect from the date of this general meeting, with the effect of voiding from this day forward any other delegation for the same purpose;

decides to remove the preferential subscription right of shareholders and to reserve the subscription to shares and other transferable securities that would be issued by virtue of this delegation to the benefit of persons referred to in article L.411-2 paragraph 1 of the French Monetary and Financial Code;

acknowledges that this decision shall imply as of right that the shareholders waive, to the benefit of holders of securities giving access to the Company's capital, their preferential right to subscribe to the equity securities to which these transferable securities give entitlement;

decides that if subscriptions do not absorb the whole capital increase, the Board of Directors may use the faculties offered by article L.225-134 of the French Commercial Code in the order it chooses;

decides, in accordance with the provisions of article L.225-136 paragraph 2 of the French Commercial Code, that:

- the issue price of equity securities that will be issued by virtue of this delegation shall be set by the Board of Directors under the conditions stipulated in article L.225-136 paragraph 1 and R.225-119 of the French Commercial Code (at this time, no less than the average market price weighted by the volumes for the last three (3) trading days preceding the subscription period, potentially lowered by a maximum discount of ten per cent (10%);
- the issue price of transferable securities giving access to the share capital and issued by virtue of this delegation, shall be the sum received immediately by the Company, plus where necessary, that likely to be received later by the Company, i.e. for each share issued subsequently to these securities, no less than the issue price defined in the previous point;

decides that the Board of Directors shall not, unless authorized beforehand by the shareholders' general meeting, make use of this delegation of authority once a third party has submitted a takeover bid for the Company's shares and until such bid has come to an end;

decides that the Board of Directors shall have full authority to implement this delegation, with authority to sub-delegate, under conditions set down by the law and the Articles of Association, enabling it to:

- set the conditions of issue, subscription and payment of the securities issued by virtue of this delegation;
- determine the dates and conditions of the issue or issues and the nature, form and characteristics of the securities created, which may take the form of subordinated securities or not (and if necessary, their seniority in accordance with the requirements of article L.228-97 of the French Commercial Code);
- set, as necessary, the conditions of exercise of the rights associated with securities issued or to be issued, and in particular, set the date, even retroactive, from when the new shares shall be entitled to receive dividends, determine the conditions of exercise of rights to exchange, convert, refund or assign the securities issued in any other way;
- suspend, as required, the exercise of the rights associated with these securities in accordance with legal and regulatory requirements;
- perform all adjustments required in accordance with legal and regulatory requirements and determine the conditions under which, where necessary, the rights of holders of securities giving access to the capital shall be preserved;

- at its own initiative, deduct the capital increase costs against the amount of related premiums and deduct from this amount the sums required to ensure the legal reserve of one tenth of the new capital after each increase;
- acknowledge capital increases resulting from issues decided by virtue of this delegation, perform the corresponding amendments to the Articles of Association;
- in general, approve all agreements, in particular to ensure the due execution of planned issues and/or take all measures and complete all appropriate formalities;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements.

Twenty-first resolution

Delegation of authority to be granted to the Board of Directors to issue shares and/or transferable securities giving access to new Company shares, without preferential subscription rights to the benefit of a nominated person (i.e. Kepler Cheuvreux)

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, acting in accordance with the requirements of article L.225-129 and subsequent and in particular articles L.225-129-2, L.225-129-4, L.225-135, L.225-138, and L.228-91 and subsequent of the French Commercial Code,

delegates to the Board of Directors, with authority to sub-delegate under conditions provided for by the law, its powers to issue, in one or more phases, shares and/or transferable securities including independent warrants, giving immediate or future access at any time or on a specific date, to new Company shares, it being specified that the issue of preference shares or all securities or transferable securities giving access to preference shares is excluded from this delegation, without the preferential subscription right of shareholders entirely to the benefit of the following nominated and designated beneficiary:

Kepler Cheuvreux, limited liability company with a board of directors and a supervisory board, registered head office at 112 avenue Kléber, 75116 Paris, matriculated on the Paris Register of Commerce and Companies with the number 413 064 841;

decides that the maximum nominal amount of share capital increases that may be enacted by the Board of Directors by virtue of this delegation of authority shall not exceed the sum of three hundred thousand Euros (€300,000), it being specified that this amount may be supplemented where necessary, by the nominal amount of additional shares that may potentially be issued in accordance with the law and applicable contractual requirements, to preserve the rights of holders of financial securities or other rights giving access to the Company's capital;

decides to remove the preferential subscription right of shareholders to the shares or other transferable securities that may be issued by the Company by virtue of this delegation of authority;

acknowledges the fact that if the subscriptions have not absorbed the whole capital increase, the Board of Directors is authorized to limit the amount of the transaction to the amount of the subscriptions received, on the condition that the transaction nonetheless covers three-quarters of the planned issue;

acknowledges that in accordance with the provisions of article L.225-132 line 6 of the French Commercial Code, the decision to implement a financing line implies that the shareholders waive as of right their preferential subscription right to the new shares that are likely to be issued by virtue of this delegation to the benefit of Kepler Cheuvreux;

decides, in accordance with the provisions of article L.225-138 II of the French Commercial Code, that:

(i) The issue price of new shares shall be no less than the lowest average daily market price weighted by the daily volumes of the two (2) last trading days on the Euronext Paris market preceding its determination, after correction if required, to take into account the difference in date of eligibility for dividends, and potentially reduced by a maximum discount of 5%;

(ii) The issue price of transferable securities giving access to the capital shall be the sum received immediately by the Company, plus as necessary, those likely to be received later by the Company, that is, for each Company share issued subsequent to the issue of these transferable securities, no less than the weighted average of the market price for the last three trading sessions for the Company share on the regulated Euronext Paris market preceding (i) the determination of the issue price of said transferable securities giving access to the capital or (ii) the issue of shares resulting from the exercise of share allocation rights linked to said transferable securities giving access to the capital, after correction if required, to take into account the difference in date of eligibility for dividends, and potentially reduced by a maximum discount as indicated above;

decides that the Board of Directors shall have full authority to implement this delegation, with authority to sub-delegate under conditions set down by the law and the Articles of Association, enabling it to:

- set the amount of the capital increase, the issue price (it being specified that this will be determined in accordance with the conditions stipulated above), and the premium amount that may, where necessary, be applied to the issue;
- set the dates, terms and conditions of any issue and the form and characteristics of shares or transferable securities giving access to the capital to be issued;
- the potentially retroactive date of eligibility for dividends of the shares or transferable securities giving access to the issued capital and their method of payment;
- at its own initiative and if it considers appropriate, to allocate the costs, rights and fees involved in the share capital increases performed by virtue of the delegation referred to in this resolution, against the amount of premiums related to these operations and deduct from the amount of said premiums the sums required to maintain the legal reserve at one-tenth of the new capital after each increase;
- acknowledge the execution of each capital increase and proceed with the corresponding amendments to the Articles of Association;
- decide, in the event that subscriptions have not absorbed the whole capital increase, to limit the amount of the transaction to the amount of the subscriptions received;
- in general, conclude all agreements in particular to complete the issues in a satisfactory manner, take all measures and complete all formalities useful to the issue, listing and financial service of the securities issued by virtue of this delegation and the exercise of related rights; and
- take all decisions in order to admit the securities and transferable securities thus issued to any market on which the Company's shares are traded;

acknowledges that the Board of Directors shall report to the shareholders at the next ordinary general meeting in accordance with line 2 of article L.225-138 of the French Commercial Code;

decides that this delegation shall not apply if a takeover bid is active;

decides that this authorization is granted for a period of eighteen (18) months with effect from the date of this general meeting, with the effect of voiding, from this date forward, any other previous delegation for the same purpose.

Twenty-second resolution

Delegation of authority to issue ordinary shares and/or transferable securities giving access to Company capital, to remunerate contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, having observed that the share capital is fully paid-up, acting in accordance with the requirements of article L.225-147 line 6 of the French Commercial Code,

delegates to the Board of Directors its authority to proceed in one or more phases, with the issue of ordinary Company shares or any transferable securities governed by articles L.228-91 and subsequent of the French Commercial Code, giving immediate or future access to ordinary Company shares, with a view to remunerating contributions in kind granted to the Company and comprising equity securities or transferable securities giving access to the capital, when the provisions of article L.225-148 of the French Commercial Code are not applicable, to the limit of 10% of the share capital at the time of issue, it being specified that the amounts of the issues executed by virtue of this delegation shall be deducted from the aggregate amount referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

decides to remove the preferential right of shareholders to subscribe to ordinary shares of the Company and/or to all securities that would be issued by virtue of this delegation;

acknowledges that in accordance with the requirements of article L.225-132 of the French Commercial Code, this delegation shall imply as of right that the shareholders waive, to the benefit of holders of securities giving access to the Company's capital, their preferential right to subscribe to the equity securities to which these securities give entitlement;

acknowledges that pursuant to the requirements of article L.225-147 of the French Commercial Code, the Board of Directors shall issue a decision on the basis of the report of the Contributions Auditor;

sets the duration of this delegation of authority at twenty-six (26) months with effect from the date of this general meeting, with the effect of voiding from this day forward any other previous delegation for the same purpose;

decides that the Board of Directors shall have full authority to implement this delegation, with authority to sub-delegate, under conditions set down by the law and the Articles of Association, enabling it to:

- issue a capital increase to compensate the contributions and determine the securities to issue;
- set the conditions of issue of the securities issued to compensate the contributions;
- approve the valuation of contributions and where necessary, reduce the valuation of contributions if all contributors accept to do so;

- set the exchange parity and where necessary, the balance to be paid in cash;
- set, as necessary, the conditions of exercise of the rights associated with securities issued or to be issued, and in particular, set the date, even retroactive, from when the new shares shall be entitled to receive dividends, determine the conditions of exercise of rights to exchange, convert, refund or assign the securities issued in any other way;
- suspend, as required, the exercise of the rights associated with these securities in accordance with legal and regulatory requirements;
- perform all adjustments required in accordance with legal and regulatory requirements and determine the conditions under which, where necessary, the rights of holders of securities giving access to the capital shall be preserved;
- at its own initiative, deduct the capital increase costs against the amount of related premiums and deduct from this amount the sums required to ensure the legal reserve of one tenth of the new capital after each increase;
- acknowledge capital increases resulting from issues decided by virtue of this delegation, perform the corresponding amendments to the Articles of Association;
- in general, approve all agreements, in particular to ensure the due execution of planned issues and/or take all measures and complete all appropriate formalities;

acknowledges that the Board of Directors shall report this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements.

Twenty-third resolution

Delegation of authority to increase the number of shares to issue in case of capital increase with or without preferential subscription rights

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, acting in accordance with the requirements of article L.225-135-1 of the French Commercial Code:

authorizes the Board of Directors to increase the number of shares to issue in case of an increase in the Company's capital with or without preferential subscription right, pursuant to the **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th and **Erreur ! Source du renvoi introuvable.**nd resolutions referred to above, at the same price as used for the initial issue, within the time frame and limits foreseen by applicable regulations on the day of issue (currently thirty days from the closure of the subscription period and up to 15% of the initial issue);

decides that the Board of Directors may only make use of this delegation to increase the number of shares in case of a capital increase with preferential subscription rights to honor subscription requests for excess shares submitted by shareholders and/or assignees of the preferential subscription right;

decides that the nominal amount of capital increases executed by virtue of this resolution shall be deducted from the aggregate cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution below;

sets the duration of this delegation of authority at twenty-six (26) months with effect from the date of this general meeting, with the effect of voiding from this day forward any other previous delegation for the same purpose;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements.

Twenty-fourth resolution

Determination of the aggregate amount of issues potentially executed by virtue of the aforementioned delegations

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors,

decides that:

- the maximum total nominal amount of capital increases potentially executed by virtue of the **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**th, **Erreur ! Source du renvoi introuvable.**nd, **Erreur ! Source du renvoi introuvable.**rd and **Erreur ! Source du renvoi introuvable.**th resolutions of this meeting shall not exceed one million five hundred and eighteen thousand Euros (€1,518,000), it being specified that this cap may be augmented as necessary by the nominal amount of potential additional shares in the event of new financial operations, to preserve the rights of holders of transferable securities giving access to the capital;
- the maximum total nominal amount of transferable debt securities giving access to the Company's capital potentially issued by virtue of the aforementioned resolutions of this meeting shall not exceed twenty million Euros (€20,000,000).

Twenty-fifth resolution

Delegation of authority to proceed with the issue of business creator share subscription warrants under the conditions set out in article 163 b G of the French General Tax Code without preferential subscription rights for shareholders to the benefit of a category of persons

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, acting in accordance with the requirements of article 163 b G of the French General Tax Code, articles L.225-129-2, L.225-138, and L.228-92 of the French Commercial Code,

decides to delegate its authority to the Board of Directors to proceed with the issue and allocation, in one or more phases, free of charge, of business creator share subscription warrants ("**BSPCE 2020**"), where each BSPCE 2020 carries the right to subscribe to one ordinary share of the Company;

decides that the total number of BSPCE 2020 shall not give right to the subscribe to a maximum number of shares in excess of 200,000, subject to the number of shares to issue with a view to preserving the rights of holders of transferable securities giving access to the Company's capital and shall not represent more than 5% of the fully diluted capital;

decides that the Board of Directors may make use of this delegation for a period of eighteen (18) months with effect from the date of this meeting, it being specified that this delegation ends automatically on the date the Company no longer fulfills the conditions of article 163 b G of the French General Tax Code;

decides that the BSPCE 2020 can be exercised with effect from their date of issue and allocation and until the expiry of a period to be set by the Board of Directors, where this period may not exceed eight (8) years from the date of allocation of the BSPCE 2020;

decides that the new shares issued to the holder upon exercise of their BSPCE 2020 shall be subject to all applicable statutory provisions, shall be considered equivalent to existing ordinary shares and shall be eligible for dividends with effect from their date of issue, and in terms of the right to receive dividends for the current fiscal year, starting from the first day of said exercise;

acknowledges that pursuant to the provisions of article 163 b G-II of the French General Tax Code, the BSPCE 2020 shall not be transferable, they shall be issued in nominative form and be registered on an account in their holder's name;

decides to remove the preferential subscription right reserved for shareholders and to allocate the right of subscription to BSPCE 2020 to the beneficiaries referred to in the provisions of article 163 b G of the French General Tax Code or any other beneficiary becoming eligible in accordance with applicable regulations in effect;

acknowledges that pursuant to the provisions of article L.225-132 of the French Commercial Code, the decision to issue BSPCE 2020 implies as of right that the shareholders waive, to the benefit of holders of BSPCE 2020, their preferential right of subscription to the new shares potentially issued upon exercise of the BSPCE 2020;

decides that the subscription price of the shares issued upon exercise of the BSPCE 2020 shall be no less than the average closing market price of the last twenty (20) trading days preceding the date of allocation of the BSPCE 2020, where the price may not however, be below the issue price of said securities, if during the six (6) months preceding the date of allocation of the warrants, the Company has proceeded with a capital increase by issuing securities carrying rights equivalent to those resulting from the exercise of the warrant;

acknowledges that pursuant to article L.225-98 of the French Commercial Code:

- in case of a capital reduction justified by losses involving the reduction of the number of shares, the rights of holders of BSPCE 2020 in terms of the number of shares to receive upon exercise of the BSPCE 2020 shall be reduced accordingly as if said holders had been shareholders since the date of issue of the BSPCE 2020;
- in case of a capital reduction justified by losses involving the reduction of the nominal value of the shares, the subscription price of the shares to which the BSPCE 2020 give right, shall not change, as the issue premium shall be increased by the amount in which the nominal value is reduced;

further **decides**:

- that in the event of capital reduction not justified by losses involving a reduction of the nominal value of shares, and except in the case where the entire reduction would be allocated to reserves, the subscription price of the shares to which the BSPCE 2020 give right shall be reduced correspondingly;
- that in the event of a capital reduction not justified by losses involving a reduction in the number of shares, and except in the case where the entire reduction would be allocated to reserves, the holders of BSPCE 2020, should they exercise their BSPCE 2020, may request the repurchase of their shares under the same conditions as if they had been shareholders at the time of the Company's repurchase of its own shares;

decides that as long as the BSPCE 2020 have not been exercised, the Company may only proceed with the operations requiring the protection of the rights of holders of BSPCE 2020, in particular by virtue of the provisions of article L.228-99 of the French Commercial Code, on the condition that the holders of BSPCE 2020 are duly informed and their rights reserved under the conditions determined by the Board of Directors making use of this delegation;

decides that, in accordance with the provisions of article L.228-98 of the French Commercial Code, with effect from the date the issue of the BSPCE 2020 and as long as the BSPCE 2020 have not been exercised, the Company shall be expressly authorized to amend its legal form and purpose without it being necessary to obtain the authorization of the holders of the BSPCE 2020;

acknowledges that pursuant to the provisions of article L.228-98 of the French Commercial Code, the Company may not change the rules of distribution of its profits, nor amortize its capital, nor create preference shares leading to such a change or amortization unless expressly authorized by the holders of BSPCE 2020 under the conditions of article L.228-103 of the French Commercial Code, while remaining subject to making the necessary arrangements to protect the rights of holders of BSPCE 2020 in the conditions set out by article L.228-99 of the French Commercial Code or by the issue contract;

decides, in accordance with the provisions of article L.228-102 of the French Commercial Code, that the Company may impose on holders of BSPCE 2020 the repurchase or repayment of their rights;

decides, in the event that it is necessary to make the adjustment referred to in article L.228-99 paragraph 3 of the French Commercial Code, that the adjustment shall be specified in the issue contract, the terms of which shall be decided by the Board of Directors, who shall ensure application of the method stipulated in article R.228-91 of the French Commercial Code;

decides that in case of merger involving the absorption of the Company, each holder of BSPCE 2020 shall be notified and shall receive the same information as if they were a shareholder, so that if they wish, they may exercise their right to subscribe to shares;

decides that in case of a capital increase as in the case of other financial operations involving a preferential subscription right or reserving a priority subscription period to the benefit of shareholders, and in case of a merger or split, the Board of Directors may suspend the subscription right for a period not exceeding three (3) months;

decides that holders of BSPCE 2020 issued by virtue of this authorization shall be grouped as of right, should it be necessary to defend their joint interests, in a single block that will be considered to have a legal personality;

decides that in the event that the number of shares issued as a result of exercise of the BSPCE 2020 is not a whole number, the holder of BSPCE 2020 may request that the following be delivered in accordance with the provisions of articles L.225-149 and R.228-94 of the French Commercial Code:

- either the immediately lower whole number of shares, in which case the holder of the BSPCE 2020 will receive a cash sum equivalent to the product of the fraction of the share multiplied by the value of the share, such value being the quoted price on the trading day preceding that of receipt of the request to exercise the rights;
- or the immediately higher whole number of shares, in which case the holder shall pay to the Company a sum equivalent to the additional fraction required to make up a whole share, valued as indicated in the previous paragraph;

decides to assign full authority to the Board of Directors to implement this delegation within the limits set down above and within the limits set by legal requirements in effect and the Company's Articles of Association, in order to:

- define an accurate list of beneficiaries within the aforementioned category to whose benefit the preferential subscription right has been removed;
- issue and allocate the BSPCE 2020, define the terms and conditions of exercise of the BSPCE 2020, where these terms and conditions may differ according to the beneficiaries in question;
- increase the share capital to enable holders of BSPCE 2020 to exercise their right of subscription;
- determine the terms and conditions of preservation of the rights of holders of BSPCE 2020 pursuant to legal requirements and/or to the provisions of the issue contract(s); and in due course take all measures deemed necessary to preserve the rights of holders of BSPCE 2020;
- temporarily suspend, in observance of legal requirements and for a maximum period of three (3) months, the exercise of BSPCE 2020 in the event of financial operations involving the exercise of rights associated with the shares;
- take all necessary measures to inform and in particular draw up and edit as required a plan regulation for the BSPCE 2020;
- take all measures necessary to ensure the effective issue of the BSPCE 2020 and subsequent actions, in particular to observe the amount of capital increase resulting from the exercise of the subscription warrants and make the corresponding amendments to the Articles of Association;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements;

decides that this delegation cancels, for the unused part and non-elapsed period, and replaces any other previous delegation for the same purpose.

Twenty-sixth resolution

Delegation of authority to proceed with the issue of share subscription warrants without preferential subscription rights for shareholders to the benefit of a category of persons

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, acting in accordance with the requirements of articles L.225-129-2, L.225-138, L.228-91 and subsequent of the French Commercial Code,

decides to delegate its authority to the Board of Directors to proceed with the issue and allocation, in one or more phases, of share subscription warrants ("**BSA 2020**"), where each BSA 2020 carries the right to subscribe to one ordinary share of the Company;

decides that the total number of BSA 2020 shall not give right to the subscribe to a maximum number of shares in excess of 50,000, subject to the number of shares to issue with a view to preserving the rights of holders of transferable securities giving access to the Company's capital, and shall not represent more than 5% of the fully diluted capital;

decides that this authorization is granted for a period of eighteen (18) months with effect from the date of this meeting, with the effect of voiding, from this date forward, any other delegation for the same purpose;

decides that the BSA 2020 can be exercised with effect from their date of issue and allocation and until the expiry of a period to be set by the Board of Directors, where this period may not exceed eight (8) years from the date of allocation of the BSA 2020;

decides that the issue price of a BSA 2020 shall be determined by the Board of Directors under the applicable legal conditions in effect;

decides that the subscription price of the shares issued upon exercise of the BSA 2020 shall be no less than the average closing market price of the last twenty (20) trading days preceding the date of allocation of the BSA 2020, where the price may not however, be below the issue price of said securities, if during the six (6) months preceding the date of allocation of the warrants, the Company has proceeded with a capital increase by issuing securities carrying rights equivalent to those resulting from the exercise of the warrant;

decides that the new shares issued to the holder upon exercise of their BSA 2020 shall be subject to all applicable statutory provisions, shall be considered equivalent to existing ordinary shares and shall be eligible for dividends with effect from their date of issue, and in terms of the right to receive dividends for the current fiscal year, starting from the first day of said exercise;

decides to remove the preferential subscription right reserved for shareholders and to allocate the right to subscribe to BSA 2020 to the following category of persons:

- non-French members of the Board of Directors who are not employees or corporate officers subject to the tax system of Company employees or those of its subsidiaries; or
- any person affiliated with the Company or one of its subsidiaries via a service or consulting agreement;
- all employees of foreign subsidiaries of the Company;

acknowledges that pursuant to the provisions of article L.225-132 of the French Commercial Code, the decision to issue BSA 2020 implies as of right that the shareholders waive, to the benefit of holders of BSA 2020, their preferential right of subscription to the new shares potentially issued upon exercise of the BSA 2020;

acknowledges that pursuant to article L.225-98 of the French Commercial Code:

- in case of a capital reduction justified by losses involving the reduction of the number of shares, the rights of holders of BSA 2020 in terms of the number of shares to receive upon exercise of the BSA 2020 shall be reduced accordingly as if said holders had been shareholders since the date of issue of the BSA 2020;

- in case of a capital reduction justified by losses involving the reduction of the nominal value of the shares, the subscription price of the shares to which the BSA 2020 give right, shall not change, as the issue premium shall be increased by the amount in which the nominal value is reduced;

further **decides**:

- that in the event of capital reduction not justified by losses involving a reduction of the nominal value of shares, and except in the case where the entire reduction would be allocated to reserves, the subscription price of the shares to which the BSA 2020 give right shall be reduced correspondingly;

- that in the event of a capital reduction not justified by losses involving a reduction in the number of shares, and except in the case where the entire reduction would be allocated to reserves, the holders of BSA 2020, should they exercise their BSA 2020, may request the repurchase of their shares under the same conditions as if they had been shareholders at the time of the Company's repurchase of its own shares;

decides that as long as the BSA 2020 have not been exercised, the Company may only proceed with the operations requiring the protection of the rights of holders of BSA 2020, in particular by virtue of the provisions of article L.228-99 of the French Commercial Code, on the condition that the holders of BSA 2020 are duly informed and their rights reserved under the conditions determined by the Board of Directors making use of this delegation;

decides that, in accordance with the provisions of article L.228-98 of the French Commercial Code, with effect from the date the issue of the BSA 2020 and as long as the BSA 2020 have not been exercised, the Company shall be expressly authorized to amend its legal form and purpose without it being necessary to obtain the authorization of the holders of the BSA 2020;

acknowledges that pursuant to the provisions of article L.228-98 of the French Commercial Code, the Company may not change the rules of distribution of its profits, nor amortize its capital, nor create preference shares leading to such a change or amortization unless expressly authorized by the holders of BSA 2020 under the conditions of article L.228-103 of the French Commercial Code, while remaining subject to making the necessary arrangements to protect the rights of holders of BSA 2020 in the conditions set out by article L.228-99 of the French Commercial Code or by the issue contract;

decides, in accordance with the provisions of article L.228-102 of the French Commercial Code, that the Company may impose on holders of BSA 2020 the repurchase or refund of their rights;

decides, in the event that it is necessary to make the adjustment referred to in article L.228-99 paragraph 3 of the French Commercial Code, that the adjustment shall be specified in the issue contract, the terms of which shall be decided by the Board of Directors, who shall ensure application of the method stipulated in article R.228-91 of the French Commercial Code;

decides that in case of merger involving the absorption of the Company, each holder of BSA 2020 shall be notified and shall receive the same information as if they were a shareholder, so that if they wish, they may exercise their right to subscribe to shares;

decides that in case of a capital increase as in the case of other financial operations involving a preferential subscription right or reserving a priority subscription period to the benefit of shareholders, and in case of a merger or split, the Board of Directors may suspend the subscription right for a period not exceeding three (3) months;

decides that holders of BSA 2020 issued by virtue of this delegation shall be grouped as of right, should it be necessary to defend their joint interests, in a single block that will be considered to have a legal personality;

decides that in the event that the number of shares issued as a result of exercise of the BSA 2020 is not a whole number, the holder of BSA 2020 may request that the following be delivered in accordance with the provisions of articles L.225-149 and R.228-94 of the French Commercial Code:

- either the immediately lower whole number of shares, in which case the holder of the BSA 2020 will receive a cash sum equivalent to the product of the fraction of the share multiplied by the value of the share, such value being the quoted price on the trading day preceding that of receipt of the request to exercise the rights;

- or the immediately higher whole number of shares, in which case the holder shall pay to the Company a sum equivalent to the additional fraction required to make up a whole share, valued as indicated in the previous paragraph;

decides to assign full authority to the Board of Directors to implement this delegation within the limits set down above and within the limits set by legal requirements in effect and the Company's Articles of Association, in order to:

- define an accurate list of beneficiaries within the aforementioned category to whose benefit the preferential subscription right has been removed;

- issue and allocate the BSA 2020, define the terms and conditions of exercise of the BSA 2020, where these terms and conditions may differ according to the beneficiaries in question;

- increase the share capital to enable holders of BSA 2020 to exercise their right of subscription;

- determine the terms and conditions of preservation of the rights of holders of BSA 2020 pursuant to legal requirements and/or to the provisions of the issue contract(s); and in due course take all measures deemed necessary to preserve the rights of holders of BSA 2020;

- temporarily suspend, in observance of legal requirements and for a maximum period of three (3) months, the exercise of BSA 2020 in the event of financial operations involving the exercise of rights associated with the shares;

- take all necessary measures to inform and in particular draw up and edit as required a plan regulation for the BSA 2020;

- take all measures necessary to ensure the effective issue of the BSA 2020 and subsequent actions, and in particular to observe the amount of capital increase resulting from the exercise of the subscription warrants and make the corresponding amendments to the Articles of Association;

acknowledges that the Board of Directors shall report the use of this delegation of authority to the next ordinary general meeting in accordance with legal and regulatory requirements;

decides that this delegation cancels, for the unused part and period non-elapsed, and replaces any other previous delegation for the same purpose.

Twenty-seventh resolution

Delegation of authority to the Board of Directors to approve a capital increase to the benefit of employees and corporate officers of the Company or of affiliate companies without preferential subscription right of shareholders to the benefit of members of a company savings plan

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors and the report of the Statutory Auditors, acting pursuant to the requirements of articles L.225-129-6 and L. 225-138-1 of the French Commercial Code, as well as articles L.3332-1 and subsequent of the French Labor Code,

delegates its authority to the Board of Directors to proceed with, in one or more phases, an increase of the share capital by a maximum nominal amount of fifty thousand Euros (€50,000) through the issue of shares or any other equity security reserved for the members of one or more company savings plans (or other plans whose members the articles L.3332-1 and subsequent of the French Labor Code would allow to reserve a capital increase in equivalent conditions), implemented by the Company or within the Group formed by the Company and the companies within the same scope of consolidation (hereinafter "**CSP members**");

decides to remove the preferential subscription right of shareholders and to reserve the subscription to shares that would be issued to CSP members by virtue of this delegation;

decides that the subscription price for a share or any other equity security that would be issued by virtue of this delegation shall be determined by the Board of Directors in accordance with the provisions of articles L.3332-18 and subsequent of the French Labor Code;

decides that the nominal amount for any capital increase executed pursuant to this resolution shall be deducted from the aggregate nominal cap referred to in the **Erreur ! Source du renvoi introuvable.**th resolution above;

decides to set the period of validity of this delegation at twenty-six (26) months with effect from today;

delegates full authority to the Board of Directors to implement this delegation and in particular set the terms and conditions of issues that would be executed by virtue of this delegation, acknowledge the capital increase or increases carried out under this delegation, amend the Articles of Association accordingly and in general, take all measures required;

acknowledges that the Board of Directors shall report the use of this delegation of authority granted under this resolution to the next ordinary general meeting in accordance with legal and regulatory requirements.

Twenty-eighth resolution

Delegation of authority to the Board of Directors to make the necessary amendments to the Articles of Association to ensure their compliance with legal and regulatory requirements, subject to ratification of said amendments by the next extraordinary general meeting

The general meeting of shareholders, acting under the conditions of quorum and majority required for extraordinary general meetings, having reviewed the report of the Board of Directors, **grants** full authority to the Board to ensure the compliance of the Articles of Association with legal and regulatory requirements, subject to ratification of said amendments by the next extraordinary general meeting.

Within the competence of the ordinary meeting

Twenty-ninth resolution

Renewal of term of principal statutory auditor

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, having reviewed the report of the Board of Directors and having observed that the term of the principal statutory auditor’s appointment would expire at the end of this general meeting, decides to renew the appointment of the principal statutory auditor SARL AUDIT EUREX for a term of six (6) years ending at the Shareholders’ general meeting scheduled for 2026 to approve the financial statements for the 2025 fiscal year.

Thirtieth resolution

Powers to complete formalities

The general meeting of shareholders, acting under the conditions of quorum and majority required for ordinary general meetings, **grants** full powers to the holder of an original version, a copy or an extract of the minutes of these deliberations, to accomplish all legal formalities of publication in due form.

24 PROVISIONAL FINANCIAL CALENDAR

Mixed general meeting of shareholders	20 May 2020
H1 2020 results	28 July 2020
Annual revenue 2020	26 January 2021
2020 results	9 March 2021

Press releases are distributed after market closing.

Appendix 1 - 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.

Hydride: A chemical compound containing hydrogen and other elements. Originally, the term “hydride” was strictly reserved for metallic compounds, but the definition has been extended to include compounds where hydrogen has a direct link with another element, where hydrogen is the electronegative element.

Nm^3: The normal cubic meter is a unit measurement of 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: A technology used to convert energy into gas fuel; 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; chemical process by which the electricity (primarily of renewable origin) is transformed into hydrogen via water electrolysis. The hydrogen is converted back into electrical energy by fuel cells.

Stack: 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.

Pumped-storage hydroelectric plant (STEP): Also called a pumped-storage hydropower plant, these are onshore, offshore, or underground stations comprising two vertically separated water reservoirs. The water in the downstream reservoir is pumped to the upstream reservoir (often during off-peak periods) to then descend by gravity and turn a turbine propeller to generate ‘stored’ electricity.

Sink float system: A concrete mass is connected to a floating platform using a cable. To store energy, the mass is raised to the surface using an electrical winch. To generate energy, the mass is released to descend and the cable drives a generator.

Steam methane reforming: Hydrogen production process based on the separation of carbon molecules (methane etc.) in the presence of steam and heat. This process is the most commonly used in industry. In certain facilities, a yield of between 40 to 45% is achieved. The major drawback is that it produces carbon dioxide, a greenhouse gas. In practice, the reaction needs to be boosted using catalysts or burners.

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