McPhy

Driving clean energy forward

UNIVERSAL REGISTRATION DOCUMENT 2021

including the Annual Financial Report

mcphy.com

MCPHY ENERGY
2021 Universal Registration Document
(including the Annual Financial Report)

This universal registration document was filed with the AMF on 28 April 2022 as the applicable authority under Regulation (EU) 2017/1129 without prior approval, in accordance with article 9 of said regulation.

The universal registration document may be used for a public offering of securities or the admission of transferable securities to trading on a regulated market, if accompanied by a securities note and where necessary, a summary and all modifications made to the universal registration document. The whole thus formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This English version of the Universal Registration Document in PDF format is a free translation of the official French version of the Universal Registration Document in XHTML format, which is available on the website of the Autorité des marchés financiers, as well as on the Company's website.

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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 2020 and 31 December 2021.*

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 2 "Risk factors and internal control" 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.

3 QUESTIONS TO JEAN-BAPTISTE LUCAS, CHIEF EXECUTIVE OFFICER OF MCPHY

2021 was marked by a change of governance, culminating in your appointment as Chief Executive Officer in October. Does this imply a change of strategy for McPhy?

Since 2008, McPhy has been a major industrial player on the market for hydrogen production and distribution systems. By its nature, our business model depends on supporting national and European clients active in industry, mobility, and energy, in their efforts to decarbonize their activities.

We are observing **very high growth on our markets, in terms of project volumes and installed capacities, which in 2021 led us to initiate a significant upscaling** to offer a competitive industrial contribution to projects of significant environmental, technological, and economic importance.

McPhy is well positioned to take part in very large-scale hydrogen projects, as witnessed by our selection as a preferred partner for the GreenH2Atlantic project in Portugal to outfit a 96MW electrolysis platform. We could also mention our participation in the CEOG project, a flagship for the industrial scaling-up currently observed across the sector. The "Centrale Electrique Ouest Guyanais" project in Western Guiana has at its heart a McPhy 16MW electrolysis platform, specially configured for

outdoor use in a tropical climate. It will generate 860 tonnes of green hydrogen per year to supply electricity to homes in the area.

In early 2022, a strategic appraisal confirmed the relevance of our primary technological orientations, in particular our priority choice of pressurized alkaline electrolysis as the most suitable method of green hydrogen production for large-scale projects.

In light of the expanding industrial scope of hydrogen uses, **our upscaling strategy remains anchored on four pillars:**

TECHNOLOGY

Invest in research and innovation to strengthen McPhy's technology positioning on our two equipment segments, namely electrolyzers and hydrogen stations. The R&D budget will be doubled in 2022 to enable the Group to focus in priority on large-scale decarbonization projects in industry and heavy-duty mobility.

REFERENCES

Although technology is our driver, we remain focused on our clients and partners, with:

- Participation in a growing number of leading projects, reflecting the increased use and pertinence of McPhy solutions;
- Implementation of a strong partnership strategy, aiming to create a pan-European technology and business ecosystem to ensure references on large-scale hydrogen projects.

COMPETITIVENESS

We use two levers to optimize cost-competitiveness of our solutions and enable enhanced economic performance for our clients:

- Deployment of strengthened industrial resources to upscale the production of our equipment and generate economies of scale. Our big industrial upscaling projects are underway, substantial investment is ongoing and will multiple our hydrogen station production capacity by 7, and our electrolyzer production capacity by 13;
- Implementation of cost reduction strategies on key components.

HUMAN CAPITAL

Our main asset is the people who make up the McPhy Group. Currently, our talented teams are working on projects of extensive environmental, technology-related and economic importance. I wish to thank them for their commitment and their contribution to the company's growth.

As the workforce is forecast to double between 2020 and 2022, McPhy's human capital is a priority strategic aspect of the transformation plan. The diversity of teams and vastly experiences profiles are assets that we wish to sustain and develop. We are working on boosting the Group's attractiveness for our existing and future employees, in a backdrop of strong, rapid growth in staffing levels across all our sites.

This four-pillar strategy is part of a long-term cycle and deployed across all company operations. The changes to our governance reflect the alignment of our organization with our ambitions and transformation program.

From a personal standpoint, I have spent 25 years in this industry, including 14 abroad, supporting industrial groups in their major transformation projects. Being guided by the desire to drive pragmatism and operational excellence across all levels of the organization, I am pleased to join the McPhy team to lead the Group's industrial scaling-up and reinforce our industrial leadership position on the hydrogen market.

What are McPhy's assets to make this strategy a success?

McPhy is a genuine "***European native***" with three sites in France, Germany, and Italy since it was created. **Its industrial, technological, and commercial foundations are resolutely European**. The Group's industrial scaling-up is based mainly on a solid manufacturing infrastructure, where production capacities are dimensioned to change scale to keep pace with markets, and which will receive significant investment in 2022.

The people in our teams who contribute every day to deploying green hydrogen solutions are McPhy's main asset.

An experienced workforce of over 150 people is active across our centers for expertise:

- 30% of staff in Germany working on the design of large capacity electrolyzers;
- 25% of staff in Italy working on the production of electrolyzers;
- And around 45% in France working on the design and production of hydrogen stations.

This blend and method of operating as an "industrial hub" are part of our DNA, as today all our sites are involved in the McPhy growth plan.

Our team is young and dynamic, supported by senior staff who share their expertise. The McPhy collective likes to set itself a challenge, but it can also manage the risks and uncertainties inherent to a technology company in the maturing phase. Our culture is profoundly agile, our capacity to question ourselves is high.

To successfully upscale its activities and manage rapid growth across its markets, McPhy implemented an ambitious recruitment plan to increase its workforce by 60% in 2021. 60 new employees will join the Group by the end of 2022 to bolster teams in the highly technical R&D activity, engineering and client services.

Lastly, our integration in a strong ecosystem is a determining factor.

This ecosystem firstly comprises our shareholders who have supported the McPhy project for a long time, and certain of whom are also industrial partners. They bring us their experience, rigor, and market knowledge.

We adopt a co-construction approach with clients to build project teams dedicated to ensuring the success of their green hydrogen development strategy, putting their satisfaction at the center of our organization.

The Group is also working on the deployment of a strong partnership policy on national and pan-European levels. In an approach to pool expertise across the sector, McPhy takes part in professional committees and signs technology protocol agreements with first rank industrial operators to develop an industrial scale, competitive, and standardized offering.

McPhy also plays an active role within national, European and Worldwide institutions, thereby contributing to the development of the hydrogen sector.

The Group's financial solidity offers the means to achieve our ambitions and enables us to foresee the rapid achievement of our industrial scaling-up strategy. At 31 December 2021, our cash position amounts to 172.2 million euros, our balance sheet is healthy and ready to handle our growth and development agenda for several years.

In the short term, 2022 needs to be a year of consolidation, centered on developing our organization with adjustments resulting from feedback, technology optimization and cost reduction plans, as well as the increase in our industrial capacity currently under way. We hold all the trump cards to make it a success.

McPhy is at the heart of the technological, environmental and societal changes in our world. Could you tell us more about your CSR commitments?

Our activity means we are central to the issues of the energy transition, as by its nature green hydrogen has a positive impact on efforts to combat climate change.

At the end of 2021, committing McPhy to a strategic and structured CSR approach resonated strongly with the Group's business model and was consistent with the Group's values. A dedicated governance structure was created and is missioned with implementing a proactive and pragmatic approach at Group level to fulfill the needs of our stakeholders. The approach is based on best practices already in place within the Group and on a 360° vision of the issues and principles of CSR.

The aim is to assess the impact of our activities on our ecosystem and our environment, **to drive continuous improvement and create new forms of value for all our stakeholders**, both internal and external.

"The Group's financial solidity offers the means to achieve our ambitions and enables us to foresee the rapid achievement of our industrial scaling-up strategy.

2022 will feature strong actions in two priority-impact areas:

- **Environment:** in line with our technologies and our industrial processes, we will create an agenda to assess and reduce our carbon footprint.
- **Social and societal:**
  - Another crucial issue is to work on the attractiveness of the Group to existing or future employees. This means we must attract and retain talented individuals, develop skills, implement a partnership approach with the academic sector against a backdrop of tension on conventional business activities.
  - The development of territorial operations is also an issue that resonates with the markets where we are positioned. Indeed, hydrogen enables the de-centralization of electricity production and the creation of local, territorial ecosystems. We are therefore attentive and in constant dialog with consultative bodies and regional organizations to promote appropriate decarbonization solutions to meet local needs.

We are a company that learns constantly through processes that capture know-how, freely exchange information, formally define expertise. This approach will also enable us to capitalize on initiatives or proposals from all our teams, made up of people passionate about environmental issues and societal changes resulting from the energy transition.

We are also very sensitive to the diversity theme: even if there remains a lot to do on the matter, at 20% the breakdown of the workforce between male and female remains insufficient but is better than many other industrial groups. We intend to improve this ratio.

Also, we have no less than 20 different nationalities amongst our workforce, yet we operate in only three countries!

With rigor and agility, we aim to strengthen our place as an industrial leader and be active in the decarbonization of Europe, by contributing to the large-scale deployment of green hydrogen.

A LEADING GREEN H2 EQUIPMENT MANUFACTURER

HISTORY

- **2022** INNOVATION ACCELERATION & INDUSTRIAL SCALE UP
- **2020** 180M€ raised | Technip & Chart partnerships
- **2018** "Augmented" equipment | EDF partnership
- **2013** Stations diversification | Enertrag's electrolyzer acquisition
- **2012** Electrolyzers diversifcation (PIEL acquisition)
- **2008** Incubation with CEA + CNRS (solid storage)

PEOPLE & FOOTPRINT

150+ PEOPLE

25+% WOMEN
20+ NATIONALITIES
50+% PHD/ENG

GRENOBLE
La Motte Fanjas
› HQ & Station factory
› 150 HRS/yr by 2022

ECOSYSTEM

Shareholders
(and industrial partners)

Listed on Euronext Paris (MCPHY, FR0011742329), part of SBF 120

Trade Associations
(memberships)

Hydrogen Council
Hydrogen Europe
European Clean Hydrogen Alliance
DWV
AHK
France Hydrogène
MINISTÈRE DE L'ÉCONOMIE, DES FINANCES ET DE LA RELANCE
Conseil National de l'Hydrogène

PRODUCT & MARKETS

R&D › Engineering › Manufacturing ›

36 + 155MW
- Pressurized Alkaline electrolysis (30 bar)
- Modular design: 1MW/4MW/20MW/100MW+
- High-current density électrodes
- PIEL

36 + 59 STATIONS
- High delivery capacity: 200/400/800/2,000 kg/d
- All dispensing pressures: 350 bar/700 bar/Dual Pressure

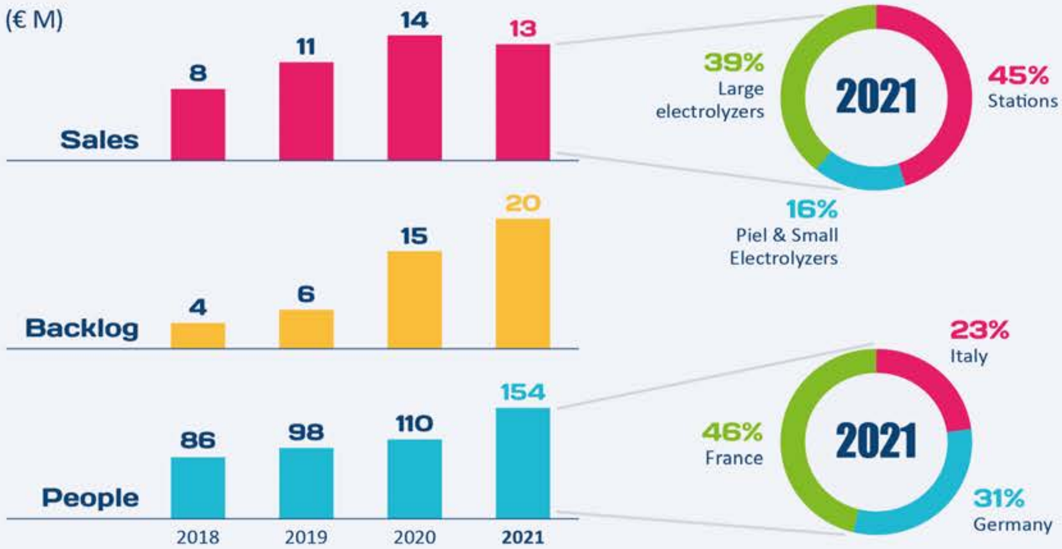
Electricity production · Production · Transport & Storage

TRULY PAN EUROPEAN HIGH-

References as of 31/12/2021: 36 + 155MW among which 36 are signed projects* and 155MW for which McPhy has been selected as preferred partner**.
36 + 59 stations among which 36 are signed projects* and 59 stations for which McPhy has been selected as preferred partner**.

KEY FIGURES

- Electrolyzer factory
- 100 to 300MW/yr by 2023



STRATEGY

Invest in TECHNOLOGY

Technology leadership, superior safety, innovation

Improve COMPETITIVENESS

Cost out, economies of scale

Build up strong REFERENCES

Emblematic references across end-markets

Invest in PEOPLE

Professionalize, Recruit & Grow

GROWTH PURE PLAYER

* "Signed projects": orders with signed purchase orders.

** "Preferred partner": preferred partner and subject to the project's success, considering that some of these projects should have an impact on the revenue as of 2023.

KEY INFORMATION ABOUT MCPHY

THE INDUSTRY LEADER IN HYDROGEN TECHNOLOGIES

Specializing in hydrogen production and distribution equipment, McPhy contributes to the global development of zero-carbon hydrogen as a solution for the energy transition and to build a society with "Net Zero" emissions which is carbon neutral and a source of value.

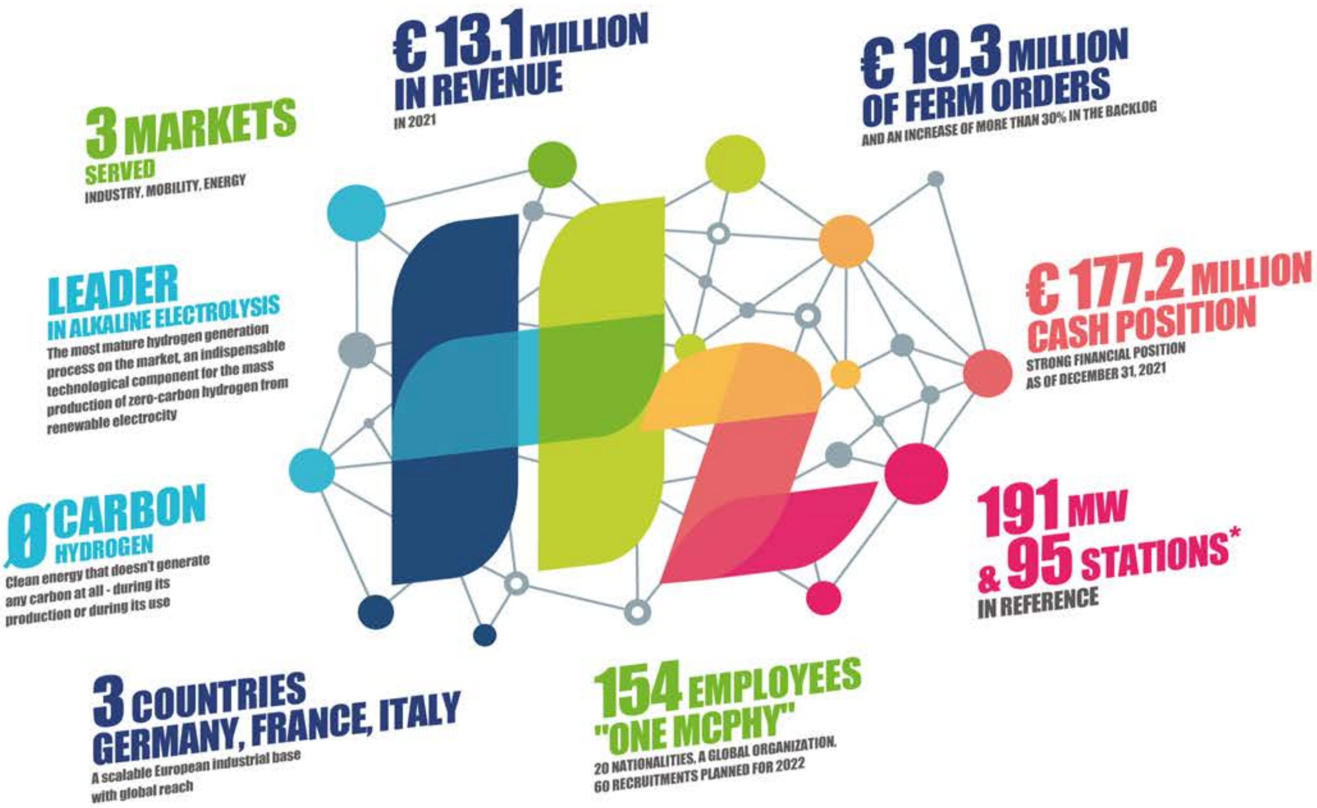
A pioneer of hydrogen technologies at the service of the energy transition, since it was founded in 2008, McPhy has established itself among the world leaders in the production and distribution of zero-carbon hydrogen equipment.

McPhy is helping the main players in industry, transport and energy with their energy transition. Our zero-carbon hydrogen solutions are perfectly suited to Customer requirements in terms of supply of industrial raw materials, charging electric fuel-cell vehicles or the storage and reuse of surplus electricity generated from renewable sources.

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

The Group specializes in the design, production and integration of high pressure alkaline electrolyzers and hydrogen stations. It has developed extensive expertise in design engineering and project management. Over 100 highly experienced, multi-skilled personnel work on complex projects representing numerous technological, industrial, environmental, and economic challenges.

With five development, engineering, and production sites in France, Italy, and Germany, McPhy is backed by solid and constantly evolving European industrial foundations. Our sales teams are active within national and regional ecosystems to ensure the large-scale deployment of hydrogen as an essential driver of carbon neutrality in the world.



* 191MW in reference, among which: 36 are signed projects and 155MW for which McPhy has been selected as preferred partner.
* 95 stations in reference, among which 36 are signed projetcs and 59 stations for which McPhy has been selected as preferred partner.
"Signed projects": orders with signed purchase orders.
"Preferred partner": preferred partner and subject to the project's success, considering that some of these projects should have an impact on the revenue as of 2023 .

CHAPITRE

1

Presentation of the group and its activities

1 Presentation of the group and its activities

1.1 Market background and issues

1.1.1 The energy transition: a global challenge

The irreversible depletion of the planet's natural resources, climate change, increasing inequalities between countries, atmospheric pollution and public health concerns... Whether environmental, economic or social, today's world is faced with major challenges which can only be solved by bringing about profound changes in how we produce and use energy.

Current energy generation business models reply heavily on fossil fuels. This raises two major issues:

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

A necessary reduction in CO2 emissions

In 2021, global emissions of CO2 reached approximately 33 Gt[1], a level close to the peak in 2018-2019 when 33.5 Gt was recorded. This 5% increase over 2020 is due to the post-covid economic recovery which has consumed high volumes of fossil-derived energies. It could continue with emissions reaching 33 Gt in 2021 and an estimated 36 Gt[2] in 2030. If no action is taken, these emissions will remain at this level until 2050.

In 2019, Europe was responsible for almost 10% of global emissions with a total of 3.4 Gt[3] of greenhouse gas emissions.

New ways of producing and consuming energy are necessary, to **leave 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.

Growing regulatory pressure to facilitate the energy transition

Regulatory and legislative activity on energy matters is intensifying, both internationally and nationally. These changes require all industrial players to adapt.

The Paris Agreement, a legally binding international treaty on climate change, was signed at the COP21 Climate Change Conference in 2015, by 189 of the 196 UN Member states. This agreement sets out an international action plan based on renewable energies and aiming to limit the impacts of climate change, by **maintaining planetary warning below 2 °C and preferably below 1.5 °C.**

Five years after the signature of the Paris Agreement, EU Members signed the "**Green Deal**" for Europe, with the principal the aim of being greenhouse gas-neutral by 2050. The European Commission adopted a series of proposals aimed at adapting EU policies in terms of climate, energy, transport, and taxation with a view to reducing net greenhouse gases by at least 55% by 2030 in relation to 1990 levels (the "Fit for 55 package"). Furthermore, the plan foresees around 1,000 billion euros to stimulate green growth.

[1] IEA : Global Energy Review (Nov2021)
[2] IEA : Net Zero by 2050 A Roadmap for the Global Energy Sector (2021)
[3] EEA greenhouse gases - data viewer

In December 2018, the final version of the Renewable Energies Directive referred to as **RED II** was published in the official bulletin of the European Commission. This directive sets out joint objectives for the EU to reach in terms of renewable energy consumption. This obliges the EU to increase the portion of renewable energies in its energy consumption mix to 32% by 2030. RED II defines a series of criteria on sustainability and GHG emissions, with which bioliquids used in transportation must comply, which boosts the hydrogen market as its usefulness in the production of biofuels and synthetic fuels is demonstrated.

Nationally, on 17 August 2015 France approved law No. 2015-992 on the energy transition for green growth. The "**energy transition for green growth**" law 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. Following on, the "**Energy-climate**" law was adopted in 2019, setting serious objectives for France's energy and climate policy, bolstering the objective of carbon-neutrality by 2050. This law sets out the framework and ambitions of France's energy and climate policy: hydrogen has its role to play in parallel to the progressive exit from fossil-derived energies and the development of renewable energies.

1.1.2 Hydrogen: an essential factor in a successful energy transition

1.1.2.1 Benefits and production of hydrogen

Benefits of hydrogen

Hydrogen is considered to be an "energy vector" because once it is produced, it can be stored, transported, and used in two ways: by combustion or in a fuel cell.

Currently, it is commonly used as a raw material in multiple industries such as petroleum, chemicals, cement, steel making, etc., although the range of possibilities of use is expanding rapidly, for example in the mobility sector. Indeed, in this context, the use of hydrogen only generates water vapor (O2) and not carbon dioxide (CO2), which is not the case when gasoline is burned.

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 therefore the main energy carrier that enables the storage and reuse of surplus electricity across multiple applications in industry, mobility, and energy.

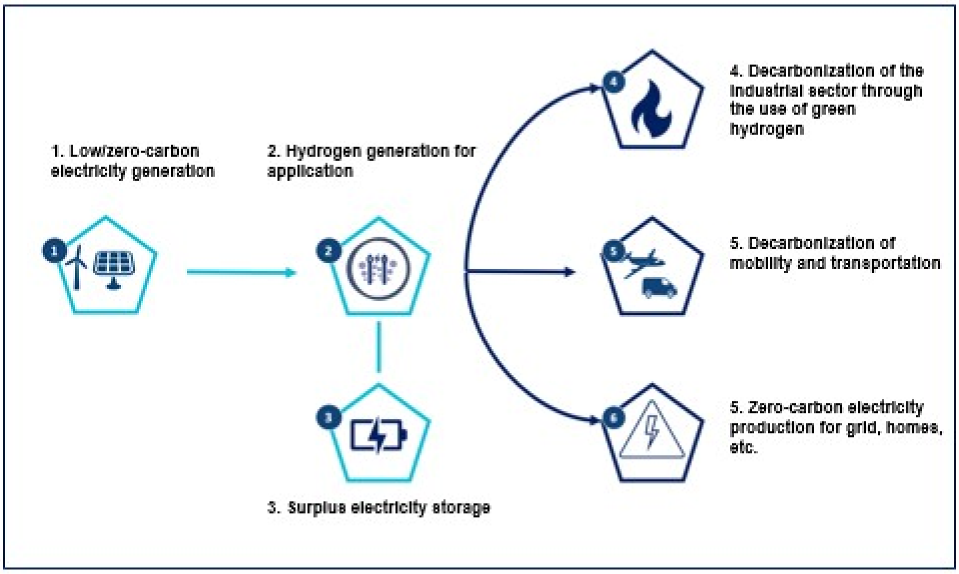


Figure 1: Multiple aapplications of hydrogen

This capacity to adapt to multiple sectors, and the possibility of sector coupling (for example, an industrial use for hydrogen coupled with a hydrogen station to meet needs for zero-emission mobility) are among hydrogen's key benefits.

Hydrogen production

Today, three main methods are used to produce hydrogen.

Hydrocarbon fuel reforming or gasification of carbonaceous material (coal): these methods are the most common but emit carbon dioxide (CO2) during the process. For example, during the reforming process of methane which has the chemical formula CH4, i.e. one atom of carbon and four of hydrogen, the process will generate hydrogen but will also allow the carbon atom to escape into the atmosphere. Hydrogen produced by steam reforming is referred to as "gray" hydrogen.

Hydrocarbon reforming or the gasification of carbonaceous material with carbon capture: Carbon capture reduces greenhouse gas emissions (GHG) from any process, which therefore reduces polluting emissions. If carbon capture is applied to hydrocarbon reforming, the hydrogen produced is referred to as "blue".

Water electrolysis: used to produce decarbonized hydrogen if the electricity used in the process is itself carbon-free, i.e. from renewable energy sources. The hydrogen produced in this way is referred to as "green".

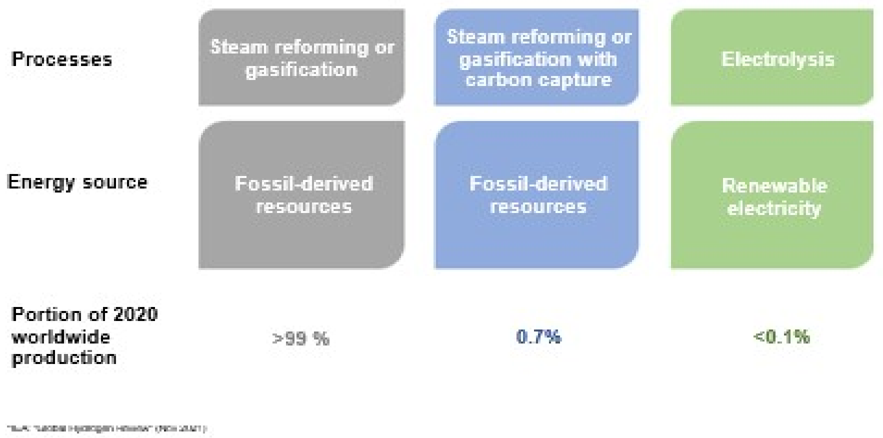


Figure 2: Hydrogen production methods

The dependency of the hydrogen production process on natural gas and coal implies high CO_2 emissions (over 99% of hydrogen is produced using fossil resources):

- **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,
- 19 t CO_2 /t H_2 for hydrogen produced using coal for the steel industry.

In total, the production of 90 million tonnes of pure hydrogen is responsible for the emission of 900 million tonnes of CO_2 into the atmosphere.

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).

Focus on electrolysis

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.

In terms of proportion of hydrogen produced, although water electrolysis is a mature and well-controlled technology, it represents less than 0.1% of all hydrogen production around the world.

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) is 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).

Multiple electrolysis technologies:

Alkaline technology is the most mature process in technology and commercial terms. Water is divided between two electrodes plunged into potash an aqueous solution of potassium hydroxide which is a favorable reaction medium. It produces oxygen on the anode side and releases hydrogen on the cathode side.

Proton exchange membrane technology, or **PEM:** like alkaline technology, water is split between two electrodes, but which are separated by a solid polymer proton exchange membrane. The process requires precious metals for the membrane.

A **solid oxide electrolysis** cell or **SOEC** offers an electrolysis process involving very high temperature water vapor (500 to 900°C) using solid oxide electrolytes, namely ceramics. At this temperature, water breaks down into H2 which then reduces the energy needs of the electrolysis process. However, this technology does not yet seem to have reached a level of maturity to enable industrial scaling up and large-scale commercialization in the short term, as is shown in the following table of technology maturities. At this stage, the TRL of SOEC is around 6.

Each technology is unique:

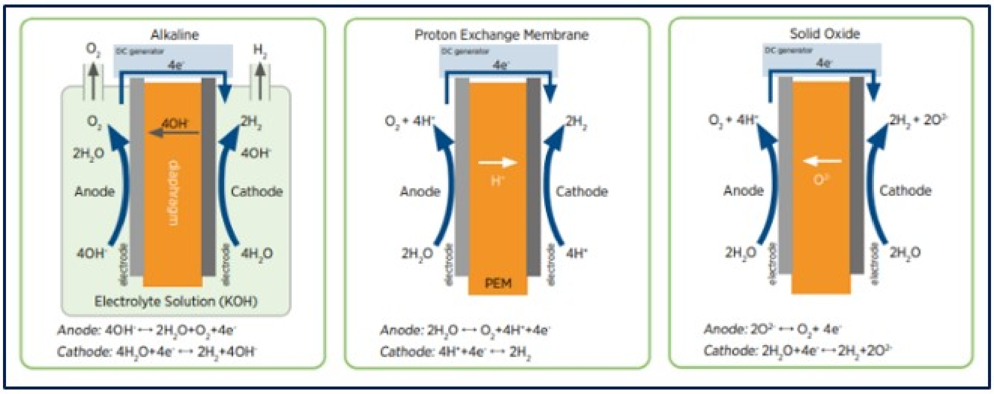


Figure 3: Illustration of different electrolysis technologies[4]

[4] IRENA : "GREEN HYDROGEN COST REDUCTION » (Dec20)

And has its own level of maturity (TRL = Technology Readiness Level):

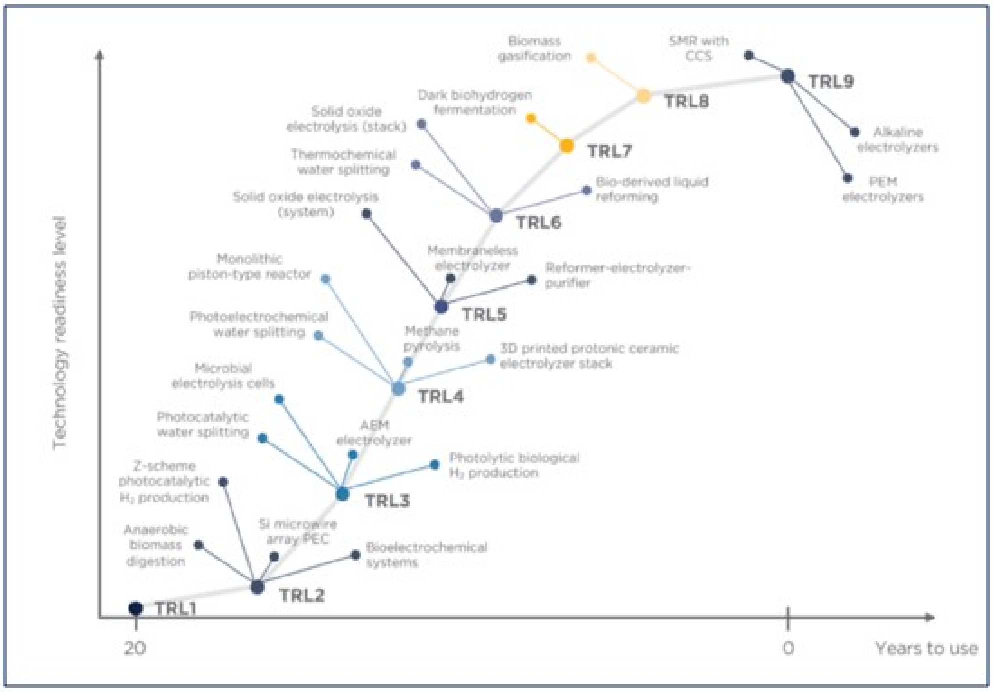


Figure 4: Technology Readiness Level[5]

McPhy is active in alkaline electrolyzer technology, as this technology is considered as the most mature and can meet the requirements of concentrated markets. 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:

- Produce sustainable hydrogen for industrial use,
- Store green energy without raising the carbon footprint,
- Power green mobility.

1.1.2.2 Strong growth drivers for the hydrogen market

Hydrogen generates no polluting particle emissions nor carbon at the point of use, thereby participating in the decarbonization of all areas of the economy and facilitating the emergence of a more carbon-neutral social model. The development of several decisive factors for this market now enables us to anticipate a significant rise in demand.

Price of tonne of CO_2

A tax on carbon dioxide emissions, referred to as the carbon tax, was introduced in France and in certain European countries. The carbon tax is an attempt to address the negative external effects associated with carbon dioxide, to encourage producers to reduce their CO_2 emissions. It therefore takes the form of an environmental tax ("eco-tax") applied to carbon dioxide emissions. The tariff applied is direct and proportional to the quantities emitted, which means that the higher the emissions, the higher the tax payable.

Although a slight decline in carbon futures was observed in early March 2022, the medium-term trend for the carbon tax remains upward. To ensure compliance with the Paris Agreement, the necessary trajectory for the tax per ton is to reach approximately €100 by 2025 and over €150 by 2030.

[5] Authors' analysis based on Nadeem et al. (2021), Grimm et al. (2020), DOE(2020), Calise et al. (2019), Hallenbeck and Benemann (2018) and Miller et al. (2020)

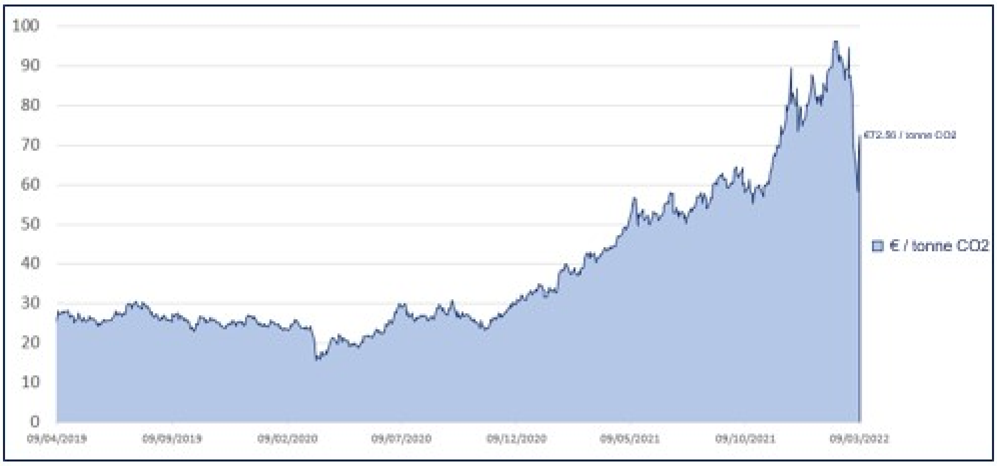


Figure 5: Price of tonne of CO_2[6]

National objectives and international initiatives

Some countries have announced waves of public investment in the hydrogen sector to support its development. It has now been integrated into a growing number of government roadmaps, and through the development of international coalitions.

The EU and several European countries have defined objectives and investment plans for 2030, summarized below:

Country	Objective for 2030	Pubic investment
	40 GW electrolysis	**€3.77 Bn + national strategies**
	• 6.5 GW electrolysis • 40% of decarbonized industrial hydrogen • Up to 50,000 light utility vehicles, 2,000 buses and 1,000 stations	**€9 Bn**
	10 GW electrolysis	**€9 Bn**
	• 4 GW electrolysis • 25% of decarbonized industrial hydrogen • 5000-7000 Fuel Cell LDVs-HDVs* • 150-200 Fuel Cell buses • 100-150 stations	**€1.6 Bn**

** LDV Light duty vehicle / HDV Heavy duty vehicle*

Other countries such as Canada, Chile, and Australia have also issued less detailed roadmaps, involving public aids.

[6] Carbon emissions futures: Investing.com: history of carbon tax prices

To date, we can view the progress of national roadmaps:

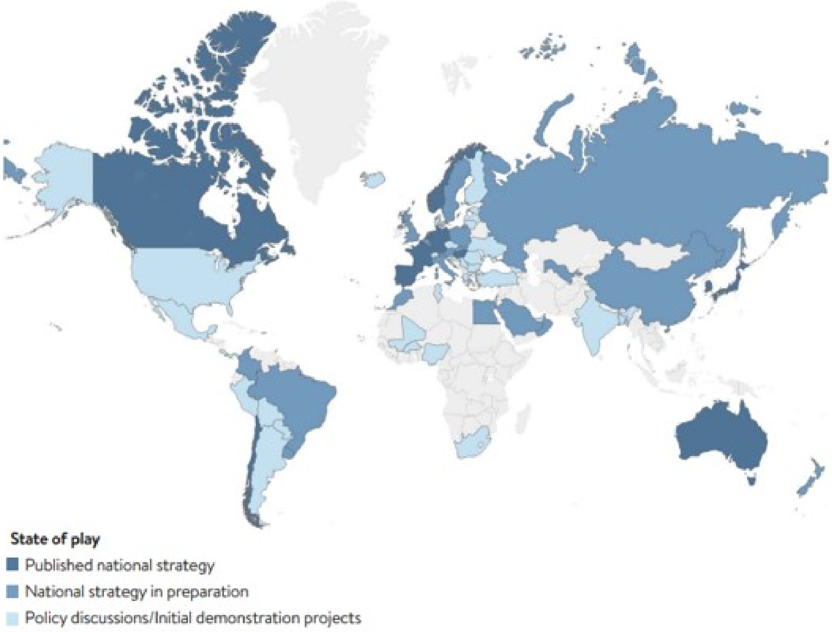


Figure 6: Global representation of progress in publication of national strategies[7]

The Hydrogen Council is a global initiative bringing together over 130 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 firms represent a market valuation in excess of 6.6 trillion US dollars and employ over 6.5 million people around the world.

Competitive price for green hydrogen

At the end of 2021, gray hydrogen was more competitive, with a cost ranging from $0.50 to $1.00 per kg: the cost of natural gas and fossil-derived resources overall remain low, the price impetus for the ton of carbon also remains fairly low. The of green hydrogen[8] varies between $3.00 and $8.00 per kg, depending largely on the price of electricity and requires more extensive investment.

Given the current conflict in Ukraine at the time of writing, the price of gas has risen significantly. On 4 March 2022 gas reached €146/MWh, up from €85 per MWh on 31 December 2021. Futures contracts tended towards €78/MWh for 2023 delivery.

Although at first glance this increase is favorable to equality between gray hydrogen and green hydrogen, spot market electricity is itself driven by the price of gas, reaching €363/MWh on 4 March 2022 with futures tending to €196/MWh for 2023 delivery.

Nonetheless, in the absence of international conflicts and market anomalies, different factors favor a movement towards a more economical and competitive green hydrogen, with a potential increase in the cost of gray hydrogen.

The production cost of renewable electricity will fall due to economies of scale, lessons learned from current projects and technological progress.

The cost of producing green hydrogen should fall by around 50% until 2030, then continue falling at a slightly slower rate until 2050.

By 2030, considering a reduction in CAPEX, the increased efficiency of electrolyzers given progress in technology and less costly renewable energy, green hydrogen will start to compete more seriously with gray hydrogen. Wherever electricity is cheapest, electrolysis could reduce the cost of green hydrogen to around $1.50 per kg.

[7] World Energy Council : Hydrogen on the Horizon : National Hydrogen Strategies (Sept 21)
[8] IEA : Global Hydrogen Review (Nov2021)

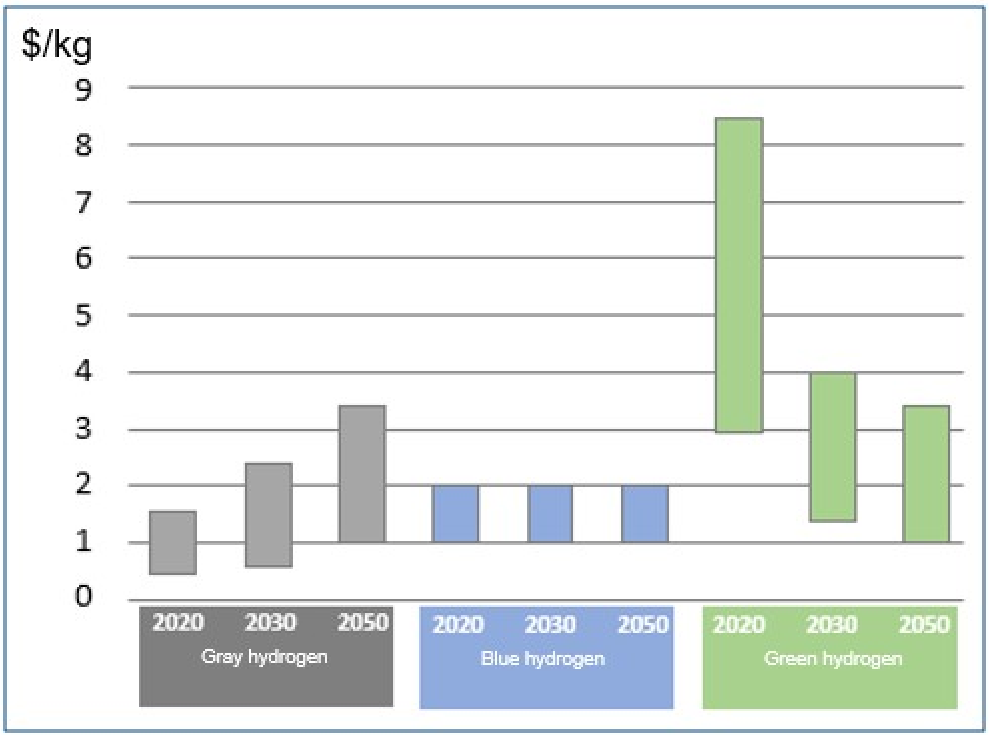


Figure 7: Forecast total costs by type of hydrogen and year[9]

Hydrogen demand expected to rise significantly by 2050

In 2020, global demand for H2 amounted to 90 million tonnes, almost all produced via fossil-derived energies.

In 2019, demand for hydrogen in Europe was above 8 million tonnes[10], or about 10% of total demand. Over half of total hydrogen consumption was accounted for by just four countries: Germany (20%), Netherlands (15%), Poland (9%) and Spain (7%). France featured in 6th place, with around 5% of demand.

The **International Energy Agency (IEA)** has developed a Net Zero Emissions (NZE) scenario for 2050, for which the temperature rise targets are below 1.5 °C.

Perspective for 2030

To achieve the Net Zero Emissions target, the IEA considers that hydrogen production capacity needs to rise to 200 million tonnes in 2030, 70% of which produced using low-carbon energy (green and blue).

Lastly, according to the IEA, 850 GW of electrolysis capacity will need to be installed by 2030 to sustain the objective of the temperature rise remaining below 1.5 °C.

Through its hydrogen 2030 plan Europe plans to install 40 GW of electrolysis capacity to be able to produce 10 million tonnes of hydrogen per year. The European Union is strongly encouraging the installation of a further 40 GW of capacity in North Africa and Eastern Europe, to produce 10 million tonnes with a 2030 target of 20 million. Member States have therefore prepared investment plans (see table describing national targets above).

Yet, according to the IEA hydrogen project database published in October 2021, declared projects[11] around the world for 2030 amounted to 250 GW, with the majority being at the phase of preliminary notifications or design. Projects that are considered credible, structured and involving significant stakeholders represent around 100 GW.

On this basis, McPhy estimates that its addressable market in 2030 will be in the region of 100 GW.

[9] IEA : Global Hydrogen Review (Nov2021)
[10] FCH : Hydrogen Supply and Demand (2021)
[11] IEA : Hydrogen project database (Oct 21)

Perspectives for 2050

According to the IEA, demand for hydrogen in 2050 should rise to 500 million tonnes of mostly low-carbon hydrogen, with 3,600 GW of installed electrolysis capacity, corresponding to 1,800 million tonnes of carbon avoided.

The lower-carbon production of hydrogen and its use would represent 60 Giga tonnes of CO2 saved between 2021 and 2050.

Following this same scenario, PWC and the World Energy Council consider that the demand for hydrogen should reach between 220 million and 600 million tonnes in 2050.

According to the Hydrogen Council[12], in the zero-emission scenario, could represent up to 20% of the total final energy consumed in 2050 and **help reduce annual CO_2 emissions by 6 Giga tonnes.** The markets for hydrogen and its technologies could represent **$3 trillion** and 30 million jobs.

1.1.2.3 Development of electrolyzer projects: a reality

Electrolyzer projects are multiplying around the world. Their size is also increasing. Over 520 multi-MW projects are listed at the end of 2021, compared to 200 at the end of 2020. 43 of these projects are Gigawatt scale.

If all these projects were to be completed, the total investment by 2030 would amount to over $300 billion. Moreover, governments have already announced over $70 billion in hydrogen investment plans, notably Europe with a 40GW target for 2030.

Europe is the world's leading region in number of hydrogen projects announced, representing 50% of projects, largely due to strong governmental support and solid national strategies. Next in order are Australia, Japan, Korea, China, and the USA.

1.1.3 Industrial hydrogen market and its issues

Hydrogen is a response to growing industrial requirements and the need to dramatically reduce CO2 emissions

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 90 million tonnes of "pure" hydrogen is responsible for the emission of 900 million tonnes of CO_2 into the atmosphere every year.

[12] Hydrogen for Net-Zero : A critical cost-competitive energy vector (Nov21)

Industrial hydrogen market

The role of hydrogen is essential in the chemical industry, oil refining and petrochemicals. To a lesser extent, also to obtain certain materials and steel making.

DJEWELS | On a chemicals plant in Delfzjil, Netherlands: McPhy was selected as a “preferred partner” 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[13]

Chemical industry:

Hydrogen is used in several ways in the chemical industry. For example, when combined with nitrogen, it can be used to make ammonia. Ammonia can be used in fertilizer production and as a raw material for other chemical products (urea, ammonium nitrate, ammonium phosphate, etc.). The ammonia produced with decarbonized hydrogen is referred to as “green ammonia”. Hydrogen is also used to manufacture methanol, a fundamental chemical compound used to produce many different polymers. It is a reagent used in the composition of textile fibers such as nylon, polyurethane foams and various plastic materials.

In 2020, demand for hydrogen from the chemical industry amounted to 45 million tonnes, around 50% of total demand. According to the IEA’s Global Hydrogen Review of October 2021, demand for industrial hydrogen will rise over the coming years to 56 million tonnes/year by 2030 and to 68 million in 2050.

Petroleum industry:

Hydrogen is mainly used to eliminate sulfur, naturally contained in petroleum, to provide purer products. It is also being used to produce synthetic fuels (Synfuels) to replace conventional fuels.

In 2020, demand for hydrogen from the petroleum industry amounted to 40 million tonnes, around 44% of total demand. Oil refining should slow significantly and the demand for hydrogen fall in consequence to 25 million tonnes in 2030 and 10 million in 2050, replaced by Synfuels for which hydrogen consumption is almost zero today. The IEA estimates that hydrogen demand associated with these new fuels should reach 7 million tonnes in 2030 and 100 million in 2050.

Metal and steel production industry:

Steelmaking and other metal production sectors are amongst the last industrial activities to consume coal, which is a necessary resource in manufacturing processes. Solutions less exposed to fossil-derived resources are developing, such as DRI (Direct Iron Reduction) which does not need coal. Here, hydrogen supplements or replaces conventional fuels. Over the last 40 years, the low price of natural gas has favored the production of DRI, which has risen faster than the price of steel. These new manufacturing processes represent a genuine potential for hydrogen use.

In 2020, demand for hydrogen from steel and other metal production industries amounted to 5 million tonnes, around 6% of total demand. According to the IEA forecasts, it could reach 18 million tonnes in 2030.

[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

Issues on the industrial hydrogen market

Today, fossil-derived fuels are the least costly raw materials for industry. With the increase in carbon taxes and the rapid fall in the cost of renewable electricity, decarbonized hydrogen is fast approaching the threshold that will make it competitive.

It could then represent an effective response to the double challenge of this market: handle the growing needs of industry while dramatically reducing CO2 emissions in the sector.

Total demand for hydrogen across the world for industrial needs is expected to reach 100 million tonnes in 2030 and 240 million tonnes in 2050 (a rise of over 400% compared to 2020).

By 2050, Bloomberg New Energy Finance (BNEF)[14] estimates that the electrolysis capacity required to meet the needs of industry will exceed 700 GW (out of 3,600).

1.1.4 Hydrogen mobility market and its issues

Hydrogen is a zero-emissions alternative fuel

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,"SMT- AG" project: first zero-carbon hydrogen station for buses in France (200 kg of hydrogen / day, 0.5 MW electrolysis).

Hydrogen mobility market

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, trams, etc.

[14] BNEF : New Energy Outlook 2021
[15] Hydrogen Council "Scaling up" report (November 2017)

- Or **Sea:** river shuttles, ferries.

In 2030, hydrogen should represent around 3% of global mobility energy demand.

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 issues

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-duty transport

Buses, heavy-duty vehicles, and trains generate high amounts of carbon emissions. Due to their weight and limited range, electric batteries do not have the capacity 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,

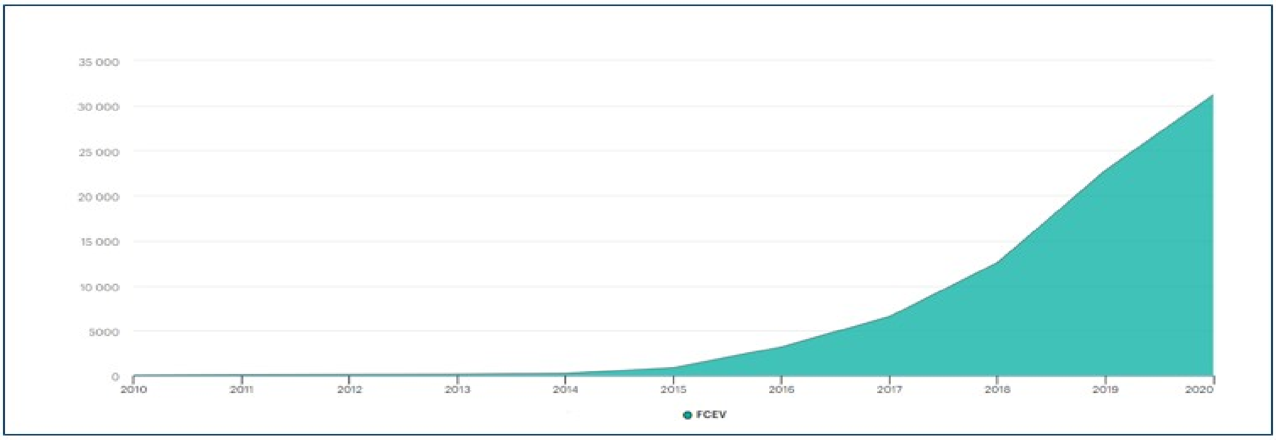


Figure 8: Number of FCEV in the world[17]

Increase in number of fuel cell vehicles

Around the world, over 40,000 fuel cell electric vehicles (FCEVs) were on the road at end June 2021, with an increase of 70% between 2010 and 2020. 95% of these vehicles are situated in China, where hydrogen-fueled heavy vehicles are also used.

In Europe, at the end of 2020, over 2500 FCEVs were in operation, including over 1000 in Germany. Over 90% of European FCEVs are light vehicles and 5% are fuel cell buses.

[16] https://www.h2-mobile.fr/actus/voiture-hydrogene-record-autonomie-hyundai-b-piccard/
[17] IEA : Hydrogen Analysis

According to the IEA, and as the momentum above shows, road vehicles will represent the lion's share of hydrogen vehicles in 2030, or around 15 million vehicles. Of these 15 million, 11 million will be fuel cell cars, around 1 million trucks, 500,000 buses and 2.5 million commercial vehicles. Hydrogen mobility is subject to growing interest, in particular from professional captive fleets such as buses and taxis. Several deployment programs have been announced in European countries. The number of FCEVs expected in Europe by 2030 rises to 415,000 if we aggregate the objectives of the Czech Republic, the Netherlands, Portugal, Spain, and France.

On a worldwide level, hydrogen needs for fuel cell mobility should tend towards 5-10 million tonnes in 2030 and 100 million in 2050.

Yet, to supply the hydrogen required to operate these new vehicles, Hydrogen Refueling Stations or HRS need to be installed. Based on the IEA 2030 forecasts, the number of hydrogen stations around the world should be around 20,000 with a distribution capacity of approx. 50,000 tonnes of hydrogen per day. Over 3,500 stations will be in Europe[18] for a variety of use cases: cars, light and medium utility vehicles, heavy-duty utility vehicles and buses.

Hydrogen station networks are therefore expanding rapidly around the world, especially in Germany (90-100 stations out of the 200 or so in Europe), the USA, the UK, Japan, South Korea, and France.

This growing demand will have a direct impact on refueling stations, the capacity of which must rise from the relatively standardized 200-400 kg /day to over 1,000 kg/day. This development will dramatically reduce the cost of hydrogen at the refueling point.

McPhy has developed its range of stations in response to these future market developments.

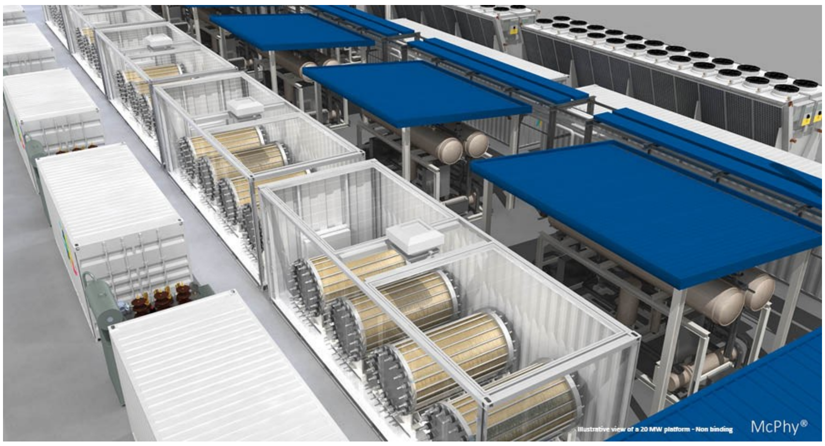
Equipping these stations with large-capacity electrolyzers to produce zero-carbon hydrogen on site on-demand at the station, represents another major opportunity for McPhy.

Non-road vehicles, shipping and aviation will be the main consumers of alternative fuels presented in the "industry" section. The rail sector has registered its first orders from several European countries for fuel cell trains, notably from Alstom.

1.1.5 Hydrogen for energy market and its issues

Hydrogen is a solution to increase the proportion of renewables in the energy mix

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.



The CEOG project ("Centrale Electrique Ouest Guyanais") will be equipped with 16 MW of high-power electrolysis capacity supplied by McPhy, to participate in the bulk storage of renewable energy in hydrogen form. In partnership with HDF, Meridiam and SARA, the project will combine the energy produced by a photovoltaic plant and storage to supply 10,000 homes in French Guiana both day and night.

[18] IHS, ACEA

Hydrogen energy market

To achieve the objective of the COP21 "1.5 degrees" scenario, **the widespread adoption of renewable energies is required to achieve a predominant part in the global energy mix.**

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

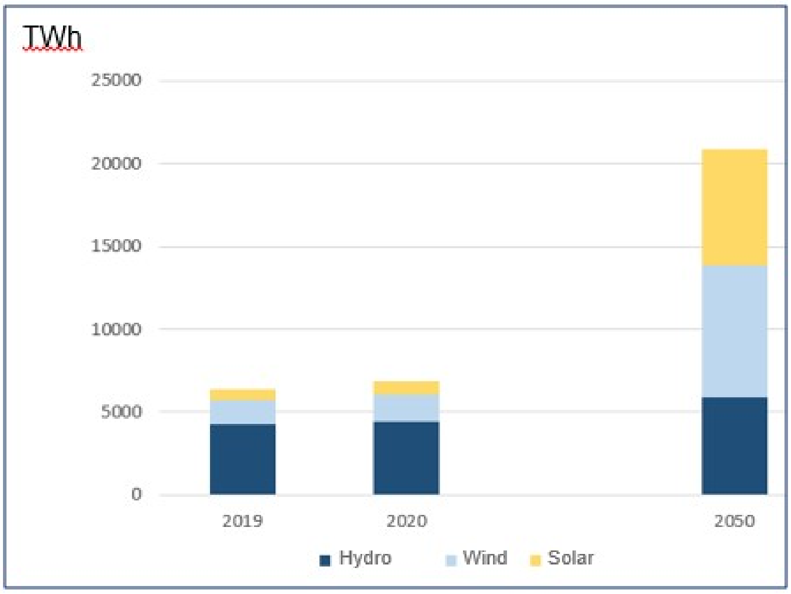


Figure 9: Trend in electricity generation for hydro, wind, and solar[19]

In the Europe of 2020, renewable solar energy covered 5% of the electricity mix, compared to 3% in 2015. The aim is to triple solar capacities to rise from 120 GW in 2020 to 420 GW in 2030.

Hydrogen energy market issues

Network stability:

Figure 10: Hydrogen for the grid

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.

[19] IEA : "Net Zero Emissions"

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).

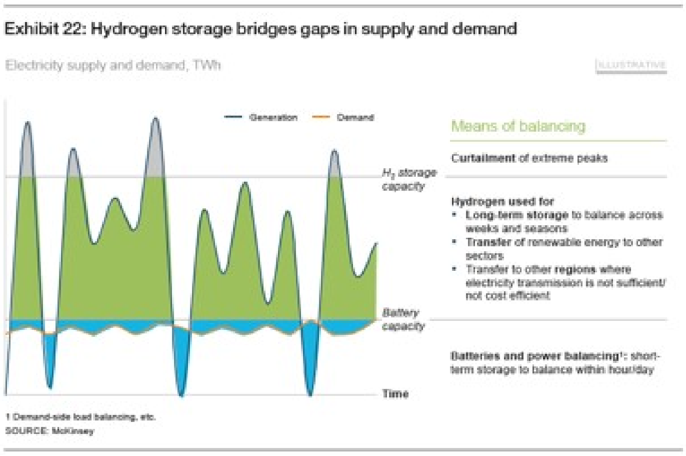


Diagram: Hydrogen Council "Scaling up" report, November 2017, p59

The production costs of renewable energies, especially solar PV and wind, have fallen 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.

Today, the use of hydrogen for energy is negligible. A few countries such as Japan have shared targets for application in the energy sector, but they involve small and medium-scale projects amounting to around 1 GW of electrolysis capacity by 2030.

Heat and power generation for buildings:

Today around the world, the energy consumed by buildings is mainly produced from fossil-derived resources. Beyond being used to generate electricity for the grid, hydrogen also plays a role in supplying heat and energy for buildings.

Visibility on the deployment of its applications remains weak and should not start before 2030 in terms of the heavy infrastructures necessary and its dependence on access to distribution networks and to questions on its final usage method. In the future, boilers and heating systems must also enable its use, whether for direct consumption or to generate electricity. Naturally, the question of hydrogen transport arises. It can also be mixed with natural gas depending on the end uses and available channels, which enable it to be used by reducing the adaptation of pipeline networks. The IEA estimates that global demand for hydrogen to decarbonize heat and energy generation for buildings will amount to 6 million tonnes in 2030.

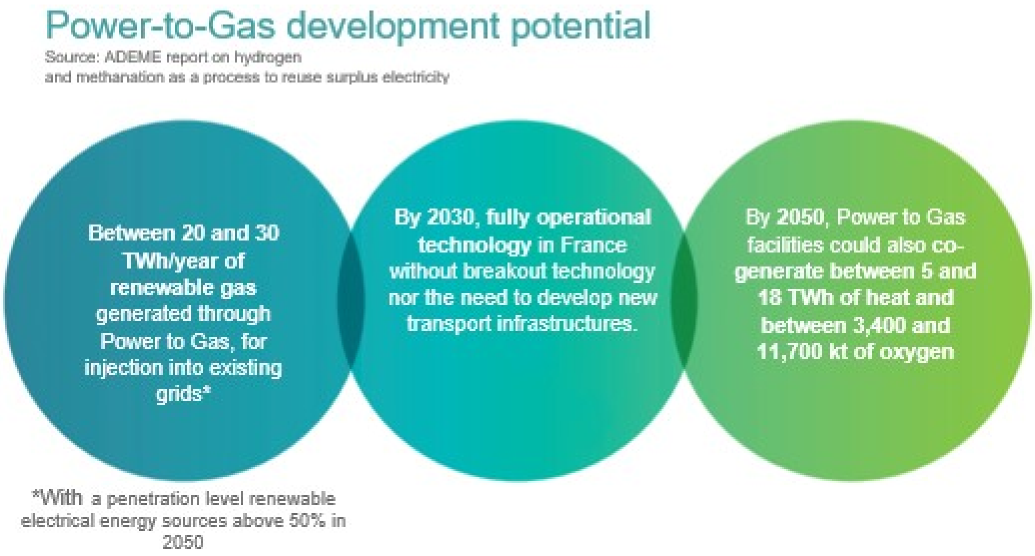
Focus on Power to Gas

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[20]
- 5,000 km of hydrogen pipelines across the world (specifically in the USA, Belgium, and Germany)

[20] IEA report "The Future of Hydrogen", November 2019 | p 182 and 76

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[21].



GRHYD PtG project press pack

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

1.2 Strategy and objectives

1.2.1 Vision & Ambition

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

Vision

Our slogan and corporate project:

"Driving clean energy forward"

Hydrogen encourages the large-scale integration of renewable energies. It has the potential to massively decarbonize the industrial, mobility and energy sectors.

The challenge is to offer equipment for the large-scale production and reuse of hydrogen in adequate volumes to provide a competitive solution for increasing market needs. McPhy has established itself as a pioneer in hydrogen technologies serving the energy transition, and has forged an expertise in zero-carbon hydrogen production and distribution technologies (electrolyzers and hydrogen stations)

McPhy

Driving clean energy forward

[21] IEA report "The Future of Hydrogen", November 2019 | p 182

Alongside its Clients and partners, McPhy contributes to driving forward the global transition to clean energies, hydrogen ecosystems and smart grids.

Ambition

Clean. Smart. Scalable. Unlimited Hydrogen.

Zero-carbon hydrogen produced from electrolysis using renewable energies and then reused in the industry, transport and energy sectors is one of the solutions for developing a low-carbon society model.

McPhy has a clear ambition for the future. It involves a large-scale transition of the group to increase the attractiveness and competitiveness of zero-carbon hydrogen:

- by continuously improving the performance of its equipment while providing the highest standards in terms of quality and safety,
- and through the continuous industrialization of its production processes and equipment,
- all within a strategy of hydrogen cost reduction.

1.2.2 Strategic positioning in value chain to meet market requirements

McPhy is positioned on two of the five main phases in the hydrogen value chain which enables the decarbonization of industry, mobility, and energy through the use of green hydrogen:

1. Electricity production, supply of electrolyzers
2. **Hydrogen production by electrolysis:** The McPhy range of alkaline electrolyzers can produce hydrogen in bulk for use in decarbonizing its three primary end uses for industry, energy and mobility.
3. Hydrogen storage and transport.
4. **Hydrogen distribution:** McPhy refueling stations serve to distribute hydrogen and help decarbonize the mobility sector.
5. Fuel cell systems.

1.2.3 Pillars of the growth strategy

McPhy intends to continue its development strategy along the lines already identified.

In 10 years, the Group has become of the leading European and global players capable of delivering technological platforms needed by Clients to generate and use hydrogen on a scale capable of fulfilling 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 significant commercial references serving to confirm the relevance of McPhy solutions at an industrial scale.

The Company is pursuing a growth strategy based on the industrial scaling up of its operations over the coming years. This strategy is founded on four pillars.

1.2.3.1 Maintain technology leadership

McPhy intends to pursue the development on its two main product lines to conserve its technological head start:

- Electrolyzers: small and medium capacity with the PIEL® range and the small McLyzer® units, alongside the large capacity Augmented McLyzer® range.
- Refueling stations with the McFilling® range.

The product strategy aims to extend the ranges to products offering larger sizes and capacities, to meet the growing needs of decarbonization and Client demands for unit capacities and large-scale projects. Extra effort is devoted to R&D to develop the new generations of electrolyzers and stations to match the large-scale projects announced on the market, in particular:

- Electrolyzers: platforms representing tens and hundreds of installed capacity, large capacity stacks from 1 to 5 MW, improved electricity consumption
- Stations: distribution capacities from 2 tonnes per day depending on the Client equipment, improved electricity consumption, optimized gas storage capacity management, etc.

The development of large capacity electrolyzers remains focused on the consolidation of high-density pressurized alkaline electrolysis technology, while remaining capable of integrating other technologies as McPhy has shown it can do on certain projects.

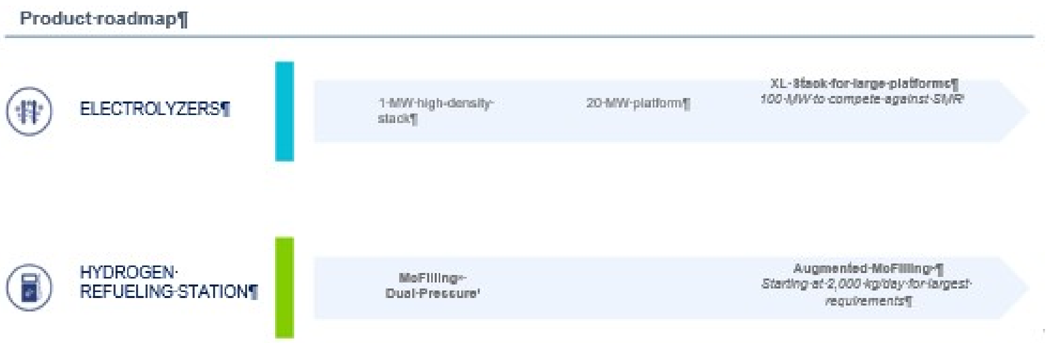


Figure 11: Product roadmap - evolution of technology

This strategy is driven with the permanent requirement of ensuring the highest degree of safety possible for McPhy equipment and systems.

In particular, McPhy applies IEC standard 61511 on Functional safety - Safety instrumented systems for the process industry sector, internationally renowned and one of the most demanding.

McPhy contributes to reports and analyses to re-risk projects, making use of HAZOP, FMECA studies, ATEX assessments, authorization requests to the applicable Authorities of each country where projects are carried out.

McPhy meets European and ISO normative requirements, aiming for integrated certification for the whole Group for ISO 14001 (environment) and ISO 45001 (safety) for its Management system by the end of 2024. Group certification for ISO 9001 (Quality) is scheduled for end 2022.

Focus on Innovation Policy

The origins of McPhy lie in research carried out for over 13 years by the CNRS (National Center for Scientific Research) and the CEA (French Alternative Energies and Atomic Energy Commission) on hydrogen storage and materials. This research was conducted under the European HYSTORY project (HYdrogen STOrage in Hydrides) between 2002 and 2005, and NESSHY (Novel Efficient Solid Storage for Hydrogen) between 2006 and 2011.

Today, McPhy is working on research project with institutions such as the University of Dortmund and the Fraunhofer Institute in Germany.

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 €2.6 M in 2021 and gave rise to a tax credit of €0.7 M. Total spending on Research and Development amounted to €8.2 M, of which €3.4 M were capitalized. Net R&D spending therefore amounts to €4.1 M, which represents 16% of Group expenditure excluding Research Tax Credits.

Management of innovation is associated with the need for product development in response to a tangible market need. Innovation is therefore integrated into the technical management of the Electrolyzer and refueling stations ranges and addressed using a project-based approach.

Clients are involved in the approach as partners.

Cooperation with research centers

Created through a research partnership with CEA and CNRS, McPhy purses a very proactive approach to collaboration with private and public sector research bodies, as well as the most prestigious academic institutions in France and more generally in Europe. In this respect, McPhy has created a technical partnership with the Belfort-Montbeliard Technology University, Compiègne Technical University, Troyes Technical University, General Electric, GRTGaz, and Ineris. McPhy became a member of the Joint Industry Project coordinated y DNV and with partners comprising 17 other equipment builders and operators in green hydrogen production. Other bilateral or multilateral partnerships are under development. This enables McPhy to do two things:

– Contribute to disseminating know-how and knowledge developed to the benefit of the whole hydrogen sector with an inclusive intellectual property policy;

– Benefit from the best contributions and technology from institutions on the leading edge of their sector (hydrogen or non-hydrogen, to benefit from technological and industrial advancements).

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 2.1.5.3, 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.

Patents

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.

Trade marks

The Company has registered the following marks:

Trade mark	Type	Holder	Number	Date of filing	Classes
McPhy	French	McPhy Energy SA	164,273,985	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
McPhy	French	McPhy Energy SA	4,715,232	25 July 2012	1 ; 6 ; 7 ; 9 ; 11 ;12 ;35 ; 37 ; 39 ; 42
McLyzer	French	McPhy Energy SA	164,273,999	23 May 2016	7 ; 9 ; 11
McLyzer	French	McPhy Energy SA	154,175,232	21 April 2015	1 ;7 ; 9 ; 11
McFuel	French	McPhy Energy SA	154,175,222	21 April 2015	1 ; 7 ; 9 ; 11
McStore	French	McPhy Energy SA	164,274,004	23 May 2016	1 ; 6 ; 7 ; 9 ; 11
McStore	French	McPhy Energy SA	154,175,244	21 April 2015	1 ; 7 ; 9 ; 11
McFilling	French	McPhy Energy SA	164,273,995	23 May 2016	6 ; 7 ; 9 ; 11
McFilling	French	McPhy Energy SA	154,211,591	22 September 2015	1 ; 7 ; 9 ; 11 ; 39
Driving clean energy forward	French	McPhy Energy SA	164,288,190	19 July 2016	37 ; 40 ; 42
PIEL	EU	McPhy Italia SRL	018,010,333	16 January 2019	7, 37, 42
Piel	EU	McPhy Italia SRL	018,010,357	16 January 2019	7, 37, 42
Piel	International	McPhy Italia SRL	1,487,024	15 July 2019	7, 37, 42
HYCTOR	French	McPhy Energy SA	214,740,758	08 March 2021	7.9, 11

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

Domain names

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

Pledges of industrial property rights

None

1.2.3.2 Consolidate commercial positions and reference projects

To ensure that its Clients enjoy the best value proposition, McPhy is striving to achieve a portfolio of emblematic references.

The Group focuses on benchmark projects for the market to confirm its technical credibility on scaled-up textbook cases: large-scale electrolysis plants, Power-to-Gas and Power-to-Power projects, intensive mobility projects for buses, trucks and trains, etc.

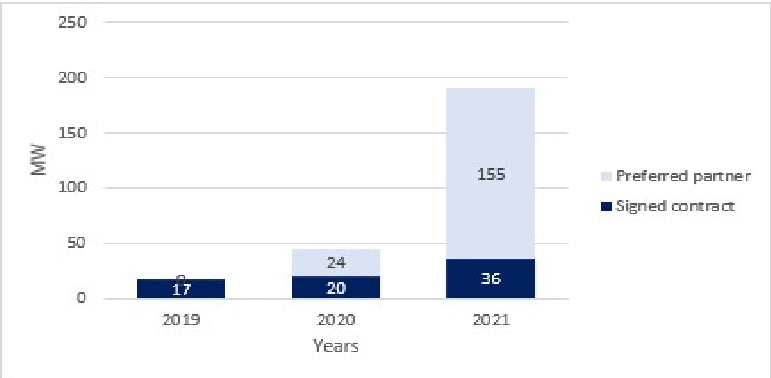
Geographically, this involves:

- Consolidate positions in Europe: France, Germany, Italy, Netherlands, Portugal, Spain and Northern European countries.
- Speed up international growth by opportunistic acquisitions, based on strong positions and partnerships already developed in Europe. Outside of Europe, equipment is already installed or is being built for China, Singapore or French Guiana in Latin America.

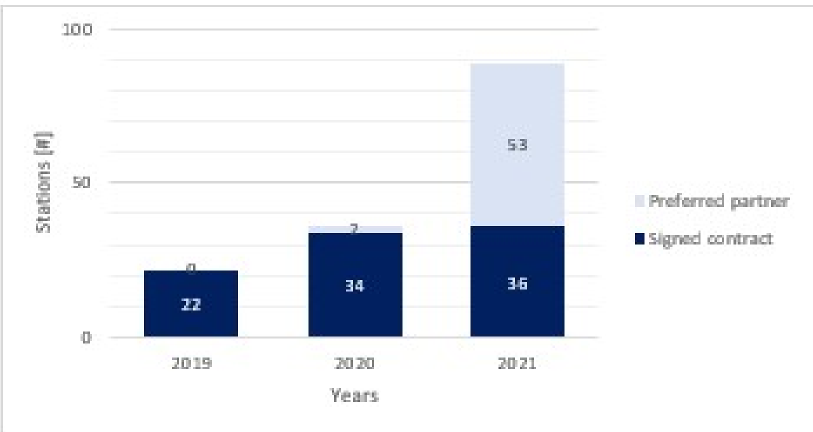
Lastly, to promote its range and advocate renewable hydrogen, McPhy is strongly active in its sector and creates partnerships and alliances within the French, European, and international ecosystem. Moreover, the deployment of strategic and technological partnerships can expand the range available to Clients.

Major references in Europe

Electrolyzers: At the end of 2021, McPhy had an order book of 36 MW of signed contracts[22]. In addition to these orders, McPhy was also selected as a preferred supplier for 155 MW of capacity.



Fueling stations: At the end of 2021, McPhy reported an order book of 36 signed orders for stations and 53 for which McPhy was identified as the preferred supplier.



McPhy Client references mainly in Europe amount to 191 MW of electrolyzers and 89 stations.

[22] Signed purchase order.

The PIEL range of small electrolyzers is marketed in over 50 countries.

Involvement in the construction of the hydrogen sector

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

List of McPhy memberships of main sectoral organizations:

Partnership strategy based on three objectives:

McPhy seeks partnerships in order to:

- Complete the high technological knowledge of McPhy in electrolyzers and stations, with their integration skills (e.g. Technip Energies), technological know-how (e.g. De Nora for electrodes), adjacent technologies (e.g. Chart Industries in liquid hydrogen),
- Complete McPhy methods and processes in product development (e.g. Technip Energies on integrated platform), in project development (e.g. EDF-Hynamics for turnkey projects in energy, mobility, or industry.
- Complete market access opening for integrated indirect sales on each of the three segments; open commercial opportunities in France, in Europe, and internationally outside Europe.
- This cross-fertilization is manifested in the form of protocols, co-development agreements, and licensing agreements, with:
- Industrial operators in fossil-derived energy, gas, hydrogen or players in segments of hydrogen use (cement, energy, mobility, etc.),
- Specialist research institutions working on hydrogen issues or certain subsystems of electrolyzers or stations,
- Academic partners specializing in the hydrogen sector and issues surrounding the equipment and its use.

Supported by a solid commercial strategy

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.

1.2.3.3 Be more competitive

McPhy is committed to continuing to reduce the costs of producing and distributing zero-carbon hydrogen, to offer Clients a competitive alternative to the current polluting technologies. This policy is deployed in several areas:

- Implementation of a cost reduction roadmap for our equipment.
- Development of industrial capacities to create significant economies of scale with new production tools and processes.
- Consequently, McPhy is committed to cost reductions on its electrolyzers and distribution stations.

R&D:

- Better use of core materials to reduce the cost of the stack, improved Make or Buy strategy,
- Development of new stacks to improve their performance and their capacity,
- Development of large platforms offering tens of MW,
- Development of a more efficient system reducing the electricity consumption of the electrolyzer to produce the same amount of hydrogen.

Industrial capacity:

- Increased industrial capacities to benefit from economies of scale;
- Integration of key electrolyzer components

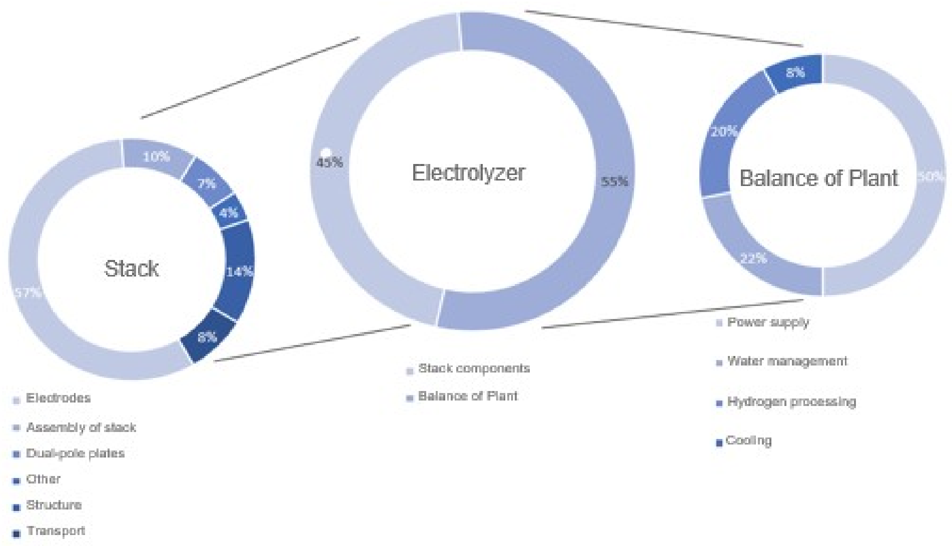


Figure 12: Illustration of the cost structure of a 1MW alkaline electrolyzer[23]

Looking forward to 2030, the aim is consequently to reduce CAPEX by 50%, enabling alongside lower costs of electricity from renewable energies, the production of green hydrogen that is competitive with gray hydrogen. This requires us to lower the costs of the stack and the Balance of Plant (see cost structure above).

In parallel to these major efforts, McPhy continues to work on optimizing its supply chain with stronger partnerships with key suppliers and the introduction of new processes.

McPhy has adopted a flexible production model, primarily based on integrated end-to-end system assembly, from initial design to manufacture and installation on site. This agile model enables the Company to focus its efforts on

[23] IRENA: "Green Hydrogen Cost reduction: Scaling up Electrolyzers to Meet the 1.5 ºC Climate Goal" (Dec 2020)

activities generating higher added value, i.e. the design and assembly of innovative solutions, while benefiting from the best technology and innovation through partnerships (certain exclusive) with specialized suppliers in their field.

Consequently, McPhy attaches great importance to selecting its subcontractors.

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

- Electrodes,
- Membranes,
- Compressors,
- Systems and automation,
- Mechanical components.

Containers (shelters), metal tanks, piping and valves, electrical systems and components.

1.2.3.4 Drive transformation and scaling-up

Strategic deployment depends on the 150+ people working in the Group, experts in zero-carbon hydrogen solutions and representing a wide cultural diversity through 20 different nationalities. This wealth affords the Group an extensive capacity for adaptation and agility.

Business growth is supported by a strong, regular increase in headcount. In line with the objective set in 2020, 44 people joined the company in highly technical positions, with 75% being involved in direct functions (engineers, technicians, operators, etc.).

In 2022, with a plan to recruit over 60 additional employees over the current fiscal year, the Group aims to double its headcount between 2020 and 2022 across functions destined to support the company's industrial scaling-up.

Internal and external skill development is a core feature of this strategic approach. McPhy works upstream with academia to create hydrogen-related career paths and enrich the associated skills. The policy on recruiting interns and apprentices is a key approach to develop the necessary internal skills and results in a hiring rate for interns on completion of their internship above 35%.

Attracting and retaining talented individuals are key success factors: analysis of the competitive nature of compensation led to the development of a solid roadmap for the transformation of the compensation policy, with the aim of supporting the company's long and medium-term growth objectives. This includes specific measures concerning increased employee salaries and an exceptional performance share loyalty plan for all employees.

Lastly, the group is structuring its organization in terms of process and procedures to support the current and future industrial scaling-up and growth of the company. McPhy has implemented an agile organization, firmly rooted in national and regional ecosystems.

Internationally-oriented organization

1.2.4 Assets

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

1.2.4.1 European DNA

McPhy was established in France and is now a European group with three sites in France, Germany and Italy.

The employee breakdown (70 in France, 48 in Germany, 35 in Italy) reflects these strong roots.

The Group has scalable production capacities that are dimensioned to change scale in pace with the growth on hydrogen markets. Its flexible and modular production resources are spread over three engineering, design and assembly sites located in France, Italy and Germany.

France: engineering & production of hydrogen stations

- **La Motte-Fanjas,** head office of the company until the general shareholder meeting of 19 May 2022 (see below). The Group production capacities here amount to 20 to 30 stations per year. This site features a unique hydrogen test platform suited to products developed by McPhy. The site was opened in September 2013 and hosts multiple resources (civil engineering infrastructure, electrical power, supply and management of pressurized hydrogen and argon, telemetry equipment, remote control stations, ATEX safety zones).
- **Grenoble** hosts a Management office, the Station product engineering teams and project management staff. The new Grenoble site will become the company head office as from the annual mixed general meeting on 19 May 2022 (see below).
- **Paris** hosts sales teams.

Starting in summer 2022, the McPhy teams at Grenoble and La Motte Fanjas will be merged on a single new site in Grenoble, bringing together technical and station production teams, alongside certain central support functions. This will also allow the station production capacity to rise to 180. Thanks to its strategic location in the heart of the Grenoble ecosystem which is considered one of the most dynamic in Europe, the new McPhy plant will support the Group's international expansion. Its location is optimal in terms of logistics flow management and will give the Group the capacity to supply the whole European market.

Paris will continue to host sales representatives.

New McPhy site in Grenoble, bringing together Station activities and some head office functions

Italy: engineering & production of Piel and McLyzer electrolyzers

San Miniato, site active in the design and production of stacks, as well as the assembly and testing of electrolyzers. The initial 100 MW capacity will be progressively increased to 300 MW over 2022-2023 to handle demand.

McPhy site in San Miniato, Italy.

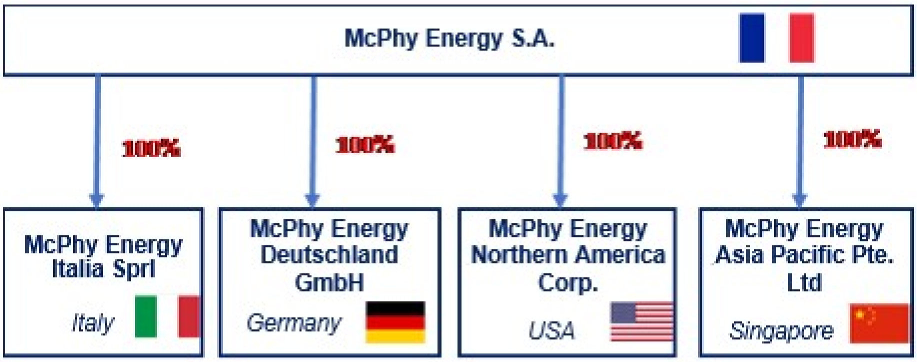
Germany: engineering of large-capacity electrolyzers

In Germany, the **Wildau** site is where very high-capacity (multi-MW / GW) GW) electrolysis systems are designed and engineered, and where EPC projects (i.e. systems integration) are managed.

McPhy site in Wildau, Germany.

In total, at the end of 2021, the Group employs over 150 people across these countries and one person in China.

Group organizational structure:



1.2.4.2 Broad product range

McPhy offers one of the widest ranges of electrolyzers on the market, from 0.4 to 800 Nm3/h as standard. Beyond this, multi-MW designs are available by combining 4 MW core modules, enabling McPhy to propose client platforms from 20 to 100 MW and more using 1 MW stacks.

Today, the Group uses the tried and tested, and financially competitive technology of high-pressure alkaline electrolysis with high-current-density electrodes.

The range of stations to charge hydrogen-fueled electric vehicles provides modular and flexible solutions to handle larger vehicle fleets and propose platforms capable of 20 kg to 800 kg / day as standard and in the future 2000 kg / day.

1.2.4.3 Expertise and integration of key phases of value chain

R&D, design, engineering, manufacture, installation, commissioning and maintenance: McPhy integrates all the key phases of the value chain in its processes.

- R&D, design and engineering are carried out in Group centers of excellence:
  - Wildau for electrolyzers
  - La Motte -Fanjas (Grenoble starting in May 2022) for stations
- Manufacturing takes place in Group production plants:
  - San Miniato for electrolyzers
  - La Motte -Fanjas (Grenoble starting in May 2022) for stations
- Installation, commissioning and maintenance are carried out with Clients and on our sites in several European countries.

In addition, a dedicated Customer service organization managed from San Miniato and implemented in each country enables the Group to support its Clients in terms of after-sales and maintenance services.

1.2.5 Objectives

The Group intends to continue to ramp up its technological and industrial capacities, and to implement the appropriate organization to effectively meet the requirements of the sector: support market growth and the increased size of projects.

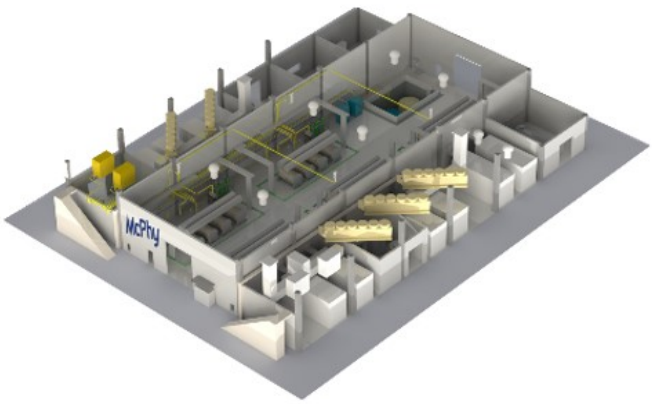
2022 will be an important year for pivotal projects:

- The Grenoble site will be operational in summer 2022 to host Research & Innovation, engineering, and production activities.
- Production capacities in Italy will progressively grow from 100 to 300 MW in line with customer demand.
- The Belfort site was pre-selected to build the Gigawatt electrolyzer factory, yet the construction remains subject to obtaining financing under IPCEI forum.

The Group deploys its business model founded on the continuous improvement of its green hydrogen technology. With active teams and the full support of its industrial partners, McPhy is more than ever confident in its medium and long-term growth outlook, and in its capacity to become a leader in Europe for green hydrogen equipment.

1.3 What McPhy offers

1.3.1 Electrolyzers



McPhy electrolyzers are at the leading edge of alkaline technology, which is a competitive, tried and tested solution in industry.

Total references[24] for McPhy large capacity electrolysis systems amount to 191 MW

Small and medium capacity electrolyzers

Presentation

McPhy offers a wide range of electrolyzers with a capacity below 100 Nm3/h of hydrogen. The Group's two complementary ranges Piel® and small line McLyzer® are gaseous hydrogen and oxygen generators suited to the needs of light industry.

	Model	Pressure [bar(g)]	Rated hydrogen flow [Nm3/h]	Power [kW]
PIEL®	Baby Piel	1	0.4	3
	P Series	1-2.5	1-1.6	6-9
	M Series	1-2.5	2.4-4.4	14-26
	H Series	4-8	3-10	18-60
McLyzer® Small line	McLyzer 20-30	30	20	100

Figure 13: References for small and medium capacity electrolyzers[25]

Focus on Piel

The Piel range features hydrogen generators from 0.4 to 10 Nm3/h flow and from 1 to 8 bar pressure.

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

Piel technology:

- A fully integrated **turnkey** solution: hydrogen is produced on site, on demand and delivered at the right pressure for industrial processes.
- Industry 4.0: **remote supervision and support module**, intuitive and user-friendly human-machine interface to facilitate daily operation of the equipment.
- **Cost management:** approximately 5.5 kWh are required to produce 1m3 of gas, which represents considerable savings.
- **Separate production** of gases (hydrogen and oxygen).
- **Plug and play technology** for 24-hour production, on demand and according to your needs.

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

McPhy installed and remotely commissioned a full H-series Piel line (hydrogen and oxygen generators with auxiliaries) for India's largest luxury jewelry maker, Titan Company Limited.

[24] All contracts on which McPhy has been appointed or identified as a preferred partner
[25] Further information is available in **McPhy** online brochures

Illustration of a H series Piel®

Large capacity electrolyzers

Presentation

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

In April 2018, McPhy introduced a genuine breakout technology with the Augmented McLyzer, a unique combination between McPhy's 30 bar high-pressure alkaline electrolysis and high-current-density electrodes. Specially designed for very large capacity platforms (multi-MW), it is sufficiently modular to cover capacities from 16 MW to 100 MW (4,000 to 20,000 Nm3/h), with a production capacity that is doubled yet using identical cell dimensions.

It is currently the most mature and robust technology, blending reliability and the maturity of alkaline technology with extensive flexibility. It is also acknowledged amongst market leaders as one of the most promising in terms of future developments.

	Model	Pressure [bar(g)]	Rated hydrogen flow [Nm3/h]	Power [kW]
McLyzer®	McLyzer 100-30	30	100	0.5
	McLyzer 200-30	30	1-1.6	1
	McLyzer 400-30	30	2.4-4.4	2
	McLyzer 800-30	30	3-10	4

Figure 14: References for large capacity electrolyzers[26]

This innovative technology was selected by a major industrial player in hydrogen, HDF, for use on the largest electricity generation project combining photovoltaic energy and 120 MWh bulk storage, mainly in the form of hydrogen.

1.3.2 Hydrogen stations

McPhy is a **pioneer in the H_2 mobility sector**. In 2014 already, it was part of a consortium to deploy a hydrogen station at Berlin airport (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**

[26] Further information is available in **McPhy** online brochures

in France. In 2019 it supplied equipment for the **first hydrogen station for buses in France** (project managed by ENGIE GNVERT and SMT AG).

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

The Group has developed a wide range of hydrogen stations which deliver in excess of 1,000 kg per day at 350 and 700 bar, for all types of vehicles and industrial processes.

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

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.).

To date, McPhy operates 89 hydrogen stations[27], adopting a strong position as a key partner in the deployment of hydrogen stations for zero-emission mobility.

Small- and medium-capacity stations

Presentation

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 to 50 kg of hydrogen per day. It features a robust technology that has demonstrated a very high level of availability. Its design is compact and enables any charging protocol for all types of vehicles.

In 2019, a third version of the starter kit was released. Equipped with an infra-red connector, it offers a 350 and 700 bar charging solution for vehicles.

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

[27] All contracts on which McPhy has been appointed or identified as a preferred partner

Large-capacity stations

Presentation

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

They can interface with an on-site hydrogen production system (by electrolysis or other method) coupled with local renewable energy sources for fully decarbonized, zero-emission mobility.

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

In April 2019, McPhy introduced Augmented McFilling®: smart and dynamically reconfigurable architecture suited to heavy-duty transport and long-distance vehicles. 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.

	Model	Pressure [bar(g)]	Quantity of hydrogen per day [kg]	Source of hydrogen	Vehicles	Physical footprint [m²]
McFilling®	McFilling 350	350	200 - +1,300	• Onsite electrolyzer (30 bar) • Tube Trailer (200 bar)	Heavy-duty mobility (buses, trains, trucks, boats)	16.5 (Containerized compression)
	McFilling Dual Pressure	350 & 700	200 - 800	• Onsite electrolyzer (30 bar) • Tube Trailer (200 bar)	All types of mobility	16.5 (Containerized compression)

Figure 15: References for large-capacity stations[28]

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

1.3.3 Full integrated systems

Although it is possible to supply stations by cylinder racks or hydrogen pipelines, 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.

[28] Further information is available in **McPhy** online brochures

AuxHYGen | Forerunner project for zero-emission mobility concerning heavy-duty transport in France. In 2019 the Artois-Gohelle mixed transport association (SMT AG) ordered a McFilling® station and a McLyzer® electrolyzer from McPhy to supply six hydrogen buses. McPhy delivered a 1 MW electrolyzer and a hydrogen station with a capacity of 400 kg/day to supply a fleet of five buses.

1.3.4 Response suited to each market

1.3.4.1 Positioning and strengths on the industrial hydrogen market

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.

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.

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

- **Core target: 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.

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

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

For light industry, McPhy also markets its **McLyzer small line** and the **Piel** range.

1.3.4.2 Positioning and strengths on the hydrogen mobility market

The mobility segment is one of the growth drivers for 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 this high-growth sector.

With its compact and modular stations, McPhy's target audience includes local authorities, builders and managers of vehicle fleets / public transportation, logistics hub operators. It supplies **all forms of mobility**: captive fleets (utility vehicles, forklift trucks), public transport (buses), city cars (personal vehicles), and also heavy-duty transport such as trucks, trains, ships, etc.

- The starter kit range is perfect for the needs of captive fleets (utility vehicles) and logistics hubs (forklift trucks). It 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 McFilling range proposes a large storage and daily distribution capacity, from 200 kg to over 1300 kg per day. McPhy has multiple McFilling references in operation.
- The Augmented McFilling range is a modular solution with no capacity limit up to 2 tonnes / day. This range is suited to large hydrogen vehicle fleets (buses, trucks, trains).

1.3.4.3 Positioning and strengths on the hydrogen energy market

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

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

- Up to 800 Nm3/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,
- High energy efficiency,
- Economically competitive,
- Reliability and robustness of mature technology demonstrated using data collected for example since 2014 on the "H2Ber" Power to Gas project, still operating at this time.
- Ease of use and maintenance.

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

The CEOG **("Centrale Electrique Ouest Guyanais")** plant will be equipped with 16 MW of high-power electrolysis capacity supplied by McPhy, to participate in the bulk storage of renewable energy in hydrogen form. The 16 MW hydrogen production platform is scheduled to come online in 2024 and will be equipped with McPhy's innovative "Augmented McLyzer" technology. The unique combination of 30 bar high pressure alkaline electrolysis and built-in high-current-density electrodes will enable the production of almost 860 tonnes of green hydrogen per year.

Based on non-polluting energies, CEOG will emit 39,000 tonnes of CO_2 less per year than a conventional plant using fossil-derived fuel.

1.3.5 Regulatory environment

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):

- The French site located in La Motte-Fanjas is an industrial production plant for hydrogen refueling stations for mobility needs. Also, starting in May 2022, the McPhy teams at Grenoble and La Motte Fanjas will be merged on a single new site in Grenoble, bringing together technical and station production teams, alongside certain central support functions. This displacement is part of a genuine corporate project to both optimize working conditions for employees and enable McPhy to increase its production capacity for hydrogen distribution stations to 150 stations per year.
- The San Miniato site in Italy is dedicated to designing and building stacks for large capacity electrolyzers and those of the PIEL range.
- The Wildau site in Germany specializes in the engineering of large electrolyzer systems.

Given the spread of activities across the Group, the environmental issues are primarily borne by the industrial sites in France and Italy, where activities are subject to specific environmental regulations. In France, 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. The preparation of the new site in Grenoble was done in accordance with specifications applicable to ICPE facilities and those of the Labor Code.

Consequently, the Company is subject to strict requirements concerning the operation of the ICPE facility, 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, as well as the monitoring of emissions and their effects.

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

- Compliance with 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.

Regulatory environment applicable to hydrogen plants

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

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

As part of its involvement in the hydrogen community, McPhy is a permanent member of several work groups:

- France Hydrogène
- Hydrogen Europe
- Clean Hydrogen Partnership via Hydrogen Europe
- European Clean Hydrogen Alliance
- Hydrogen Council via ISO/TC 197

As an integrated supplier of highly technical equipment, McPhy must ensure a robust and sustainable product quality for Clients. To do so, the Company has bolstered its quality policy across the whole value chain. It is materialized in three main areas:

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

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

- Machinery Directive 2006/42/EU
- Low Voltage Directive 2014/35/EU
- EMC Directive 2014/30/EU
- ATEX Directive 2014/34/EU

In this respect, McPhy delegates a notified body that will approve each electrolyzer and hydrogen distribution station as compliant with essential safety rules applicable to its equipment.

1.4 Competitive positioning

1.4.1 Different types of players

Despite occasional consolidations and partnerships, the competitive landscape on the hydrogen production and distribution equipment market remains relatively fragmented. It includes large players with very different operational needs, ranging from pure players focused on hydrogen equipment, such as McPhy, to large industrial groups with diversified activities.

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

Partnerships take several forms:

- No capital involved, distribution partnership or industrial synergies
- Minority stake, from a few percentage points up to 20%, demonstrating a priority alliance,
- Joint venture or majority stake.

Focus on competitive environment of electrolyzers

Players on the electrolyzer market have made distinct choices (see 1.1) on the technologies available with varying degrees of maturity. Some are focused on:

- ALK or alkaline technology itself, atmospheric or pressurized, and high or low density, or PEM, proton exchange membrane technology, almost as mature as alkaline technology.
- Other players have opted to invest in less mature technologies, leading to commercial roll-out by 2030, such as the solid oxide electrolysis cell or SOEC.

Most players are focused on a single technology but some cover both, often by external acquisition.

Those involved are generally European with a regional operational focus. Certain have created partnerships with Asian players.

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 (excellent pressure setting for the injection of hydrogen into natural gas distribution grids for example).

Focus on competitive environment of stations

Some players such as McPhy are also active on the hydrogen stations market.

This market is well-diversified with three types of players:

- Large groups with over 100 stations installed and serving a market outside Europe, in Asia and North America: Linde and Air Liquide, closely followed by NEL.
- Mid-size players active in Europe: McPhy, HRS, Atawey.
- Niche players active in one or two countries only.

1.4.2 Trends in the competitive environment

The electrolyzer market is an emerging market that is being structured progressively.

Although the types of players vary greatly in terms of their size, geographical influence and technology choices, this market is nonetheless characterized by the desire shown by all players to industrially scale-up their operations.

Total annual industrial capacity for the production of electrolyzers should therefore rise from 2 GW in 2022 to 20 GW across the world in 2030, given the portfolio of projects announced at this time, by:

- Increasing existing industrial capacities,
- Opening Gigawatt factories.

Therefore, McPhy is:

- increasing its capacities in Italy from 100 to 300 MW,
- developing a 1 GW Gigawatt factory project in Belfort.

Players on the electrolyzer market

	Pressurized alkaline	Atmospheric alkaline	PEM	SOEC
McPhy	☑			
elogen			☑	
GENVIA				☑
nel	*Under development*	☑	☑	
ITM POWER			☑	
H2B2			☑	
sunfire	☑			☑
GREEN HYDROGEN SYSTEMS	☑			
John Cockerill	☑			
Nucera		☑		
Hydrogen pro	☑			
	☑		☑	
PLUG POWER			☑	

Competitors on the electrolyzer segment include but are not limited to the above.[29]

Players on the distribution station market

Stations
McPhy
HRS
atawey
nel
Air Liquide
CALVERA
Linde

Competitors on the distribution station segment include but are not limited to the above.[30]

[29] McPhy analysis
[30] McPhy analysis

CHAPITRE

2

Risk factors and internal control

2 Risk factors and internal control

2.1 Risk factors

In line with applicable regulations, only risks identified by the Company as specific to its business are described in this section. At the time of issue of this Universal Registration Document, the risk factors identified in this section are the result of a process used by the Company to determine the factors likely to impair the achievement of its objectives. One of the main elements of this process is the mapping of risks identified by the Company, updated at the end of 2021.

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,
- Assess each risk identified according to an impact scale featuring several criteria in terms of finance, image and reputation, legal, human, and operational factors.
- Identify the control and mitigation mechanisms associated with the risks identified to assess their effectiveness and determine the residual vulnerability of the Company to each of these risks.
- 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.

The table below summarizes the main risks organized into 4 categories. For each category, the level of residual exposure is determined after application of the control and mitigation mechanisms used within the Company. Only inherent high risks with high residual exposure are mentioned in the table below, excepting the liquidity risk, which was conserved even though the residual vulnerability is considered low.

The risks indicated are only provided as an illustration and are not exhaustive. These risks or other risks not identified at the times of filing of this document, or not considered to be significant by the Group at the time of filing, could have an unfavorable effect on the Group's activities, financial position, results or growth perspectives. Moreover, it is essential to remember that certain risks indicated or not in this document may be triggered or occur due to external factors. They are thus outside of the Group's control.

2.1.1 Overview of principal risks

Category	Risk identification	Net vulnerability [31]
Risks related to the Company's strategy	Risks related to the hydrogen market	Medium
	Risks related to the Group's capacity to adapt to high growth	Medium
	Risk related to the development of existing solutions or the emergence of new technologies potentially competing against McPhy solutions	Medium
	Risks related to Group image and reputation	Medium
Risks related to the Group's activity	Risks related to product development, production and commissioning	High
	Risks related to procurement	Medium
	Risks related to industrial incidents, employee health and safety	Medium
	Risks related to the IT infrastructure	Medium
	Risks related to the capacity to retain key managers and employees, and to the retention of new qualified employees	High
	Risks related to geopolitical conflicts and to the pandemic	High
Risks related to the Group's financial position	Risks related to the Group's medium and long-term profitability	High
	Liquidity risks and risks relating to uncertain supplementary financing	Low
Legal and regulatory risks	Risks related to changes in regulations and in support for government policies concerning renewable energies	Medium
	Risks related to obtaining and conserving the administrative authorizations required for activities	Medium
	Risks related to patents and McPhy's dependence on third parties in terms of industrial property rights	Medium
	Risks related to the environment and climate	Medium

2.1.2 Risks related to the Company's strategy

2.1.2.1 Risks related to the hydrogen market

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

These markets 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 the price of CO_2), as well as developments in the cost structure, efficiency and investment in equipment necessary to other electricity generation technologies.

[31] The risks were assessed taking into account the risk management measures implemented within the Company

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.

2.1.2.2 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, by prioritizing and implementing suitable processes and tools, and by 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.

The General Management of the Company has implemented an approach to manage operational and administrative projects to manage the challenges surrounding growth. Moreover, the Company occasionally seeks the assistance of external partners to meet the deadlines concerning the transformation and deployment of its control and compliance mechanisms.

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.

2.1.2.3 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 technological head start over any competitors, as it is the only one currently proposing (i) a full range of electrolyzers offering up to several MW of power and output pressures from atmospheric pressure to over 30 bar and (ii) hydrogen refueling stations for fuel-cell vehicles offering in excess of 1300 kg/day, it may be exposed to competition on certain markets, in particular energy storage markets:

- from certain competitors already active on 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.

2.1.2.4 Risks related to Group image and reputation

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.

2.1.3 Risks related to the activity

2.1.3.1 Risks related to product development, production and commissioning

The Group could be delayed in the development of its products and the execution of its projects

The Company's growth is strongly dependent on the success of its technology development projects and complex solutions, which require extensive investment. These projects may be affected by the occurrence of a certain number of difficulties, notably including:

- Negotiations with partners, public authorities, suppliers, Clients and other third parties;
- Obtaining financing for projects;
- Controlling investment and the costs of research and development;
- Obtaining adequate return on investment in an acceptable deadline;
- Compliance with performance schedules;
- Obtaining or renewing the required licenses and permits in time;
- Recruitment and retention of key individuals and skills.

The Company has introduced internal project management meetings to supervise R&D schedules and project management conditions. This is intended to help prepare its industrial deployment (new industrial site in Grenoble and Gigawatt factory project announced in 2021).

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

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.

2.1.3.2 Risks related to procurement

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.

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. 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.

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

2.1.3.3 Risks related to industrial incidents, employee health and safety

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, employees or third parties may suffer serious bodily or psychological harm. Moreover, McPhy may be held liable for any resulting personal injury, 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.

Crisis management plans implemented within the Company and its subsidiaries to handle emergency situations may not be sufficient to minimize the impacts on third parties, employee health or the environment.

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 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 legitimately be expected. McPhy may be required to pay compensation for any harm caused to a person or property.

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.

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.

2.1.3.4 Risks related to the IT infrastructure

The Group could suffer computer failures and disruptions in its networks and systems used across all its activities, even in its equipment. These failures could be caused by cyber-attacks, system update issues, natural catastrophes, accidents, electrical failures, telecommunications breakdowns, acts of terrorism, computer viruses, physical or digital intrusion, or malicious acts.

Disturbances to Group IT systems could seriously affect administrative and commercial operations, even causing loss of sensitive data and compromising operational capacity. Furthermore, alongside a negative effect on the Group's activity, a failure in the equipment monitoring system (oriented to availability, activity and efficiency of the equipment) could lead to a loss of business, non-observance of contractual obligations, and leave vulnerabilities in the IT system.

To secure its IT infrastructure, in a context of strong development, the Group signed several contracts with external providers to ensure the performance, continuity and protection of these systems.

2.1.3.5 Risks related to the capacity to retain key managers and employees, and to the retention of new qualified 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 specialized teams. To do so, McPhy has set up a specialized engineering department along with a logistics and maintenance support system. Given their general expertise in industry, their knowledge of the Group's operational processes and their relationships with local partners, the departure of one or more of these persons making up these teams could have a significant unfavorable effect on the Group's growth, project development, financial position and results.

Also, if McPhy were not able to recruit sufficient qualified personnel, its pace of growth and outlook may be affected. For information, the Group intends to hire over 60 people in 2022.

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.

As the Group extends its activities, its portfolio and geographical coverage, its operational success and capacity to achieve its business plan depend largely on its capacity to attract and retain further qualified personnel with specific technical or sector-specific expertise, across all its national and international sites.

Furthermore, members of management and other employees with specific technical or sector expertise are led to leave the Group. If the Group is unable to rapidly appoint or recruit qualified and effective successors or were incapable of efficiently managing the temporary non-existence of expert skills, or other disruptions engendered by such departures, this could have a significantly unfavorable effect on its activities, strategy and growth.

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

2.1.3.6 Risks related to geopolitical conflicts and to the pandemic

On 24 February 2022, forces ordered by the Russian state invaded Ukrainian territory. At this time, the developments and outcome of this geopolitical crisis remain uncertain and are being closely monitored by the Company. It is attentive to all potential consequences of the crisis, notably on its activities and results. Although the Company owns no stakes in Russian or Ukrainian businesses and does not maintain commercial relationships with these countries, it must face a more general market risk relating to hikes in energy prices, the potential consequences on purchasing power and on logistics chains. Due to the uncertainty created by this crisis, it is impossible to make further assessment of this risk.

Similarly, if the pandemic were to continue and limit international trade, this situation could impact the Company's procurement capacities and its production operations.

2.1.4 Risks related to the Group's financial position

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

The Group has reported accounting and fiscal losses since starting its activities in 2007. These operating losses are primarily due to ongoing investment in research and in development its new generation electrolyzer and distribution station technologies, alongside a far-reaching recruitment plan in order to implement the Group's growth plan. As the hydrogen market is a developing market, many uncertainties remain concerning the market price of future products, the production costs that could be impacted by fluctuations in component prices and the State aids needed to support growth in the sector.

The Group may be obliged to slow down its research and development activities and commercial activities, or even compromise its continuity of business. Consequently, the Group may not be able to achieve profitability.

2.1.4.2 Liquidity risks and risks relating to uncertain supplementary financing

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 and then EDF Pulse Holding, and the 2020 investments by Chart Industries Inc. and Technip Energies N.V.), refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

To date, McPhy has the necessary resources at its disposal to pursue its development and meet its needs. However, 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.

Cash, cash equivalents and financial investments amounted to almost €177 M at 31 December 2021; financial debt (excluding leases and long-term contracts) amounted to €1.4 M.

The Group carried out a specific review of its liquidity risk and considers that it can fund its own working capital requirements for at least the next twelve months.

2.1.5 Legal and regulatory risks

2.1.5.1 Risks related to changes in regulations and in support for government policies concerning renewable energies

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.

2.1.5.2 Risks related to obtaining and conserving the administrative authorizations required for activities

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.

McPhy's production activity requires authorizations from public 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.

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

Risks related to intellectual property protection

The protection afforded by patents or other industrial property rights is uncertain. McPhy may be unable to maintain or install 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.

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.

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.

2.1.5.4 Risks related to the environment and climate

The Company plays a role in the low-carbon energy transition, as hydrogen generates no polluting particle emissions or carbon at the point of use. In this respect, it contributes to decarbonization efforts in all areas of the economy and to the emergence of a more carbon-neutral society model.

The Company is exposed to risks of non-compliance and image if it does not meet the environmental requirements applicable to its activity. The Company will adopt an approach to calculate its carbon footprint before reaching the applicable regulatory thresholds.

Beyond the regulatory framework, the Company's environmental policy and the assessment of its environmental footprint could in the short term become specific requirements from the Company's Clients and partners.

Non-compliance with regulatory limitations or the Company's inability to meet the expectations of its Clients and partners could have a significantly unfavorable effect on the development of its activities and its financial position.

Given the spread of activities across the Group, the environmental issues are primarily borne by the sites in France and Italy, where activities are subject to specific environmental regulations. In France, 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. The preparation of the new site in Grenoble was done in accordance with ICPE specifications and those of the Labor Code.

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.

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

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

As part of its involvement in the hydrogen community, McPhy is a permanent member of several professional associations:

- France Hydrogène
- Hydrogen Europe
- Hydrogen Council

McPhy's participation in various work groups guarantees to its Clients a high and sustainable level of quality of its products, while adapting to local specific conditions under which the H_2 equipment is installed. Furthermore, the Group is pursuing its search for excellence by reinforcing its quality policy across the whole value chain, which is applied in three main areas:

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

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

- Machinery Directive 2006/42/EU
- Low Voltage Directive 2014/35/EU
- EMC Directive 2014/30/EU
- ATEX Directive 2014/34/EU

In this respect, McPhy delegates a notified body that will approve each electrolyzer and hydrogen distribution station as compliant with essential safety rules applicable to its equipment.

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

2.2 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	Tacit renewal
Industrial multi-risk	AXA	Buildings: €2,100,000 Equipment: €3,580,000 Goods: €3,010,000 on-site equipment: € 1,000,000	01-jan	yes
Civil liability	AIG	CR pre-delivery: €20 M per claim CR post-delivery: €20 M per year insured	01-jan	yes
Civil liability - Aviation	La réunion aérienne	CR pre-delivery: €10 M per claim RC post-delivery: €10 M per year insured	27-oct	no
Civil liability - Environment	AXA	€6,000,000 per claim €10,000,000 per year	01-jan	yes
Civil liability - Corporate officers	AIG	€3,000,000 per year	03-aug	yes
Goods transported	MS AMLIN	€1,600,000 per journey	01-jan	yes

2.3 Internal control and risk management

2.3.1 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, up to the limit of powers defined in the internal regulation of the Board of Directors.

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 Group Financial Controller, who reports to the Chief Financial Officer.

Finance and accounting department: double mission of accounting expertise and audit for each subsidiary. This audit is carried out under the responsibility of the Group Finance Officer who reports to 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.

2.3.2 Business ethics

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.

2.3.3 Definition of internal control and procedures

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

- compliance with laws and regulations;
- application of instructions and orientations set out by 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.

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 Health, Safety, and Environment (HSE) department oversees the Quality Management System (QMS) implemented by the Company. The QMS approach is supported by quality correspondents in subsidiaries, who ensure its deployment, management, and follow-up in each of the Company's departments.

Periodical 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 HSE 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. It is planned to migrate to a more recent version in 2022 with the aim of harmonizing all ERP processes by defining a Group Core Model.

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 support systems 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.

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 situations 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 the 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.

2.4 Legal and arbitration proceedings

At the time of production of this document, a legal procedure initiated by the former Chief Executive Officer is in progress. The Company has opted not to provision this risk as it considers that the demands of the former Chief Executive Officer have no legal grounds.

CHAPITRE

3

Corporate governance

3 Corporate governance

3.1 Corporate governance code

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 2021 (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 Livret n°14#Web:Mise en page 1 (middlenext.com).

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 member training	Yes
R 6: Board and committee meetings	Yes
R 7: Creation of committees	Yes
R 8: Introduction of a specialized committee on Corporate Social/Societal and Environmental Responsibility (CSR)	Yes
R 9: Introduction of Board Rules of Procedure	Yes
R 10: Choice of directors	Yes
R 11: Directors' term of office	Yes
R 12: Directors' compensation	Yes
R 13: Introduction of Board evaluation	Yes
R 14: Shareholder relations	Yes
R 15: Diversity and equality policy within the company	Yes
R 16: Definition and transparency of the compensation of corporate officers	Yes
R 17: Preparation of succession of executive management	No [32]
R 18: Corporate officers and employment contracts	Yes
R 19: Golden handshakes	Yes
R 20: Complementary pension schemes	Yes
R 21: Stock options and free share allocations	Yes
R 22: Review of points for vigilance	Yes

[32] The Company 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 and the recent arrival of the new Chief Executive Officer, the Board of Directors does not intend to address this issue next year.

By virtue of the decisions dated 12 May 2021, the Board of Directors updated its 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. The new version of its internal regulations enabled the Company to (i) clarify the scopes of activity of the Chief Executive Officer, the Chairman of the Board of Directors and the Board of Directors, and (ii) clarify the rights, obligations and missions of directors, as well as (iii) to provide details of the missions of new and existing committees.

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. To this end, the members of the Board of Directors reviewed the points for vigilance of the Middlenext Code and a self-assessment of the Board's work at its meetings on 8 March 2022 and 31 March 2022.

The Company considers that it complies with recommendation no. 16b of the Middlenext code relating to the compensation ratio. Indeed, based on the opinion of the Appointments and Remunerations Committee, the Board of Directors considers that it complies with legal requirements while ensuring transparency by precisely indicated the scope (over 80% of total Group employees around the world) and the detailed remuneration components used in calculating the compensation ratio.

3.2 Management bodies

3.2.1 General Management operations

Separation of functions of Chief Executive Officer and Chairman of Board of Directors:

In the course of changes to its governance and to ensure compliance with applicable best practices, on 4 November 2019 the Board of Directors opted to separate the functions of Chief Executive Officer and Chairman of the Board.

Following the departure of Laurent Carme as Chief Executive Officer of the Company on 12 July 2021, the Board of Directors temporarily reversed this arrangement by appointing Luc Poyer as the Chairman & Chief Executive Officer.

At the same time as Jean-Baptiste Lucas was appointed as the Chief Executive Officer on 18 October 2021, the Board of Directors once again separated the functions of Chief Executive Officer and Chairman of Board of Directors, with Luc Poyer continuing to fulfill the role of Chairman of Board of Directors. This governance structure has been in place since this date.

Powers of the Chief Executive Officer

Since 18 October 2021, Jean-Baptiste Lucas has taken the role of Chief Executive Officer of the Company.

In accordance with Article 19 of the Company Articles of Association, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company. He 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.

Limits on the powers of the Chief Executive Officer

Following discussions amongst the Board of Directors during the 2020 fiscal year, a new version of the internal regulation including a list of decisions that require the prior approval of the Board of Directors prior to their enactment by the Chief Executive Officer was adopted on 12 May 2021.

Point I.A.5 of the internal regulation defines the limits of powers applicable to the Chief Executive Officer. In this respect, the Board authorizes the following transactions involving the Company and its Subsidiaries prior to their implementation:

a) Approval of the Company's business plan;

b) Approval and amendments of the Company's annual budget;

c) Long-term loans and debt management operations, securitization of financial or commercial assets, or risk hedging, investment at risk on the nominal amount, in euros or in foreign currencies, whose nominal amount exceeds 1 million euros in principal or the equivalent of this sum in foreign currencies, or whose cumulative amount for one fiscal year would exceed 10 million euros in principal or the equivalent of this sum in foreign currencies;

d) Any issuance of securities of the Company (other than issuances related to the exercise of compound securities or the implementation of previously approved incentive programs);

e) Any external growth operation (investments, mergers and acquisitions, partial contribution of assets), divestiture, transfer of assets, or significant restructuring;

f) Any industrial partnership (including any joint venture agreement) (i) leading to an annual investment (capex) by the Company or its Subsidiaries of more than 2 million euros or (ii) to a global financial exposure of the Group of more than 5 million euros or (iii) including significant obligations on the part of the Group (exclusivity, technology transfer, etc.) and, more generally, (iv) any partnership that may have a structuring impact on the Group;

g) Any transfer of intellectual property rights relating to the Company's or its Subsidiaries' key technologies, including the granting of any license relating to such key technologies outside the ordinary course of business;

h) Industrial investment or works programs generating expenditure on supplies, services or works of a unit amount exceeding 250,000 euros per program for investments outside the budget or for which the cumulative amount for a financial year would exceed 250,000 euros;

i) Any investment, acquisition, disinvestment or disposal in the real estate sector in an amount exceeding 200,000 euros (excluding the conclusion of leases);

j) Authorization for the Company or one of its Subsidiaries to grant pledges, guarantees, sureties, or securities of any kind for a total unit amount in excess of 250,000 euros or an overall annual limit of 500,000 euros;

k) The Chief Executive Officer will send a monthly review of commercial opportunities to the Board. At the request of any of the directors, the Key Contracts Committee may be asked to assess the terms of the most sensitive and/or significant Client contracts to make a recommendation to the Chief Executive Officer and the Chairman of the Board of Directors, concerning whether all or part of the contract in question should be submitted to the Board of Directors for prior approval;

l) Contracts for supplies, works or services, tangible or intangible (excluding Client contracts) not provided for in the budget, the amount of which including any successive amendments exceeds 200,000 euros (excl. VAT);

m) Transaction likely to substantially modify the Group's strategic orientations as determined by the Chief Executive Officer and the Board of Directors;

n) Any significant implantation, directly through the creation of an establishment, business, branch, direct or indirect subsidiary, or through the acquisition of equity interests in France or abroad, or any withdrawal from such an implantation;

o) Implementation or modification of incentive schemes for management and/or employees and allocation of free shares, etc.;

p) In the event of a dispute in excess of 500,000 euros (excluding contractual penalties), signing of any settlement, acceptance of any arbitration and compromise.

3.2.2 Executive Committee

The McPhy Group is led by an Executive Committee with a wealth of experience, combining unique expertise in industrial gases and renewable energies, with extensive international experience in global and multicultural environments.

- **Jean-Baptiste LUCAS**

Jean-Baptiste LUCAS became the Chief Executive Officer of McPhy in October 2021.

Jean-Baptiste joined the Company during an extremely dynamic period of growth for the hydrogen sector, to support the Group in a decisive phase of its development, as shown by the accelerated deployment of industrial scale activities and by achieving financial equilibrium.

Before joining McPhy, 50-year-old Jean-Baptiste had been the CEO of IPS B.V since January 2019. IPS is a Dutch packaging technology group owned by Apollo Management, where Jean-Baptiste successfully oversaw the resizing and recovery of the company.

Between 2011 and 2017, he spent six and a half years in Bahrain, working for industrial firms owned by the Kingdom's sovereign fund as the CEO of GARMCO, where he oversaw the construction of an aluminium foundry. Previously he was an executive vice president of ALBA, where he oversaw foundry operations, operational excellence, metal science as well as global sales and marketing.

Before assuming these functions, Jean-Baptiste spent 13 years in the Pechinay group (which became Alcan), where he was the CEO for Switzerland, responsible for the aviation, transport and industry division, after heading up sales and marketing in Germany.

Jean-Baptists spent the early days of his career with French management consulting firm Bossard Consultants. He is a graduate of ESCP and former Consultant on International Trade for France.

- **Bertrand AMELOT**

Bertrand AMELOT is the Chief Commercial Officer.

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

Between 1996 and 2014, Bertrand held various management positions in the industrial and energy sectors.

His path started as a Business Development manager for Lafarge Aluminates in Italy, before assuming the role of Director of Supply Chain Europe. He then joined Saint-Gobain as supply chain director.

In 2010, Bertrand moved to the energy sector, joining COFELY Services (Engie), where he assumed a number of commercial director-level roles. In 2009, he also assisted in launching a solar power start-up.

Bertrand is a graduate from ESCP Europe and holds a master's degree (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.

- **Gilles CACHOT**

Gilles CACHOT was appointed to the position of Chief Operations Officer.

Gilles is an expert in 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.

Gilles 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. 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.

- **Antoine RESSICAUD**

Antoine RESSICAUD joined McPhy in 2021 as our Chief Manufacturing, Procurement & Quality Officer.

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

Antoine comes from a career in the energy sector, with several key management roles at Alstom-General Electric: Lean Management, Industrial Division, Purchasing Division. Beforehand, Antoine spent 12 years in the automotive industry with Valéo, primarily in the Industrial Division across France and Spain.

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

- **Marco LUCCIOLI**

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

With a career spanning 25 years at renowned multinationals (B&W, Westinghouse, Rolls Royce, General Electric, Air Liquide), Marco brings substantial expertise in technology development, project management and customer service.

Throughout his career, Marco has headed-up engineering, quality and service organizations, with success on major projects for large corporations in industry, electricity generation, oil & gas.

He brings a wealth of international experience and business culture, having lived and traveled abroad for many years.

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

- **Alexander PICCO**

Alexander PICCO joined McPhy in 2020 as our Project Management Officer.

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

Alexander started out in 2003 at Siemens AG Power Generation (today Siemens Energy AG), as Quality Manager and welding engineer on major construction projects. In 2008, he joined Siemens' Project Management team and worked on key international billion-dollar projects. With over 17 years of expert experience in building combined cycle power generation plants, Alexander boasts in-depth knowledge in the deployment of large Engineering, Procurement &

Construction (EPC) projects, alongside extensive technical knowledge, site management and project management experience, all within an international arena.

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

- **Mrs. Emilie MASCHIO**

Emilie MASCHIO is the Chief Financial Officer.

Her responsibilities encompass Group finance, information systems and the corporate legal function.

With 10 years of key experience, Emilie has developed a solid expertise in industrial business, the start-up environment and project management.

Emilie joined McPhy in 2013 as Financial Controller, a year before the company's IPO, and actively contributed to structuring the finance function of this innovative clean-energy start-up.

As McPhy grew, Emilie was appointed Group Financial Controller, Administrative and Financial Manager, before being appointed Chief Financial Officer in 2019.

Before joining McPhy, 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 Group level.

Emilie holds a master's degree in Finance, specialized in audit and financial control.

Emilie MASCHIO notified the Board of her desire to leave her functions as Chief Financial Officer in May 2022.

- **Mrs Anne DELPRAT**

Anne Delprat joined McPhy in April 2021 as our HR Director.

She oversees the global Human Resources function, sets out the HR strategy in line with the vision and requirements of Business, assists in deploying the HR roadmap and contributes to developing the McPhy culture. Anne started out as a headhunter for the European clothing branch of the Sara Lee group (DIM S.A.S.). After working on a media communications project on the employer brand, she became HR Manager for Playtex S.A.S.

In 2009, she swapped clothes for chemical and became the HR Manager France for Stepan Company. Adopting a Business Partner approach, Anne oversaw company growth, revised HR processes, implemented labor policies and group HR initiatives. In 2013, she became HR Director for the Surfactants division in Europe, with a scope of 300 employees across six countries.

With her multicultural experience and capacity to build bonds between people, Anne has achieved demonstrable success in deploying HR initiatives and change management. She holds a law degree and a masters degree in Human Resources.

The Group employs a team of 154 professionals with a variety of backgrounds and skills, which complement each other to drive McPhy's development objectives.

3.3 Board of Directors

3.3.1 Overview

The Company is a limited company operating with board of directors since 21st May 2015. The Articles of Association require that the Company shall be managed by a Board of Directors comprising a minimum of three members and a maximum of eighteen members. Board members are appointed for a term of three years and may be legal or natural persons. It is specified that 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. Expiry dates shall rotate so that membership of the Board is renewed in as equal fractions as possible. On an exceptional basis and in accordance with the Company's internal regulation, the ordinary general meeting may appoint one or more directors for a term of one or two years to introduce or maintain the rotation of director terms. Up to three censors may be appointed for a maximum term of three years.

At the time of production of this Universal Registration Document, the Board of Directors of the Company has ten members, 30% of whom are independent (in terms of the Middlenext Code independence criteria) and 50% are female. The Board of Directors does not feature any censors in its membership.

The Board of Directors also includes three specialized committees, namely the Appointments and Remunerations Committee, the Key Contracts committee and the Audit committee. A description of the specialized committees used by the Company is provided in section 3.5 of this Universal Registration Document.

Overview of changes to the composition of the Board of Directors

	Departure	**Appointment***	**Co-option**	**Renewal***
Board of Directors	Léopold Demiddeleer	Chart Industries Inc. Technip Energies N.V	Jean-Marc Lechêne	Pascal Mauberger BPI France Investissement EDF Pulse Holding Emmanuelle Salles Luc Poyer Eléonore Joder Myriam Maestroni

(*) These appointments took effect on 7 January 2021 following the approval by the General Meeting on the same day.
(**) These appointments took effect on 17 June 2021 following the approval by the General Meeting on the same day.

At the Board meeting of 16 December 2021, the Board of Directors approved the appointment of Peter Gerstl as the permanent Board representative of Chart Industries Inc., replacing Jillian C. Evanko.

Also, following the departure of Léopold Demiddeleer as a director, Jean-Marc Lechêne was co-opted by the Board of Directors as an independent director on 8 February 2022, for the remaining term of his predecessor, namely until the general meeting to approve the financial statements for the year ending 31 December 2021. The ratification of the co-option of Jean-Marc Lechêne as an independent director will be put to the general meeting on 19 May 2022. As the term of office of Jean-Marc Lechêne comes to an end after this general meeting and subject to ratification of his co-opting, the renewal of his membership of the Board shall also be subject to approval by the general meeting of 19 May 2022.

3.3.2 Detailed presentation: terms of office

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

Last name	Age	Gender	Nationality	Director Independent	Number of shares	Number of offices held in listed companies (excluding McPhy)	Date of first office	Expiry of current office	Number of years on Board on date of next general meeting on 19 May 2022	Audit committee	Appointments and Remuneration committee	Key Contracts committee
Luc POYER	55	M	French	No	6,724	—	2015	AG 2024	7 years			Member
Pascal MAUBERGER	65	M	French	No	—	—	2015	AG 2022	7 years			Member
Peter GERSTL (Permanent representative of Chart Industries Inc.)	51	M	German	No	1,276,595	—	2021	AG 2024	1 year			
Eléonore JODER	53	F	French	Yes	800	1	2018	AG 2024	4 years	Chairman		Member
Laure MICHEL (Permanent representative of Bpifrance Investissement)	49	F	French	No	1,669,120	—	2015	AG 2024	7 years	Member	Member	
Myriam MAESTRONI	55	F	French	Yes	850	2	2015	AG 2023	7 years		Chairman	Member
Christelle ROUILLÉ (Permanent representative of EDF Pulse Holding)	52	F	French	No	3,933,708	—	2018	AG 2024	4 years		Member	
Emmanuelle SALLES	42	F	French	No	—	—	2018	AG 2024	4 years	Member		
Jean-Marc AUBRY (Permanent representative of Technip Energies N.V.)	65	M	French	No	638,297	—	2021	AG 2024	1 year			
Jean-Marc LECHENE	63	M	French	Yes	800	3	2022	AG 2022	<1 year			Chairman

- **Luc POYER**

Age: 55 years

Nationality: French

Quantity of McPhy shares owned: 6.724

Chairman of the Board of Directors

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. He then was appointed as Chairman at the Board of Directors meeting of 17 June 2021. His appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2023.

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

Other positions and corporate offices held by Luc Poyer:

- Chairman of France Nouvelles Energies SAS;
- Member of the Supervisory board of the Coriance group;
- Member of the board of directors of the French-German chamber of commerce.

Over the past five years, he also fulfilled the following corporate offices, now expired:

- Chairman of Uniper France SAS, expired 12 July 2019.
- Chairman of the Management board of EON France SAS, expired 1st January 2016.
- Member of the Steering committee of the Bilan Carbone association.

In 2021, Luc Poyer attended 100% of Board of Directors meetings, 100% of Appointments and Remuneration committee meetings and Key Contract committee meetings.

- **Pascal MAUBERGER**

Age: 65 years

Nationality: French

Quantity of McPhy shares owned: N/A

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.

When the new Chief Executive Officer was appointed on 4 November 2019, Pascal MAUBERGER retained his role as Chairman of the Board of Directors and was named as the Honorary President at the Board meeting of 17 June 2021.

His appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2021.

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 by Pascal MAUBERGER:

- Director and Treasurer of France Hydrogène,
- Co-manager of property management entities SCI La Carterie and SCI Pascanne.

Over the past five years, he also fulfilled the following corporate offices, now expired:

- Chief Executive Officer of the Company, expired on 4 November 2019,
- Chairman of the Company, expired on 17 June 2021.

In 2021, Pascal MAUBERGER attended 100% of Board of Directors meetings and 100% of Appointments and Remuneration committee meetings.

- **Jean-Marc AUBRY**

Age: 65 years

Nationality: French

Quantity of McPhy shares owned (by Technip Energies N.V.): 638.297

Permanent representative of Technip Energies N.V

Technip France La Défense: 6-8 allée de l'Arche, 92 973 Paris La Défense Cédex France

Jean-Marc Aubry was appointed as a Director at the shareholder general meeting of 7 January 2021. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2023.

After graduating from Compiègne Technical University with a degree in chemical engineering, Jean-Marc Aubry started work at Technip as a Methods and Process Engineer. In 1989 he joined the Dow Chemical Company in the Netherlands as a Project and Development Engineer and remained with them until 1995.

He returned to Technip and enjoyed several positions within the Group as a Project Director, Head of the Middle East Business Unit, then Director of Operations Technip France until 2011. He then was the Chairman of Technip France until 2014. Currently Jean-Marc is Senior Vice President of Projects at Technip Energies N.V.

Throughout his career, Jean-Marc has actively participated in pioneering projects, notably the development of the first floating liquefied natural gas (FLNG) facilities in the Middle East (Technip – Qatar). He then led the YAMAL Arctic project in Russia from 2014 to 2019, then the ARCTIC LNG2 project in the Russian Arctic region. These projects are singular references in the Arctic region, developing innovative Liquefied Natural Gas technologies.

Other positions and corporate offices held by Jean-Marc Aubry:

Managing Partner of the South Tambey LNG joint venture since February 2017.

- **Jean-Marc LECHENE**

Age: 63 years

Nationality: French

Quantity of McPhy shares owned: 800

Independent

Jean-Marc LECHENE was co-opted as a director at the Board meeting of 8 February 2022. Ratification of his co-option will be proposed at the general meeting of 19 May 2022. The term of office of the predecessor of Jean-Marc LECHENE comes to an end after this general meeting held to approve the financial statement for the year ending 31 December 2021. The renewal of his membership of the Board shall also be subject to approval by the general meeting of 19 May 2022.

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

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

Other positions and corporate offices held:

  - Chairman of the Board of Norican A/S and Tresu A/S,
  - Independent director of Velux A/S and Lamprell plc,
  - Chairman of the Consultative committee of Baettre GmbH.

- **Peter GERSTL**

Age: 51 years

Nationality: German

Quantity of McPhy shares owned (by Chart International Holdings, Inc.): 1,276,595

Permanent representative of Chart Industries Inc.

Chart Industries, Inc.: 3055 Torrington Drive, Ball Ground, Georgia, USA 30107

Peter GERSTL replaced Jillian EVANKO who was appointed as a Director at the shareholder general meeting of 7 January 2021. Her appointment will expire at the annual general meeting held to approve the financial statements for the year ending 31 December 2023.

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

Before working at Chart Industries, Peter occupied several positions at Linde Engineering. Between 2018 and 2020, Peter headed the product team; from 2013 to 2018 he led the sales team, and from 2005 to 2013 Peter was the Commercial Director for international trade, in the cryogenic system component sector. Before joining Linde Engineering, Peter worked in several roles at Wacker Chemie GmbH between 1999 and 2004. After university and between 1997 and 1999, Peter started his career as a scientific assistant at the Munich Technical University, in digital process simulation.

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

- **Mrs. Eléonore JODER**

Age: 53 years

Nationality: French

Quantity of McPhy shares owned: 800

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 2023.

As a graduate of ESC, INSEAD and IHEDN Business Schools, Eléonore Joder has worked in the energy sector for over 15 years. She is the Chief Financial & Administrative Officer for the Pisto 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 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 by Eléonore Joder:

- Director of Gascogne group,
- Director of Fournier group,
- Director of Trapil (permanent representative of Pisto SAS).

In 2021, Eléonore JODER attended 100% of Board of Directors meetings, 100% of Audit committee meetings and Key Contract committee meetings.

- **Mrs. Myriam MAESTRONI**

Age: 55 years

Nationality: French

Quantity of McPhy shares owned: 850

Independent

19 rue de Miromesnil, 75008 PARIS

Mrs. 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 2022.

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”.

In 2011 she created the start-up Economie d’Energie SA, to advocate energy efficiency for private customers and businesses through digital platforms. After a successful scaling-up (from 8 to 350 people and from 0 to €150 M in turnover), she sold the company to the La Poste group.

Since 2011, she has been the founding Chair of the E5T endowment fund (www.e5t.fr) specializing in the energy transition.

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. Mrs. MAESTRONI also won the VoxFemina award for Energy, Energy Efficiency and Climate Change in February 2015. She has received an Order of Merit and Legion of Honor. In 2019, she received the BNP Paribas International woman entrepreneur award.

She has 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 by Myriam Maestroni

- President of the endowment e5t ("Energy, Energy Efficiency, Energy Savings and Territories: www.e5t.fr)
- Chairperson of SCI UMA
- Independent director of Boostheat,
- Independent director of EkWateur,
- 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).

Over the past five years, she also fulfilled the following corporate offices, now expired:

- Member of Management Board of KEDGE.

In 2021, Myriam MAESTRONI attended 100% of Board of Directors meetings, as well as 100% of Appointments and Remuneration committee meetings and Key Contract committee meetings.

• Mrs. Laure MICHEL

Age: 49 years

Nationality: French

Quantity of McPhy shares owned (by FCPR Ecotechnologies, Bpifrance Investissements fund manager) 1,669,120

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 2023.

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. Mrs. 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, Mrs. 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 by Laure Michel:

- 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).

In 2021, Laure MICHEL attended 100% of Board of Directors meetings, as well as 100% of Audit committee meetings and Key Contract committee meetings.

- **Mrs. Christelle ROUILLE**

Age: 52 years

Nationality: French

Quantity of McPhy shares owned (by EDF Pulse Holding): 3,933,708

Permanent representative of EDF Pulse Croissance Holding

EDF Pulse Holding: 20 bis Rue Louis Philippe, 92200 Neuilly-sur-Seine

Mrs. 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 2023.

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, Mrs. 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.

In April 2019, the EDF Group created Hynamics, a new subsidiary intended to deliver efficient low carbon hydrogen solutions for industry and mobility, appointing Christelle Rouillé as its CEO.

In 2021, Christelle Rouillé attended 100% of Board of Directors meetings and 100% of Appointments and Remuneration committee meetings.

- **Mrs. Emmanuelle SALLES**

Age: 42 years

Nationality: French

Quantity of McPhy shares owned: N/A

Director

22-30, avenue de Wagram, 75008 Paris

Mrs. 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 2023.

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.

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

Since 2016 she has headed up the legal, securities law, and corporate law department of the EDF Group.

Other positions and corporate offices held by Emmanuelle Salles:

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

In 2021, Emmanuelle Salles attended 100% of Board of Directors meetings and 100% of Audit committee meetings.

3.3.3 Holdings and number of securities giving access to capital, held by members of the Board of Directors as at 31 March 2022

Identity of corporate officer	Number of shares	% of capital	% of voting rights
Luc POYER	6,724	0.0%	0.0%
Jean-Marc LECHENE	800	0.0%	0.0%
Eléonore JODER	800	0.0%	0.0%
Myriam MAESTRONI	850	0.0%	0.0%
Technip Energies N.V	638,297	2.3%	2.3%
Chart International Holdings, Inc.	1,276,595	4.6%	4.6%
FCPR Ecotechnologies, BPIFrance Investissement fund manager	1,669,120	6.0%	6.0%
EDF Pulse Holding	3,933,708	14.1%	14.1%

3.3.4 Board member profiles

The Board of Directors pays particular attention to its composition and advocates a diversity policy for its membership in terms of gender representation, age, nationality, as well as professional and international experience.

The Board of Directors also ensures that its membership rotates regularly and observes the recommendations of the Middlenext Code in terms of the independence of directors.

Since 8 February 2022, the Board of Directors comprises five female directors and five male directors. In this way the Company meets the requirements of Law no. 2011-103 of 27 January 2011 and the Middlenext recommendations on desirable balance between men and women in the membership of the Board of Directors.

Representation of genders within the Board

The Board of Directors exhibits perfect parity as it comprises five female directors and five male directors.

The Company therefore meets the Middlenext recommendations on desirable balance between men and women in the membership of the Board of Directors. It also complies with the requirements of articles L.225-18 and L.22-10-3 of the French Commercial Code, which impose that the proportion of each gender amongst Board members may not be less than 40%.

Director ages

At the date of this Universal Registration Document, all directors are aged between 42 and 65. The average age is 55.

Of the members of the Board of Directors:

- Two members are under 50,
- Five are between 50 and 60,
- Three are between 60 and 65.

As long as no director is older than 70, the Board of Directors meets the Company's statutory requirements which impose that the number of directors over 70 must not exceed one third of active directors.

Independence

The Board of Directors currently comprises ten (10) members, of whom three (3) are independent.

The quality of independent director is discussed annually by the Board of Directors during the meeting concerning the assessment of corporate governance. In this respect, we are reminded that the independence criteria used by the Board of Directors are those defined by the Middlenext corporate governance code amended in September 2021, namely:

- 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.

At its meeting on 8 March 2022, the Board of Directors acknowledged Jean-Marc Lechêne as an independent director.

At the date of this Universal Registration Document, the Board of Directors comprises three independent directors out of a total of 10 members. As the ratio of independent directors is 30%, the Company complies with the Middlenext Code recommendations.

Skills and Expertise

The table below summarizes the main areas of director expertise and experience. The biography of each Director provided in section 3.3.2 of this Universal Registration Document completes the presentation below.

Several examples can be used to create the skills table of the members of the McPhy Board of Directors:

	Technological / scientific expertise in hydrogen	Business management	Strategy	Experience and knowledge of the regulatory environment	Experience in CSR issues	Risk management, compliance and internal audit	Human resources	Financial / legal expertise	Governance
Luc POYER		✓	✓	✓	✓		✓	✓	✓
Pascal MAUBERGER	✓	✓	✓				✓		✓
Peter GERSTL	✓	✓	✓	✓					
Eléonore JODER		✓	✓		✓	✓	✓	✓	✓
Laure MICHEL					✓	✓	✓	✓	✓
Myriam MAESTRONI		✓	✓	✓	✓		✓		✓
Christelle ROUILLÉ	✓	✓		✓					
Emmanuelle SALLES						✓		✓	✓
Jean-Marc AUBRY	✓	✓	✓	✓					
Jean-Marc LECHENE		✓	✓				✓	✓	✓

3.4 Statements concerning the members of Administrative and Supervisory bodies

3.4.1 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 6.2.2 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 articles L.225-185 and L.22-10-57 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 3.7.5 (table 8) of this Universal Registration Document.

3.4.2 Other statements 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.

3.5 Specialized committees

At the date of issue of the Universal Registration Document, the Company operates three specialized committees: a Key Contracts committee, an Appointments and Remuneration Committee and an Audit committee.

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.

3.5.1 Key Contracts Committee

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

In accordance with good market practice, this Committee is composed of independent members or members who do not represent a reference shareholder of the Company. The Chairman of the Board of Directors is an ex officio member of the Key Contracts Committee. The members of the Committee may be assisted by persons from outside the Board of Directors, chosen for their specific skills.

To date, the Key Contracts Committee has six members (of whom three independent directors):

- Jean-Marc LECHENE (Chair)
- Eléonore JODER;
- Luc POYER;
- Pascal MAUBERGER;
- Myriam MAESTRONI.

The Key Contracts Committee meets quarterly, and as often as necessary to carry out its duties at the request of the Chairman of the Board of Directors, the Chief Executive Officer and/or any of the directors. The Committee has met twice since 12 May 2021, date of the new Internal Regulation.

3.5.2 Appointments and remunerations committee

At the time of issue of this Universal Registration Document, the Appointments and Remuneration Committee has three members (of whom one independent directors):

- Myriam MAESTRONI (Chair);
- Christelle ROUILLE;
- Laure MICHEL.

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.

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.

Outside of the preparation and monitoring meetings, the Appointments and Remuneration committee met eleven (11) times in 2021 with a 100% attendance rate, and addressed the following topics:

- Opinion issued on three Director appointments associated with the Chief Executive Officer and whose salary package is above €100 K in accordance with the Internal Regulation of the Board of Directors.
- Appointment of the new Chief Executive Officer (hiring and reference process), recommendations to Board of Directors on salary package;
- Initiation of a fundamental investigation aiming to define a long-term incentive scheme for management and all employees, with the support of a specialized external consultant;
- Implementation of a review and assessment process of the Board of Directors, also with the support of an external consultant;
- Examination and proposal on variable remuneration for the new Chief Executive Officer;
- Assessment of the achievement of objectives defined in the variable component of the Chief Executive Officer's compensation and that of the Executive Committee;
- Support for discussions to implement a HR Roadmap with key performance indicators;
- Presentation and discussion of the new organization of the Executive Committee (ExCom);
- Preparation of training for directors;
- Specific meetings to install a CSR approach in the Company and assess the different issues involved:
    - Implementation of a diagnostic approach in cooperation with a specialized provider appointed after consultation
    - Monitoring the work and presentation of planned methodology
    - Discussions and support in building the Roadmap

As part of the changes to Company governance described in this Universal Registration Document, the Appointments and Remuneration committee also organized several working sessions in addition to its normal meetings.

CSR Committee

This Committee was introduced in 2021 as part of the Appointments and Remuneration Committee. Its main missions are to:

- Reflect on the CSR dimension of major issues discussed by the Board of Directors (growth, restructuring, innovation, acquisitions, etc.) and address it regularly;
- Encourage the existence of and participate in the work of an ad hoc CSR working group or committee to address and deal with CSR issues in greater depth;
- Ask the Chairman to explain how CSR is taken into account in the company's strategy in order to create value for the company and its stakeholders;
- Question the management on the CSR reporting carried out on a compulsory basis (or on a voluntary basis) with the different elements of measurement of the extra-financial performance;
- Consult the reports and, if necessary, interview the independent external experts who have expressed an opinion on the company's CSR performance (auditors, rating agencies, independent third-party organizations...);
- Monitor CSR performance and its gradual increase within the company;
- Encourage reflection on the use of CSR criteria in the calculation of the variable portion of executive remuneration and participate in its implementation.

3.5.3 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 the 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 six times in 2021 (100% attendance):

- examination of company and consolidated accounts for the fiscal year ending 31 December 2020, financial information calendar, regulatory updates and issues,
- Review of interim accounts at 30 June 2021 and half-yearly activity report,
- Four internal control and risk management reviews.

3.6 Operation and work of the Board

3.6.1 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.

3.6.2 Works

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 2021 fiscal year, the Board of Directors met thirteen (13) times. The average duration of a session of the Board was two and a half hours. The average attendance rate of the Board of Directors was 98%.

The main points covered during Board meetings were as follows:

- Session of 12 January 2021: implementation of the share repurchase program, transfer of the liquidity agreement and extension of research coverage. 10 members present out of 10.
- Session of 9 March 2021: examination and approval of Company financial statements and Consolidated financial statements, proposal to allocate profits, proposal to book previous losses in the "issue premium" item, cancellation of debts in favor of McPhy Energy Italia Srl and McPhy Energy Deutschland GmbH, review of agreements affected by articles L.225-38 and subsequent of the French Commercial Code, discussions concerning the compensation of the CEO and the Chairman of the Board, review of remuneration of Group corporate officers and employees, approval of the management report integrating the report of the Board of Directors on corporate governance, discussions on resolutions to be proposed to the OGM, review of points for vigilance and

recommendations of the Middlenext corporate governance code, discussions on amendments to the Internal Regulation. 10 members present out of 10.

- Session of 14 Apr 2021: discussions on the Gigawatt factory project, on the agenda and the resolutions presented to the general shareholder meeting and convening of said general meeting, discussions on the limitation of CEO powers and authorizations granted to the CEO in terms of guarantees, endorsements and sureties. 10 members present out of 10.
- Session of 28 April 2021: approval of agenda and resolutions presented to the general meeting, approval of the policy on the compensation of directors (excluding the Chairman of the Board of Directors) and the compensation of the Chief Executive Officer, discussions on the deployment of an employee and management incentive program and the potential introduction of a company savings plan for employees, discussions on the equal pay policy, discussions on the project to move head office to the new Grenoble site. 10 members present out of 10.
- Session of 29 April 2021: update on Gigawatt factory project 10 members present out of 10.
- Session of 12 May 2021: approval of the Internal regulation, approval of the terms of the report of the Board of Directors to the general shareholder meeting, discussions on the Gigawatt factory project. 10 members present out of 10.
- Session of 17 May 2021: update on Gigawatt factory project 10 members present out of 10. 10 members present out of 10.
- Session of 14 June 2021: discussions on the turnover landing figures for the first half-year 2021 and on the communication of a potential profit warning. 10 members present out of 10.
- Session of 17 June 2021: ratification of Company Articles following the shareholder general meeting, resignation of Pascal Mauberger and his appointment as Honorary President of the Board of Directors, appointment of Luc Poyer as Chairman of the Board of Directors, discussions on the composition of the ad hoc committees of the Board of Directors. 10 members present out of 10.
- Session of 11 July 2021: cessation of Chief Executive Officer functions, application of non-compete obligation to Laurent Carme, temporary reunification of functions of Chairman and Chief Executive Officer. 10 members present out of 10.
- Session of 27 July 2021: approval of half-year accounts and financial statements, authorization given to the CEO in terms of deposits, advance payments and guarantees, approval of transition budget. 10 members present out of 10.
- Session of 11 October 2021: appointment and compensation of new Chief Executive Officer, conclusion of an assistance agreement with Luc Poyer. 10 members present out of 10.
- Session of 25 October 2021: items of compensation for the Chief Executive Officer and performance conditions. 10 members present out of 10.
- Session of 3 December 2021: Management information, authorization attributed to CEO for DrHyver project. 9 members present out of 10.
- Session of 16 December 2021: implementation of a free share allocation plan, approval of the “Principles of governance and remuneration”, presentation and approval of budget for 2022. 9 members present out of 10.

3.6.3 Assessment

In accordance with the Middlenext Code recommendations, the Board of Directors evaluates its own functioning and that of its committees annually, to provide an assessment of the preparation and quality of their work.

This self-assessment notably 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 performed its own self-assessment at the Board of Directors meeting of 31 March 2022. The results of the Board member feedback reveal that they appreciate the richness of debates, the quality of dialog and human relations, but also the level of commitment which reflects the high level of attendance at meetings and the positive atmosphere created between the Board and Management, to serve the Company. A qualitative and quantitative analysis also shows that the following points could be improved:

- Board performance: although significant progress was made in 2021 in the functioning of the Board, with in particular a) the adoption of a new internal regulation, b) the definition of a roadmap following the external assessment conducted by an internationally reputed external consultant, and c) training for board members in the legal framework applicable to listed limited companies, there remains margin for improvement which could be implemented as early as 2022 with the support of a Board Secretary. Moreover, in 2022 the work of the Key Contracts Committee will be presented and reported to the Board;
- Board Secretary: in 2022, the creation of a Board Secretary will make it easier to prepare, host and track meetings of the Board and its sub-committees. It will also make it easier to define and publish the content of operational reports more rapidly, as these reports are important decision support aids enabling more effective responses to incidents and understanding of the risk/opportunity pairings;
- Composition of Board: For several years now, McPhy has striven to maintain gender parity in its management bodies and acknowledges the benefits. Following the resolutions of the general meeting of 17 June 2021, terms of office are now staggered for the purposes of renewal. Lastly, it is intended to raise the number of independent administrators, ensuring nonetheless that the overall number remains similar to its current level to avoid making the management and organization of the board more complex.
- Board meetings: within the Board, after the pandemic the primary expectation is to return to a balance between in-person and video meetings, but also times for dialog between board members and management.

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

Lastly, pursuant to articles L.225-37-4 and L.22-10-10 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 articles L.225-39 and L.22-10-12 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.

3.7 Compensation and benefits

This section was prepared with assistance from the Appointments and Remuneration Committee in accordance with applicable regulations in effect, notably articles L. 22-10-8 and following of the French Commercial Code. Compensation for corporate officers is presented as follows:

- First sub-section (3.7.1) on the general principles of policy on the compensation of corporate officers;
- A second sub-section (3.7.2) on the compensation policy (ex ante) and the items of compensation and benefits paid or allocated over the 2021 fiscal year (ex post) to directors;
- A third sub-section (3.7.3) on the compensation policy (ex ante) and items of compensation and benefits paid or allocated over the 2021 fiscal year (ex post) to the Chairman of the Board of Directors;
- A fourth sub-section (3.7.4) on the compensation policy (ex ante) and items of compensation and benefits paid or allocated over the 2021 fiscal year (ex post) to the Chief Executive Officer.

3.7.1 General principles of the policy on the compensation of corporate officers

The statements below constitute the compensation policy for corporate officers drawn up as per article L.22-10-8 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 compensation policy approved in year N applies to all persons occupying corporate office for year N. Moreover, in the event of their departure, or if a corporate officer is appointed between two shareholders' general meetings, their compensation is defined *pro rata temporis* by applying the compensation policy approved by the most recent general meeting.

In the event of appointment of a new Chief Executive Officer, a new Chairman of the Board of Directors or a new Director, the principles, criteria, and items of compensation foreseen in the policy on the compensation of the Chief Executive Officer, the Chairman of the Board of Directors or other Directors, shall be applied respectively.

By virtue of Article L22-10-8 of the French Commercial Code, the policy on the compensation of corporate officers is subject to the approval of the annual general meeting.

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, as indicated in section “3.1 Corporate governance code” of this document.

In this respect, the Board of Directors regularly reviews all points for vigilance indicated in the Middlenext corporate governance code, in compliance with recommendation no. 22.

Determination and implementation 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 Chair of the Appointments and Remuneration Committee is an independent Director and was selected for her technical skills, as well as her extensive understanding of applicable standards, emerging trends and Company practices.

To successfully complete their mission, Committee members require quantified information from the Company. Comparisons are made regularly to ensure that the compensation levels of McPhy employees and corporate officers are competitive and consistent with other companies in the sector

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

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

In this respect the achievement of performance criteria is examine by the Appointments and Remuneration committee which informs the Board of Directors of its observations so that the Board may issue its verdict on the achievement of the criteria defined previously.

In all events, the policy on the compensation of corporate officers is defined taking into account the conditions of compensation and employment of company employees, for which data are forwarded annually by the human resources department.

The compensation policy for 2022 has evolved from that applied to the 2021 fiscal year, in terms of the discussions and analysis undertaken by the Board of Directors and the Appointments and Remuneration Committee on these matters during the 2021 fiscal year. Therefore:

- The fixed gross annual compensation of the Chief Executive Officer was raised from €220,000 to €240,000 due to the special circumstances (departure of Laurent Carme and interim appointment of Luc Poyer), the skills of the new CEO and the efforts he made to accept the position (substantial drop in his overall compensation). This amount remains below the median for the 2021 study by Willis Towers Watson (WTW), expert consultants on executive management compensation, which reached €300,000;
- The number of meetings used to calculate the breakdown of the annual fixed remuneration allocated to members of the Board of Directors by the general meeting has risen from 12 to 17 in case of exceptional circumstances (change of governance, significant M&A operation, etc.) without any impact of increasing the fixed annual sum allocated by the general meeting of 17 June 2021;
- The introduction of a 2022 free share allocation plan for certain employees and corporate officers of the Group. To this end, McPhy reminds us that a “democratic” free share allocation plan for all McPhy employees was set up for the 2021 fiscal year. The Company has also agreed to implement an incentive agreement for the 2022 fiscal year to enable employees to benefit from company performance and encourage their long-term loyalty. Furthermore, McPhy took into account the votes against resolutions 33 and 34 of the general meeting of 17 June 2021 to determine the vehicle, the eligible people, performance conditions and conditions for implementing the plan.

Exception to the compensation policy

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, a major change in strategy, or a particularly serious contextual event, or affecting the Company's situation.

In such circumstances, the Board of Directors may, on recommendation by the Appointments and Remuneration Committee, adjust the performance conditions for long-term compensation.

All modifications must be justified and maintain the alignment of shareholder interests with those of the beneficiaries.

Management of conflicts of interest

Conflicts of interest are prevented in accordance with regulations in effect and the provisions of the internal regulations of the Board of Directors. In the event of real or potential conflicts of interest, each Director must inform the Board of the situation and take action accordingly, notably by refraining from voting on the points discussed or by not attending the Board meetings at which they would be in a situation of conflict of interest. The conflicts of interest management procedure is set out in part "3.4.1 Potential conflicts of interest and agreements" in this document.

General principles and objectives

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

- Comprehensive - the compensation policy defines all items of compensation paid or allocated to corporate officers;
- Balanced - Each element of the compensation policy is justified in terms of the profiles of corporate officers who exhibit the skills required to perform their function, as well as their willingness to invest long-term in McPhy in the Company's interest. This compensation is assessed in whole, i.e. based on all constituent items;
- Benchmark - The Appointments and Remuneration Committee regularly refers to consultants in executive compensation to assess the relevance and competitive nature of the compensation paid to corporate officers, while ensuring that they remain proportionate to the Company's situation;
- Consistent - The Appointments and Remuneration Committee is informed annually of the Group human resources policy. It proposes a consistent compensation policy to the Board of Directors, ensuring that the evolution of corporate officer compensation over the medium term is not de-correlated from the compensation paid to all Group employees. The compensation policy which aims to converge the interests of employees and of shareholders, and to strengthen their bonds with the company, is an essential factor in the global attractiveness of McPhy as an employer. As such, it has been reviewed by the Appointments and Remuneration committee.
- Legibility - The Appointments and Remuneration Committee proposed to the Board of Directors an overhaul of the compensation policy for corporate officers with the objective of creating greater clarity and simplified legibility;
- Measurement – The Board of Directors has determined the compensation policy for corporate officers to ensure a suitable balance with regard to the Company's interests, the long-term viability and growth of the Company and the social and environmental issues surrounding its activity. The Board of Directors ensures consideration of the Company's interest, the issues relating to the Company's strategy and the expectations of stakeholders;
- Transparent - The compensation policy defines all items of compensation paid or allocated to corporate officers. As indicated earlier, the Appointments and Remuneration Committee proposed to the Board of Directors an overhaul of the compensation policy for corporate officers to improve is transparency.

CSR policy

McPhy has adopted a corporate social and environmental responsibility policy (CSR) based on clear objectives, which include the creation of a dedicated sub-committee of the Board of Directors. This policy is described in chapter 6 of this document.

Gender equality policy

Gender equality is a core concern at McPhy, as the Company is keen to ensure a non-discriminatory policy and ensure equal treatment for all its employees.

On this matter, McPhy consulted an external expert on remuneration to see how each of its functions across the European Union countries compared to the market. The analysis made no reference to the gender of the position holder to highlight any differentiation made based on this criterion.

Gender equality is also one of the criteria used in the annual salary review roadmap for all employees. The Group has committed to set compensation for its employees based on objective and operational criteria (skills, level of responsibility, results, expertise in function performed).

Between 2020 and 2021, the average compensation paid to women grew significantly more than for men. On Group level, 100% of women returning from maternity leave received a rise at least equal to the average rise awarded for performance.

Women represent around 20% of people in the Group. The worker/employee category features 44% of women and 56% men, while in management women represent 19% and men 81%; for technicians, only 5% of women compared to 95% men. The representation of women in different job types reflects the reality of the industrial market and the difficulties encountered in certain business activities to achieve better gender parity are real. Applicants for open positions are mostly men, so McPhy has made efforts with its recruitment partners to secure more applications from women for Manager positions, especially as part of its recruitment drives (40% increase in headcount in 2021).

McPhy attempts to ensure a neutral and equitable recruitment process, alongside equality of access to training.

In 2021, parental leave was applied for and granted to men as well as women.

As the company exceeded a total of 50 employees in France in 2021, it has published its gender equality index for the first time. The score achieved is 74.

Under the CSR roadmap, special attention will also be paid to all proposals aiming to improve and continue to guarantee gender equality.

Complain or explain

The policy on the compensation of executive committee members drawn up by the Board of Directors after consulting the Appointments and Remuneration Committee complies with all recommendations of the Middlenext corporate governance code except for recommendation 17 as described in section “3.1 Corporate governance code” of this document.

3.7.2 Policy on the compensation of directors

3.7.2.1 Policy on the compensation of directors for the 2022 fiscal year (ex ante)

The fixed annual amount allocated to Board members is determined by the general meeting of shareholders. The voted resolution remains valid until another resolution is voted by the general meeting.

Within the limit of the amount defined by the shareholder general meeting, the Board of Directors shall determine, at the end of each year, the amount of compensation of allocated to its members in respect of the year ended based on the rules of allocation and methods of calculating compensation determined at the start of the year and communicated within the policy on the compensation of directors.

The formula for distribution of director compensation is regularly examined to ensure competitive remuneration in national terms and attract expert profiles with regional and industry expertise.

It comprises a fixed remuneration taking into account the specific missions associated with 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.

Directors do not receive annual variable or long-term compensation, supplementary pension plans, nor indemnities or benefits due or likely to be due resulting from the assumption, termination or change of their function.

At the start of the 2021 fiscal year, the Board of Directors consulted an external specialist in executive officer compensation, Willis Towers Watson (WTW) to assess the compensation of Directors. This assessment resulted in an overhaul of the total amount allocated to directors and the individual distribution criterion based on director independence.

In this context, on 28 April 2021 the Board of Directors requested to increase the total compensation amount paid to administrators to €218,400 (excluding compensation for the Chairman of the Board of Directors).

This new budget was approved by the 2021 shareholder general meeting (10th resolution), and on recommendation by the Appointments and Remuneration Committee, the Board of Directors decided to retain the same amount for the 2022 fiscal year as well as the conditions of distribution of the annual fixed sum between independent directors.

Furthermore in 2021, the Company structured its Board of Directors by introducing two specific sub-committees to reflect the issues it is facing:

- A Key Contracts Committee tasked with reviewing commercial proposals and sensitive contracts, in particular if their conclusion is in conflict of interest, at the request of General Management, the Chairman of the Board of Directors, or any of the directors;
- A CSR committee tasked with managing the Group's CSR policy as described in chapter 6 of this document.

The principles applied to directors' compensation are summarized below:

(in euros)	Fee	Per meeting[i]	Per mission[ii]	Total compensation[iii]
Board of Directors				
Director[iv]	10,000	1,500	—	28,000
Audit committee				
Chairman	5,000	2,000	2,000	29,000
Member	2,500	1,000	1,000	14,500
Appointments and Remuneration Committee				
Chairman	5,000	1,600	1,600	24,200
Member	2,500	800	800	12,100
Key Contracts Committee				
Chairman	—	2,000	2,000	—
Member	—	1,000	1,000	—
CSR Committee				
Chairman	—	1,600	1,600	—
Member	—	800	800	—

i Up to the annual limit of 12 meetings for the Board of Directors, potentially increased to 17 meetings under exceptional circumstances (change of governance, significant M&A operation, etc.) without impacting the annual fixed amount allocated by the general meeting, and of 7 meetings for each separate committee.

ii Up to the annual limit of 5 missions for each committee; it being specified that these missions are entrusted in accordance with articles L. 225-46 and L. 22-10-15 of the French Commercial Code. The attribution of compensation relating to said missions would be subject to the procedure on regulated agreements.

iii Total maximum remuneration for each office.

iv It is specified that the remuneration due in respect of the office of director does not exclude a director from receiving supplementary remuneration in respect of their role on the Audit committee and/or on the Appointments and Remuneration committee.

Where necessary, these amounts can be accumulated for all missions performed by directors.

3.7.2.2 Items of compensation and benefits of all kinds paid or allocated to directors in respect of the 2021 fiscal year (ex-post)

The policy on the compensation of directors described in section 3.7.2.1 “Policy on the compensation of directors for the 2022 fiscal year (ex ante)” defines the fixed annual amount and the principles of distribution of director compensation, up to the limit of the budget determined by the shareholders’ general meeting.

As a reminder, this budget and the distribution criteria remain unchanged from the 2021 fiscal year.

In respect of the 2021 fiscal year, the remuneration of independent directors comprises a fixed amount, calculated proportionally for terms ending or starting during the year, and a variable amount depending on their membership of the Board and Committees, distributed by the Board of Directors according to their effective attendance at Board meetings and their missions within Committees.

The amounts allocated and paid in 2021 are summarized in the table below.

- **Table 3: Global remuneration of non-executive corporate officers**

Non-executive corporate officers	Amounts allocated In respect of 2021 fiscal year	Amounts paid In 2021	Amounts allocated In respect of 2020 fiscal year	Amounts paid In 2020
Léopold DEMIDDELEER	€28 K	€17 K	€17 K	€14 K
Myriam MAESTRONI	€44 K	€22 K	€22 K	€17 K
Luc POYER[i]	€25 K	€21 K	€21 K	€17 K
Eléonore JODER	€49 K	€20 K	€20 K	€16 K
TOTAL	**€146 K**	**€81 K**	**€81 K**	**€64 K**

[i] *In respect of his term as a Director from 1st January 2021 to 17 June 2021.*

3.7.3 Policy on the compensation of the Chairman of the Board of Directors (non-executive corporate officer)

3.7.3.1 Policy on the compensation the Chairman of the Board of Directors in respect of the 2022 fiscal year (ex-ante)

The duration of appointment of the Chairman of the Board of Directors is identical to that of other directors (3 years) and the start and end dates of the term of office of the Chairman of the Board are correlated with 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, which then determines the terms of this compensation.

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 Chairman of the Board of Directors shall comprise remuneration in respect of his functions as Chairman of the Board of Directors, a fixed gross annual amount of €105,000, consistent with the missions entrusted to the Chairman of the Board of Directors, his experience and market practices, it being specified that the Chairman of the Board of Directors receives no remuneration in respect of his office as a Director. This fixed gross annual compensation is unchanged from the previous year.

The Chairman of the Board of Directors will also receive remuneration in consideration of the support provided to the Chief Executive Officer and the Company under an assistance agreement. This assistance agreement is implemented as part of the transition process with the new Chief Executive Officer and to facilitate the performance of his new duties.

Concerning the aforementioned assistance agreement, the Chairman of the Board of Directors 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.

Remuneration in respect of these missions was defined by the assistance agreement of 18 October 2021, at a total fixed amount of €60,000 excl. tax, for the period from 18 October 2021 to 31 March 2022. This assistance agreement will not be extended and will expire on 31 March 2022.

The Chairman 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.

No annual or multi-annual variable remuneration related to performance conditions may be allocated to the Chairman of the Board of Directors.

The Chairman of the Board of Directors is not eligible for a defined-contribution pension.

However, he is entitled to the same personal health and life insurance, as well as the same 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 is not subject to a non-compete obligation and shall not receive a severance package.

If a new Chairman of the Board of Directors were to be appointed during the fiscal year, the remuneration of the 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
- benefits in kind as described above: personal health and life insurance, statutory and supplementary pension benefits, civil liability for corporate officers and reimbursement of travel expenses on justification.

3.7.3.2 Items of compensation and benefits of all kinds paid or allocated to the Chairman of the Board of Directors in respect of the 2021 fiscal year (ex-post)

3.7.3.2.1 Items of compensation and benefits of all kinds paid or allocated to Pascal Mauberger in respect of the 2021 fiscal year (ex-post)

On the recommendation of the Appointments and Remuneration Committee, the Board of Directors decided on the items of compensation for Pascal Mauberger for the 2021 fiscal year as communicated in the compensation policy approved by the shareholder general meeting on 17 June 2021 (11th resolution adopted with a 99% majority).

These items of compensation were determined in consideration of the missions entrusted to Pascal Mauberger in his role as Chairman of the Board of Directors.

His annual compensation for 2021 was broken down as follows:

- annual fixed institutional remuneration in respect of his functions as Chairman of the Board of Directors, determined by the Board of Directors on recommendation by the Appointments and Remuneration Committee, of which the gross annual amount is set at €105,000; and
- remuneration in consideration of the support provided to the Chief Executive Officer and the Company under an assistance agreement. Concerning the aforementioned assistance agreement, Mr. Mauberger acted in an advisory capacity on behalf and at the request of the Company.

He acted 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 missions corresponded to a monthly gross payment of €2,000 excl. tax from 1st January to 30 June 2021.

This agreement was signed on 30 December 2019 and received prior approval by the Board of Directors meeting on 10 December 2019. It was valid for a term of twelve (12) months with effect from the date of signature and may be extended (the agreement was renewed on 20 November 2020 for a term of six (6) months), i.e. until 30 June 2021.

Pascal Mauberger left his office as Chairman of the Board of Directors on 17 June 2021, therefore his gross annual fixed compensation in respect of the 2021 fiscal year was determined on a prorata temporis basis. This amounts to a gross amount of €48,041 for the period from 1st January 2021 to 17 June 2021.

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

He 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.

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. He decided to take retirement on 31 December 2019, date on which his employment contract expired. 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.

Below is a summary table of items of compensation of all kinds and any benefits in kind and other components paid by the Company, or its equity interest, to Pascal Mauberger in respect 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 2021 and 2020:

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

	2021 fiscal year	2020 fiscal year
Pascal Mauberger, *Chairman and Chief Executive Officer then Chairman of the Board of Directors*		
Compensation due in respect of the fiscal year ***(details given in table 2)*** (1)	**60,041**	**82,000**
Value of options granted at no charge	—	—
Value of shares allocated at no charge	—	—
Total	**60,041**	**82,000**

(1) Compensation received by Pascal Mauberger in respect of his functions as Chairman of the Board of Directors from 4 November 2019 to 17 June 2021, previously Chairman & Chief Executive Officer from 21 May 2015 to 3 November 2019. Since 17 June 2021, Pascal Mauberger is the Honorary President of the Board of Directors and received no compensation for this or for his role as a director.

- **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**

	2021 fiscal year		2020 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Pascal MAUBERGER, *Chairman & Chief Executive Officer (until November 2019) then Chairman of the Board of Directors (until 17 June 2021) then Honorary President*				
Fixed compensation (1)	48,041	48,041	36,000	36,000
Variable compensation (1) (2)	—	—	—	32,769
Exceptional compensation	—	—	—	—
Compensation due in respect of the assistance agreement (3)	12,000	12,000	46,000	46,000
Retirement package	—	—	—	—
Benefits in kind	—	—	—	—
Value of options	—	—	—	
Total	**60,041**	**60,041**	**82,000**	**114,769**

(1) Items of compensation provided based on gross pre-tax basis, corresponding to the remuneration of his office as Chairman of the Board.

(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. However, the Chairman of the Board of Directors does not receive any annual variable compensation. The annual variable remuneration indicated in the amounts paid in 2020 corresponds to the gross annual variable remuneration due in respect of his functions as Chairman and Chief Executive Officer during the 2019 fiscal year.

(3) Assistance agreement described above.

3.7.3.2.2 Items of compensation and benefits of all kinds paid or allocated to Luc Poyer in respect of his office as Chairman of the Board of Directors during the 2021 fiscal year (ex-post)

Luc Poyer was appointed as Chairman of the Board of Directors with effect from 18 June 2021.

The sixth resolution of the shareholder general meeting of 17 June 2021 approved with an 89.5% majority the information required by article L.22-10-9 of the French Commercial Code on items of compensation paid or allocated to corporate officers in respect of the fiscal year ending 31 December 2021.

The items of compensation paid or allocated to the Chairman of the Board of Directors are compliant with the requirements specified by the Board of Directors, on recommendation of the Appointments and Remuneration Committee, forming the Company's compensation policy as approved by the general meeting of 17 June 2021 (11th resolution adopted with a 99% majority).

The items of compensation of the Chairman of the Board of Directors appointed during the fiscal year are as follows:

- annual fixed institutional remuneration in respect of his functions as Chairman of the Board of Directors, determined by the Board of Directors on recommendation by the Appointments and Remuneration Committee, of which the gross annual amount is set at €105,000; and
- remuneration in consideration of the support provided to the Chief Executive Officer and the Company under an agreement to provide support to the Chief Executive Officer. Under this agreement, Luc Poyer acts as a consultant on behalf and at the request of the Company. He acts in support of and at the exclusive request of the Chief Executive Officer in certain areas, including Group strategy or investor relationships.

Luc Poyer received a gross fixed compensation of €56,959 for the period from 18 June to 31 December 2021 in respect of his role as Chairman of the Board of Directors.

Furthermore, compensation in respect of consulting missions under the agreement to provide support to the Chief Executive Officer corresponded to a payment of €60,000 excl. tax for the period from 18 October 2021 to the 31 March 2022, or pre-tax compensation of €25,000 for the period from 18 October to 31 December 2021.

As indicated previously, Luc Poyer was an independent director on the Board of Directors of McPhy and in respect of this, received a gross total amount of €25,881 for the period from 1st January to 17 June 2021.

Under the managerial transition following the departure of Laurent Carme, Luc Poyer was appointed as interim Chairman & Chief Executive Officer from 12 July until 17 October 2021. In this respect, to compensate the additional workload accepted, on recommendation by the Appointments and Remuneration Committee the Board of Directors decided to combine the gross annual fixed remuneration of the Chairman of the Board of Directors and of the Chief Executive Officer during this interim period. To this end, Luc Poyer received a gross fixed remuneration of €58,666.

Luc Poyer received no other remuneration in respect of his office of Chief Executive Officer as will be detailed later (“3.7.4.2.2 Items of compensation and benefits of all kinds paid during or allocated for the 2021 fiscal year to Luc Poyer in respect of his office of Chief Executive Officer (ex post)”).

The items of compensation received by Luc Poyer are summarized in the following tables:

- **Table 1: Summary of items of compensation, options and shares allocated to Luc Poyer**

	2021 fiscal year	2020 fiscal year
Luc Poyer, independent director then Chairman of the Board of directors and interim Chairman and Chief Executive Officer		
Compensation due in respect of the fiscal year ***(details given in table 2)*** (1)	**166,506**	21,000
Value of options granted at no charge	—	—
Value of shares allocated at no charge	—	—
Total	**166,506**	**21,000**

(1) Remuneration received by Luc Poyer in respect of his offices as independent director from 1st January to 17 June 2021 then Chairman of the Board of Directors. Luc Poyer fulfilled the dual role of Chairman & Chief Executive Officer on an interim basis from 12 July until 17 October 2021.

- **Table 2: Summary table of compensation by virtue of his functions as an independent director and as Chairman of the Board of Directors**

	2021 fiscal year		2020 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Luc Poyer, independent director then Chairman of the Board of directors and interim Chairman and Chief Executive Officer				
Fixed compensation as Chairman (1)	56,959	56,959	—	—
Fixed compensation as Chief Executive Officer (1)	58,666	58,666	—	—
Variable compensation (1) (2)	—	—	—	—
Exceptional compensation	—	—	—	—
Compensation due in respect of the assistance agreement (3)	25,000	25,000	—	—
Compensation as an independent director	25,881	25,881	21,000	21,000
Benefits in kind	—	—	—	—
Total	**166,506**	**166,506**	**21,000**	**21,000**

(1) Items of compensation provided based on gross pre-tax basis, corresponding to the remuneration of his office as independent director then Chairman of the Board and interim Chairman & Chief Executive Officer from 12 July until 17 October 2021.

(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. However, the Chairman of the Board of Directors does not receive any annual variable compensation.

(3) Assistance agreement described above.

3.7.4 Policy on the compensation of the Chief Executive Officer

3.7.4.1 Policy on the compensation of the Chief Executive Officer for the 2022 fiscal year (ex-ante)

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. These objectives are defined precisely and in quantifiable terms at the start of the year by the Board of Directors on recommendation of the Appointments and Remuneration Committee.

The overall compensation of the Chief Executive Officer is determined after consideration of the remuneration received by the Chief Executive Officers of McPhy's closest competitors. Panels and comparisons were drawn up by Willis Tower Watson (WTW), an expert consultant in terms of executive officer compensation, using the following items:

- A panel of French companies with high market valuation, comprising a majority of businesses from the energy and GreenTech sectors.
- A panel of international companies in the hydrogen sector, comprising more than 80% European companies.

This study showed no differences in compensation between these two comparison panels at their median points. Based on the results of this study, the Appointments and Remuneration Committee proposed the compensation of the Chief Executive Officer to the Board of Directors in parallel to the appointment of Jean-Baptiste Lucas.

At the Board meeting of 11 October 2021, the Board of Directors fixed all items of compensation of the new Chief Executive Officer for the 2021 fiscal year, which were published in a press release on 17 December 2021.

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 articles L.225-100 and L.22-10-34 of the French Commercial Code.

This provision applies to the following items of compensation:

- Annual variable component (calculated partly based on quantitative criteria and partly based on quality criteria, as set out in this section and in the following section 3.7.4.2);
- Remuneration related to the allocation of exceptional compensation (e.g. (BSPCE, free shares or monetary amount), 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). In all cases, the payment of such compensation is conditional on the approval of the shareholder general meeting in accordance with article L. 22-10-34 of the French Commercial Code.

b) <u>During term</u>

- <u>Remuneration structure:</u>

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 incentive financial instruments.

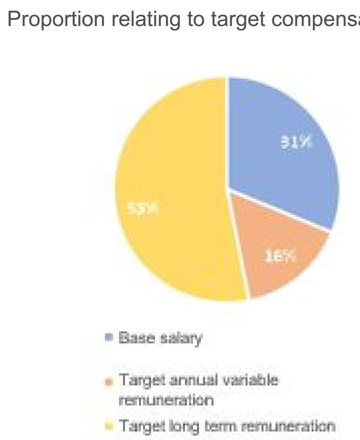
The policy on the compensation of the Chief Executive Officer is intended to incentivize and recognize performance, ensuring that a significant part of their remuneration is subject to the achievement of financial, operating and non-financial criteria reflecting the Company's objectives, in accordance with its purpose and the associated creation of value for shareholders.

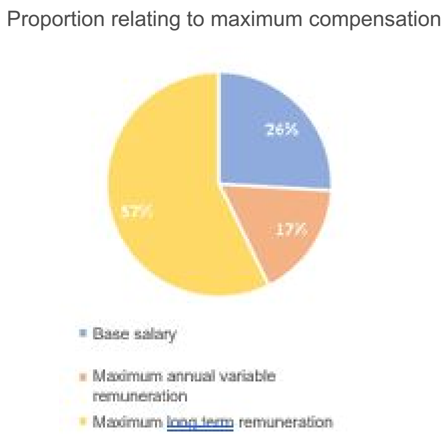
During the meeting held prior to the Board of Directors approving the accounts for the year ended, the Appointments and Remuneration Committee shall examine the success rate for the variable component applicable to fiscal year N-1.

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.

- Proportion relating to the fixed and variable compensation of the Chief Executive Officer





- Annual fixed remuneration:

The annual fixed remuneration of the Chief Executive Officer is determined based on the following elements:

  - Level of complexity of missions and associated responsibilities, as the Chief Executive Officer is invested with the widest powers to act on behalf of the Company in all external relationships;
  - Skills, experience and career path of the Chief Executive Officer. These elements are presented in detail in the section concerning the Chief Executive Officer, "3.2.2. Executive Committee" of this document;
  - Market analysis and research base on the compensation packages of similar functions in comparable businesses.

The fixed amount of remuneration is not subject to annual revision. However, at the meeting of 11 October 2021, the Board of Directors decided to increase the gross fixed remuneration of the Chief Executive Officer by €20,000 on the appointment of Jean-Baptiste Lucas.

This increase was approved by the Board of Directors on the recommendation of the Appointments and Remuneration Committee, based on the results of the compensation study carried out in the early part of the 2021 fiscal year and the previous remuneration of the new Chief Executive Officer. The Board of Directors took into account the special circumstances (departure of Laurent Carme and interim appointment of Luc Poyer), the skills of the new CEO and the efforts he made to accept the position (substantial drop in his overall compensation).

The fixed compensation of the Chief Executive Officer was therefore set at an annual gross amount of €240,000.

It is important to note that this amount remains below the median of the study by Willis Tower Watson (WTW) in 2021, which was in the region of €300,000.

- Annual variable remuneration:

Annual variable remuneration for 2020 represents 50% of the fixed amount. It does not include a guaranteed minimum and could reach 130% of the target in case of exceptional performance.

It therefore represents between 0 and 65% of the fixed compensation. Achievement of the specified objectives will mean 100% of the annual variable remuneration is paid.

Annual variable remuneration is subject to varied and demanding performance criteria, both quantified 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.

On recommendation by the Appointments and Remuneration Committee, the Board of Directors examines the objectives, their weighting, the required performance levels, then defines:

– the minimum level below which no variable compensation is paid;

– the amount of variable compensation due if each objective is met; and

– the quantitative assessment criteria for performance.

The performance criteria for the variable compensation of the Chief Executive Officer in 2022 are as follows:

Category of criteria	**Financial criteria (15%)**		
Criterion	Revenue	Order book	Gross margin
Definition	Revenue for fiscal year 2022	Order book for fiscal year 2022	Achievement rate of gross for fiscal year 2022
Type	Quantified	Quantified	Quantified
Weighting	5%	5%	5%
Payment rate	– 0% if below 70% of budget – 70% if equal to 70% of budget – 100% if budget reached – 130% if equal or in excess of 130% of budget – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum		

Category of criteria	**Operational criteria (32.5%)**			
Criterion	Management of CEOG project	ADOUR project	Megawatt	Delivery of stations and electrolyzers
Definition	Management of CEOG project (first hydrogen multi-MW electricity power plant - Supply of 16 MW of high-power electrolysis by McPhy) according to determined budget	Installation of an operational site with creation of teams	Qualification of a specified number of Megawatt HC with EDF in fiscal year 2022	Delivery of a specified number of hydrogen stations and a specified number of Megawatt machines in fiscal year 2022
Type	Quantified	Quality-related	Quantified	Quantified
Weighting	10%	2.5%	10%	10%
Payment rate	– 0% if below 70% of budget – 70% if equal to 70% of budget – 100% if budget reached – 130% if equal or in excess of 130% of budget – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum	Between 70% and 130% of the objective based on a precisely defined calendar	Between 70% and 130% of the objective based on a precisely defined calendar	– 0% if below 70% of objective – 70% if equal to 70% of objective – 100% if objective reached – 130% if equal or in excess of 130% of objective – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum

Category of criteria	**Strategic criteria (27.5%)**			
Criteria	WILDAU project	Strategic assessment	Execution of BOOST	Organization of Executive Committee
Definition	New R&D and technology organization	Completion of strategic assessment and implementation of strategic program	Completion of action plan	Roll-out of new organization and recruitment of new members
Type	Quality-related	Quality-related	Quality-related	Quality-related
Weighting	2.5%	10%	5%	10%
Payment rate	Between 70% and 130% of the objective based on a precisely defined calendar	– 100% if objective reached – 0% if objective not reached – No over-performance	Between 70% and 130% of the objective based on a precisely defined calendar	Between 70% and 130% of the objective based on a precisely defined calendar

Category of criteria	CSR criteria (25%)			
Criteria	Occupational health and safety		Quality	Implementation of CSR roadmap
Definition	Total rate of recordable incidents	Safety inspection of infrastructures by management	Completion of compliance action plan	Deployment of actions included in CSR roadmap
Type	Quantified	Quantified	Quality-related	Quantified
Weighting	5%	5%	5%	10%
Payment rate	– 0% if below 70% of objective – 70% if equal to 70% of objective – 100% if objective reached – 130% if equal or in excess of 130% of objective – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum	– 0% if below 70% of objective – 70% if equal to 70% of objective – 100% if objective reached – 130% if equal or in excess of 130% of objective – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum	– 0% if below 70% completed – 70% if 70% of action plan completed – 100% if 90% of action plan completed – 130% if 100% of action plan completed – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum	– 0% if less than 5 actions – 70% if 5 actions completed – 100% if 10 actions completed – 130% if 15 actions completed – Linear interpolation between the trigger threshold and the objective, and between the objective and the maximum

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

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

As a reminder, in accordance with the provisions of articles L.225-100 and L.22-10-34 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 Chief Executive Officer may also receive compensation in financial instruments (free shares), the definitive acquisition of which is subject to performance conditions, it being specified that the determination of performance-related conditions will be discussed by the Board of Directors on the recommendation of the Appointments and Remuneration Committee.

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

When defining the Group overall compensation policy including employees and corporate officers, the Appointments and Remuneration Committee and the Board of Directors took into account the votes against resolutions 33 and 34 of the shareholder General Meeting of 17 June 2021 concerning the allocation of free shares and BSPCE share warrants.

In respect of the 2022 fiscal year, the Board of Directors set up a free share allocation plan to align the interests of the beneficiaries with those of the shareholders. The vesting period for the free share allocation plan would be three years without an imposed conservation period.

The Chief Executive Officer would benefit from this plan and be allocated a target number of shares representing around 170% of his gross annual fixed compensation. In case of over-performance, the number of shares finally vested shall not exceed 130% of the target number of shares initially allocated.

The definitive vesting of stocks allocated in this way is subject to the achievement of precisely defined performance criteria and calibrated by the Board of Directors on the recommendation of the Appointments and Remuneration Committee, and the continued presence of the Chief Executive Officer throughout the lifetime of the plan. If the Chief

Executive Officer were to depart before the vesting date, the CEO would immediately lose the right to receive all shares allocated, whatever the degree of achievement of the performance conditions, unless otherwise explicitly decided by the Board of Directors.

These performance criteria are summarized in the following table:

<table>
<tr><td>Category of criteria</td><td colspan="2">Financial criteria</td><td>Operational criteria</td><td colspan="2">CSR criteria</td></tr>
<tr><td>Criteria</td><td>Revenue</td><td>Order book</td><td>Productivity</td><td>Customer satisfaction</td><td>Roadmap</td></tr>
<tr><td>Definition</td><td>Revenue performance for 3 years</td><td>Order book performance for 3 years</td><td>Number of stations and number of Megawatt machines deployed</td><td>Customer satisfaction rate (responses to satisfaction surveys)</td><td>Development and tracking of CSR roadmap</td></tr>
<tr><td>Type</td><td>Quantified</td><td>Quantified</td><td>Quantified</td><td>Quantified</td><td>Quality-related</td></tr>
<tr><td>Weighting</td><td>30%</td><td>20%</td><td>20%</td><td>20%</td><td>10%</td></tr>
<tr><td>Payment rate</td><td colspan="5">For each of these criteria:
– below the trigger threshold, 0% of the target number of shares will be definitively acquired by their beneficiaries;
– on the trigger threshold, 70% of the target number of shares will be definitively acquired by their beneficiaries;
– In case of performance level between the lower range and the target range, 85% of the target number of shares will be definitively acquired by their beneficiaries;
– In case of performance meeting the target range, 100% of the target number of shares will be definitively acquired by their beneficiaries;
– In case of performance level between the target range and the upper range, 115% of the target number of shares will be definitively acquired by their beneficiaries;
– In case of performance level above the upper range, 130% of the target number of shares will be definitively acquired by their beneficiaries.</td></tr>
</table>

In this respect, the Board of Directors will complete an annual review of progress on each of the performance criteria. The levels reached by these performance criteria shall be determined at the end of each year and the definitive performance level for each criterion shall be recorded by the Board of Directors after the vesting period. It will be equal to the average of the annual performance achieved over the 3-year vesting period. The definitive vesting rate shall be equal to the weighted mean of vesting rates on each criterion, where over-performance on any criteria will remain limited to the definitive vesting of 130% of the target number.

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

We also remind you that allocations of free shares are not restricted to the corporate officers of the Group. Indeed, McPhy set up a “democratic” free share allocation plan for all McPhy employees for the 2021 fiscal year. Furthermore, the Company has agreed to implement an incentive agreement for the 2022 fiscal year to enable employees to benefit from company performance and encourage their long-term loyalty, in line with market practices for these populations.

Lastly, in all events, the sum of the annual and long-term variable remuneration may not exceed 300% of the fixed compensation of the Chief Executive Officer.

Obligation incumbent on the Chief Executive Officer to hold shares:

Until the expiry of his term of office, the Chief Executive Officer is obliged to hold at least 25% of any shares definitively vested under plans to allocate financial instruments from which he may benefit up to the limit of 200% of his base salary.

- Other components of remuneration:

The Chief Executive Officer will benefit from:

- the provision of a company car,
- the same health insurance as McPhy employees through complementary health and life insurance schemes,
- the same pension schemes as McPhy employees through a statutory and complementary scheme,
- unemployment insurance for corporate directors (GSC) with a maximum benefit payment period of 12 months,
- civil liability insurance for corporate officers.

The Chief Executive Officer does not benefit from any defined-benefit or defined-contribution complementary pension schemes.

c) After expiry of term

- Non-compete payment

Whatever the reason for departure, the Chief Executive Officer is subject to a non-compete obligation for a period of 18 months on expiry of their term of office, across a defined geographical scope.

If applied, the amount of the monthly payment shall represent 6/10 of the monthly mean compensation (fixed component + annual variable component) for the last twelve months of their presence (equivalent to that applicable to Company employment contracts as per the conditions stipulated by the collective bargaining agreement). Any bonuses and exceptional payments from which the Chief Executive Officer would benefit are excluded from the basis for calculation of the non-compete payment amount.

This payment shall not be due if the Board of Directors decides to release the Chief Executive Officer from their non-compete obligation.

- Severance package

On recommendation of the Appointments and Remuneration Committee, the Board of Directors also approved the principle of payment of a severance package, for a maximum amount equal to twice the last fixed and variable annual compensation (excluding all other components potentially received elsewhere) of the Chief Executive Officer, in case of termination by the Board of Directors (excluding all other types of departure and especially if the CEO leaves the Company of their own initiative to assure new functions or change functions within the Group) and subject to achieving the performance conditions set by the Board. This package shall not be paid if the CEO's contract is terminated for gross misconduct and shall be calculated pro rata temporis in the case of departure between 16 December 2021 and 16 December 2023.

The performance conditions relative to the severance package of the Chief Executive Officer were defined by the Board of Directors on the recommendation of the Appointments and Remuneration Committee and are split as follows:

- 70% for the achievement of operational objectives relating to the deployment of electrolyzers and stations
- 30% for the achievement of customer satisfaction objectives based on customer satisfaction surveys and the customer complaint level.

The total severance package and non-compete payments indicated may not exceed two years of annual compensation (fixed component + annual variable component excluding multi-annual variable remuneration, exceptional compensation or compensation in shares).

Starting on 16 December 2023, the Chief Executive Officer will cease to benefit from the severance package mechanism described above.

3.7.4.2 Items of compensation and benefits of all kinds paid or allocated to Chief Executive Officer in respect of the 2021 fiscal year (ex-post)

3.7.4.2.1 Items of compensation and benefits of all kinds paid or allocated to Laurent Carme in respect of the 2021 fiscal year (ex-post)

Laurent Carme was Chief Executive Officer from 1st January to 11 July 2021.

The sixth resolution of the shareholder general meeting of 17 June 2021 approved with an 89.5% majority the information required by article L.22-10-9 of the French Commercial Code on items of compensation paid or allocated to corporate officers in respect of the fiscal year ending 31 December 2021.

The items of compensation paid or allocated to the Chief Executive Officer are compliant with the requirements specified by the Board of Directors, on recommendation of the Appointments and Remuneration Committee, forming the Company's compensation policy as approved by the general meeting of 17 June 2021 (12th resolution adopted with a 61.8 % majority).

The Company has not wavered the application of the compensation policy, nor deviated from the procedure to implement this policy as approved by the shareholders at the aforementioned general meeting.

The compensation paid contributes to the long-term performance of the Company and the variable remuneration criteria are consistent with the Group's long-term strategy.

In respect of his presence in 2021, Laurent Carme received a prorata amount of the gross annual fixed compensation.

Indeed, he effectively received a gross amount of €117,505 for the period from 1st January to 11 July 2021.

In accordance with articles L.22-10-8 and subsequent of the French Commercial Code, in 2021 Laurent Carme received the annual variable remuneration in respect of his performance over the 2020 fiscal year.

In respect of the compensation policy and his performance over the 2020 fiscal year, Laurent Carme therefore received gross annual variable compensation of €33,262.

However, Laurent Carme will not receive any variable compensation in respect of the 2021 fiscal year due to his departure from the Company on 11 July 2021.

Moreover, due to his departure Laurent Carme has lost the benefit of the BSPCE share subscription warrants and any other compensation in shares allocated to him previously.

Due to the strategic role of Laurent Carme at McPhy and fierce competition in the sector, the Board of Directors decided to uphold the non-compete obligation featured in the policy on the compensation of the Chief Executive Officer.

In respect of the period from 12 July to 31 December 2021, the Company therefore paid to Laurent Carme a non-compete payment of €71,485, which is indicated in the tables below.

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

	2021 fiscal year	2020 fiscal year
Laurent CARME, *Chief Executive Officer from 4 November 2019 to 11 July 2021*		
Compensation due in respect of the fiscal year ***(details given in table 2)*** (1)	**191,880**	387,780
Value of options granted at no charge	—	73,195
Value of shares allocated at no charge	—	—
Total	**191,880**	**460,975**

(1) Compensation received by Laurent Carme in respect of his functions as Chief Executive Officer from 1st January to 11 July 2021.

- **Table 2: Summary table of compensation in respect of functions as Chief Executive Officer**

	2021 fiscal year		2020 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Laurent CARME, *Chief Executive Officer from 4 November 2019 to 11 July 2021*				
Fixed compensation (1)	117,505	117,505	220,000	220,000
Variable compensation (1) (2)	—	33,262	33,262	—
Exceptional compensation	—	—	—	150,000
Non-compete payment	71,485	71,485	—	—
Benefits in kind	2,890	2,890	11,780	11,780
Value of options	—	—	73,195	—
Total	**191,880**	**225,142**	**338,237**	**381,780**

(1) Items of compensation provided based on gross pre-tax basis corresponding to remuneration of his role as Chief Executive Officer from 1st January to 11 July 2021.

(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. However, Laurent Carme receives no annual variable compensation.

3.7.4.2.2 Items of compensation and benefits of all kinds paid or allocated to Luc Poyer in respect of his office as Chairman and Chief Executive Officer during the 2021 fiscal year (ex-post)

Luc Poyer was appointed as Chairman of the Board of Directors on 18 June 2021. As part of the managerial transition following the departure of Laurent Carme, he was appointed interim Chairman & Chief Executive Officer from 12 July to 17 October 2021, on which date Jean-Baptiste Lucas assumed the role of Chief Executive Officer. Following another separation of the functions, Luc Poyer was again appointed as Chairman of the Board of Directors on 18 October 2021.

In respect of his role as Chairman & Chief Executive Officer, to compensate the additional workload incumbent on him, on recommendation by the Appointments and Remuneration Committee the Board of Directors decided to combine the gross annual fixed remuneration of the Chairman of the Board of Directors and of the Chief Executive Officer during this interim period. To this end, Luc Poyer received a gross fixed remuneration of €58,548.

Luc Poyer received no other remuneration (annual or multi-annual variable) in respect of his temporary duties at Chief Executive Officer.

As indicated earlier, Luc Poyer also received:

– compensation of €25,281 in respect of his role as an independent director from 1st January to 17 June 2021;

– compensation of €56,959 in respect of his role as Chairman of the Board of Directors from 18 June to 31 December 2021; and

– Compensation of €25,000 excl. tax in respect of the assistance agreement to the Chief Executive Officer, the terms of which are set out in section “3.7.3.2.2 Items of compensation and benefits of all kinds paid or allocated to Luc Poyer during the 2021 fiscal year (ex-post).”

The sixth resolution of the shareholder general meeting of 17 June 2021 approved with an 89.5% majority the information required by article L.22-10-9 of the French Commercial Code on items of compensation paid or allocated to corporate officers in respect of the fiscal year ending 31 December 2021.

The items of compensation paid or allocated to the Chairman or Chairman & Chief Executive Officer are compliant with the requirements specified by the Board of Directors, on recommendation of the Appointments and Remuneration Committee, forming the Company’s compensation policy as approved by the general meeting of 17 June 2021 (11th and 12th resolutions adopted with respective majorities of 99% and 61.8%).

The summary tables are provided below:

- **Table 1: Summary of items of compensation, options and shares allocated to Luc Poyer**

	2021 fiscal year	2020 fiscal year
Luc Poyer, independent director then Chairman of the Board of directors and interim Chairman and Chief Executive Officer		
Compensation due in respect of the fiscal year ***(details given in table 2***) (1)	**166,506**	**21,000**
Value of options granted at no charge	—	—
Value of shares allocated at no charge	—	—
Total	**166,506**	**21,000**

(1) Remuneration received by Luc Poyer in respect of his offices as independent director from 1st January to 17 June 2021 then Chairman of the Board of Directors. Luc Poyer fulfilled the dual role of Chairman & Chief Executive Officer on an interim basis from 12 July until 17 October 2021.

- **Table 2: Summary table of compensation by virtue of his functions as an independent director and as Chairman of the Board of Directors**

	2021 fiscal year		2020 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Luc POYER, Independent director then Chairman of the Board of Directors				
Fixed compensation as Chairman (1)	56,959	56,959	—	—
Fixed compensation as Chief Executive Officer (1)	58,666	58,666	—	—
Variable compensation (1) (2)	—	—	—	—
Exceptional compensation	—	—	—	—
Compensation due in respect of the assistance agreement (3)	25,000	25,000	—	—
Compensation as an independent director	25,881	25,881	21,000	21,000
Benefits in kind	—	—	—	—
Total	**166,506**	**166,506**	**21,000**	**21,000**

(1) Items of compensation provided based on gross pre-tax basis, corresponding to the remuneration of his office as independent director then Chairman of the Board for the fiscal year 2021 and interim Chairman & Chief Executive Officer from 12 July until 17 October 2021.

(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. The Chairman of the Board of Directors does not receive any annual variable compensation.

(3) Assistance agreement described above.

3.7.4.2.3 Items of compensation and benefits of all kinds paid or allocated to Jean-Baptiste Lucas in respect of the 2021 fiscal year (ex-post)

Jean-Baptiste Lucas was named Chief Executive Officer of the Company as of 18 October 2021. The compensation policy applicable to Jean-Baptiste Lucas was detailed in a press release on 17 December 2021, setting out all items of compensation allocated to him in respect of the 2021 fiscal year.

Jean-Baptiste Lucas received a gross annual fixed compensation of €240,000 applied pro rata to his actual presence during 2021, namely €49,230.

Moreover, on recommendation by the Appointments and Remuneration Committee, the Board of Directors determined the annual variable remuneration of Jean-Baptiste Lucas and the associated performance criteria in respect of the 2021 fiscal year, namely:

– one financial criterion of revenue on the basis of the 2021 re-forecast (representing 25% of the variable remuneration and where the 70% trigger threshold is subject to the achievement of 95% of the objective);
– 2 strategic operational criteria to be implemented in the short term (representing 50% of the variable remuneration and where the trigger thresholds are 100% of the achievement of the objectives);
– one quantitative objective related to Human Resources (representing 25% of the variable remuneration and where the trigger threshold is 100% of the achievement of the objectives).

At the Board meeting of 8 March 2021, on recommendation of the Appointments and Remuneration Committee, the Board of Directors determined the 2021 performance of the Chief Executive Officer as follows:

	Financial criterion
Criteria	Revenue
Definition	2021 revenue in €M
Type	Quantified
Weighting	25%
Payment rate	Threshold - 70% Objective - 100% if €13 M Maximum - 130% Linear interpolation between the threshold and the objective, and between the objective and the maximum
Achievement	100%
Payment	25%

Category of criteria	**Operational criteria**	
Criteria	JDA	Boost
Definition	Acceptance of terms or signature of JDA before 31 December 2021	Design and implementation of the Boost plan within the Company before 31 December 2021
Type	Quantified	Quantified
Weighting	25%	25%
Payment rate	Threshold - 70% if terms accepted before 31 December Objective - 100% if signature before 31 December Maximum - 130% if signature before 1st December	Threshold - 70% if plan design completed Objective - 100% if design and implementation of plan completed Maximum - 130% if at least 20% of actions completed
Achievement	70%	130%
Payment	17.5%	32.5%

Category of criteria	CSR and HR criteria
Criteria	Recruitment
Definition	Recruitment of two key posts
Type	Quantified
Weighting	25%
Payment rate	Threshold - 70% if at least one post filled but no contract signed yet Objective - 100% if one new post filled and signed Maximum - 130% if two posts filled
Achievement	70%
Payment	17.5%

Annual variable remuneration for 2021	
Overall achievement level	93%
Annual amount	€111,000
Prorata temporis	18 October to 31 December 2021 - 21%
Amount allocated	€22,808

Furthermore, in taking up his appointment as Chief Executive Officer of McPhy, Jean-Baptiste Lucas agreed to a reduction in his annual fixed and variable monetary compensation in relation to his role as Chief Executive Officer of IPS B.V.

In accordance with the remuneration policy for corporate officers approved by the shareholder general meeting of 17 June 2021, the Board of Directors decided to compensate this loss of remuneration with a comparable level of risk.

On the recommendation of the Appointments and Remuneration Committee, the Board of Directors approved the principle of compensating Chief Executive Officer with an exceptional and unique grant of 20,000 free McPhy shares under the following terms:

- The value of the shares at the date of the agreement corresponds to the value of the benefits waived by the Chief Executive Officer in order to join McPhy,
- The shares were allocated in a single issue in December 2021,
- the shares allocated are subject to a 1-year condition of ongoing presence and a 1-year conservation period, to replicate the benefits foregone,
- This allocation of shares occurred at the same time as the implementation of the democratic free shares plan, enabling the allocation of free shares to all Group employees.

The Board of Directors therefore opted to align the remuneration of Jean-Baptiste Lucas with the interests of shareholders associated with company shares and his medium-term presence in the Company with an equity method instead of monetary compensation paid on appointment, equivalent to the reduction in salary accepted (annual fixed + variable).

On the date of allocation, the free shares received by Jean-Baptiste Lucas were valued at €411,676.

• Table 1: Summary of items of compensation, options and shares allocated to Jean-Baptiste Lucas

	2021 fiscal year	2020 fiscal year
Jean-Baptiste Lucas, Chief Executive Officer		
Compensation due in respect of the fiscal year (***details given in table 2***) (1)	**73,973**	—
Value of options granted at no charge	—	—
Value of shares allocated at no charge	**411,676**	—
Total	**485,649**	—

- **Table 2: Summary table of compensation in respect of function as Chief Executive Officer**

	2021 fiscal year		2020 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Jean-Baptiste Lucas, Chief Executive Officer				
Fixed compensation (1)	49,230	49,230	—	—
Variable compensation (1) (2)	22,808	—	—	—
Exceptional compensation	411,676	—	—	—
Retirement package	—	—	—	—
Benefits in kind	1,935	1,935	—	—
Value of options	—	—	—	—
Total	**485,649**	**51,165**	**0**	**0**

- **Table 6: Shares allocated free of charge to Chief Executive Officer**

Beneficiary	Plan and Date	Number of shares allocated	Valuation of shares using consolidated accounts method	Date of vesting	Date of availability	Performance conditions
Jean-Baptiste Lucas	2021 plan - 17/12/2021	20,000	411,676	22/12/17	23/12/17	No
Total		**20,000**	**411,676**			

3.7.5 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.22-10-9 I lines 6 and 7 of the French Commercial Code, following the enactment of the Pacte law.

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

- 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 employees, 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. Amongst other items, it includes: (i) fixed basic salary, (ii) annual variable remuneration paid in year N in respect of year N-1, (iii) individual bonuses, (iv) profit-sharing paid in year N, (v) the valuation of BSA, BSPCE, and free share warrants allocated during the year as per IFRS2 on the date of allocation, and (vi) benefits in kind;
- For corporate officers, the direct remuneration considered 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. This includes: (i) fixed basic salary, (ii) annual variable remuneration paid in year N in respect of year N-1, (iii) the valuation of BSA and BSPCE share warrants allocated during the year as per IFRS2 on the date of allocation, (iv) long-term variable remuneration, (v) allocations of free shares during the year and (vi) benefits in kind.

Comparisons are made regularly to ensure that the compensation levels of McPhy employees and 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)	2017	2018	2019	2020	2021
Ratio to average compensation			505%	878%	567%
Ratio to median compensation			628%	1186%	716%

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

Chairman & Chief Executive Officer (1)	2017	2018	2019	2020	2021
Ratio to average compensation	384%	510%	395%	N/A	515%
Ratio to median compensation	498%	694%	491%	N/A	651%

(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. From 12 July to 17 October 2021, Luc Poyer acted as Chairman of the Board of Directors and Chief Executive Officer on an interim basis. His compensation was annualized for the purposes of calculating the ratios.

Chairman (1)	2017	2018	2019	2020	2021
Ratio to average compensation	N/A	N/A	N/A	60%	166%
Ratio to median compensation	N/A	N/A	N/A	80%	210%

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

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

(in thousands of euros)	2017	2018	2019	2020	2021
Chief Executive Officer (1)					
Compensation			40	531	316
Change in absolute figures			N/A	491	-155
Change in %			N/A	1236%	-29%
Chairman & Chief Executive Officer (2)					
Compensation	216	260	235	N/A	325
Change in absolute figures	-6	-44	-25	N/A	N/A
Change in %	-3%	20%	-10%	N/A	N/A
Chairman (3)					
Remuneration			N/A	36	105
Change in absolute figures			N/A	36	69
Change in %			N/A	N/A	92%
Average compensation of employees on FTE basis					
Compensation	4.6	5.1	5.1	5.0	5.3
Change in absolute figures	0.0	0.5	0.0	-0.1	0.2
Change in %	1%	10%	1%	-1%	4%
Net income from operations					
Net income from operations	-6.7	-9.5	-6.3	-9.3	-23.6
Change in absolute figures	1.6	-2.9	3.3	-3.0	-14.3
Change in %	19%	-43%	34%	-49%	-154%

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

(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. From 12 July to 17 October 2021, Luc Poyer acted as Chairman of the*

Board of Directors and Chief Executive Officer on an interim basis. His compensation was annualized for the purposes of calculating the ratios.

(3) Pascal Mauberger was the Chairman of the Board of Directors from 4 November 2019 to 17 June 2021. Luc Poyer was then appointed as Chairman of the Board of Directors from 17 June 2021 to 12 July 2021 and re-appointed to the same role after the interim period, on 17 October 2021. His term of office remains in effect at the date of this Universal Registration Document.

3.7.6 Other benefits

Other information concerning corporate officers

Pursuant to AMF position recommendation no. 2021-02, below is a table summarizing the agreements binding the corporate officers to the Company. This table also described the complementary pension schemes and other commitments made by the Company (table 11)

Corporate Executive Officers	Employment contract		Complementary pension scheme		Benefits due or likely to be due following expiry or change of functions		Payments related to a non-compete obligation	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-Baptiste LUCAS *Chief Executive Officer* Start of term: 18/10/2021 Unlimited term		x		x	x		x	
Luc POYER *Chairman* Start of term: 25/11/10 End of term: OGM 31/12/23		x		x		x		x
Laurent CARME *Former CEO* Start of term: 04/11/2019 End of term: 11/07/2021		x		x		x	x	
Pascal MAUBERGER *Former Chairman* Start of term: 30/06/2009 End of term: 17/06/2021		x		x		x		x

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

The Company has not made provisions to pay pension entitlements. However, the Company has made a provision for a non-compete payment to Laurent Carme, former CEO of McPhy. This provision amounts to €211,636.

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

On the basis of proposals made by the Appointments and Remuneration committee, the Board of Directors initiated discussion on the introduction of an incentive program for key Group employees. This program will take the form of a stock option plan. Furthermore, the introduction of a PEE company savings plan is being examined.

At the time of publication of this Universal Registration Document, tables 4 and 7 inserted as per AMF recommendation 2021-02 are not applicable.

- **Table 5: Share subscription or purchase options exercised during the fiscal year by each executive officer**

Share subscription or purchase options exercised during the fiscal year by each executive officer			
Name of executive officer	**Plan number and date (Date of Board of Directors meeting)**	**Number of options exercised during the year**	**Unit exercise price**
Pascal Mauberger	BSPCE 2017-1 Board meeting 12 March 2018	16,000	€5.1
TOTAL		**16,000**	**€81,600**

- **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	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	TOTAL
Date of shareholder meeting	06/06/10	03/06/10	03/06/10	03/06/10	03/06/10	16/05/12	16/05/12	16/05/12	16/05/12	16/05/12	16/05/12	20/12/12	20/12/12	20/12/12	20/12/12	20/12/12	27/02/14	18/05/17	18/05/17	18/05/17	23/05/19	23/05/19	23/05/19	20/05/20	20/05/20	
Date of Board of Directors meeting	25/11/10	25/11/10	27/01/11	08/07/11	08/07/11	27/08/18	27/08/18	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	08/04/20	08/04/20	05/06/20	05/06/20	
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	30,000	20,000	50,000	200,000	1,742,050
Pascal MAUBERGER		103,309			19,052		57,000			57,000				40,000					32,000							308,361
Laurent CARME																					75,000				75,000	150,000
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	21/10/21	09/04/22	09/04/22	06/06/22	06/06/22	
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	08/04/25	08/04/25	05/06/25	05/06/25	
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	€4.55	€4.55	€5.11	€5.11	
Conditions of exercise	Partially exercisable					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	Partially exercisable	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% on 06/24/17 and 60% on 06/24/19	Exercisable up to 60% on 03/13/20 and 40% on 03/13/21	Exercisable up to 60% on 03/12/18 and 40% on 03/12/19	Exercisable up to 60% on 03/13/20 and 40% on 03/12/21	Exercisable up to 60% on 12/11/21 and 40% on 12/11/22	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	
Number of shares subscribed at 31 December 21	10,000	126,241	—	15,495	28,578	35,306	92,000	81,750	11,649	83,250	56,000	53,477	4,000	64,750	13,500	121,351	—	47,000	51,200	81,000	—	—	—	—	—	966,547
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	—	75,000	—	—	5,000	82,000	524,503
Cumulative number of options and warrants remaining at 12/31/21	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38,000	—	30,000	20,000	45,000	118,000	251,000

- **Table 9: Share subscription or purchase options granted to top ten non-corporate officer employees and options exercised by them**

	Total number of options allocated / shares subscribed to or purchased	Weighted average price	Plan	Plan
Options granted during the fiscal year by the issuer and any company included in the scope of allocation of options to the ten employees of the issuer and any company within this scope with the highest number of options granted (global information)	—	—	—	—
Options held on the issuer and companies referred to previously and exercised by the ten employees of the issuer and these companies with the highest number of options purchased or subscribed (global information)	47,400	€4.99	BSPCE 2017-2	OPTIONS 2017-1

- **Table 10: History of free share allocations**

History of free share allocations	
Information on free share allocations	
	2021 Free share plan
Date of shareholder meeting	23 May 2019
Date of Board of Directors meeting	16 December 2021
Total number of free shares allocated	59,970
Total number of free shares allocated to corporate officers	20,000
Jean-Baptiste LUCAS	20,000
Luc POYER	—
Laurent CARME	—
Pascal MAUBERGER	—
Date of vesting	Chief Executive Officer - 16/12/2023 Executive committee - Date of Board of Directors meeting to approve the Company accounts relating to the fiscal year ending 31 December 2023
Expiry date of conservation period	—
Number of shares definitively allocated at 01/03/22	—
Cumulative number of shares canceled or expired at 01/03/22	
Remaining allocated shares at 01/03/22	59,970

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

All persons employed by the Group receive regular information on share trading rules and regulations, especially relating to precautions and obligations on possessing inside information and the black-out periods, during which any person with permanent or occasional access to inside information, including third parties acting on behalf or in the name of the Group, all persons discharging managerial responsibilities within the Group shall refrain from conducting transactions involving Company shares or associated derivative financial instruments.

By virtue of the terms of Article 19 of the MAR market abuse regulation, specified by article 223-22 A of the General Regulation of the AMF, company directors owning shares traded on a regulated market must declare all transactions involving Company shares to the AMF and to the Company, within three business days of their execution, if the total monetary value of transactions exceeds twenty thousand euro (€20,000) for the current calendar year. In accordance with the provisions of the General Regulation of the AMF[33] , the Board of Directors of the Company must use its annual report to the ordinary general meeting of shareholders to indicate the transactions declared by Directors and persons considered as directors[34] during the fiscal year.

[33] Article 223-26 of the General Regulation of the AMF.
[34] At McPhy, "persons considered as Directors" are the members of the Executive Committee of the Company and of the Board of Directors.

In the table below, we have listed all declarations made by Directors in 2021:

Last name	First name	Function	Transaction	Number	UP	Declaration
CACHOT	GILLES	COO	Exercise	-1,200	5.1000	08/01/2021
CACHOT	GILLES	COO	Disposal	1,200	35.1000	08/01/2021
WENSKE	MICHAEL	COO Germany	Exercise	-6,600	4.8400	08/01/2021
WENSKE	MICHAEL	COO Germany	Disposal	6,600	36.7995	08/01/2021
AMELOT	BERTRAND	Chief Commercial Officer	Exercise	-10,000	5.1000	14/01/2021
POYER	LUC	Director	Disposal	1,000	39.2395	09/01/2021
AMELOT	BERTRAND	Chief Commercial Officer	Disposal	10,000	38.5726	14/01/2021
MAUBERGER	PASCAL	Chairman	Exercise	-4,000	5.1000	19/03/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	27.8000	19/03/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	28.2000	19/03/2021
WENSKE	MICHAEL	Director of Electrolysis Engineering	Exercise	-12,800	4.8400	19/03/2021
WENSKE	MICHAEL	Director of Electrolysis Engineering	Disposal	12,800	28.4530	24/03/2021
CACHOT	GILLES	COO	Exercise	-5,000	5.1000	19/03/2021
CACHOT	GILLES	COO	Disposal	5,000	30.1283	24/03/2021
MAUBERGER	PASCAL	Chairman	Exercise	-4,000	5.1000	02/04/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	32.5549	02/04/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	32.1142	02/04/2021
MAUBERGER	PASCAL	Chairman	Exercise	-4,000	5.1000	02/04/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	30.7229	02/04/2021
MAUBERGER	PASCAL	Chairman	Disposal	2,000	30.8927	02/04/2021
POYER	LUC	Director	Disposal	1,000	33.8000	15/04/2021
MASCHIO	EMILIE	Chief Financial Officer	Exercise	-4,000	5.1000	30/07/2021
MASCHIO	EMILIE	Chief Financial Officer	Disposal	4,000	15.9500	30/07/2021
CACHOT	GILLES	COO	Exercise	-7,800	5.1000	14/09/2021
CACHOT	GILLES	COO	Disposal	-7,800	17.1100	15/09/2021
MAUBERGER	PASCAL	Honorary President	Exercise	-4,000	5.1000	08/10/2021
MAUBERGER	PASCAL	Honorary President	Disposal	1,000	15.8100	08/10/2021
MAUBERGER	PASCAL	Honorary President	Disposal	1,000	15.7584	08/10/2021
MAUBERGER	PASCAL	Honorary President	Disposal	1,000	15.6500	08/10/2021
MAUBERGER	PASCAL	Honorary President	Disposal	1,000	15.6360	08/10/2021
MAUBERGER	PASCAL	Honorary President	Disposal	52	15.7600	08/10/2021

3.9 Special report of the Statutory Auditors on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2021

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the MCPHY ENERGY Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the Shareholders' Meeting

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreement concluded during the year and previously approved by your Board of Directors.

Support agreement between the Company and France Energies Nouvelles

Person involved:

Luc Poyer, Chairman of your Company's Board of Directors and Chairman of France Energies Nouvelles.

Terms and conditions:

The support agreement between your Company and Luc Poyer via France Energies Nouvelles, authorised by the Board of Directors on 11 October 2021 for a non-renewable term of 164 days, provides for Luc Poyer's involvement as a key consultant on behalf and at the request of the Company in building relationships and providing services (e.g. with shareholders, customers or suppliers on market or product issues).

His lump-sum compensation for this work totalled €60,000 excluding tax for the period from 18 October 2021 to 31 March 2022. The agreement was not renewed after 31 March 2022.

Reasons justifying the agreement is in the Company's interest:

You Board of Directors considered this agreement to be in the Company's interest due to the application of Luc Poyer's skills that are necessary for the managerial transition with the new Chief Executive Officer, Jean-Baptiste Lucas, and the Group's strategic projects.

Agreements previously approved by the Shareholders' Meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed of the following agreement, previously approved by Shareholders' Meetings of prior years, with continuing effect during the year.

Agreement with Pascal Mauberger, Honorary Chairman of the Board of Directors

Nature and purpose:

Consulting assignment on behalf and at the request of McPhy Energy.

Terms and conditions:

Pascal Mauberger works in certain areas, including building relationships with investors or any other support assignment requested by Jean-Baptiste Lucas, Chief Executive Officer.

His monthly lump-sum compensation for this work was €2,000 excluding tax from 1 January 2021 to 30 June 2021.

The amount expensed for 2021 for this agreement was €12,000 excluding tax.

This agreement, previously authorised by your Board of Directors on 10 December 2019, was signed on 30 December 2019 for 12 months and extended on 20 November 2021 for 6 months.

Juvigny et Paris-La Défense, April 21, 2022

The Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Guillaume BELIN	Hélène DE BIE

CHAPITRE

4

Observations about the fiscal year

4 Observations about the fiscal year

4.1 Analysis of activity and consolidated results

4.1.1 Consolidated statement of income for 2021 and 2020

The following table sets out the main elements of the McPhy group consolidated income statement for the years ending 31 December 2020 and 2021.

€M	2021	2020	Var. 2021 / 2020
Revenue	13.1	13.7	(0.6)
Subsidized projects	0.7	0.2	0.5
Research tax credit	0.7	0.5	0.1
Other income from operating activities	0.1	0.2	(0.1)
Income from current operations	**14.6**	**14.6**	**(0.0)**
Cost of materials	(10.5)	(7.4)	(3.2)
Payroll charges	(11.4)	(8.6)	(2.8)
Payroll charges IFRS2	(0.2)	(0.3)	0.0
Other costs and external charges	(7.8)	(5.9)	(1.9)
Taxes and duties	(0.1)	(0.1)	(0.0)
EBITDA	**(15.5)**	**(7.6)**	**(7.9)**
Amortization	(1.5)	(1.2)	(0.3)
Net provisions	(6.5)	(0.0)	(6.6)
Current operating income	**(23.5)**	**(8.8)**	**(14.8)**
Other income and charges	0.0	(0.2)	0.3
Operating income	**(23.5)**	**(9.0)**	**(14.5)**
Cost of net financial debt	(0.0)	(0.3)	0.2
Corporate taxation	(0.0)	(0.1)	0.1
Net income for year	**(23.6)**	**(9.3)**	**(14.2)**
Net earnings per share (€)	(0.85)	(0.34)	(0.51)

4.1.2 Principal factors having an incidence on activity and income

The Group receives research and innovation tax credit (CIRI) and also receives public aid to finance its demonstrator projects and the required investments.

Other aid is received in the form of subsidies or refundable advances. Over the fiscal years 2019, 2020 and 2021, the Group has received an aggregate amount of subsidies of €4.5 M (compared to €3.6 M over fiscal years 2018, 2019 and 2020). This figure has risen as the Group received an advance payment of €1.3 M in 2021 from the FCH JU[35] as part of the Djewels 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.

[35] Fuel Cells and Hydrogen Undertaking, now the Clean hydrogen Partnership

4.1.3 Highlights

Commercial activity bounced back strongly in the second half of the year, with the conclusion of several **signed contracts**[36] such as:

- The R-Hynoca[37] project which aims to install the first hydrogen station in Strasbourg. McPhy will supply a dual-pressure charge station (350 bar / 700 bar) with a daily distribution capacity of 700 kg, and a charge point for pressurized gas cylinders (tube trailers).
- The CEOG[38] project in Western Guiana the largest electricity generation project combining photovoltaic energy and 120 MWh bulk storage, mainly in the form of hydrogen. McPhy will supply the 16 MW high-power Augmented McLyzer electrolyzer which will generate renewable hydrogen from water and green electricity produced by the solar plant;
- An order to supply a large-capacity hydrogen station in western France[39].

Also, McPhy has been selected as a **preferred partner**[40] on multiple projects:

- Signature of a Memorandum of Understanding with Enel Green Power[41] to supply a 4 MW pressurized alkaline electrolyzer from the Augmented McLyzer range, which is to be connected to a renewable energy plant in Carlentini, Sicily;
- Selection of McPhy as a preferred supplier to equip the GreenH2Atlantic[42] project in Sines, Portugal with a 100 MW electrolysis platform;
- The signature of a strategic partnership with Hype announced on 12 December, for the supply of a 2-4 MW alkaline electrolyzer and an 800 kg/day station has not yet been finalized and negotiations are ongoing[43].

Growth in the volume of these large-scale projects bears witness to the recovery of calls for tenders in the hydrogen sector. These new contracts have enriched McPhy's commercial portfolio, which has doubled in value in one year, despite delays encountered in the implementation of major public subsidy programs.

These commercial successes are manifested by firm orders amounting to €19 M, lifting the order book to €20 M at 31 December 2021, up +30% compared to 2020. All contracts on which McPhy has been appointed or identified as a preferred partner to date increase its reference projects to 191 MW and 95 stations.

4.1.4 Revenue

4.1.4.1 Revenue

(In € million)	**2021**	**2020**	**Variation**
H1	5.2	5.4	*-3%*
H2	7.9	8.3	*-5%*
Total	**13.1**	**13.7**	***-4%***

As anticipated when the interim results were announced, revenue for fiscal year 2021 amounts to €13.1M compared to €13.7 M in 2020. The growth expected contracted in the first half year, partly due to the global pandemic and the related restrictions, and partly due to the 'wait and see' attitude of certain players dependent on public financing mechanisms.

[36] Orders materialized by signed contracts
[37] https://mcphy.com/en/press-releases/mcphy-will-equip-the-r-hynoca-project-in-strasbourg/
[38] https://mcphy.com/en/press-releases/ceog-project/
[39] https://mcphy.com/en/press-releases/new-contract-large-capacity-hydrogen-station/
[40] Preferred partner and subject to the project being completed, it being specified that some of these projects should partially impact revenue starting in 2023
[41] https://mcphy.com/en/press-releases/cooperation-agreement-with-enel-green-power/
[42] https://mcphy.com/en/press-releases/greenh2atlantic-project/
[43] Signature of a strategic partnership with Hype | McPhy (assumptions used in graph: 56 stations and 26 MW)

4.1.4.2 Breakdown of revenue by geographical region

(In € million)	2021		2020		Variation	
Europe	12.6	*96%*	13.5	*103%*	-0.9	*-7%*
Middle East, Africa	0.1	*1%*	0.0	*0%*	0.1	*1120%*
Americas	0.1	*1%*	0.0	*0%*	0.1	*264%*
Asia / Pacific	0.4	*3%*	0.2	*1%*	0.2	*122%*
Total	**13.1**	*100%*	**13.7**	*104%*	**-0.6**	*-4%*

Revenue for the Europe region represents almost all of 2021 revenue.

4.1.5 Net income

4.1.5.1 Current operating income

In 2021, the Group registered identical income from current operations to 2020, or a total of €14.6 M, despite a slight €0.6 M decline in revenue. This was offset by increased subsidies and the research tax credit (respectively €0.5 M and €0.1 M).

Income from ordinary activities is broken down between:

- Revenue: €13.1 M
- Other income: €1.5 M

In line with its stated strategy, the Group continued to reinforce its teams, efforts devoted to research and innovation, and initiated pivotal projects required for the industrial scaling-up of operations.

In 2021, McPhy conducted an intensive recruitment campaign and boosted its workforce, one of the strategic pillars in a successful scaling-up. To meet the objective, 44 new employees joined the Company in highly technical direct functions (engineers, technicians, operators, etc.), which generated a 30% increase in personnel charges for 2021 (+ €**2.7 M** vs 2020). The Group headcount at 31 December 2021 reached 154 people.

Purchases consumed and external costs rose by €**5.1 M** compared to 2020.

To continue its research and innovation efforts and to meet the engineering needs of projects and growth - also needing significant assistance from support functions - the Group used external providers, for which the costs increased by €3.1 M between 2020 and 2021. Note that some of these providers were recruited in the course of 2021 or will be in 2022. The Group also earmarked an additional €1.4 M in 2021 to make faster progress on its scaling-up, boost its activity and develop the information system environment.

Lastly, the costs incurred by McPhy for the incident concerning the potassium hydroxide leak on equipment installed in Grenzach-Wyhlen in Germany amount to €0.6 M in respect of the 2021 fiscal year. A supplementary amount of €4.5 M was provisioned for all charges relating to the incident itself and the cost of preventive measures involving the replacement of stacks being used by some Clients equipped with a similar first-generation electrolyzer. This represents the majority of the increase in allocations to amortizations and provisions, which increased by €**6.8 M** in 2021, now reaching €8 M instead of €1.2 M in 2020).

Given these elements, current operating loss rose to (€23.5 M) in 2021 compared to (€8.8 M) in 2020.

4.1.5.2 Net profit

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.

Consolidated net income amounts to (€23.6 M) for 2021, compared to (€9.3 M) for 2020, making a net loss per share of (€0.85) compared to (€0.34) in 2020.

4.1.6 Non-tax-deductible charges

The total amount for 2021 of non-tax-deductible charges as defined by point 4 of article 39 of the French General tax code is €16,917.

4.2 Financial structure

4.2.1 Balance sheet elements and ratios

Consolidated net assets at 31 December 2021 amounted to €172.6 M, broken down as follows (in €M).

	ASSETS		LIABILITIES
Goodwill	2.5	Non-current liabilities	6.4
Non-current assets	9.0	Current liabilities	25.8
Current assets	16.1		
Cash and cash equivalents	177.2		

The net debt to equity ratio (gearing) is -100% at 31 December 2021, compared to -96% at 31 December 2020, due to the surplus cash position.

4.2.2 Group capital, liquidity, and sources of funding

The variation in financial structure is as follows:

USES		RESOURCES	
Cash flow from operations	15.8	Capital increase	0.4
Net investment	5.1	New borrowing	0.5
Repayment of borrowings	4.9	Change in WCR	4.5
Closing liquidity	177.2	Opening liquidity	197.7
TOTAL	203.1	TOTAL	203.1

The Group's cash flow from operations (before cost of net financial debt and taxes) amounted to €15.8 M in 2021, an increase of €9.7 M versus 2020.

WCR fell by €4.5 M for the 2021 fiscal year. This change can be explained by a positive impact on other payables (+ €4.3 M) generated by the payment of €1.4 M in subsidies for the Djewels project and a €3 M advance payment from Clients (including €2 M relating to the CEOG project). Supplier payables increased by €0.7 M while Client receivables remain stable. Stocks rose by a value of €1.4 M to prepare the requirements for certain projects. Lastly, other payables increased by €0.9 M and in principle correspond to the cash balance of the liquidity agreement.

Net liquidity amounts to €177.2 M at 31 December 2021 (compared to €197.7 M at 31 December 2020). Total debt of €4.5 M comprises €1.0 M of bank borrowing, €0.4 M of advances repayable according to conditions of success and €3.1 M of financial debt (hire purchase and lease contracts).

4.2.3 Cash flow

The table of cash flow is provided in the appendix to the consolidated financial statements, in section 5.1.3 of this Universal Registration Document.

4.2.4 Information on borrowing conditions and finance structure

The Company's finance structure at 31 December 2021 is provided in note 3.9 to the consolidated financial statements, in section 5.1.5 of this Universal Registration Document.

4.3 Investments

4.3.1 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 thousands of €)	**2021**	**2020**	**2019**
Intangible non-current assets	3,578	115	83
Tangible non-current assets	1,562	648	329
Total	**5,140**	**763**	**412**

2021 investment mainly concerned the activation of research and innovation charges for the intangible part, along with industrial and IT equipment for the tangible part.

4.3.2 Principal investments in progress or forthcoming

On the hydrogen station segment, McPhy is working on equipping its new production plant based in Grenoble. McPhy will inaugurate the premises in spring 2022 and commence its move in several phases during the second quarter.

On the electrolyzer segment, the Group has started work to extend its production capacities on its industrial site based in San Miniato, Italy. The construction of a Gigawatt-scale electrolyzer production plant for which the Belfort site was pre-selected, remains conditional on obtaining financing under the IPCEI forum. The final investment decision was initially slated for late 2021 but is now expected by the end of the first half-year of 2022.

Excluding the Gigawatt factory, industrial investment should represent almost €4 M in 2022.

4.4 Recent events and outlook

Recent events since year end 31 December 2021

Strengthened by the positive outlook for its order book McPhy forecasts a return to sustained growth in its activity throughout 2022 at a pace that will nonetheless remain dependent on the speed of completion of projects still subject to regulatory and technical changes.

In the early part of the year, a strategic appraisal confirmed the relevance of its primary technological orientations, in particular its priority choice of pressurized alkaline electrolysis as the most suitable method of green hydrogen production for large-scale projects. The Group intends to pursue its Research and Development efforts, while accelerating the scaling-up of its industrial activities.

This scaling-up will go hand in hand with investment in human resources, illustrated by the planned recruitment of a further 60 people in the course of 2022. McPhy aims to double its headcount between 2020 and 2022, across critical functions intended to support the Group's industrial scaling-up.

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

The conflict involving Russia and Ukraine, along with the related geopolitical tension could have consequences of all kinds likely to impact the outlook for McPhy.

Profit forecast or estimations

The Group does not provide profit forecasts or estimates.

CHAPITRE

5

Financial statements

5 Financial statements

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 2021 are provided in section 5.1.6 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 results between the fiscal years 2018 and 2019 presented in sections 7.1 and 7.2 of the Universal Registration Document for the fiscal year 2018, recorded by the AMF on 22 April 2020 under no. D.20-0334.*
- *Trends in the financial position and operating results between the fiscal years 2019 and 2020 presented in sections 7.1 and 7.2 of the Universal Registration Document for the fiscal year 2020, recorded by the AMF on 30 April 2021 under no. D.21-0398.*
- *The Company financial statements, consolidated financial statements and corresponding audit reports provided in sections 18.1 to 18.3 of the Universal Registration Document for the fiscal year 2019, recorded by the AMF on 22 April 2020 under no. D.20-0334.*
- *The Company financial statements, consolidated financial statements and corresponding audit reports provided in sections 18.1 to 18.3 of the Universal Registration Document for the fiscal year 2020, recorded by the AMF on 30 April 2021 under no. D.21-0398.*

Sections of these documents not included here are not applicable to investors or are covered in another section of the Universal Registration Document.

5.1 Consolidated financial statements

5.1.1 Consolidated balance sheet

ASSETS (€K)	NOTES	31/12/21	31/12/20
Goodwill	3.1	2,487	2,487
Intangible non-current assets	3.1	3,658	177
Tangible non-current assets	3.2	4,836	3,755
Other assets	3.3	420	340
Deferred tax assets	3.4	126	87
NON-CURRENT ASSETS		**11,528**	**6,847**
Inventories	3.5	4,252	2,842
Trade and other receivables	3.6	11,131	12,019
Tax assets due	3.6	695	748
Financial assets	3.7	—	—
Cash and cash equivalents	3.7	177,155	197,674
CURRENT ASSETS		**193,233**	**213,283**
TOTAL ASSETS		**204,761**	**220,130**
LIABILITIES (€K)	**NOTES**	**31/12/21**	**31/12/20**
Capital		3,353	3,343
Issue premiums		201,855	206,858
Treasury shares		(1,237)	(36)
Accumulated retained earnings		(31,360)	(12,929)
GROUP EQUITY		**172,611**	**197,236**
Minority interests		—	—
TOTAL EQUITY		**172,611**	**197,236**
Provisions > 1 year	3.8	2,195	1,218
Borrowings and financial debt maturing > 1 year	3.9	3,517	2,463
Other payables	3.10	—	—
Deferred tax liabilities	3.4	640	609
NON-CURRENT LIABILITIES		**6,352**	**4,290**
Provisions < 1 year	3.8	6,504	499
Borrowings and financial debt maturing < 1 year	3.9	1,065	4,919
Trade and other payables	3.10	6,682	6,027
Other current liabilities	3.10	11,547	7,160
Current tax	3.10	—	—
CURRENT LIABILITIES		**25,798**	**18,604**
TOTAL EQUITY AND LIABILITIES		**204,761**	**220,130**

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

5.1.2 Consolidated results

Statement of comprehensive income

€K	NOTES	2021	2020
Revenue	3.12	13,130	13,694
Other income from operating activities	3.13	1,483	947
INCOME FROM CURRENT OPERATIONS		**14,613**	**14,642**
Goods consumed		(10,424)	(7,711)
Change in stocks of finished products, work in progress		(102)	353
Payroll charges		(11,630)	(8,883)
External charges		(7,835)	(5,921)
Taxes and duties		(128)	(101)
Amortization	3.15	(1,512)	(1,207)
Provisions	3.15	(6,529)	43
CURRENT OPERATING INCOME		**(23,549)**	**(8,786)**
Other operating income and charges		31	(236)
NET OPERATING INCOME		**(23,518)**	**(9,022)**
Income from cash and cash equivalents		166	46
Cost of gross financial debt		(207)	(298)
Cost of net financial debt	3.16	(41)	(252)
Tax charge on income	3.17	(14)	(66)
Income from equity affiliates		—	—
Net income from ordinary activities		(23,573)	(9,340)
NET INCOME (LOSS) FOR YEAR		**(23,573)**	**(9,340)**
Attributable to owners of the parent company		(23,573)	(9,340)
Attributable to minority interests		—	—
Net earnings per share - Group share	3.18	(0.85)	(0.34)
Net diluted earnings per share - Group share	3.18	(0.85)	(0.34)

NET INCOME (LOSS) FOR YEAR	**(23,573)**	**(9,340)**
Actuarial gains or (losses) on pension obligations	43	4
Currency translation adjustments	49	(24)
Deferred taxes recognized as equity	(11)	(1)
Other comprehensive income	81	(22)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR YEAR	**(23,493)**	**(9,362)**

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

5.1.3 Consolidated statement of cash flow

€K	2021	2020
NET INCOME (LOSS) FOR YEAR	**(23,573)**	**(9,340)**
Depreciation, amortization, and impairment	7,561	1,148
Other income and expenses	(162)	603
Gains (losses) on disposals	402	31
CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES	(15,773)	(7,557)
Cost of net financial debt	(55)	174
Tax expense	14	66
CASH FLOW BEFORE COST OF NET FINANCIAL DEBT AND TAXES	(15,814)	(7,318)
Taxes paid	(10)	(11)
Reduction (increase) in Inventories	(1,410)	(900)
Reduction (increase) in Trade receivables	(24)	(2,679)
Reduction (increase) in Other receivables	885	(1,740)
Increase (reduction) in Trade payables	655	1,146
Increase (reduction) in Other payables	4,387	4,170
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(11,332)**	**(7,333)**
Acquisitions of intangible non-current assets	(3,578)	(115)
Acquisitions of tangible non-current assets	(1,562)	(340)
Other cash flows from investing activities	—	—
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(5,139)**	**(455)**
Capital increase sums received (net of capital increase expenses)	414	189,464
Proceeds drawn from new borrowings	480	4,072
Repayment of borrowings	(4,943)	(1,068)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(4,049)**	**192,467**
Effect of changes in exchange rates	—	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**20,519**	**184,680**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**197,674**	**12,995**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**177,155**	**197,674**

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

5.1.4 Variation in equity

Consolidated statement of changes in shareholder equity

	Number of shares	Capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation adjustments	Other reserves	Equity - Group share	Minority interests	Total Equity
Situation at 1st January 2020	**17,325,851**	**2,079**	**30,853**	**(17,158)**	**(70)**	**52**	**825**	**16,581**	**—**	**16,581**
Recognition of prior losses	—	—	(12,183)	12,183	—	—	—	—	—	—
Capital increase	7,659,574	919	167,805	—	—	—	—	168,724	—	168,724
Share issue warrants exercised	2,793,670	335	20,002	13	—	—	—	20,351	—	20,351
Options exercised and BSPCE	77,445	9	380	—	—	—	—	389	—	389
Share subscription warrants exercised	—	—	1	—	—	—	—	1	—	1
Cost of payments in shares	—	—	—	—	—	—	253	253	—	253
Other variations	—	—	—	—	—	—	164	164	—	164
Other comprehensive income	—	—	—	—	—	98	(120)	(22)	—	(22)
Net income (loss) for year	—	—	—	(9,340)	—	—	—	(9,340)	—	(9,340)
Variation in equity	—	—	—	—	34	—	101	135	—	135
Situation at 31 December 2020	**27,856,540**	**3,343**	**206,858**	**(14,302)**	**(36)**	**150**	**1,223**	**197,236**	**—**	**197,236**
Recognition of prior losses	—	—	(5,408)	5,408	—	—	—	—	—	—
Capital increase	—	—	—	—	—	—	—	—	—	—
Share subscription warrants exercised	—	—	—		—	—	—	—	—	—
Options exercised and BSPCE	82,555	10	405	—	—	—	—	414	—	414
Share issue warrants exercised	—	—	—	—	—	—	—	—	—	—
Cost of payments in shares	—	—	—	—	—	—	212	212	—	212
Other variations	—	—	—	—	—	—	(115)	(115)	—	(115)
Other comprehensive income	—	—	—	—	—	(23)	104	81	—	81
Net income (loss) for year	—	—	—	(23,573)	—	—	—	(23,573)	—	(23,573)
Variation in equity	—	—	—	—	(1,201)	—	(443)	(1,644)	—	(1,644)
Situation at 31 December 2021	**27,939,095**	**3,353**	**201,855**	**(32,467)**	**(1,236)**	**127**	**980**	**172,611**	**—**	**172,611**

5.1.5 Notes to the consolidated financial statements

YEAR ENDING 31 DECEMBER 2021

1. ABOUT THE COMPANY

McPhy Energy is a limited company incorporated under French law, created in 2007. As a specialist in hydrogen production and distribution equipment, the Group contributes to the global development of zero-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy Energy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The Company's registered office is listed as 1115, route de Saint Thomas – 26190 La Motte-Fanjas (France) and it is listed on Compartment C of Euronext Paris.

The information provided in appendix to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy Energy at 31 December 2021, approved by the Board of Directors meeting of 8 March 2022.

In accordance with article L.222-3 of the general regulation of the AMF, McPhy Energy opted to defer by one year the obligation to issue its annual financial reports using a single electronic format as defined by European regulation no. 2019/815 of 17 December 2018.

1.1. Highlights

The Group pursued the industrial scaling up of its operations by announcing:

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

The Group has striven to bolster its range of activities through multiple strategic partnerships. It has therefore signed several agreements with major players in the hydrogen ecosystem, such as those concluded with TSG[44], Plastic Omnium[45] or Hype[46]. This strategy aims to build a 360° zero-carbon hydrogen range with assistance from a network of top rank partners and to develop a standardized industrial approach to raise the competitiveness of hydrogen both in terms of mobility and industrial uses.

The Board of Directors meeting following the mixed general meeting of 17 June 2021 appointed Luc Poyer as Chairman of the Group Board of Directors. He succeeds Pascal Mauberger, who remains a Director of the Company and becomes its Honorary President.

On 12 July 2021 McPhy announced changes to its governance. Jean-Baptiste Lucas joined the Group as its Chief Executive Officer in October 2021. His priority is to ensure operations are successful, ongoing projects completed and to secure the satisfaction of Group Clients and partners, while speeding up the industrial scaling-up of the Company, by working closely with all teams involved.

On 24 June 2021, an incident occurred on the Grenzach-Wyhlen electricity generating plant operated by EnergieDienst. Press statements were released on 25 June 2021 and 28 September 2021. The financial consequences of this incident are address in section 3.8 Provisions for risks and charges.

[44] https://mcphy.com/en/press-releases/strategic-partnership-with-tsg/
[45] https://mcphy.com/en/press-releases/technological-partnership-with-plastic-omnium/
[46] Signature of strategic partnership with Hype | McPhy

1.2. Post-closing events

On 24 February 2022, forces ordered by the Russian state invaded Ukrainian territory. At this time, the developments and outcome of this geopolitical crisis remain uncertain and are being closely monitored by the Company. It is attentive to all potential consequences of the crisis, notably on its activities and results. At this time, the Company has suffered no direct impacts.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the period ending 31 December 2021.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, the principles of recognition, valuation and presentation used to prepare the consolidated financial statements are compliant with the standards and IFRS interpretations as adopted by the European Union at 31 December 2020, available on the European Commission website:

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

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

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

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

In April 2021, the IFRS interpretations committee published its definitive decision concerning the reporting of costs of configuration and customization of software made available in the cloud under an SaaS (Software as a Service) agreement. On the basis of preliminary assessment, the Group foresees that the application of the IFRS IC devision will not have a significant impact on the consolidated financial statements.

In May 2021, the IFRS IC published a decision on the breakdown of charges related to defined-benefit pension schemes: the amount of charges depends on seniority and is capped beyond a certain service career, while being dependent on the beneficiary being present at the time of their retirement.

The impact on 2021 accounts has not been reported as it is insignificant.

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

These standards and amendments will be mandatory starting on 1st January 2022 or later.

Amendments to IAS 16 - Proceeds before intended use
Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract
Amendments to IFRS 3 -Reference to the conceptual framework

The assumption of going concern was adopted by the Board of Directors given the positive cash position of the Company at 31 December 2021 amounting to €177 M and the cash flow forecasts established.

In light of these items and the commitments made at this time, the Group considers that it will be able to cover at least 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 2021*	*Average rate 2020*	*Closing date rate 2021*	*Closing date rate 2020*
Singapore dollar	*SGD*	*1.589*	*1.574*	*1.534*	*1.622*
US dollar	*USD*	*1.182*	*1.141*	*1.137*	*1.227*

2.4. Use of estimates

The preparation of financial statements requires that Management use estimates and reasonable assumptions, likely to impact the amounts relating to assets, liabilities, equity, income, and charges recognized in the accounts, as well as on the information provided in the appendix. These estimates are based on an assumption of going concern and are calculated according to the information available at the time of their production. The main estimates concern:

- The choices and compliance with activation criteria for development projects under way,
- Goodwill impairment tests,
- Capitalization of deferred tax assets on losses carried forward,
- The period of use of assets owned by the Company,
- Provisions for pension obligations,
- Provisions for repairs, replacements, or possible compensation to Clients,
- Provisions for guarantees,
- Projected cash flow consumption,
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

2.5. 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.

	2021	2020
Annual revenue France	€9.4 M	€8.5 M
Annual revenue Germany	€1.4 M	€3.5 M
Annual revenue Italy	€2.3 M	€1.7 M

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 Impairment of non-current assets).

2.6.2. Research and Development - Internal R&D work

Activation of development costs

In accordance with IAS 38 Intangible assets:

- research costs are recognized as charges for the fiscal year in which they are incurred,
- development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:
    - technical feasibility required to complete the intangible asset with a view to its delivery or sale;
    - intention to complete the intangible asset and use it or transfer it;
    - the group is able of using or selling the intangible asset;
    - the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness;
    - the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
    - the Group's capacity to reliably measure the outgoings attributable to the intangible asset during its development.

Project eligibility is reviewed every six months by Group executive management, technical management and financial management. The costs of internal developments by the Company and its subsidiaries were capitalized on the date of closure of accounts for deployment in 2022 and an amortization period of three years (estimated lifetime of the product on the market), for a total amount of €3.5 M, where all criteria indicated above are cumulatively satisfied. Other research and development costs are recognized in the charges for the fiscal year in which they are incurred.

Research tax credit

Research and development spending eligible for Research and Innovation tax credit amounted to €2.6 M in 2021 and gave rise to a tax credit of €0.7 M (of which €0.5 M net by virtue of IAS 20).

Total spending on research and development amounted to €8.2 M, of which €3.5 M was capitalized. Net R&D spending therefore amounts to €4.3 M.

Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(in thousands of €)	**2021**	**2020**
Research and Development spending	2,648	2,497
Research tax credit	(693)	(548)
Net charges	**1,955**	**1,949**

2.6.3. Other intangible non-current assets

Mainly include software and patents, as well as R&D capitalization for €3.5 M. 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 basis (<€5 K new).

Valuation of right of use of assets

On the date of effect of a lease agreement, the right of use is valued at its cost and includes:

- the initial liability amount plus, where necessary, advance payments made to the lessor, net of any benefits received by the lessee if appropriate;
- where necessary, the initial indirect costs incurred by the lessor to conclude the agreement. These are marginal costs which would not have been incurred if the agreement had not been concluded;
- the estimated costs of repairing and retiring the leased asset as per the terms of the agreement. On the date of initial recognition of the right of use, the lessee adds to these costs the discounted amount of spending on repairs and/or retirement against a liability or a provision for return.

The right of use is amortized over the useful lifetime of the underlying assets (period of lease agreement).

Valuation of lease liability

When the agreement takes effect, the lease liability is stated at an amount equal to the discounted value of the lease payments over the period of the agreement.

The amounts taken into account as lease payments in the valuation of the liability are:

- fixed lease payments (including effectively fixed payments, in that even if they are to a degree variable in form, they are in effect unavoidable);
- variable lease payments indexed using the rate or index at the date of effect of the agreement;
- payments to be made by the lessee by virtue of a residual value guarantee;
- penalties to be paid in case a termination or non-renewal option is taken up, if the term of the agreement was determined under the assumption that the lessee would exercise it.

Interest charges for the fiscal year 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.

At 31 December 2021, €63 M is placed in term accounts with no-fee instant access. The amount is recorded as an asset in “Cash and cash equivalents” (Appendix 3.11).

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).

Following the publication of the IFRS IC in June 2021, the valuation of pension commitments and the corresponding provisions by the Company incorporated the resulting changes for an insignificant impact at 31 December 2021 not requiring the restatement of the comparison with 2020.

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

The Company recognizes its revenue according to IFRS 15.

In terms of "standard" products, revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of control to the Client.

For "complex" products, revenue is recognized using the percentage of completion method: revenue is recognized based on the costs incurred to date, in relation to total expected costs on completion.

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 thousands of €)	Goodwill	Concessions Patents Licenses	Development expenses and Others	Total
At 1st January 2020	**2,487**	**882**	**—**	**3,370**
Other acquisitions	—	89	26	116
Disposals / internal transfer	—	—	—	—
Other variations	—	(2)	—	(2)
At 31 December 2020	**2,487**	**969**	**26**	**3,482**
Other acquisitions	—	138	3,440	3,578
Disposals / internal transfer	—	(12)	—	(12)
Other variations	—	—	—	—
At 31 December 2021	**2,487**	**1,095**	**3,466**	**7,048**
Accumulated amortizations and impairments				
At 1st January 2020	**—**	**725**	**—**	**725**
Amortization for fiscal year	—	96	—	96
Other variations	—	(2)	—	(2)
At 31 December 2020	**—**	**819**	**—**	**819**
Amortization for fiscal year	—	96	—	96
Other variations	—	(13)	—	(13)
At 31 December 2021	**—**	**903**	**—**	**903**
Net values at 31 December 2020	**2,487**	**150**	**26**	**2,662**
Net values at 31 December 2021	**2,487**	**192**	**3,466**	**6,145**

The discount rates used at 31 December 2021 and 31 December 2020 to discount future cash flows are 12.3 % and 12.0 % respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.80 % (0.25 % in 2020);
- Market risk premium of 7.70 % (7.75 % in 2020);
- Specific risk premium of 1.47 % (1.47 % in 2020);
- Beta of 1.33 (1.33 in 2020);
- Perpetual growth rate of 1.80 % (1.80 % in 2020).

Operational assumptions (revenue, margins, cash flow projections) used to develop the impairment test correspond to the data prepared under the Business Plan reviewed by the Board of Directors in March 2022.

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 thousands of €)	**Land and buildings**	**Plant and machinery**	**Other tangible**	**Total**
At 1st January 2020	**1,873**	**6,916**	**1,968**	**10,756**
Acquisitions	7	199	442	648
Lease agreements	916	38	—	954
Disposals / internal transfer	—	(298)	(53)	(351)
At 31 December 2020	**2,795**	**6,856**	**2,357**	**12,006**
Acquisitions	36	387	1,138	1,561
Lease agreements	835	—	102	937
Disposals / internal transfer	(12)	(578)	(504)	(1,094)
At 31 December 2021	**3,654**	**6,665**	**3,093**	**13,410**
Accumulated amortizations and impairments				
At 1st January 2020	**658**	**5,870**	**1,419**	**7,947**
Amortization for fiscal year	31	411	174	616
Amortization of lease agreements	450	1	29	480
Disposals / internal transfer	(378)	(348)	(66)	(792)
At 31 December 2020	**761**	**5,934**	**1,556**	**8,251**
Amortization for fiscal year	33	413	248	694
Amortization of lease agreements	733	—	56	789
Disposals / internal transfer	(442)	(578)	(146)	(1,166)
At 31 December 2021	**1,085**	**5,769**	**1,714**	**8,568**
Net values at 31 December 2020	**2,034**	**922**	**800**	**3,754**
Net values at 31 December 2021	**2,569**	**896**	**1,378**	**4,836**

Non-current assets concerning finance leases and lease agreements included in the tangible non-current assets item are broken down as follows:

(in thousands of €)	**31/12/21**	**31/12/20**
Land and buildings	3,106	2,271
Plant and machinery	1,858	1,867
Other tangible	684	232
Gross value	**5,648**	**4,370**
Accumulated amortizations	(2,878)	(1,995)
Impairment of non-current assets	—	—
Net value	**2,770**	**2,375**

3.3. Other non-current financial assets

(in thousands of €)	**31/12/21**	**31/12/20**
Loans, deposits, and other receivables - non-current	420	340
Other non-current receivables	—	—
Gross value	**420**	**340**
Provisions for depreciation	—	—
Net value	**420**	**340**

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 thousands of €)	**31/12/21**	**31/12/20**	**31/12/21**	**31/12/20**
Losses carried forward	—	—	—	—
Taxable temporary differences	—	15	(15)	1
Consolidation restatements	126	72	54	10
Total deferred tax assets	**126**	**87**	**39**	**11**
Taxable temporary differences	(602)	(539)	(75)	(63)
IAS 32 restatements	—	—	—	—
Other consolidation restatements	(38)	(70)	32	(2)
Total deferred tax liabilities	**(640)**	**(609)**	**(43)**	**(65)**
Total deferred tax liabilities (net)	**(514)**	**(522)**	**(4)**	**(54)**

Pursuant to IAS 12, deferred tax assets and liabilities are compensated with the entity has a statutory right to offset current tax assets and liabilities, and if the deferred tax assets liabilities are of the type of taxation collected by the same tax authority. The base amount of tax losses carried forward amounts to €134 M at 31 31 December 2021 (€125.7 M at 31 December 2020) without time limitation in France (€112 M), Germany (€9 M) and Italy (€13 M). For reasons of prudence, the Company has not reported deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax charge.

3.5. Inventories

(in thousands of €)	**31/12/21**	**31/12/20**
Raw materials and other supplies	3,957	2,316
Work in progress and services	31	227
Finished products	594	659
Gross value	**4,582**	**3,202**
Provisions	(332)	(361)
Net value	**4,250**	**2,842**

3.6. Receivables and other current assets

(in thousands of €)	**31/12/21**	**31/12/20**
Trade receivables and related accounts (1)	8,485	8,461
State and other bodies (2)	1,294	2,388
Deferred charges	124	151
Sundry (3)	2,106	2,519
Gross value	**12,009**	**13,519**
Impairment (4)	(193)	(752)
Net value	**11,815**	**12,768**

(1) The "Trade receivables and related accounts" item includes €4.7 M of trade receivables (of which €4.2 M paid in early 2022) and various receivables concerning contract assets as per IFRS 15 for an amount of €3.8 M.

(2) The "State and other bodies" item includes VAT receivables for an amount of €0.5 M and Research tax credit for an amount of €0.7 M.

(3) The "Miscellaneous" item includes the €0.9 M cash value of the liquidity agreement and advance payments made to suppliers to the amount of €0.9 M.

(4) The "Impairment" item includes €0.15 M of doubtful receivables.

Below are details of trade receivables by maturity:

In €M	**Total**	**0-3 months**	**3 months - 1 year**
Total	4.7	2.5	2.2
Impairment	0.1	0	0.1

Movements in provisions for impairment of trade receivables and other receivables are as follows:

(in thousands of €)	Individual impairments
At 1st January 2020	**850**
Provisions for year	85
Reversals (losses on irrecoverable debts)	—
Reversal of provisions no longer required	(171)
Exchange rate fluctuations	(12)
At 31 December 2020	**752**
Provisions for year	—
Reversals (losses on irrecoverable debts)	(559)
Reversal of provisions no longer required	—
Exchange rate fluctuations	—
At 31 December 2021	**193**

At 31 December, the maturity of trade and other receivables is summarized thus:

(In thousands of euros)	Total	< 1 year	1-5 years	> 5 years
2021	11,815	11,815		
2020	12,768	12,768		

3.7. Cash and cash equivalents

(in thousands of €)	**31/12/21**	**31/12/20**
Short-term deposits	177,151	197,671
Demand deposits		
Liquidities and equivalent	4	3
Cash and cash equivalents	**177,155**	**197,674**

Marketable securities are accounted for at their market value.

3.8. Provisions for risks and charges

(in thousands of €)	Balance 12/31/2020	Provisions	Uses	Unused reversals	Other variations	Balance 12/31/2021
Disputes	8	5,137	—	—	(5,146)	—
Pensions and retirement benefits	169	—	(60)	—	—	109
Other risks and charges	1,539	2,396	(491)	—	5,146	8,590
Provisions for risks and charges	**1,717**	**7,533**	**(551)**	**—**	**—**	**8,700**
Non-current	1,220	1,214	(239)	—	—	2,196
Current	497	6,319	(312)	—	—	6,503
Provisions for risks and charges	**1,717**	**7,533**	**(551)**	**—**	**—**	**8,699**

Provisions for the year are broken down as follows:

Provisions for risks and charges:

- €4.5 M related to the incident occurring in June 2021 following a potassium hydroxide (potash) leak on equipment installed on the Grenzach-Wyhlen site involving a power plant operated by EnergieDienst. The supplementary preventive measures required to replace the equipment on the same first-generation electrolyzer model are in progress and the corresponding expense should be recognized in 2022;
- €0.4 M in relation to the conclusion of a tax audit:
- €1.6 M in relation to losses on completion and guarantees on current contracts;
- €0.7 related to social commitments and pension commitments (IAS 19)

3.9. Borrowing and financial debt

(in thousands of €)	31/12/20	Issues	Repayments	Restatements	31/12/21
Bank borrowing	483	480		(133)	830
Repayable advances	386	2	—	—	388
Debt on financial leases	74	0	—	154	228
Lease agreements	1,520	500	—	51	2,071
Non-current financial debt	**2,463**	**982**	**—**	**71**	**3,516**
Bank borrowing	4,201	—	(4,201)	133	133
Repayable advances	51	—	—	—	51
Debt on financial leases	189	350	(198)	(154)	187
Lease agreements	477	812	(544)	(51)	694
Current financial debt	**4,918**	**1,162**	**(4,943)**	**(71)**	**1,065**
Total borrowing and financial debt	**7,381**	**2,144**	**(4,943)**	**—**	**4,582**

The schedule of repayment of borrowings and financial debt is given in note 3.25.

3.10.Trade and other payables

(in thousands of €)	31/12/21	31/12/20
Supplier payables	6,682	6,027
Subsidies	5,825	2,887
Tax and employee-related liabilities	2,106	3,585
Other payables	3,605	166
Liabilities on contracts	—	522
Trade and other payables	**18,218**	**13,186**

At 31 December, the maturity of trade and other payables is summarized thus:

(In thousands of euros)

	Total	< 1 year	1-5 years	> 5 years
2021	18,218	18,218		
2020	13,186	13,186		

3.11.Financial instruments

All financial instruments are stated at fair value, calculated using quoted market prices on an active market for identical assets and liabilities (cash equivalents).

At 31 December 2021, €63 M is placed in term accounts with no-fee instant access. This is recorded as an asset in "Cash and cash equivalents":

Type of placement	Amount (€M)	Duration	Term	Gross actuarial rate	Planned withdrawal
Cash boost term account	5	2 years	19 Nov 2022	0.20%	32 days notice
Progressive term account	3	5 years	05 Oct 2023	0.92%	32 days notice
Progressive term account	5	5 years	29 July 2025	0.40%	32 days notice
Energy transition term account	5	5 years	19 Nov 2025	0.30%	32 days notice
Progressive term account	5	5 years	19 Nov 2025	0.30%	32 days notice
Term deposit	10	8 years	08 Dec 2028	0.50%	31 days notice
Progressive term account	10	5 years	20 May 2026	0.50%	32 days notice
Progressive term account	20	3 years	24 Nov 2026	0.40%	32 days notice
Total	**63**				

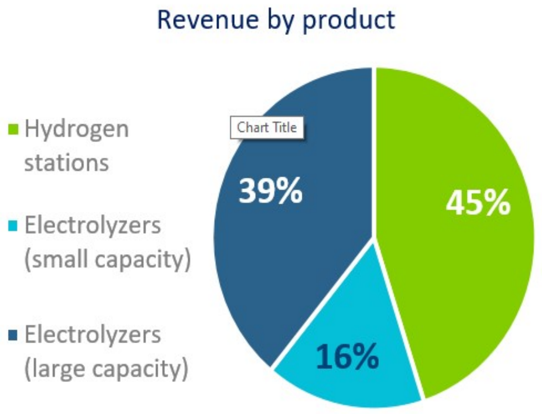
B NOTES TO THE INCOME STATEMENT

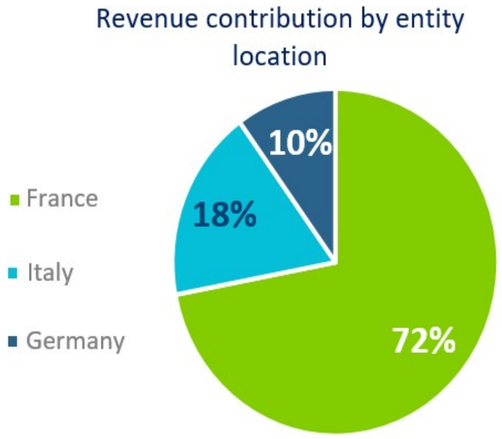
3.12.Revenue

2021 revenue amounts to €13,130 K, of which €9,426 K or 72% in France.

79% of revenue is generated on long-term contracts.

At 31 December 2021, the order backlog (i.e. signed orders not yet recognized as revenue) amounts to €20.2 M.





3.13.Other income from operating activities

(in thousands of €)	2021	2020
Subsidies	720	214
Research tax credit	693	548
Other income	61	185
Other income from operating activities	**1,474**	**947**

Subsidies are mainly related to the partial financing of demonstrator programs by French and European bodies.

3.14.Research and Development costs

R&D spending eligible for Research and Innovation tax credit amounted to €2.6 M in 2021 and gave rise to a tax credit of €0.7 M. Total spending on research and development amounted to €8.2 M, of which €3.5 M was capitalized. Net R&D spending therefore amounts to €4.3 M. Tax credits are reported in "Other income from activity". Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(in thousands of €)	2021	2020
Research and Development spending	2,648	2,497
Research tax credit	(693)	(548)
Net charges	**1,955**	**1,949**

3.15.Amortization and provisions

(in thousands of €)	2021	2020
Intangible non-current assets	96	93
Tangible non-current assets	1,480	1,098
Gains (losses) from asset retirements	(67)	16
Amortization	1,512	1,207
Provisions	7,309	563
Reversals of provisions	(763)	(540)
Net recurring operational provisions	**8,058**	**1,230**
Non-recurring provisions / reversals	(16)	(66)
Gains (losses) from asset retirements	—	—
Net operational provisions	**8,042**	**1,164**

3.16.Financial profit (loss)

(in thousands of €)	2021	2020
Income from disposal of marketable securities	73	26
Other financial income	92	19
Financial income	**166**	**46**
Cost of financial debt	(186)	(141)
Other financial charges	(21)	(157)
Financial charges	**(207)**	**(298)**
Financial profit (loss)	**(41)**	**(252)**

3.17.Corporate taxation

The tax charge stated results from the integration of:

(in thousands of €)	2021	2020
Tax liability in respect of fiscal year	(10)	(11)
Deferred taxes	(4)	(54)
Tax expense	**(14)**	**(66)**

The reconciliation between the corporate taxation reported on the consolidated income statement and the theoretical tax incurred based on the rate applicable in France is analyzed thus:

(in thousands of €)	2021	2020
Profit before income tax	(23,559)	(9,274)
Tax calculated at rate applicable in France (1)	**6,243**	**2,597**
Non-capitalized losses	(6,447)	(5,882)
Effect of tax credits and tax exemptions	148	3,353
Effect of different taxation rates	(64)	(23)
Effect of other non-deductible charges and application of the liability method	107	(110)
Tax charge on income	**(14)**	**(66)**

(1) 28% in 2020 and 26.5% in 2021

The base amount of tax losses carried forward amounts to €134 M at 31 31 December 2021 (€125.7 M at 31 December 2020) without time limitation in France (€112 M), Germany (€9 M) and Italy (€13 M).

The tax losses carried forward were analyzed against the forecast use of these losses, which led the Group to recognize no deferred tax assets in this respect at 31 December 2021 as on 31 December 2020.

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

(in units except for net income expressed in thousands of Euros)	2021	2020
Weighted average number of shares in circulation	27,880,673	27,855,480
Dilutive effect of options	190,989	414,928
Number of shares after effect of dilutive instruments	28,071,662	28,270,408
Net earnings - Group share	(23,573)	(9,340)
Basic net earnings per share	(0.85)	(0.34)
Net diluted earnings per share	(0.85)	(0.34)

The number of shares issued and fully paid-up at 31 December 2021 is 27,939,095 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 5.1.4).

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	31/12/21	31/12/20	Notes
Fully consolidated companies				
McPhy Energy S.A.	France	Parent	Parent	Design, manufacture, and marketing
McPhy Energy Italia Sprl	Italy	100%	100%	Design, manufacture, and marketing
McPhy Energy Deutschland GmbH	Germany	100%	100%	Engineering and marketing
McPhy Energy Northern America Corp.	USA	100%	100%	Marketing
McPhy Energy Asia Pacific Pte. Ltd	Singapore	100%	100%	Marketing
Companies consolidated using the equity method				
McPhy Waterfuel Energy Equipment LLC	UAE	0%	10%	Marketing

3.20.Headcount

Headcount of McPhy Energy and its fully consolidated subsidiaries:

	31/12/21	31/12/20		31/12/21	31/12/20
Management	102	68	France	70	49
Technicians & Supervisors	23	10	International	84	61
Employees and workers	29	32			
Total	**154**	**110**		**154**	**110**

The weighted average headcount for 2021 is 134 employees (104 in 2020).

3.21.Compensation of administrative and supervisory bodies

The total amount of fixed and variable compensation, including benefits in kind, allocated for the 2021 and 2020 fiscal years to the Executive directors under IAS 24, respectively amounted to €3,092 K (15 people) and €1,939 K (11 people). An amount of €165 K in 2021 and €211 K in 2020 reflects a non-cash charge related to the allocation of BSPCE, BSA, subscription options and free shares. An amount of €343 K in 2021 and €136 K in 2020 reflects the compensation of independent directors (not included in the calculation of the number of people).

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:

	31/12/21	31/12/20
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (a)	1.2 %	0.7 %
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	3 % (Mgt), 4 % (Non-Mgt)	2.5 % (Mgt), 2 % (Non-Mgt)
Social contributions rate (b)	49 % (Mgt), 44 % (Non-Mgt)	48 % (Mgt), 40 % (Non-Mgt)
Mortality table	Insee 2017-2019	Insee 2016-2018
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 60 onwards	Rate between 11% and 99% 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 2021 is approximately 19 years.

(in thousands of €)	Total commitment	Fair value of fund	Net commitment
Balance at 1st January 2020	**140**	**—**	**126**
Cost of services	44		40
Financial cost	1		2
Impact of departures	(15)		(40)
Impact on consolidated income	**30**	**—**	**2**
Actuarial differences	(4)		(4)
Impact on other elements of total income	**(4)**	**—**	**(4)**
Other	—		—
Balance at 31 December 2020	**167**	**—**	**124**
Cost of services	54		54
Financial cost	1		1
Impact of IFRS IC	(72)		(72)
Impact on consolidated income	**(17)**	**—**	**(17)**
Actuarial differences	(43)		(43)
Impact on other elements of total income	**(43)**	**—**	**(43)**
Other	—		—
Balance at 31 December 2021	**107**	**—**	**107**

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 2021 (respectively a drop of 1%) has a positive effect of €19 K on the result for the year (respectively a negative effect of €11 K).

Maturity of pension obligations:

- Within 5 years: €16 K
- Beyond 5 years: €91 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					
BSPCE 2017-2	From 03/12/2018 to 03/12/2023	5.10	3	38,000	38,000
AGM of 5/23/2019					
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	3	30,000	30,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	2	20,000	20,000
AGM of 5/20/2020					
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	8	45,000	45,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	12	118,000	118,000
Balance at 31 December 2021			**28**	**251,000**	**251,000**

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 2020	**273,000**	**5.03**
Allocations	300,000	5.02
Cancellations	—	—
Exercised	(77,445)	5.03
Balance at 31 December 2020	**495,555**	**4.72**
Allocations	—	—
Cancellations	(162,000)	4.14
Exercised	(82,555)	5.02
Balance at 31 December 2021	**251,000**	**5.00**

3.24.Financial commitments

Off-balance sheet commitments given:

(in thousands of €)	**2021**	**2020**
Counter-guarantees on contracts	—	—
Transferred receivables not matured	—	—
Pledges, collateral, and security interests	—	—
Endorsements, pledges, and guarantees given (1)	5,338	4,810
Other commitments (2)	2,502	—
Total	**7,840**	**4,810**

(1) The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, first demand guarantee, performance guarantee, etc.)

(2) Other commitments made for €2.5 M represent a commercial lease not incorporated in IFRS 16 (recognized in accounts in respect of 2022).

Off-balance sheet commitments received (note 3.27.3)

3.25.Contractual obligations and commitments

(in thousands of €)	**Total amount**	**Within 1 year**	**Between 1 and 5**	**Beyond 5 years**
Repayable advances	438	51	—	388
Bank borrowing	963	133	780	50
Finance lease obligations	3,180	881	2,084	215
On-balance sheet commitments	**4,582**	**1,065**	**2,864**	**653**

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.

On 18 October 2021 McPhy signed an assistance agreement with Chairman of the Board of Directors Luc Poyer, as presented in section 3.9 of this Universal Registration Document.

These transactions are conducted at normal market conditions. The Group did not record any transactions falling under the scope of IAS 24 in the 2021 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 €963 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 €172 K.

3.27.2. Currency risk

The Group subscribed to a "flexiterme" currency hedging solution for USD 2.8 million against EUR, to hedge dollar purchases for US suppliers, from 1st December 2020 until 31 March 2023. This will enable the Group to buy equipment in the US at a guaranteed exchange rate of 1.1765. At 31 December 2021, the fair value of the derivative was recorded as €49 K in OCI and other payables, as required by IFRS 9.

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 €177 M at 31 December 2021 and financial liabilities to an amount of €4.6 M (of which €1.0 M related bank borrowing and €3.2 M 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. However, the liquidity risk dropped sharply, primarily due to the successful capital increase on 14 October 2020, which boosted the cash position and equity by €180 M.

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.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned (see note 3.6).

3.28.Fees paid by the Group to the statutory auditors and members of their networks

	Deloitte & Associés				Eurex			
	In thousands of euros		In %		In thousands of euros		In %	
	2021	2020	2021	2020	2021	2020	2021	2020
Audit fees:								
Statutory audit, certification, examination of the individual company and consolidated financial statements								
- Parent company	60	60	59%	45%	41	36	100%	92%
- Fully consolidated subsidiaries	30	30	29%	23%	—	—	—	—
Services directly related to the work of the Statutory Auditors								
- Parent company		43	—	32%		3	—	8%
- ESEF	12	—	—	—	—	—	—	—
Sub-total	**102**	**133**	**100%**	**100%**	**41**	**39**	**100%**	**100%**
Other services:								
Legal, tax, social								
Other	—	—	—	—	—	—	—	—
Sub-total	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
TOTAL	**102**	**133**	**100%**	**100%**	**41**	**39**	**100%**	**100%**

End of "MCPHY ENERGY | APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS | FISCAL YEAR ENDING 31 DECEMBER 2021"

5.1.6 Report of the statutory auditors on the consolidated financial statements

Year ended 31 December 2021

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

To the Shareholders' Meeting of McPhy Energy

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of McPhy Energy for the year ended 31 December 2021.

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 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

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

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

Recognition of revenue from long-term contracts according to the percentage of completion (notes 2.6.15 and 3.12 to the consolidated financial statements)

Risk identified

As indicated in Note 2.6.15 "Recognition of revenue" to the consolidated financial statements, the Group applies IFRS 15 "Revenue from contracts with customers" and recognises a significant proportion of revenue over time, as and when control is progressively transferred on long-term contracts. The Group measures transfer of control based on the costs already incurred on the contract, in relation to the total amount of costs to be incurred on the project.

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

The significant degree of judgment required to recognise (for the costs of completion estimate) revenue and the associated margin for each long-term project in progress at the year end led us to confirm the reliability of the budgetary processes implemented by Management and the estimate of percentage completion and to consider the recognition of long-term contracts as a key audit matter.

Our response

To address the risk of accounting for contracts using the percentage of completion method, we have performed the following procedures:

- Assessed the design of the relevant controls for the recognition of contracts using the percentage of completion method and performed a walkthrough test;
- Selected contracts to be tested based on criteria then by sampling, reconciled accounting information with budget monitoring, corroborated the degree of completion used for recognition, in particular by examining technical documentation, contracts, cost analyses and budgetary reviews;
- Tested the substance of the costs actually incurred during the period for projects selected by statistical sampling using the cost breakdown.

Measurement of capitalised development costs (notes 2.6.2 and 3.14 to the consolidated financial statements)

Risk identified

As indicated in Note 2.6.2 "Research and development – Internal research and development work" to the consolidated financial statements, development costs are recognised as intangible assets when the criteria defined by IAS 38 are met. As at 31 December 2021, net capitalised costs amounted to €3.5 million.

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

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

a. The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. The probability that the expected future economic benefits are attributable to the asset.

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

__Our response__

Our work mainly consisted in:

a. Obtaining an understanding of the processes set up to measure development costs;

b. Verifying the existence and accuracy of the amounts recognised for development costs. We also reconciled the capitalised amounts with internal data covering the tracking of time and we also tested, on a sampling basis, capitalised external expenses;

c. Interviewing management and using the technical department's documentation to assess the reasonableness of the data and assumptions underlying this capitalisation, particularly the future profitability outlook and the project's technical feasibility;

d. Corroborating the various information obtained from these interviews with the projected sales data for the firm orders obtained by the group in connection with the capitalised projects;

e. Identifying any indications of impairment for these projects that would require impairment testing.

We also assessed the appropriateness of the disclosures in Notes 2.6.2 "Research and development – Internal research and development work" and 3.14 "Research and development costs" to the consolidated financial statements.

Measurement of the contingency provision following the EnergieDienst incident (notes 2.6.11 and 3.8 to the consolidated financial statements)

The company suffered the repercussions of an incident in June 2021 following a potassium hydroxide leak at a facility in Grenzach-Wyhlen, Germany, within an electrical power plant operated by EnergieDienst.

Considering the direct and indirect impacts identified by the company following the incident, a €4.6 million provision was recognised as at 31 December 2021 to cover expenses arising from the incident itself and the costs of ongoing preventive measures to replace stacks at customer facilities equipped with a similar first-generation electrolysis apparatus.

We considered the measurement of this provision to be a key audit matter given its materiality in the company's accounts, and insofar as the year-end projected cost estimate is based on management's judgement.

__Our response__

Our work mainly consisted in:

a. Reviewing the procedures implemented by the Company to estimate the risk relating to this incident;

b. Obtaining an understanding of the incident's root-cause analysis based on the report of the appointed expert;

c. Obtaining an understanding of management's analysis of the risks and projected costs, the percentage costs covered by the insurance and the corresponding documentation;

d. Analysing the discussions with the relevant customers;

e. Based on interviews with management, assessing, on a sampling basis, the reasonableness of the assumptions used by management to estimate the provision amount;

f. Verifying the appropriateness of the disclosures on this incident in Note 3.8 “Provisions for contingencies and losses” to the consolidated financial statements.

Specific Verifications

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

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

Other Legal and Regulatory Verification or Information

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

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

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

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

Appointment of the Statutory Auditors

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

As at 31 December 2021, SARL Audit Eurex was in its 8th year of total uninterrupted engagement and Deloitte & Associés in its 9th year, both being in their 8th year since the company securities were admitted for trading on a regulated market.

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

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

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

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

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

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

Objective and audit approach

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

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

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

a. 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;

b. 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;

c. evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

d. assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

e. 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;

f. obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

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

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

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

Juvigny et Paris-La Défense, April 21, 2022
The Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Guillaume BELIN	Hélène DE BIE

5.2 Company financial statements

5.2.1 Balance sheet

BALANCE SHEET - ASSETS

ASSETS (EUR)	NOTES	Gross	Depr. & Amort.	12/31/2021 Net	12/31/2020 Net
NON-CURRENT ASSETS					
Other intangible non-current assets	2.3.4 & 3.1	4,089,892	403,849	3,686,043	26,895
Tangible non-current assets	2.3.5 & 3.1	4,996,728	3,976,247	1,020,481	736,350
Equity interests and related receivables	2.3.6 & 3.1	15,579,420	2,601,725	12,977,695	5,361,839
Other financial non-current assets	3.1	2,262,848	0	2,262,848	275,144
TOTAL NON-CURRENT ASSETS		**26,928,888**	**6,981,820**	**19,947,068**	**6,400,228**
CURRENT ASSETS					
Inventories and work in progress	2.3.8 & 3.2.1	1,524,744	269,516	1,255,228	438,413
Advances and payments on account	3.2.2	4,145,300	—	4,145,300	1,928,477
Trade and other receivables	2.3.9 & 3.2.2	7,637,867	—	7,637,867	6,303,716
Other receivables	3.2.2	2,438,163	—	2,438,163	1,004,469
Marketable securities	2.3.10 & 3.2.3	63,033,230	—	63,033,230	33,008,574
Cash and cash equivalents	2.3.10 & 3.2.3	111,920,113	—	111,920,113	164,095,171
TOTAL CURRENT ASSETS		**190,699,416**	**269,516**	**190,429,900**	**206,778,819**
Prepayments and accrued income	3.2.2	79,579	—	79,579	113,035
Currency translation adjustments		16,878	—	16,878	149,250
TOTAL ASSETS		**217,724,761**	**7,251,336**	**210,473,425**	**213,441,332**

BALANCE SHEET - LIABILITIES

LIABILITIES (EUR)	NOTES	31/12/21	31/12/20
Share capital	3.3	3,352,691	3,342,785
Additional paid-in capital	3.3	201,854,955	206,858,411
Legal reserves	3.3	333,832	333,832
Retained earnings	3.3	-10,327,116	-5,407,976
Net profit	3.3	-20,386,297	-10,327,116
TOTAL EQUITY		**174,828,066**	**194,799,936**
Equity equivalents	2.3.11 & 3.4	438,964	437,147
Provisions for risks and charges	2.3.12 & 3.5	8,050,669	977,012
Borrowing and financial debt	2.3.14 & 3.6	482,795	4,683,711
Advances and payments on account received	3.7	0	—
Trade and other payables	3.7	18,061,589	6,987,099
Tax and employee-related liabilities	3.7	2,715,150	2,133,922
Other payables	3.7	59,896	13,518
TOTAL DEBTS		**29,809,064**	**15,232,408**
Accrued income and deferred charges	3.7	5,825,272	3,408,988
Currency translation adjustments		11,023	0
TOTAL LIABILITIES		**210,473,425**	**213,441,332**

5.2.2 Statement of income

STATEMENT OF INCOME

EUR	NOTES	31/12/21	31/12/20
Sale of goods		500	97,738
Production sold		10,404,818	9,668,105
Revenue	2.3.15 & 3.8	10,405,318	9,765,843
Production of stocks		7,525	-77,480
Production capitalized		3,590,517	2,178
Operating subsidies	16/03/02	193,753	177,691
Other income from operating activities	3.10	599,640	852,488
Operating income		**14,796,752**	**10,720,720**
Goods consumed		-3,931,728	-2,766,972
Other costs and external charges		-16,356,203	-9,578,920
Taxes and duties		-126,294	-99,057
Payroll charges	3.9	-6,222,131	-4,723,273
Amortization	3.1	-236,869	-206,932
Depreciation and provisions		-2,132,570	-374,028
Other operating expenses	3.10	-343,014	-136,038
Total operating expenses		**-29,348,809**	**-17,885,220**
OPERATING PROFIT (LOSS)		**-14,552,056**	**-7,164,500**
Financial income	3.11	147,058	116,835
Financial charges	3.11	-448,196	-3,721,667
NET FINANCIAL PROFIT (LOSS)		**-301,138**	**-3,604,832**
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**-14,853,194**	**-10,769,332**
Non-recurring income	3.12	850,065	138,816
Non-recurring charges	3.12	-7,075,841	-244,523
NON-RECURRING PROFIT (LOSS)		**-6,225,776**	**-105,707**
Corporate taxation	2.3.17 & 3.13	692,673	547,923
NET INCOME		**-20,386,297**	**-10,327,116**

5.2.3 Appendices to company financial statements

MCPHY ENERGY

APPENDIX TO COMPANY FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2021

1. ABOUT THE COMPANY

McPhy Energy is a limited company incorporated under French law, created in 2007. As a specialist in hydrogen production and distribution equipment, 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 2021 approved by the Board of Directors meeting of 31 March 2022.

1.1. Highlights

McPhy Energy pursued the industrial scaling-up of its operations by announcing:

– a new hydrogen station manufacturing plant located in the heart of the Grenoble agglomeration, due online in March 2022. This site will increase McPhy's production capacity to 150 stations a year, or 7 times its current production capacity;

– its pre-selection of the Belfort site to build its electrolyzer Gigawatt factory. Construction of the Gigawatt-scale electrolyzer production site remains subject to obtaining financing from the IPCEI and at full capacity will create over 500 jobs at McPhy (around 400 in France and around a hundred in Germany and Italy), as well as several hundred indirect jobs in France in Europe.

The Company has striven to bolster its range of activities through multiple strategic partnerships. McPhy has therefore signed several agreements with major players in the hydrogen ecosystem, such as those concluded with TSG, Plastic Omnium or Hype. This strategy aims to build a 360° zero-carbon hydrogen range with assistance from a network of top rank partners and to develop a standardized industrial approach to raise the competitiveness of hydrogen both in terms of mobility and industrial uses.

The Board of Directors meeting following the mixed general meeting of 17 June 2021 appointed Luc Poyer as Chairman of the Group Board of Directors. He succeeds Pascal Mauberger, who remains a Director of the Company and becomes its Honorary President.

On 12 July 2021 McPhy announced changes to its governance. Jean-Baptiste Lucas joined the Group as its Chief Executive Officer in October 2021. His priority is to ensure operations are successful, ongoing projects completed and to secure the satisfaction of Group Clients and partners, while speeding up the industrial scaling-up of the Company, by working closely with all teams involved.

On 24 June 2021, an incident occurred on the Grenzach-Wyhlen electricity generating plant operated by EnergieDienst. Press statements were released on 25 June 2021 and 28 September 2021. The financial consequences of this incident are address in section 3.5 Provisions for risks and charges.

1.2. Post-closing events

On 24 February 2022, forces ordered by the Russian state invaded Ukrainian territory. At this time, the developments and outcome of this geopolitical crisis remain uncertain and are being closely monitored by the Company. It is attentive to all potential consequences of the crisis, notably on its activities and results. At this time, the Company has identified no direct impacts of the crisis.

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 2021 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 2021 of €175 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 at least 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 choices and compliance with activation criteria for development projects in progress;
- Valuation of equity interests and related receivables;
- The period of use of assets owned by the Company;
- Provisions for guarantees;
- Assessment of losses on completion;
- Assessment of risks;
- Projected cash flow consumption;
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

2.3. Valuation methods and rules

2.3.1. Currency conversion

Transactions in foreign currencies are converted at the exchange rate in effect at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities in currency are converted using the exchange rate on the closing date.

The Company subscribed to a "flexiterme" currency hedging solution for USD 2.8 million against EUR, from 1st December 2020 until 31 March 2023, at a guaranteed rate of 1.1765. This is part of an agreement involving a US supplier to enable it to cover it activity against fluctuations in the USD exchange rate.

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 expenses are recognized in the Company financial statements as intangible non-current assets, based on the six criteria listed below. These expenses are subject to a 3-year linear amortization corresponding to the product lifetime on the market.

Development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:

- technical feasibility required to complete the intangible asset with a view to its delivery or sale;
- intention to complete the intangible asset and use it or transfer it;
- the group is able of using or selling the intangible asset;
- the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness;
- the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
- the Group's capacity to reliably measure the outgoings attributable to the intangible asset during its development.

The development work done internally by the Company is subject to capitalization of a total amount of €3.7 M on the closing date, if all the criteria specified above are satisfied. Other research and development costs are recognized in the charges for the fiscal year in which they are incurred.

2.3.4. Other intangible non-current assets

Mainly comprise software and patents. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.3.5. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition (purchase price and related expenses) or their cost of production. They are not subject to revaluation.

Amortizations are calculated in linear mode according to their estimated useful life. Residual values are not taken into account, as their impact is not significant.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 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 2021 and 31 December 2020 to discount future cash flows are 12.2 % and 11.8 % respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.50 % (0.03% in 2020);
- Market risk premium of 7.70 % (7.75 % in 2020);
- Specific risk premium of 1.47 % (1.47 % in 2020);
- Beta of 1.33 (1.33 in 2020);
- Perpetual growth rate of 1.85 % (1.85 % in 2020).

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.

At 31 December 2021, €63 M is placed in term accounts with no-fee instant access:

Type of placement	Amount (€M)	Duration	Term	Gross actuarial rate	Planned withdrawal
Cash boost term account	5	2 years	19 Nov 2022	0.20%	32 days notice
Progressive term account	3	5 years	05 Oct 2023	0.92%	32 days notice
Progressive term account	5	5 years	29 July 2025	0.40%	32 days notice
Energy transition term account	5	5 years	19 Nov 2025	0.30%	32 days notice
Progressive term account	5	5 years	19 Nov 2025	0.30%	32 days notice
Term deposit	10	8 years	08 Dec 2028	0.50%	31 days notice
Progressive term account	10	5 years	20 May 2026	0.50%	32 days notice
Progressive term account	20	3 years	26 Nov 2024	0.40%	32 days notice
Total	**63**				

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 2-year contractual warranty. The provision is based on a statistical method of assessing the cost of the warranty.

In 2021, an amount of €4.5 M was recognized given the estimated costs related to the June 2021 incident on the Grenzach-Wyhlen site in Germany, hosting the EnergieDienst electricity generation plant. The provision also includes the supplementary preventive measures required to replace the equipment on the same first-generation electrolyzer, for which the corresponding expense should be recognized in 2022.

2.3.13. Employee benefits

The actuarial risks of defined-benefit schemes are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits foreseen by the collective agreement and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate, etc.

The Company does not outsource the funding of its pension obligations.

The obligation constitutes an off-balance sheet commitment.

2.3.14. Borrowing and financial debt

Borrowing and financial debt comprises bank loans, shareholder current accounts, and bank overdrafts.

2.3.15. Recognition of revenue

Revenue is valued at the fair value of the consideration received or receivable.

Revenue includes sales of goods and merchandise, as well as various services associated with sales.

Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of ownership of the product or the performance of the service.

For long-term contracts, revenue is recognized using the percentage of completion method. It consists in recording the income from a business project or contract as the percentage of the contract that has been fulfilled increases, based on costs already incurred on the contract, in relation to the total amount of costs to incur on the project. On the balance sheet, this includes trade receivables, non-issued invoices, deferred income, and advance payments.

In the event that forecast on completion of the project is negative, a provision for loss on completion is booked regardless of the stage of completion, based on the best estimate of forecast results, including where necessary any rights to additional revenue or rights of recourse, insofar that they are probable and can be valued reliably. Provisions for losses on completion are recorded in the balance sheet liabilities.

2.3.16. 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 which follow its recognition. Given the Company's SME status within the meaning of Community legislation, the reimbursement takes place in the year following recognition.

3. SELECTED NOTES TO THE 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 12/31/2020	Increase	Decrease	Other variations	At closing on 12/31/2021
Patents-licenses-software	402,616	38,973	-12,000	—	429,589
Development expenses and other intangible non-current assets	25,880	3,634,423	—	—	3,660,303
Intangible non-current assets	**428,496**	**3,673,396**	**-12,000**	**—**	**4,089,892**
Land and buildings	255,376	—	-12,070	—	243,305
Plant and machinery	3,372,209	209,958	-514,292	-15,377	3,052,499
General facilities	886,152	—	—	—	886,152
Transportation equipment	25,328	—	—	—	25,328
Office and IT equipment	215,181	388,552	-443,813	—	159,920
Furniture	56,345	3,010	—	—	59,355
Other tangible non-current assets	308,622	261,547	—	—	570,169
Tangible non-current assets	**5,119,214**	**863,066**	**-970,174**	**-15,377**	**4,996,728**
Equity interests	3,621,202	—	-3,734	—	3,617,468
Receivables from equity investments	4,159,163	7,836,880	-34,091	—	11,961,952
Other long-term receivables	15,000	—	—	—	15,000
Treasury shares (1)	220,034	51,981,523	-49,996,819	—	2,204,738
Other long-term securities	160	—	—	—	160
Deposits and guarantees	39,950	4,100	-1,100	—	42,950
Financial non-current assets	**8,055,509**	**59,822,503**	**-50,035,744**	**—**	**17,842,268**
TOTAL	**13,603,219**	**64,358,965**	**-51,017,919**	**-15,377**	**26,928,888**

(1) At 31 December 2021, securities held under the liquidity contract amounted to €237 K and cash to €968 K.

Variations in amortization and provisions are as follows:

(in euros)	At closing on 12/31/2020	Increase	Decrease	Other variations	At closing on 12/31/2021
Patents-licenses-software	401,601	14,248	-12,000	—	403,849
Development expenses and other intangible non-current assets	—	—	—	—	—
Intangible non-current assets	**401,601**	**14,248**	**-12,000**	**—**	**403,849**
Land and buildings	224,850	18,456	—	—	243,306
Plant and machinery	3,214,745	64,382	-514,292	-15,377	2,749,458
General facilities	695,819	49,593	—	—	745,412
Transportation equipment	22,243	2,553	—	—	24,796
Office and IT equipment	152,654	81,293	-83,123	—	150,823
Furniture	48,609	6,344	—	—	54,953
Other tangible non-current assets	23,943	—	-16,446	—	7,497
Tangible non-current assets	**4,382,864**	**222,621**	**-613,861**	**-15,377**	**3,976,247**
Equity interests	146,202	—	-3,734	—	142,468
Receivables from equity investments	2,272,324	203,810	-16,878	—	2,459,256
Treasury shares (1)	—	—	—	—	—
Financial non-current assets	**2,418,526**	**203,810**	**-20,612**	**—**	**2,601,724**
TOTAL	**7,202,992**	**440,679**	**-646,473**	**-15,377**	**6,981,820**

3.2. Current assets

3.2.1. Inventories

	31/12/21	31/12/20
Raw materials	237	237
Other supplies	1,369,391	416,977
Work in progress	31,369	153,622
Finished products	123,747	122,124
Gross value	**1,524,744**	**692,960**
Provisions for depreciation	-269,516	-254,547
Net value	**1,255,228**	**438,413**

3.2.2. Receivables

	31/12/21	31/12/20
Advances and payments on account	4,145,300	1,928,477
Trade receivables and related accounts	7,637,867	6,303,716
Subsidies receivable	138,988	137,294
Recoverable taxes and duties	2,298,382	866,655
Payroll and related accounts	272	—
Sundry debtors	521	521
Deferred charges	79,579	113,035
Gross value	**14,300,908**	**9,349,697**
Provisions	—	—
Net value	**14,300,908**	**9,349,697**

At 31 December 2021, trade and other receivables will all mature within less than a year.

3.2.3. Cash and cash equivalents

	31/12/21	31/12/20
Short-term deposits	63,033,230	33,008,574
Money market SICAV funds	—	—
Liquidities and equivalent	111,920,113	164,095,171
Cash assets	**174,953,343**	**197,103,744**
Overdrafts	—	—
Receivables discounting	—	—
Cash liabilities	**0**	**0**
Net cash position	174,953,343	197,103,744

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 2020	**17,325,851**	**2,079,102**	**30,853,517**	**207,910.21**	**-12,183,161**	**-5,407,976**	**15,549,394**
Capital increase	7,659,574	919,149	179,080,840	—	—	—	179,999,989
Options exercised and BSPCE	77,445	9,293	380,060	—	—	—	389,354
Share subscription warrants exercised	2,793,670	335,240	20,002,490	—	—	—	20,337,731
Share issue warrants exercised	—	—	1,000	—	—	—	1,000
Other variations	—	—	-11,276,336	125,921	—	—	-11,150,415
Recognition of prior losses	—	—	-12,183,161	—	12,183,161	—	—
Appropriation of previous year's result	—	—	—	—	-5,407,976	5,407,976	—
Net income (loss) for year	—	—	—	—	—	-10,327,116	-10,327,116
Situation at 31 December 2020	**27,856,540**	**3,342,785**	**206,858,411**	**333,831.60**	**-5,407,976**	**-10,327,116**	**194,799,936**
Capital increase	—	—	—	—	—	—	—
Options exercised and BSPCE	82,555	9,907	404,520	—	—	—	414,427
Recognition of prior losses	—	—	-5,407,976	—	5,407,976	—	—
Appropriation of previous year's result	—	—	—	—	-10,327,116	10,327,116	—
Net income (loss) for year	—	—	—	—	—	-20,386,297	-20,386,297
Situation at 31 December 2021	**27,939,095**	**3,352,691**	**201,854,955**	**333,832**	**-10,327,116**	**-20,386,297**	**174,828,066**

3.4. Equity equivalents

The Company has two repayable advance contracts for a total amount of €439 K at 31 December 2021.

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".

3.5. Provisions for risks and charges

	Balance 31/12/20	Provisions	Uses	Balance 31/12/21
Disputes	—	594,810	—	594,810
Losses on completion	120,254	81,857	-27,547	174,565
Other risks and charges	856,758	6,589,581	-165,045	7,281,294
Provisions for risks and charges	**977,012**	**7,266,248**	**-192,592**	**8,050,669**

Provisions for the year include €4.5 M related to the incident on the Grenzach-Wyhlen site along with the supplementary preventive measures required to replace the equipment on the same first-generation electrolyzer model. The measures are in progress and the corresponding expense should be recognized in 2022.

3.6. Borrowing and financial debt

	31/12/20	Issued	Repaid	Transferred	31/12/21
Borrowings from credit institutions	4,683,711	—	-4,200,916	—	482,795
Shareholder loans	—	—	—	—	—
Total borrowing and financial debt	**4,683,711**	**0**	**-4,200,916**	**0**	**482,795**

	Total	< 1 year	1-5 years	< 5 years
2021	482,795	132,795	350,000	—
2020	8,352,869	4,200,916	432,795	50,000

3.7. Trade and other payables

	31/12/21	31/12/20
Advances and payments on account received	—	—
Trade payables	18,061,589	6,987,099
Tax and employee-related liabilities	2,715,150	2,133,922
Payables on non-current assets	59,896	13,518
Other payables	—	—
Deferred income	5,825,272	3,408,988
TOTAL	**26,661,908**	**12,543,527**

	Total	< 1 year	1-5 years	< 5 years
2021	26,661,908	26,661,908	—	—
2020	12,543,527	12,543,527	—	—

B NOTES TO THE INCOME STATEMENT

3.8. Revenue

	2021		2020	
France	9,367,455	90%	7,475,594	77%
Rest of European Union (excl. France)	975,691	9%	2,238,277	23%
Rest of world	62,172	1%	51,973	1%
Revenue	**10,405,318**	100%	**9,765,843**	100%

3.9. Payroll charges

	2021	2020
Wages and salaries	4,178,065	3,237,005
Social contributions	2,044,066	1,486,267
Payroll charges	**6,222,131**	**4,723,273**

3.10. Other charges and other income from operating activities

Other income from operating activities amounts to €600 K of which €214 K is attributed to reversals of provisions, €317 K to transfer of charges (mainly intra-Group) and €38 K to royalty payments billed to subsidiaries.

3.11. Financial profit (loss)

	2021	2020
Income from Group equity interests	72,536	38,592
Investment income	73,253	25,324
Interest income on advances	—	5,977
Other financial income	1,268	46,942
Financial income	**147,058**	**116,835**
Interest charges on borrowing	-84,974	-31,441
Interest charges on advances	-179,990	—
Other financial charges	-183,232	-3,690,226
Financial charges	**-448,196**	**-3,721,667**
Financial profit (loss)	**-301,138**	**-3,604,832**

3.12.Non-recurring profit (loss)

	2021	2020
Share of investment subsidies recorded under income	—	—
Income from disposal of non-current assets	465,339	9,370
Other non-recurring income	384,725	129,446
Non-recurring income	**850,065**	**138,816**
Net book value of non-current assets sold	-376,493	-14,242
Other non-recurring charges	-6,699,348	-230,280
Non-recurring charges	**-7,075,841**	**-244,523**
Non-recurring profit (loss)	**-6,225,776**	**-105,707**

Other non-recurring charges correspond to (i) €5.2 M for all expenses related to the incident at Grenzach-Wyhlen in Germany and the supplementary preventive measures required to replace the equipment on the same first-generation electrolyzer model, (ii) €0.8 M in losses on the liquidity agreement securities which is offset by €0.4 M of gains recognized in other non-recurring income.

3.13.Corporate taxation

	2021	2020
Research tax credit	692,673	547,923
Other tax credits	—	—
Corporate taxes	**692,673**	**547,923**

The amount of tax losses carried forward amounts to €112.7 M at 31 December 2021 (€106.2 M at 31 December 2020). Following the conclusion of a tax audit, €14.2 M was deducted from the cumulated amount of losses carried forward. 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:

	2021	2020
Operating profit before tax	-14,853,194	-10,769,332
Non-recurring profit (loss)	-6,225,776	-105,707
Net profit before income tax	**-21,078,970**	**-10,875,039**
Corporate taxation	—	—
Tax credits	692,673	547,923
Net profit	**-20,386,297**	**-10,327,116**

C OTHER INFORMATION

3.14.Table of subsidiaries and equity interests

(in thousands of €)	Gross value of equity	NBV of equity	Gross value of Receivables	NBV Receivables	Equity and related Receivables	Proportion of capital owned	Shareholder equity excluding profit at 31 December 2021	Net profit (loss) 2021	Annual revenue 2021
McPhy Italia Sprl	2,400	2,400	4,630	4,630	7,030	100%	564	(1,864)	2,340
McPhy Deutschland GmbH	1,075	1,075	4,873	4,873	5,948	100%	(390)	(1,151)	1,378
McPhy Asia Pacific Pte. Ltd	62	—	1,805	—	—	100%	(1,340)	(108)	0
McPhy Northern America Corp.	80	—	654	—	—	100%	(451)	(12)	0
TOTAL	**3,617**	**3,475**	**11,962**	**9,503**	**12,978**				**3,718**

3.15.Headcount

	31/12/21	31/12/20
Management	51	34
Technicians & Supervisors	12	7
Employees and workers	7	8
TOTAL	**70**	**49**

The weighted average headcount for 2021 is 60 employees (46 in 2020).

3.16.Executive committee compensation

Compensation and benefits of all kinds paid to members of the Executive Committee (11.7 people in 2021 and 8.3 in 2020) and of the Board of Directors is as follows:

	2021	2020
Compensation due for the fiscal year (1)	1,995,051	1,379,385
Compensation in shares, options, etc. (2)	125,052	176,778
Executive committee compensation	**2,120,103**	**1,556,163**

(1) Includes gross salaries, bonuses, incentives, attendance fees and benefits in kind

(2) This amount corresponds to the annual charge related to BSPCE and BSA allocations, as well as to allocations of share subscription options.

3.17.Pensions - Benefits due to employees

After retiring, Group employees receive pensions by virtue of pension schemes, in accordance with the laws and customs in the countries where the companies operate.

Pension obligations to be received by retired employees are paid regularly to pension funds outside the Company and to the statutory organizations responsible for the service.

Company obligations relating to defined-benefit schemes (pension benefits) are present in an off-balance sheet commitment.

The cost of this benefit is determined using the projected unit credit method in accordance with CNC recommendation no. 2003-R01. The collective agreement applicable to the Company is the metallurgy sector collective bargaining agreement.

The main actuarial assumptions used in the calculation of pension benefits are given here:

	31/12/21	31/12/20
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (a)	1.2 %	0.7 %
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	3 % (Mgt), 4 % (Non-Mgt)	2.5 % (Mgt), 2 % (Non-Mgt)
Social contributions rate (b)	49 % (Mgt), 44 % (Non-Mgt)	48 % (Mgt), 40 % (Non-Mgt)
Mortality table	Insee 2017-2019	Insee 2016-2018
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 60 onwards	Rate between 11% and 99% up to age 55, then 100% from 55 onwards

Mgt: management, Non-Mgt: non-management.

(c) 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.

(d) Excluding impact of temporary reduction schemes.

The average period at 31 December 2021 is approximately 19 years.

The amount of pension obligation at 31 December 2021 is €108 K (vs. €167 K at 31 December 2020). A 1% increase in the discount rate at 31 December 2021 (respectively a drop of 1%) has a positive effect of €19 K on the result for the year (respectively a negative effect of €11 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	Exercisable instruments
AGM of 5/18/2017					
BSPCE 2017-2	From 03/12/2018 to 03/12/2023	5.10	3	38,000	38,000
AGM of 5/23/2019					
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	3	30,000	30,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	2	20,000	20,000
AGM of 5/20/2020					
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	8	45,000	45,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	12	118,000	118,000
Balance at 31 December 2021			**28**	**251,000**	**251,000**

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 2020	**273,000**	**5.03**
Allocations	300,000	5.02
Cancellations	—	—
Exercised	(77,445)	5.03
Balance at 31 December 2020	**495,555**	**4.72**
Allocations	—	—
Cancellations	(162,000)	4.14
Exercised	(82,555)	5.02
Balance at 31 December 2021	**251,000**	**5.00**

3.19. Leases

	Vehicle	Plant and machinery	Office and IT equipment	Patents-licenses-software	Total
Gross original value	18,115	1,799,328	441,570	314,336	2,573,349
Total prior amortizations	-15,598	-1,385,418	-83,423	-303,814	-1,788,253
Allocation for fiscal year	-2,517	-210,172	-15,978	-10,522	-239,189
Accumulated amortizations	-18,115	-1,595,590	-99,401	-314,336	-2,027,442
Net value	**0**	**203,738**	**342,169**	**0**	**545,907**
Total prior royalties	27,669	1,654,576	99,918	347,129	2,129,292
Royalties for fiscal year	3,494	161,711	17,373	11,963	194,541
Total royalties	**31,163**	**1,816,287**	**117,291**	**359,092**	**2,323,833**
Royalties remaining payable					
- within 1 year	0	67,380	124,904	0	192,284
- between 1 and 5 years	0	0	235,994	0	235,994
- beyond 5 years	—	—	—	—	—
Royalties remaining payable	**0**	**67,380**	**360,898**	**0**	**428,278**
Purchase option	**18,154**	**3,800**	**10,750**	**0**	**32,704**

3.20. Financial commitments

(in thousands of €)	**2021**	**2020**
Guarantees and pledges	5,772	4,810
Leases	428	253
Commercial lease	2,502	793
Other commitments	—	—
Commitments	**8,702**	**5,856**

The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, first demand guarantee, performance guarantee, etc.)

3.21.Related party transactions

(in thousands of €)	31/12/21	Related parties	Party linked by virtue of equity interest	31/12/20
NON-CURRENT ASSETS				
Set-up costs	—	—	—	—
Other intangible non-current assets	—	—	—	—
Tangible non-current assets	—	—	—	—
Equity interests and related receivables	12,978	12,978	—	5,362
Other financial non-current assets	—	—	—	—
TOTAL NON-CURRENT ASSETS	**12,978**	**12,978**	**—**	**5,362**
CURRENT ASSETS				
Inventories and work in progress	—	—	—	—
Advances and payments on account	3,288	3,288	—	641
Trade and other receivables	—	—	—	—
Other receivables	—	—	—	—
Marketable securities	—	—	—	—
Cash and cash equivalents	—	—	—	—
TOTAL CURRENT ASSETS	**3,288**	**3,288**	**—**	**641**
Prepayments and accrued income	—	—	—	—
Currency translation adjustments	6	6	—	149
TOTAL ASSETS	**16,271**	**16,271**	**—**	**6,152**
Equity equivalents	—	—	—	—
Provisions for risks and charges	17	17	—	149
Borrowing and financial debt	—	—	—	—
Advances and payments on account received	—	—	—	—
Trade and other payables	—	—	—	—
Tax and employee-related liabilities	—	—	—	—
Other payables	—	—	—	—
TOTAL DEBTS	**17**	**17**	**—**	**149**
Accrued income and deferred charges	—	—	—	—
Currency translation adjustments	—	—	—	—
TOTAL LIABILITIES	**17**	**17**	**—**	**149**

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 €483 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 €169 K for the fiscal year, mainly due to the repayment of a government-backed loan (PGE) to the amount of €4 M.

3.22.2. Currency risk

The Company subscribed to a “flexiterme” currency hedging solution for USD 2.8 million against EUR, from 1st December 2020 until 31 March 2023, at a guaranteed rate of 1.1765. This is part of an agreement involving a US supplier to enable it to cover it activity against fluctuations in the USD exchange rate.

3.22.3. 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 €175 M at 31 December 2021 and financial payables amount to €0.5 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. However, the liquidity risk dropped sharply, primarily due to the successful capital increase on 14 October 2020, which boosted the cash position and equity by €180 M.

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.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned.

3.23.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 2021”

5.2.4 Report of the statutory auditors on the financial statements

Year ended 31 December 2021

This is a translation into English of the Statutory Auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This Statutory Auditors’ report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders’ Meeting of McPhy Energy

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meetings, we have audited the accompanying Company financial statements of McPhy Energy for the year ended 31 December 2021.

In our opinion, the Company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended, in accordance with French accounting principles.

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

Basis for Opinion

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, 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, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of revenue for long-term contracts (notes 2.3.15 and 3.8 to the financial statements)

Risk identified

As indicated in Note 2.3.15 “Recognition of revenue” to the Company financial statements, revenue from long-term contracts is recognised using the percentage of completion method. This consists in recording the income from a business project or contract as the percentage of the contract that has been fulfilled, based on costs already incurred on the contract, in relation to the total amount of costs to be incurred on the project.

The remaining amount of costs to be incurred on long-term contracts is determined using budgetary estimates made by project managers and is updated regularly.

The significant degree of judgment required to recognise revenue, particularly costs at completion, led us to confirm the reliability of the budgetary processes implemented by Management and to consider the recognition of long-term contracts as a key audit matter.

Our response

To address the risk of recognising revenue for contracts using the percentage of completion method, we have performed the following procedures:

a. Assessed the design of the relevant controls for the recognition of contracts using the percentage of completion method and performed a walkthrough test;

b. Selected contracts to be tested based on criteria then by sampling, reconciled accounting information with budget monitoring, corroborated the degree of completion used for recognition, in particular by examining technical documentation, contracts, cost analyses and budgetary reviews;

c. Tested the substance of the costs actually incurred during the period for projects selected by statistical sampling using the cost breakdown.

d.

Measurement of equity interests and related receivables (notes 2.3.6 and 3.14 to the financial statements)

Risk identified

Equity interests and related receivables stated on the balance sheet as at 31 December 2021 for a net amount of €13million represent one of the largest balance sheet items. They are stated at their cost of acquisition and, where necessary, impaired based on their value in use representing the amount the Company would agree to pay to obtain them if it had to acquire them.

As indicated in Note 2.3.6 "Equity interests" to the Company financial statements, the value in use is estimated by Management using the discounted cash flow method. These future cash flows are derived from the seven-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows.

Estimating the value in use of interests requires Management to exercise judgment, 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 items, in particular the probability of realisation of the forecasts, we considered that the correct valuation of equity interests, related receivables and provisions for risks represented a key audit matter.

Our response

To address the risk relating to the valuation of equity interests and related receivables, we performed a critical review of the conditions for the implementation of impairment testing by the Company, notably by:

– assessing the consistency of cash flow projections with the 7-year business plan presented to the Board of Directors and with our knowledge of the Group and its activity sector;

– examining the reliability of the process used to draw up forecasts with regard to differences between past realisations and the corresponding budgets;

– verifying, with assistance from our valuation experts, the reasonableness 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.

In addition to the assessment of value in use for equity interests, our work also consisted in assessing the recoverable nature of the related receivables given the analyses performed on equity interests.

Lastly, we examined the adequacy and appropriateness of the information provided in Note 2.3.6 “Equity interests”.

Measurement of the provision for contingencies and losses following the EnergieDienst incident (notes 2.3.12 and 3.5 to the financial statements)

Risk identified

The company suffered the repercussions of an incident in June 2021 following a potassium hydroxide leak at a facility in Grenzach-Wyhlen, Germany, within an electrical power plant operated by EnergieDienst.

Considering the direct and indirect impacts identified by the company following the incident, a €4.6 million provision was recognised as at 31 December 2021 to cover expenses arising from the incident itself and the costs of ongoing preventive measures to replace stacks at customer facilities equipped with a similar first-generation electrolysis apparatus.

We considered the measurement of this provision to be a key audit matter given its materiality in the company’s accounts, and insofar as the year-end projected cost estimate is based on management’s judgement.

Our response

Our work mainly consisted in:

a. Reviewing the procedures implemented by the Company to estimate the risk relating to this incident;

b. Obtaining an understanding of the incident's root-cause analysis based on the report of the appointed expert;

c. Obtaining an understanding of management’s analysis of the risks and projected costs, the percentage costs covered by the insurance and the corresponding documentation;

d. Analysing the discussions with the relevant customers;

e. Based on interviews with management, assessing, on a sampling basis, the reasonableness of the assumptions used by management to estimate the provision amount.

Finally, we also verified the adequacy and appropriateness of the disclosures provided in Notes 3.12 “Exceptional income/loss” and 3.5 “Provisions for contingencies and losses” to the Company financial statements.

Measurement of capitalised development costs (notes 2.3.3 and 3.1 to the financial statements)

Risk identified

The Company has elected to capitalise eligible development costs in its annual financial statements as the capitalisation criteria are now met. As at 31 December 2021, net capitalised costs amounted to €3.7 million.

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

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

a. The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. The probability that the expected future economic benefits are attributable to the asset.

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

Our response

Our work mainly consisted in:

a. Obtaining an understanding of the processes set up to measure development costs;

b. Verifying the existence and accuracy of the amounts recognised for development costs. We also reconciled the capitalised amounts with internal data covering the tracking of time and we also tested, on a sampling basis, capitalised external expenses;

c. Interviewing management and using the technical department's documentation to assess the reasonableness of the data and assumptions underlying this capitalisation, particularly the future profitability outlook and the project's technical feasibility;

d. Corroborating the various information obtained from these interviews with the projected sales data for the firm orders obtained by the group in connection with the capitalised projects;

e. Identifying any indications of impairment for these projects that would require impairment testing.

We also assessed the appropriateness of the disclosures in Notes 2.3.3 "Research and development" and 3.1 "Non-current assets" to the Company financial statements.

Specific Verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and financial statements provided to shareholder

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on Corporate Governance provides the information required by Articles L.225-37-4, L. 22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by the Company from controlled companies included in the consolidation scope. Based on these procedures, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the Company financial statements included in the annual financial report

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

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

Appointment of the Statutory Auditors

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

As at 31 December 2021, SARL Audit Eurex was in its 8th year of total uninterrupted engagement and Deloitte & Associés in its 9th year, both being in their 8th year since the company securities were admitted for trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Company Financial Statements

Management is responsible for the preparation and fair presentation of the Company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of Company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Statutory Auditors' Responsibilities for the Audit of the Company Financial Statements.

Objective and audit approach

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

As specified in Article L.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:

a. 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;

b. 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;

c. evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the Company financial statements;

d. assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the Company financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

e. 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 et Paris-La Défense, April 21, 2022

The Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Guillaume BELIN	Hélène DE BIE

5.3 Table of five-year financial data

In € Date of year end	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21
Share capital	1,285,150	1,753,597	2,079,102	3,342,785	3,352,691
Number of shares	10,709,580	14,613,307	17,325,851	27,856,540	27,939,095
Revenue excluding tax	2,763,694	2,930,864	5,805,448	9,765,843	10,405,318
Operation and Income for the year					
Income before tax, employee profit-sharing and depreciation, amortization, and provisions	-7,643,477	-11,712,207	-5,523,267	-10,276,371	-13,586,721
Corporate tax	-440,623	-764,228	-640,251	-547,923	-692,673
Employee profit-sharing	—	—	—	—	—
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	-7,077,192	-12,183,161	-5,407,976	-10,237,116	-20,386,296
Income per share					
Income after tax, employee profit-sharing but before depreciation, amortization, and provisions	-0.67	-0.75	-0.28	-0.35	-0.46
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	-0.66	-0.83	-0.31	-0.37	-0.73
Dividend per share	—	—	—	—	—
Personnel					
Headcount	32	34	43	49	70
Total payroll	2,038,935	2,104,001	2,540,516	3,237,005	4,178,065
Social security and benefits	864,066	924,695	1,221,240	1,486,267	2,044,066

5.4 Payment periods for Suppliers and Clients

In accordance with the requirements of article L. L.444 -6 -11 of the French Commercial Code, invoices issued, received, and outstanding at the closing date of the fiscal year are broken down as follows:

	Invoices received and outstanding at date of year end					
	Not due (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	**Total 1 day and more**
(A) Late payment brackets						
Number of suppliers concerned	101					146
Total amount of invoices concerned (including tax and €K)	8,782	986	99	214	147	1,446
Percentage of total value of purchases for the fiscal year (excl. tax)	37%	4%	0%	1%	1%	6%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables						
Number of invoices excluded	0					
Total value of invoices excluded	0					
(C) Reference payment terms used (contractual or legal - article L.441-6 or L.443-1 of the French Commercial Code)						
Payment terms used for late payment penalties	Legal terms (i.e. 30 days end of month) unless the due date indicated on the invoice is more advantageous					

	Invoices issued and outstanding at date of year end:					
	Not due (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	**Total 1 day and more**
(A) Late payment brackets						
Number of clients	13					7
Total amount of invoices concerned (including tax and €K)	1,420	583	146	—	2,078	2,807
Percentage of revenue for the fiscal year (including tax)	12%	5%	1%	0%	17%	23%
(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)					

CHAPITRE

6

Social, societal and environmental approach

6 Social, societal and environmental approach

6.1 CSR approach

Positioned on the market for hydrogen production and distribution equipment, McPhy contributes to the global development of green hydrogen as a solution for the energy transition. By its nature, the business model depends on supporting national and European clients active in industry, mobility, and energy, in their efforts to decarbonize their activities.

In 2021, committing to a strategic and structured CSR approach resonated strongly with the Group's business model and is consistent with the Group's values.

Committed to a demanding and speedy transformation process, McPhy adopted a proactive, ambitious, and pragmatic approach to plan ahead for:

- High growth forecasts,
- Expectation of its internal / external stakeholders (employees, investors, Clients, partners, etc.),
- Regulatory changes under way in Europe since 2018 and current work on the Action Plan on financing Sustainable Growth[47].

In the last quarter of 2021, McPhy called in external consultants to conduct a CSR / ESG audit, based on:

- External analysis (context, competition, regulations),
- Internal audit (CSR / ESG practices, maturity) in order to
- develop an expert viewpoint and generate a McPhy CSR / ESG roadmap for 2025.

This work was done in a holistic approach supported by the central issues of ISO 26000 and an impact assessment taken from the Business Impact Assessment (BLab/BCorp).

On the basis of this analysis and the lessons learned, the standpoint of integrated sustainability was selected, then specific and suitable governance implemented.

In 2022, the CSR Committee will continue to be part of the Appointments and Remuneration Committee.

This CSR Committee is responsible for McPhy strategy and will meet at least five times during 2022. Its responsibilities include decisions and approvals on proposals made by the CSR Mission in activity.

Jean-Baptiste LUCAS sponsors the approach and is positioned at the interface of the two bodies responsible for CSR. He will drive the strategy and create momentum within the Group.

McPhy has opted for a medium-long term strategy and will set out its 2025 roadmap with short-term milestones. The principal actions already defined include:

In terms of CSR strategy and Integrated Sustainability:

Consideration of the European nature of the business and its international vocation, via:

- Implementation of the CSR/ESG 2025 roadmap (strategic examination oriented to corporate Vision, Mission and Purpose, stakeholder consultations, materiality matrix, strategy on adhesion to UN Global Compact, etc.),
- Adhesion to the 10 Principles of the UN Global Compact on Company Governance and Sustainable Development,
- Commitment to reporting using the UN Sustainable Development Goals,
- Continuation of the fundamental work undertaken to achieve CSR certification by 2025.

In terms of ESG and non-financial reporting:

Integration of the context alongside European and international regulatory frameworks in a proactive approach with anticipation of changes in thresholds:

- Definition of minimum ESG criteria for McPhy,

[47] https://ec.europa.eu/info/publications/sustainable-finance-renewed-strategy_en

- Non-financial reporting based on the UN SDG,
- Non-financial reporting based on GRI standards (2023 objective),
- Continuation of impact measurement work and BIA reporting.

In terms of the environment:

Consideration of the need and willingness to act in a Net Zero approach and analysis of the footprint of McPhy's industrial activity and its impact on the environment and on Clients, through:

- Production of the company's greenhouse gas balance,
- Identification of the decarbonization trajectory for 2030,
- Reduction in energy consumption by sites larger than 1000 m² in accordance with the "Tertiary Decree", based on the progressive targets of -40% in 2030, -50% in 2040 and -60% in 2050,
- Life cycle analysis of product portfolio (2023 objective),
- Measurement of emissions avoided for each use case (2023 objective).

In social and societal terms:

More extensive consideration of internal and external stakeholders, Desire to improve and adapt to structural and contextual changes:

- Updates to regulatory and reference documents and frameworks (internal regulation, ethics charter, diversity charter, IT charter, GDPR, etc.),
- Innovation in current mechanisms to attract, develop, and retain the most talented individuals (recruitment platform, measurement and attention to well-being at work, reward mechanisms, increased awareness, training, development of a shared culture to commitment, etc.).

2022 will see the implementation of three robust actions:

- Work on non-financial reporting and ESG criteria,
- Production of Carbon Audit and trajectory,
- Work on Group attractiveness in a backdrop of rapid, strong growth of international workforce.

The first results and updated objectives of this strategy initiated in late 2021 will be disclosed starting in the second quarter of 2022.

6.2 Social challenges

6.2.1 Employee relations for a leader in the green hydrogen equipment sector

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.

Management favors social dialog and attentiveness to employees' right of expression. The Group's advantage in this case is the relatively small size of its subsidiaries, which favors frequent dialog between managers and 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 certain changes that may occur in all Group entities.

The Group strives to create and maintain ongoing dialog with its employees. A monthly all-hands meeting setting out the strategy, performance and perspectives of the Group brings together all employees and offers a time and space for discussion and questions.

Due to the pandemic, these meetings were more often in remote mode than in person in 2021, given the shielding measures required and restrictions imposed on travel and gatherings issued by the governments of the countries where McPhy operates. Social links were boosted by in-person or virtual individual meetings initiated by the members of the Executive Committee, when assuming their duties or via consultants as part of the strategic and operational diagnostics conducted.

The Group also maintains strong relations with trade union partners and professional associations on each of its sites in Europe. In France, relationships are handled with EWC representatives, in Italy with the trade unions on site and in Germany by way of direct dialog with employees.

As proof of this social dialog, all social partners in different countries have been involved in the implementation of a global survey on well-being at work, conducted across all employees in Europe. As a stakeholder in the steering committee, social partners contributed to co-building and adapting the questionnaire and monitoring the survey. The high participation rate (91%) bears witness to employee involvement in social dialog.

Based on the recommendations submitted, tangible actions have already been taken, including communication on the organization in place, the perspectives given to employees on projects and resources in short term, promotion of collaborative work and shared moments in person.

6.2.2 Employee breakdown

- **Breakdown of employee headcount by geographical region:**

	31/12/21	31/12/20
France	70	49
International	84	61
	154	**110**

- **Breakdown of employees by category:**

	31/12/21	31/12/20
Management	102	68
Supervisors	23	10
Employees and workers	29	32
	154	**110**

- **Breakdown of employees by gender and age:**

	31/12/21	31/12/20	Var %
Below age 25	9	2	350%
Between 25 and 39	65	47	38%
Between 40 and 49	21	16	31%
50 and over	25	18	39%
Total Male	**120**	**83**	**45%**
Below age 25	3	5	-40%
Between 25 and 39	20	15	33%
Between 40 and 49	6	3	100%
50 and over	5	4	25%
Total Female	**34**	**27**	**26%**
Below age 25	12	7	71%
Between 25 and 39	85	62	37%
Between 40 and 49	27	19	42%
50 and over	30	22	36%
Total for Group	**154**	**110**	**40%**

- **Churn**

	2021	2020
New hires	67	29
Departures	23	16

During the 2021 fiscal year:

- 23 employees left the Group, 10 of which were resignations, 7 at end of contract or non-renewed trial period, 3 for mutually agreed departures or terminations and 3 for other reasons, of which one transfer within the Group.
- 67 people joined the Group: 50 on permanent contracts, 12 on fixed-term contract and six on professional training contracts or apprenticeships.

6.2.3 Employee compensation and benefits

As part of the roll-out of our strategic plan, throughout the 2021 financial year the McPhy Group has involved General Management and the Board of Directors in giving thought to the philosophy underpinning our remuneration policy and its guiding principles in order to implement one of the pillars of our *Invest in Our People* strategy.

Beyond the local policy which respects the principle of equal pay between men and women in equal positions, this strategic pillar is a key success factor in the McPhy development plan. It consists in securing the loyalty and development of talented individuals across the Group and in reinforcing the attractiveness of the Company for existing and future employees.

A comparative analysis of McPhy pay scales with those of the sector was conducted by an external specialist, which defined a benchmark for remuneration of job positions. This analysis gave rise to a revaluation of remuneration across the Group and a plan to progressively realign all pay scales. The analysis on the competitiveness of remuneration also enabled us to build a solid roadmap to transform the compensation policy, aiming to support the company's medium/ long-term growth objectives. The identified short-term measures have either been implemented in 2021 or will be pursued in 2022. They define specific measures concerning increased employee salaries.

Average salaries are above the legal minimum for all employee categories. All Group pay scales are above those for the sector.

The table below shows the breakdown of the average monthly gross earnings (salary and bonuses) for men and women, in euro for 2020 and 2021 (excluding apprenticeships and professional training contracts, ignoring subsidiary McPhy Asia which represented one employee at 31 December 2020):

	31/12/21	31/12/20	Var %
Men	5,550	5,370	3.4%
Women	4,218	3,953	6.7%
Group	**5,279**	**5,075**	**4.0%**

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.

6.2.4 Holdings and securities giving access to the capital, held by all employees

With a view to recognizing and involving employees in the Company's success, on recommendation by the Appointments and Remuneration Committee, on 16 December 2021 the Board of Directors approved an exceptional democratic allocation of an amount of 30,220 free shares to all McPhy employees (23rd resolution of the general meeting of 23 May 2019).

These shares are subject to a vesting period in excess of 2 years, with full vesting taking place on the date of the Board meeting held to approve the financial statements for the year ending 31 December 2023, and to performance conditions in line with the Company's mission and medium-term objectives. The performance conditions are 70% based on operational performance and 30% on customer satisfaction. This plan is an exceptional allocation.

6.2.5 Profit-sharing and incentive agreements

In continuity of the recognition and involvement of employees in the Company's success, starting in 2022 Management intended to implement incentive agreements to be negotiated with labor partners, which involve employees in Company performance and bolster employee stock ownership.

6.2.6 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.

Throughout 2021 the Group maintained priority shielding measures for its employees during the Covid-19 pandemic. Beyond the shielding measures on site and the application of all best practices to ensure maximum protection for employees (shielding, testing, on-site gage, isolation of employees with symptoms, determination of contact cases and prevention for teams, etc.), the Group has defined a cross-board remote working program for over 80% of staff. This could not include production teams who were able to ensure the continuity of equipment manufacturing in the best sanitary conditions possible.

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	2021	2020	Variation in pts
Global absenteeism	4.0%	3.2%	0.8
Of which due to illness	1.7%	1.2%	0.5
Of which due to long-term illness	1.4%	0.8%	0.6
Of which due to workplace accidents	0.0%	0.0%	0.0
Of which for other reasons	0.9%	1.2%	-0.3

With the involvement of the EWC, the Group has implemented procedures to organize remote work applicable to all employees able to ensure their responsibilities remotely. Remote work was systematically favored across all McPhy sites during the pandemic.

These procedures have been adopted permanently with the roll-out of a remote work charter applicable to all Group employees. It will be fully effective by the end of the first half of 2022.

Although remote work procedures have protected employees throughout the pandemic, they also aim to raise the quality of life at work for employees. McPhy wishes to involve employees as much as possible in defining their work environment.

As an example, and in a backdrop of new workplaces (new production sites in Wildau and Grenoble, retrofit of San Miniato production site), volunteer employees were involved in outfitting the new workplaces so that these spaces meet the professional and personal demands of the Company and its employees as much as possible.

6.2.7 Health and safety policy

McPhy works on innovative technology projects which require rigorous methods in terms of design, production, monitoring, installation, and compliance guarantees. The safety of people and property is an absolute priority for the Group.

The safety of any person working on a production site for hydrogen production equipment is fundamental. McPhy monitors incidents and accidents that could harm its own employees and those of its service providers. In this respect, McPhy raises awareness and assigns responsibility through regular training and announcements to all its service providers and employees on production sites.

To optimize safety in the workplace, the Group has implemented a personal safety and protection policy which meets the following primary 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.

It is important to note that in late 2020, the site of San Miniato (Italy) achieved ISO 45001 certification for its occupational health and safety management system. This site serves as a pilot to extend the certification across the Group.

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 workstation.

The Company operates a network of Quality, Safety and Environment correspondents responsible for the implementation and homogenization of Group practices. Local HSE officers report to a Group HSE officer, who ensures that processes are applied correctly.

2021 was marked by the Covid-19 pandemic across the world. This crisis severely impacted the organization of McPhy site activities and required the implementation of a Group-wide business continuity plan. The plan involved the following measures:

- Reinforced health and safety precautions and measures on all sites and during work on Client sites. Full personal and collective protective equipment was provided alongside these measures.
- Widespread adoption of home working for those whose activities are compatible with these working conditions. Practical recommendations were provided to encourage a healthy balance between work life and personal life for the employees in question;
- Regular check-ins by Management with employees to discuss the health situation and organize updates to ensure compliance with all applicable regulations.

This business continuity plan enabled us to ensure a high level of safety while ensuring a full-time activity for all employees throughout 2021.

In the midst of this global pandemic, the Company deployed a number of internal crisis management systems. It also defined an action plan relating to Group employee travel, the conditions for travel, along with a review of insurance cover for employees in these situations.

• Workplace accidents, frequency and severity, occupational illnesses

Workplace accidents, frequency and severity, occupational illnesses	2021	2020	Variation in pts
Frequency rate (1)	2.86	0.00	2.86
Severity rate (2)	0.01	0.00	0.01
Number of days absent due to workplace accident	4	0	4
Number of acknowledged occupational illnesses	0	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.

In 2021, strong efforts were made at Group level on the Safety Culture, resulting in the issue of fundamental health & safety rules specific to McPhy activities. Nine “Safety Living Rules” have been developed and are part of an individual and collective commitment to ensure zero workplace accidents. In terms of the Quality - Safety pairing, employee information campaigns will continue in 2002, representing one of the major pillars of the roadmap both on McPhy sites and Client sites. In light of its permanent commitment to make QSE issues its primary objective, McPhy Management carries the ambition of being recognized as a leader in this field on the hydrogen market.

Illustration: The 9 Safety Living Rules at McPhy

6.2.8 Employee skills development and training

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. Whatever their assigned site and whatever their occupation, the Group’s ambition is to foster the professional development and personal fulfillment of employees, especially through ongoing training.

In France, the annual appraisal and professional interview serve to identify and steer the wishes and needs in terms of employee skills development.

The Company pursues its training policy with a long-term approach, based on actions to improve individual and collective skills. This is illustrated by the rise in training hours and the percentage of employees receiving access to training in 2021.

In the Group's high growth phase, the development of technical and safety skills is paramount. McPhy supports all its employees, and this requirement is incorporated into induction programs. Safety training courses are dispensed internally to train staff on the risks involved with using machines and hazardous operations. An on-site safety induction is conducted for all staff, especially when new hires take up their positions.

Training time is broken down as follows:

	2021	**2020**
Hours of training	5,120	2,153
% of employees attending at least one training course over the year	80%	55%

In 2021, McPhy signed 7 apprenticeship contracts which will end in 2022. The Group's policy is to train these talented individuals as rapidly as possible and to plan for future recruitments. Note that 30% of 2021 interns joined McPhy after their internship.

In 2021, the Group also introduced a new Talent Onboarding program which traces all recruitments and defines a comprehensive pathway for new hires and monitoring from their induction phase to the assumption of their duties.

6.2.9 Equality of treatment

The diversity of employees and cultures represented across the Group is a tremendous asset. As part of its commitments as an employer, the Group is determined to offer its employees equal opportunities for recognition and career development whatever their origin, gender, gender identification, religious or philosophical beliefs, and shall not tolerate any form of discrimination nor moral or sexual harassment.

All behavior considered to be harassment (comments relating to the age, gender, religion of an employee, or behavior with sexual undertones) is prohibited within the Group and is subject to immediate sanctions, including the dismissal of the culprit.

The Group is conscious that differences are an asset, and therefore strives to implement a non-discrimination policy and cultivate such differences, while ensuring equal treatment of all employees.

This equality of treatment is implemented through the following measures:

- 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.

6.3 Environmental challenges

6.3.1 Strong commitment at all levels within the Group

The QSE policy deployed across the McPhy Group is the common basis in the organization of the Company through a cross-disciplinary approach based on the principle of continuous improvement in processes. Since 2015, all teams are active daily to develop safe, high-technology products while respecting customer needs. The Customer Satisfaction approach is a core concern for McPhy and involves uncompromising investment in health and safety towards all Company stakeholders.

QUALITY, SAFETY AND ENVIRONMENT POLICY

For over ten years 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.**

For its **Clients in the industry, mobility and energy sectors**, McPhy delivers solutions suited to 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.

The completion of these projects with high technological, industrial, environmental and economic issues requires the **definition and application of rigorous methods** in the design, manufacture, inspection, installation and compliance guarantees to meet market standards and requirements, fully satisfy the quality expectations of our Clients, and enable hydrogen to play a full role in the energy transition.

Put in place in 2015, the McPhy quality management system aims to manage its activities through an approach focusing on processes and risk management, and to contribute to the Company's sustainable growth.

With this in mind, Group Management has set itself the following goals:

- To continuously ensure the health and safety of employees, contractors and the users of our products. This issue is a constant and priority concern integrated into the design, production, installation and operation activities on Client sites;
- To continuously provide optimized services and attention to Customer needs to ensure their satisfaction;
- To continuously seek the best economic compromise for our Clients while generating the profits necessary to ensure the company's growth;
- To maintain confidence in Clients and stakeholders by demonstrating the effective implementation of the quality management system and the efforts to ensure its continuous improvement;
- To ensure the respect of different cultures, collaboration between teams, and the necessary rigor in terms of techniques and organization;
- To promote training for employees and anticipate the evolution of their careers.

The success of our quality management depends on our collective commitment. Each employee is involved in quality on a daily basis and must be committed at their level of skills and field of activity to achieve these objectives, which guarantee sustainable development of our Company.

Group Management is committed to implementing and ensuring the continuous improvement of the quality management system, in accordance with the requirements of the ISO 9001 standard. This is done by updating its policy and distributing it widely across the Company and using suitable resources to achieve the objectives.

Management also appointed a representative, namely Antoine RESSICAUD. This person has full authority to ensure the respect of McPhy Quality Management System processes, inform and assist employees, identify potential risks, propose improvements and report to Management accordingly.

TOGETHER, LET'S CONTINUE TO MAKE QUALITY OUR PRIORITY.

Signed in on January 2022

Signed by Jean-Baptiste LUCAS
On 13 January 2022

Jean-Baptiste LUCAS Chief Executive Officer of McPhy

Signed with universign

6.3.2 Quality policy, standards and certifications: a pro-active approach

In 2021, the three Group sites in France, Germany and Italy maintained the certification of their Quality Management system as per ISO 9001.

In 2021, the San Miniato site in Italy, already certified for ISO 45001 concerning Safety management, also achieved ISO 14001 certification for its Environment Management process.

The Group is aiming to harmonize all these processes, so that McPhy can achieve triple certification across the Group for Quality, Environment, and Safety. This means McPhy will be ISO 9001 certified at Group level by the end of 2022 and for ISO 45001 and 14001 by 2024.

In this backdrop and to support the Group's growth effectively, the headcount in the QHSE department will more than double in 2022 compared to the previous year. This choice is justified by the commitment made by McPhy Management to consistently generate a high level of quality and safety in the Company's services, both for internal stakeholders and external users of its products.

6.3.3 Environmental data

The breakdown of waste by category is as follows:

(tonnes)	2021	2020	Var %
Reused hazardous waste	7.8	2.5	214%
Non-reused hazardous waste	50.5	30.9	64%
Reused non-hazardous waste	32.0	44.0	-27%
Non-reused non-hazardous waste	2.1	10.1	-79%
Total waste produced	**92.4**	**87.6**	**6%**

In 2021, the volume of waste treated by the Group amounted to 92.4 tonnes, compared to 87.6 in 2020 (up +6%). Although the total proportion of hazardous waste increased notably (+74%), it was offset by a significant reduction in non-hazardous waste (-37%), generating a slight positive variation in total waste for the 2021 fiscal year.

2021 was marked by a decline in the consumption of raw materials compared to 2020 (-12%).

(tonnes)	2021	2020	Var %
Raw materials (1)	4	5	-12%

(1) The data presented include the raw materials magnesium, hydrogen, nitrogen 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:

	2021	2020	Var %
Electricity	974	732	33%
Gas	157	60	161%
Total MWh	**1,131**	**792**	43%

In 2021, the San Miniato site in Italy registered a significant upswing in its production activity of electrolyzer stacks and PIEL products. This rise in activity caused electricity consumption to rise in relation to the previous year (+41%).

2021 in Wildau, Germany, saw McPhy teams move to a new building that could house all employees, the number of which increased in relation to the previous year. The consequence of this move raised heating expenditure on gas to occupy the building (+140% in relation to previous year).

In France, electricity consumption rose by 13%. In line with its environmental policy, McPhy continues to subscribe to a “Green” electricity contract to limit its carbon footprint.

One of the major benefits of the future Grenoble site will be to make a significant contribution to reducing environmental impacts in two areas:

- Direct reduction of environmental footprint by operating a single site in France for all activities associated with hydrogen stations. Merging the McPhy teams initially based in La Motte Fanjas and Grenoble will eliminate employee travel between sites, encourage the daily use of public transport services or soft mobility (e.g. cycle routes) services offered by the Grenoble authority;
- Being a major player in the decarbonization chain of mobility uses, thanks to a production capacity of 150 H2 distribution stations per year. This change of scale is part of the issues and expectations of McPhy Clients to make a significant contribution to reducing the CO2 emissions of users.

Water consumption in 2021:

Italy	767
France	190
Germany	91
Total m^3/year	**1,048**

6.4 Social challenges

6.4.1 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.

In 2021, McPhy signed a memorandum of understanding with the network of French technology universities (UTBM, UTC and UTT) creating a hydrogen research platform for electricity production, which also involves three other industrial operators: General Electric, a world leader in technology, services and natural gas supply solutions, GRTgaz, a European leader in gas transportation and worldwide expert in gas systems, along with Ineris, France's national institute for the industrial environment and risks, the public sector expert in terms of technology risks.

Since 2013, the UTBM in Belfort-Montbéliard, the UTC in Compiègne and the UTT in Troyes are grouped in the network of technology universities (UT), in a structured organization focusing on sharing and promoting the same original training and research model. These three universities are public establishments with a scientific, cultural and professional character. Their primary missions are to train engineers and develop technology. The UTBM, UTC and UTT are all major engineering institutions (members of France's "grandes écoles" conference and the conference of Chancellors of French engineering institutions) which issue the diplomas validated by Engineering qualification commission CTI and by the universities (members of the conference of university chancellors).

This collaborative work with McPhy and the network of technology universities aims to reinforce existing knowledge about research and development on the production, transportation, storage, distribution and safety of hydrogen, for all uses including electricity production. It has enabled the creation of a research cluster in France which will assess the tangible application of hydrogen as a fuel in the production of energy via gas turbines. Alongside the integration of the required systems, this work will also address models of their operation, the development of specific accessories and components, safety and system certification.

In parallel to work on hydrogen addressing different aspects of the development and supply of gas turbine plants operated using hydrogen (R&D on accessories and components for hydrogen production, safety and certification of components and systems, test platform equipped with an electrolyzer to put into practice the concepts and solutions developed, then validate them on an industrial scale), the creation of a hydrogen research program will welcome students from the universities concerned along with initial financing and supervision needed to initiate the research program. This cooperation is developed to garner interest of engineers in the development, production, and use of H2 systems and the successive steps (feasibility, engineering, installation / assembly and commissioning of prototypes).

This new alliance illustrates the efforts of McPhy with public institutions alongside major industrial players, to develop new skills and work on training engineers to identify tangible solutions that will speed up the development of hydrogen. In a sectoral approach, McPhy will contribute to the pooling and cross-germination of knowledge. This initiative is therefore a further step for McPhy, as it accelerates the development of technical and industrial skills across national territories.

6.4.2 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 a quality of local life and potential career opportunities in the Group at similar conditions.

The Group's involvement in local and regional development where its sites are located is reflected in the following approaches:

- Priority is given to working with local suppliers and subcontractors;
- High investment in Research and Development in the course of joint technical projects with universities, for example;
- Cooperation with other industrial players in Regions and Public Authorities to develop skills and build a hydrogen sector, to meet the recruitment needs across the employment areas considered.

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

6.4.3 Territorial, economic, and social impact of a potential Gigawatt factory

Alongside the three company sites located in the territories of Grenoble in France, San Miniato in Italy and Wildau in Germany, McPhy plans to build a Gigawatt-scale factory for the industrial production of electrolyzers. This new regional installation represents a major step forward in the industrial scaling-up and generation of economies of scale to build a competitive market for green hydrogen produced by alkaline electrolysis. Moreover, this future factory will play an essential role in the industrial scaling-up of hydrogen production, which is required for green hydrogen to achieve the decarbonization objectives set by the French government and European authorities. This new gigawatt-scale electrolyzer production site will satisfy the high growth expected on the European market. In this way the Group can transform its head start in pressurized alkaline electrolysis, a mature and proven technology for large-scale hydrogen projects, into a sustainable competitive and industrial advantage.

Given the size of this project, for McPhy the construction of this new production site of significant industrial importance is subject to obtaining financing from the IPCEI, which should be approved by summer 2022.

As part of this new project, the Company pre-selected the location of Belfort as a strategic site, to link it to the heart of the European hydrogen ecosystem and the Energy Valley. The development of this new production site will create over 500 jobs at McPhy, including around 400 in France and around a hundred in Germany and Italy, as well as several hundred indirect jobs in France in Europe.

The pre-selection of Belfort will strengthen the ecosystem of Energy Valley and fully illustrates the attractiveness for project sponsors in Northern Franche-Comté. It will enable diversification of the Belfort territory activities and position it as a European cluster for engineering of the energy transition.

Preliminary illustration of the McPhy Gigafactory, a strategic resource to deploy the industrial mass production of new-generation electrolyzers | Copyright Barjane – GBL Architecture

The McPhy Gigafactory is a strategic facility designed to boost the company's competitiveness by reinforcing and sustaining McPhy's leadership position on the alkaline electrolyzer market and by generating the economies of scale capable of dramatically reducing the cost of green hydrogen produced through electrolysis in relation to carbon-rich energies.

The project involves both the development of next generation electrolyzers and the industrial deployment of mass production facilities, and is covered by the IPCEI Hydrogen. McPhy has submitted an application for this European funding, which aims to support R&D and industrial development for an electrolysis technology component in order to accelerate the sector's development and the competitiveness of low-carbon hydrogen.

The pre-selection of the Belfort site represents a major step in meeting the forecast growth on McPhy's markets. The Belfort site is resolutely oriented "high-tech" and was pre-selected for its capacity to meet key challenges generated by the industrial scaling-up of electrolyzer production:

- Existing structure of an industrial, research and development ecosystem dedicated to innovation and to hydrogen, existence of potential partners within the sector;
- Attractive environment and industrial employment area;
- Geographically located at a crossroads of Europe, facilitating interactions with other McPhy sites but also easier supply and delivery activities;
- Support from public stakeholders with assistance measures on economic, technical, functional, and administrative aspects to facilitate project management and deployment.

The confirmation of this pre-selection and McPhy's final investment decision should be announced by the end of 2022, following the finalization of preliminary studies and the granting of administrative authorization, subject to the necessary funding being secured, including the IPCEI finance application.

The objective is to start production in the first half year of 2024 with a progressive ramping up until a capacity of 1GW per year is reached.

On its own, the construction of this new industrial infrastructure represents an investment of €30 M to €40 M of an overall amount of almost €120 M. This major investment in its industrial base in Belfort will give McPhy a total annual production capacity of 1.3 GW, in line with growth forecasts for green hydrogen markets, particularly in heavy industry.

6.5 Business ethics issues

6.5.1 Observance of the International Labour Organization's Fundamental Conventions

The main aims of the International Labour Organization are "to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialog on work-related issues."

The McPhy Group is committed to respecting these fundamental conventions and to observe the national legal requirements applicable to each of the countries where it operates.

6.5.2 Fair practices

The Business Ethics Code sets out certain standards of conduct applicable to all employees of the McPhy Group, its representatives, appointees, consultants, and other external service provides acting on behalf of the Group.

Each employee shall act with loyalty, integrity, and a sense of responsibility, in accordance with the Group's commitments. Whatever their hierarchical grade, all employees shall apply the principles of the Business Ethics Code:

- Apply laws and regulations;
- Apply the principles of competition;
- Apply the principles governing insider misconduct;
- Apply the principles of prevention of corruption;
- Prevent conflicts of interest;
- Respect relationships with third parties, commitments to Clients, to employees (occupational health & safety, prevention of discrimination and harassment) and with the environment,
- Protect Group assets: data integrity and protection, financial transparency, importance of internal control.

The Group's business ethics code stipulates in particular 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.

A Key Contracts Committee was also created in 2021 as part of the Board of Directors. Its mission is to review commercial proposals and sensitive contracts, in particular if their conclusion is in conflict of interest, at the request of General Management, the Chairman of the Board of Directors or any of the directors. In accordance with good market practice, this Committee is composed of independent directors or members who do not represent a reference shareholder of the Company (c.f. internal regulation of Board of Directors).

6.5.3 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 H2 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 as assemblies.

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.

Aside technical and commercial criteria, the selection of subcontractors and suppliers will also be based on their HSE performance and CSR commitments.

CHAPITRE

7

Capital and stock ownership

7 Capital and stock ownership

7.1 Shareholders

7.1.1 Breakdown of capital and voting rights

7.1.1.1 Breakdown of share capital and voting rights in the Company at 31 March 2022

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 2022.

	31.03.2022			
Share capital and voting rights	**Number**		**Percentage**	
	Shares	Votes	Shares	Votes
EDF Pulse Croissance Holding	3,933,708	3,933,708	14.1%	14.1%
FCPR Ecotechnologies (represented by Bpifrance Investissement)	1,669,120	1,669,120	6.0%	6.0%
Chart International Holdings, Inc	1,276,595	1,276,595	4.6%	4.6%
Technip Energies N.V	638,297	638,297	2.3%	2.3%
BlackRock Inc.	2,810,627	2,810,627	10.1%	10.1%
Treasury stock (1)	51,234	0	0.2%	0.0%
Other	17,567,514	17,602,091	62.9%	63.0%
Total	**27,947,095**	**27,930,438**	**100%**	**100%**

(1) Reporting issuer's proportionate interest stated on liquidity account

As at 15 March 2022, 7.1 % of shares are managed in registered form.

At the last TPI (Bearer Share Identification) process on 15 March 2022, 44.5 % of the capital was held by natural persons and 55.5 % by institutional investors (source: Euroclear). The number of individual shareholders is estimated to be in excess of 47,000.

	31.03.2021			
Share capital and voting rights	**Number**		**Percentage**	
	Shares	Votes	Shares	Votes
EDF Pulse Croissance Holding	3,933,708	3,933,708	14.1%	14.1%
FCPR Ecotechnologies (represented by Bpifrance Investissement)	1,669,120	1,669,120	6.0%	6.0%
Chart International Holdings, Inc	1,276,595	1,276,595	4.6%	4.6%
Technip Energies N.V	638,297	638,297	2.3%	2.3%
Treasury stock (1)	21,223	0	0.1%	0.0%
Other	20,376,497	20,411,423	73.0%	73.1%
Total	**27,915,440**	**27,929,143**	**100%**	**100%**

(1) Reporting issuer's proportionate interest stated on liquidity account

Situation of capital and voting rights	31.03.2020			
	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 the time of issue of this Universal Registration Document, the Company is not aware of any other shareholder having direct or indirect control, except for those indicated in section 7.1.3.2, 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.

7.1.1.2 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 articles L.225-123 and L.22-10-46 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.

7.1.2 Breakdown of share capital on a fully diluted basis

7.1.2.1 Breakdown of share capital and voting rights in the Company at 31 March 2022 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 2022, 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 216,000 Company shares from the exercise of options, BSA and BSPCE warrants 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)	1,669,120	5.97%	—	1,669,120	5.93%	1,669,120	1,669,120	5.93%
EDF Nouveaux Business Holding	3,933,708	14.08%	—	3,933,708	13.97%	3,933,708	3,933,708	13.98%
Chart International Holdings, Inc	1,276,595	4.57%	—	1,276,595	4.53%	1,276,595	1,276,595	4.54%
Technip Energies N.V	638,297	2.28%	—	638,297	2.27%	638,297	638,297	2.27%
BlackRock Inc.	2,810,627	10.06%	—	2,810,627	9.98%	2,810,627	2,810,627	9.99%
Sub-total	**10,328,347**	**36.96%**	**—**	**10,328,347**	**36.67%**	**10,328,347**	**10,328,347**	**36.70%**
Other shareholders	17,601,774	62.98%	—	17,601,774	62.50%	17,576,893	17,576,893	62.45%
Luc Poyer	6,724	0.02%	—	6,724	0.02%	13,448	13,448	0.05%
Eléonore Joder	800	0.00%	—	800	0.00%	800	800	0.00%
Myriam Maestroni	850	0.00%	—	850	0.00%	850	850	0.00%
Jean-Marc Lechêne	800	0.00%	—	800	0.00%	800	800	0.00%
Jean-Baptiste Lucas	—	0.00%	—	—	0.00%	—	—	0.00%
Employees	7,800	0.03%	216,000	223,800	0.79%	9,300	225,300	0.80%
Sub-total	**17,618,748**	**63.04%**	**216,000**	**17,834,748**	**63.33%**	**17,602,091**	**17,818,091**	**63.30%**
Overall total	**27,947,095**	**100.00%**	**216,000**	**28,163,095**	**100.00%**	**27,930,438**	**28,146,438**	**100.00%**

7.1.3 Crossed thresholds

7.1.3.1 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.

7.1.3.2 Crossed thresholds

Date of disclosure	Company crossing threshold	Nature of crossing	Nature of the operation	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
09.03.2022	BlackRock Inc	Upward[1]	Share purchase	08.03.2022	10% of share capital and voting rights	2,810,627	10.06%	2,810,627	10.04%
22.12.2021	Caisse des dépôts et consignations	Downward [2]	Disposal of shares	21.12.2021	10% of share capital and voting rights	2,748,720	9.84%	2,748,720	9.83%
13.10.2021	Caisse des dépôts et consignations	Downward [2]	Disposal of shares	07.10.2021	10% of share capital and voting rights	2,796,698	10.01%	2,796,698	9.99%
15.09.2021	Caisse des dépôts et consignations	Upward[2]	Share purchase	09.09.2021	10% of share capital and voting rights	2,813,630	10.07%	2,813,630	10.06%
02.02.2021	BlackRock Inc	Upward[1]	Share purchase	01.02.2021	5% of share capital and voting rights	1,495,782	5.37%	1,495,782	5.36%
01.02.2021	BlackRock Inc	Downward [1]	Disposal of shares	29.01.2021	5% of share capital and voting rights	1,389,453	4.99%	1,475,064	4.98%
25.01.2021	BlackRock Inc	Upward[1]	Share purchase	22.01.2021	5% of share capital and voting rights	1,475,064	5.30%	1,475,064	5.29%
14.01.2021	BlackRock Inc	Downward [1]	Disposal of shares	13.01.2021	5% of share capital and voting rights	1,380,466	4.96%	1,380,466	4.95%
13.01.2021	BlackRock Inc	Upward[1]	Share purchase	12.01.2021	5% of share capital and voting rights	1,397,981	5.02%	1,397,981	5.01%

(1) The investment manager has the discretionary entitlement to exercise voting rights associated with the shares held, unless expressly requested by Clients to retain control of voting rights.

(2) Indirectly crossed threshold due to Bpifrance Investissement and CDC Croissance.

7.1.4 Control and concerted actions

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.

7.1.5 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.

7.2 McPhy share information

7.2.1 Main characteristics of shares

ISIN code	FR0011742329
CFI code	ESVUFN
Ticker	MCPHY
ICB sector	Renewable energy production systems (0583)
Date of introduction	25/03/2014
Listed market	Euronext Paris – Compartment B
Number of shares in circulation at 31 December 2021	27,819,300
Closing price 31 December 2021	€ 21.64
Highest / lowest price reached during fiscal year	€ 41.70 / € 14.86
Market capitalization at 31 December 2021	€ 602.0 M
Daily average volume of shares traded over fiscal year	214,996 shares

7.2.2 Stock coverage

At 31 December 2021, McPhy Energy shares were covered by 10 sell-side analysts including Barclays, Berenberg Bryan Garnier, Gilbert Dupont, Jefferies, Kepler Cheuvreux, Liberum, Oddo BHF, Panmure Gordon and Portzamparc. Coverage by Kepler Cheuvreux, Berenberg, Oddo BHF and Liberum was commenced in the 2021 fiscal year.

McPhy Energy also entrusted Natixis Oddo BHF with implementing a liquidity agreement covering the management of its ordinary stock, signed on 29 January 2021. The resources provided under this new agreement amount to €2,500,000 (4,343 shares).

7.3 Dividends

7.3.1 Dividends paid in the last three fiscal years

None

7.3.2 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.

7.4 Communications with the financial community

The Management team of McPhy Energy regularly meets with institutional investors and financial analysts at roadshows and conferences in France and in Europe. In 2021, McPhy Energy took part in the Berenberg Energy Transition conference, Société Générale investor forums (Nice and Premium Review Week), and the Portzamparc conference.

The Company's financial publications are regularly reviewed in investor webinars.

PROVISIONAL FINANCIAL CALENDAR

Mixed general meeting of shareholders	19/05/22
H1 2022 results	28/07/22
Annual revenue 2022	24/01/23
2022 results	07/03/23

Press releases are distributed after market closing.

7.5 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 7.6.4 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.

7.6 Information on share capital

7.6.1 Amount of share capital

The number of ordinary single-category shares issued and fully paid-up at 31 December 2021 is 27,939,095 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 5.1.4 of the Universal Registration Document).

7.6.2 Treasury stock

Treasury shares and buybacks

At 15 March 2022, the Company's treasury share account contained 33,567 of its own shares under the liquidity contract implemented in favor of the liquidity of its securities, via an investment service provider acting independently.

7.6.3 Securities giving access to share capital

All securities giving access to Company capital in circulation at 31 December 2021 are stated below:

Date of shareholder meeting	18/05/17	18/05/17	18/05/17	23/05/19	23/05/19	23/05/19	20/05/20	20/05/20	TOTAL
Date of Board meeting	12/03/18	12/03/18	12/03/18	10/12/19	08/04/20	08/04/20	05/06/20	05/06/20	
Plan	Options 2017-1	BSPCE 2017-1	BSPCE 2017-2	BSPCE 2019-1	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	
Total number of shares available for subscription or purchase (original)	57,000	64,000	119,000	75,000	30,000	20,000	50,000	200,000	**1,056,328**
Start of exercise period	13/03/20	12/03/18	13/03/20	11/12/21	09/04/22	09/04/22	06/06/22	06/06/22	
Expiry date	12/03/23	12/03/23	12/03/23	10/12/24	08/04/25	08/04/25	05/06/25	05/06/25	
Subscription or purchase price	€4.84	€5.10	€5.10	€3.01	€4.55	€4.55	€5.11	€5.11	
Conditions of exercise	Exercisable up to 60% on 03/13/20 and 40% on 03/13/21	Exercisable up to 60% on 03/12/18 and 40% on 03/12/19	Exercisable up to 60% on 03/13/20 and 40% on 03/12/21	Exercisable up to 60% on 12/11/21 and 40% on 12/11/22	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 04/09/22 and 40% on 04/09/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	Exercisable up to 60% on 06/06/22 and 40% on 06/06/23	
Number of shares subscribed or purchased at 31/12/21	47,000	51,200	81,000	—	—	—	—	—	**426,278**
Cumulative number of options and warrants canceled or expired	10,000	12,800	—	75,000	—	—	5,000	82,000	**379,050**
Cumulative number of options and warrants remaining at 12/31/21	—	—	38,000	—	30,000	20,000	45,000	118,000	**251,000**

At 31 December 2021, the full exercise of all instruments giving access to capital in circulation would enable the subscription of a total of 251.000 new shares, thereby generating a dilution of approximately 0.3% of the capital existing at this time.

7.6.4 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
7 January 2021 **4th resolution**	OGM	Board of Directors	Delegation of authority to enable the Company to trade in its **own shares** - Conditions fixed in accordance with article L.22-10-62 of the French Commercial Code	Maximum 10% of share capital	18 months with effect from the date of the extraordinary shareholder meeting, ending on 6 July 2022	Under the liquidity agreement entrusted by McPhy to ODDO BHF, 1,079,445 shares were bought back and 1,022,083 shares sold in the 2021 fiscal year. At 31 December 2021, 58,422 shares were held on the liquidity account

17 June 2021 **22nd resolution**	EGM	Board of Directors	Delegation of authority to reduce the share capital by cancellation of treasury shares under the terms of article L.22-10-62 of the French Commercial Code	Maximum 10% of share capital	18 months with effect from the date of the extraordinary shareholder meeting, ending on 16 December 2022	None
17 June 2021 **23rd resolution**	EGM	Board of Directors	Delegation of authority to issue ordinary shares and/ or transferable securities **with** preferential subscription rights by public offering	Maximum € 330.000 nominal and €20,000,000 for debt securities [48]	26 months with effect from the date of the extraordinary shareholder meeting, ending on 16 August 2023	None
17 June 2021 **26th resolution**	EGM	Board of Directors	Delegation of authority to Board of Directors to increase the share capital through a capital increase **without preferential subscription rights via private placement referred to in article L.411-2, line 1 of the French Monetary and Financial Code.**	Maximum €330,000 nominal and €20,000,000 for debt securities[1]	26 months with effect from the date of the extraordinary shareholder meeting, ending on 16 August 2023	None
20 May 2020 **17th resolution**	EGM	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 [49]	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 **18th 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 conditions laid down by the shareholders' general meeting	Applicable to the cap of the 17th resolution of the OGM of 20 May 2020	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None

[48] The aggregate nominal cap referred to in the 32nd resolution of the extraordinary general meeting of 17 June 2021 is €379.500 for shares and €20,000,000 for debt securities.

[49] 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.

20 May 2020 **19th resolution**	EGM	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[50]	Maximum €1,320,000 nominal and €20,000,000 for debt securities[2]	18 months with effect from the date of the extraordinary shareholder meeting, ending on 19 November 2021	None
20 May 2020 **22nd resolution**	EGM	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	10% of share capital	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 **23rd resolution**	EGM	Board of Directors	Delegation of authority to increase the number of shares to issue in case of capital increase **with or without preferential subscription rights**	Maximum 15% of the initial issue [51]	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
23 May 2019 **23rd resolution**	EGM	Board of Directors	Delegation of authority to proceed with the issue of new or existing free shares without preferential subscription rights for shareholders to the benefit of a category of persons	60,000 shares	38 months with effect from the date of the extraordinary shareholder meeting, ending on 22 July 2022	See below

Under the terms of the 23rd resolution of 23 May 2019, the shareholder general meeting delegated to the Company's Board of Directors full authority to issue a maximum number of 60,000 free shares, it being specified that these issues may not represent in excess of 5% of the fully diluted share capital.

Making use of these delegations of authority, on 16 December 2021 the Board of Directors allocated:

- 20,000 free shares to the Chief Executive Officer, subject to a two-year vesting period and for which exercise is only subject to a condition of presence;
- 30,220 free shares to all McPhy employees, subject to a two-year vesting period and for which exercise is subject to a condition of presence and the satisfaction of performance conditions using criteria based on the Company's operational performance, with (i) 70% of shares allocated subject to the achievement of operational objectives concerning the deployment of electrolyzers and stations, and (ii) 30% of shares subject to the achievement of Client satisfaction objectives, measured through Client satisfaction surveys and the complaint rate;

[50] Category of persons: (I) investment firms and investment funds (including but not limited to all FCPI, FCPR or FIP type funds) registered in France or another countries investing in the energy, chemicals and clean-tech sectors; (ii) investment firms and investment funds (including but not limited to all FCPI, FCPR or FIP type funds) registered in France or another countries, commonly investing in small caps or mid caps; (iii) groups or companies registered in France or other countries, with whom the Company intends to form or has formed partnerships with the aim (x) of developing solutions for the production, storage and distribution of hydrogen and (y) the industrial production of such solutions; (iv) industrial firms with a similar or complementary activity to that of the Company; (v) natural persons desiring to invest in a company to benefit from tax reductions; and (vi) companies commonly investing in small and medium-sized businesses to enable their shareholders or partners to benefit from tax reductions.

[51] This approval concerns capital increases proposed based on the 16th, 17th, 19th, 20th and 22nd resolutions of 22 May 2020.

- 9,750 free shares to four executive directors joining the Company since 1st September 2020, subject to a two-year vesting period and for which exercise is subject to a condition of presence and the satisfaction of performance conditions using criteria based on the Company's financial, operational, social, and environmental responsibility performance, with (i) 50% of shares allocated subject to the achievement of operational objectives concerning the deployment of electrolyzers and stations, and (ii) 30% of shares subject to Client satisfaction conditions, measured through Client satisfaction surveys and the complaint rate, and (iii) 20% of shares allocated subject to achievement of objectives concerning the deployment of the social and environmental responsibility roadmap.

On 14 April 2020 the Company announced the renewal of an Equity line financing arrangement with Kepler Cheuvreux. The transaction was conducted on the basis of (i) the delegation of authority granted by the 21st resolution of the mixed general meeting of 26 June 2018, to the limit of 1,000,000 shares, and (ii) the delegation of authority granted by the 21st resolution of the mixed general meeting of 20 May 2020.

In accordance with the terms of the agreement with Kepler Cheuvreux, the latter committed to subscribing to a maximum of 3,500,000 shares (illustratively representing a share issue of €18.3 M[52] at its own initiative, for a maximum term of 24 months, subject to satisfaction of contractual conditions).

Under the Operation announced to the market on 14 October 2020, McPhy decided to suspend the use of this Equity line agreement.

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.

The report of the Board of Directors to the general meeting will include a summary table of delegations of authority to be proposed to the shareholders' general meeting of 19 May 2022 relating to capital increases.

7.6.5 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 2019	**14,613,307**		**1,753,597**
Share issue warrants exercised	160,000	€0.12	19,200
Issue of new shares (private placement)	2,552,544	€0.12	306,305
Situation at 31 December 2019	**17,325,851**		**2,079,102**
Options exercised and BSPCE	77,445	€0.12	9,293
Share subscription warrants exercised	2,793,670	€0.12	335,240
Capital increase	7,659,574	€0.12	919,149
Situation at 31 December 2020	**27,856,540**		**3,342,785**
Options exercised and BSPCE	82,555	€0.12	9,907
Situation at 31 December 2021	**27,939,095**		**3,352,691**

7.7 Description of the share repurchase program

7.7.1 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.

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

Purpose of the Company's share repurchase program

Pursuant to the decision of the Shareholders' general meeting of 7 January 2021, the Board of Directors was authorized to enable the Company to buy back its own shares, for a period of eighteen (18) months, 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 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, it being specified that the resolution authorizing the Board of Directors to reduce the share capital was also adopted by said general meeting (see below);
- 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.

Under the liquidity agreement:

- with broker Gilbert Dupont taking effect on 1st October 2018 (start of business) and ending 29 January 2021 (end of business); and
- With Natixis ODDO BHF, taking effect at start of business on 1st February 2021.

The results of Company share trading by Gilbert Dupont and Natixis ODDO BHF on behalf of the Company, between 1st April 2021 and 31 March 2022 are as follows:

	Aggregate gross flows (1)		Open positions at 31 March 2022 (2)			
	Purchases (3)	Sales (3)	Open call positions		Open put positions	
Number of shares	1,155,506	1,185,517	Calls bought	Forward purchases	Puts sold	Forward sales
Maximum average maturity			None	None	None	None
Average transaction price	21.15	20.82				
Average exercise price	None	None	None	None	None	None
Amounts (4)	25,076,879	24,058,442				

(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 2021 and ended on 31 March 2022.

(4) Amounts are indicated exclusive of fees and commissions.

Other purchases made by an investment services provider:

None

Maximum portion of capital to acquire, maximum number, maximum purchase price and other limits:

By virtue of article L.22-10-62 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 €15,000,000.

Shares acquired may be reassigned or traded under conditions set by the AMF, notably in its position document DOC-2017-04 entitled "Guide relating to trading by the issuers in their own shares and stabilization measures".

Given the 51,234 treasury shares, representing 0.18 % of the total capital, the Company may not repurchase more than 9.82 % of the existing shares, i.e. 2,743,475 shares at the date of 31 March 2022.

Canceled shares

By virtue of the 22nd resolution of the general meeting of 17 June 2021, Shareholders authorized the Board of Directors in accordance with article L. 22-10-62 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 was granted for a period of eighteen (18) months with effect from the general meeting of 17 June 2021, with the effect of voiding, from this date onward, any other previous delegation for the same purpose.

7.7.2 Share repurchase program submitted to approval by shareholders at the forthcoming general meeting on 19 May 2022

A new authorization shall be proposed for approval by the general meeting of 19 May 2022, it being specified that it will be similar to that proposed on 7 January 2021 and that the purposes of the share repurchase program will remain identical.

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Supplementary information

8 Supplementary information

8.1 Company information

8.1.1 Legal name and trading name

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

8.1.2 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.

8.1.3 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.

8.1.4 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.

8.2 Memorandum of Association and Articles of Association

The internal regulation of the Board of Directors of the Company was updated on12 May 2021 and is published on the Company's website. Furthermore, several modifications to the articles of association were voted on at the general meeting of 17 June 2021 and are described in the report of the Board of Directors to said general meeting.

8.2.1 Rights, privileges, and restrictions attached to shares

8.2.1.1 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.

8.2.1.2 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.

8.2.1.3 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.

8.2.2 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.

8.2.3 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.

8.2.4 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.

8.3 Major contracts

The major contracts for the Company are as follows:

8.3.1 Industrial and commercial partnership agreements

8.3.1.1 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.

8.3.1.2 Industrial and commercial partnership with Chart International Holding Inc.

In October 2020, McPhy signed an agreement creating an industrial and commercial partnership with Chart Industries, Inc., a world-leading manufacturer of liquefaction and cryogenic equipment for multiple applications on energy and industrial gas markets, including hydrogen. Through this partnership and the additional financial resources provided by Chart Industries, Inc., McPhy intends to fund the global scale-up of its production capacities, finance research and innovation with the focus on electrolyzers and high-capacity hydrogen stations, replenish its working capital and fund its operating costs.

8.3.1.3 Industrial and commercial partnership with Technip Energies N.V

In October 2020, McPhy also signed an agreement creating an industrial and commercial partnership with Technip Energies N.V, subsidiary of TechnipFMC and an international leader in engineering, supply of equipment, construction and installation for the global energy industry. Its proprietary hydrogen technologies have been installed in 270 hydrogen production plants around the world. Through this partnership and the additional financial resources provided by Technip Energies B.V, McPhy intends to fund the global scale-up of its production capacities, finance research and innovation with the focus on electrolyzers and high-capacity hydrogen stations, replenish its working capital and fund its operating costs.

At its meeting of 8 February 2022, the Board of Directors of the Company authorized the creation of a partnership agreement with Technip Energies France, fully-owned subsidiary of Technip Energies N.V, board member, in accordance with the terms of the aforementioned partnership. The agreement foresees a strategic partnership between the two companies, enabling the development and joint use of certain technology tools, while setting out the conditions of use of intellectual property rights belonging to each partner.

8.3.2 Strategic, technology and development agreements

8.3.2.1 Technology development partnership agreement 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.

8.3.2.2 Strategic partnership with Hype

On 14 December 2021, McPhy agreed on the principal terms of a strategic partnership with Hype, a key player in structuring light and heavy-duty hydrogen mobility. This strategic agreement is part of the plan to develop and deploy 10,000 hydrogen taxis and 20 large-capacity stations in Ile de France and the project to expand to 15 other cities around the world, led by Hype. Cooperation between the two groups will manifest in 2022 as firm order to supply Hype with a 2-4 MW alkaline electrolyzer and an 800 kg/day station. These initial orders may be followed in 2023 by orders for a new multi-megawatt electrolyzer and another five large-capacity stations. At the time of writing, the partnership agreement and associated contracts are still under negotiation. Signatures may be secured by the end of Q2 2022.

8.3.2.3 Strategic agreement with TSG

On 15 April 2021, McPhy signed a strategic agreement with TSG, Europe's leading provider of installation and maintenance services for energy distribution networks (conventional fuels, biofuels, natural gas, electricity, hydrogen, etc.), to entrust it with the maintenance of some of its hydrogen stations and jointly respond to certain calls for projects. The agreement with TSG will enable McPhy to propose top quality 24/7 maintenance for its hydrogen stations.

8.3.2.4 Technology agreement with Plastic Omnium

On 6 May 2021, McPhy entered into a technology agreement with Plastic Omnium, with the aim of working jointly on the filling protocols and interfaces between hydrogen stations and high-pressure tanks. By pooling certain key skills and cooperating in a sectoral approach, the two groups aim to improve the performance and compatibility of the equipment, key components in the safety and reliability of safe and rapid fueling based on market standards. The progress made will speed up the industrial scale-up of decarbonized hydrogen in the transport sector and ensure a successful transition to sustainable mobility. The cooperative project between McPhy and Plastic Omnium should result in a research and development program, training in respective Group technologies, and also potential commercial partnerships, in an approach open to other firms.

8.3.3 Preferred partner agreements

8.3.3.1 GreenH2Atlantic project[53]

On 21 December 2021, McPhy was selected to equip a flexible 100 MW hydrogen production platform in Portugal. This renewable hydrogen production project located in Sines will be developed by a consortium comprising 13 entities, including such companies and EDP, Galp, ENGIE, Bondalti, Martifer, Vestas Wind Systems A/S, McPhy and Efacec, universities and research institutes such as ISQ, INESC-TEC, DLR and CEA, along with a public-private cluster Axelera. McPhy was selected as a preferred partner for its innovative Augmented McLyzer electrolysis technology, which can convert green electricity by electrolysis into over 41 tonnes of hydrogen per day. This 100 MW electrolyzer will comprise innovative, scalable and rapid-cycle 8 MW modules designed, manufactured and integrated by McPhy. The electrolysis platform will supply green hydrogen for industrial uses (refining) and energy uses (injection into gas network), thereby reinforcing the link between renewable energies and industrial applications in mobility and energy.

8.3.3.2 Cooperation agreement with Enel Green Power[54]

On 30 November 2021 McPhy signed a cooperation agreement with Enel Green Power for a major electrolysis project in Italy. This agreement covers the supply of a 4 MW pressurized alkaline electrolyzer from the Augmented McLyzer range, which is to be connected to a renewable energy plant in Carlentini, Sicily. The aim of this installation is to supply green hydrogen for a Power-to-Gas system and for sectors where carbon elimination is difficult.

[53] https://mcphy.com/en/press-releases/greenh2atlantic-project/
[54] https://mcphy.com/en/press-releases/cooperation-agreement-with-enel-green-power/

8.3.3.3 20 MW project in the Netherlands

On 22 January 2020, McPhy was chosen to install the largest industrial zero-carbon hydrogen production unit in Europe. The 20 MW 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 produced by electrolysis using green electricity and used to produce bio-methanol. This will help reduce CO2 emissions by up to 27,000 tonnes per year. This project was initiated by Nouryon, a world leader in specialty chemicals, and Gasunie, a gas infrastructure provider. It is a pioneer among industrial initiatives aiming to reduce carbon emissions using hydrogen.

8.3.4 Client contracts

8.3.4.1 CEOG[55] project

On 29 September 2021, McPhy was selected to equip the CEOG project in Western Guiana, the largest electricity generation project combining photovoltaic energy and 128 MWh bulk storage, mainly in the form of hydrogen. The project aims to provide a stable and continuous energy source, day and night, just like a thermal power plant but without polluting emissions. The CEOG project was designed and initiated by Hydrogène de France (HDF) and developed with the financial, strategic and operational support of Meridiam, global investor and asset manager in public infrastructures serving local authorities. It represents a decisive milestone in the industrial scale-up currently underway in the hydrogen sector. McPhy is partnered by Hydrogène de France, Meridiam and SARA (Société Anonyme de la raffinerie des Antilles, Rubis group). A 16 MW hydrogen production platform is scheduled to come online in 2024 and will be equipped with McPhy's innovative Augmented McLyzer technology. The unique combination of 30-bar high pressure alkaline electrolysis and built-in high-current-density electrodes will enable the production of almost 860 tonnes of green hydrogen per year. This project will also be the first time that McPhy will be offering an outdoor (containerized) version of its alkaline electrolysis technology. In addition to being the most suitable solution for an isolated geographical area, containerization ensures a high level of profitability for the customer.

8.3.4.2 R-Hynoca[56] project

On 7 September 2021, McPhy was selected to equip the R-Hynoca project with a large-capacity hydrogen station. R-Hynoca is an innovative project which aims to produce green, carbon-neutral hydrogen from local biomass. The hydrogen production is ensured by the Hynoca® process developed by Haffner Energy. This hydrogen will be recovered as a fuel for low-carbon mobility and as a resource for industry. As a project partner for the mobility questions, McPhy will provide a dual pressure station (350-750 bar) equipped with two terminals to refuel all types of hydrogen mobility: (i) a Dual Pressure station for light vehicles at 700 bar and 350 bar and (ii) a Hi-Flow station for buses and trucks.

8.3.4.3 Zero Emission Valley project[57]

On 18 June 2020, McPhy signed an agreement to create a consortium with Ataway and TSM, to submit a proposal for the Zero Emission Valley project, which was awarded the contract. The three consortium members will design, supply and install 14 hydrogen stations out of the 19 to be built, including five already confirmed. Under the agreement, nine stations and several additional electrolyzers will be installed to produce zero-carbon hydrogen on the site.

8.3.4.4 AUXR_H2 project[58]

On 16 July 2020, McPhy was selected by Hynamics, an EDF Group subsidiary specializing in hydrogen, to design, build and install a hydrogen station with a capacity to product 200kg of clean hydrogen a day. The station will be interfaced with a McLyzer electrolyzer capable of producing over 400 kg of zero-carbon hydrogen a day. This project is base in Auxerre as part of a complete chain of zero-carbon hydrogen produced on site to supply a fleet of buses.

[55] https://mcphy.com/en/press-releases/ceog-project/
[56] https://mcphy.com/en/press-releases/mcphy-will-equip-the-r-hynoca-project-in-strasbourg/
[57] https://mcphy.com/en/press-releases/zero-emission-valley-3/
[58] https://mcphy.com/en/press-releases/zero-carbon-hydrogen/ - Ademe is a partner on this project. It received funding from Fuel Cells and Hydrogen 2 Joint Undertaking through the European Union "Horizon 2020" research and innovation program, under the subsidy agreement no. 77956.

8.3.4.5 Dijon project[59]

On 28 July 2020, McPhy signed an agreement with Rougeot Energie SAS to build a hydrogen station in the north of Dijon. Under this agreement McPhy will be responsible for manufacturing equipment, implementing quality control of mechanical interfaces for on-site installation, the supply and assembly of equipment and machinery through to final completion, including station testing and commissioning.

8.3.4.6 Hyport project[60]

On 31 July 2020, McPhy signed an agreement with GNVert for the installation of a renewable hydrogen station in the immediate surroundings of an airport by Hyport. In this case, McPhy will supply, install and commission the station for industrial operations.

8.3.5 Licensing agreements

No licensing agreements are currently in effect.

8.4 Persons responsible for auditing the financial statements

8.4.1 Statutory Auditors

Statutory auditor:

SARL AUDIT EUREX

Guillaume Belin

Address or head office:

Technosite Altéa – 196, rue Georges Charpak – 74100 Juvigny

Date of first appointment: 27 February 2014

Duration: Term expires following the annual general meeting held to approve the financial statements for the year ending 31 December 2025.

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.

8.4.2 Statutory auditors having resigned or been removed

None

8.5 Persons responsible

[59] https://mcphy.com/en/achievements/hydrogen-mobility-en/dijon-metropole-smart-energhy-dmse/
[60] https://mcphy.com/en/press-releases/hyport/

8.5.1 Person responsible for the Universal Registration Document

Jean-Baptiste LUCAS

Chief Executive Officer

McPhy Energy

1115, route de Saint-Thomas

26190 La Motte - Fanjas France

8.5.2 Statement by the person responsible for the Universal Registration Document

"I hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated companies, and that the management report 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."

Jean-Baptiste LUCAS

Chief Executive Officer

8.5.3 Person responsible for financial information

Emilie MASCHIO

Chief Financial Officer

McPhy Energy

1115, route de Saint-Thomas

26190 La Motte - Fanjas France

Phone: +33 (0)475 711 505

Email: emilie.maschio@mcphy.com

8.6 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.22-10-23 of the French Commercial Code may also be viewed on the Company website as from the 21st day preceding the annual general meeting.

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Appendices

9 Appendices

9.1 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.

9.2 Appendix 2 – Concordance tables

TABLE OF CONCORDANCE WITH SECTIONS OF APPENDIX 1 AND 2 OF DELEGATED REGULATION (EU) 2019/980		
This concordance table resumes the main sections stipulated by Appendices 1 and 2 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and refers to the paragraphs of this universal registration document where the information relating to each of these sections is referred to.		
1	**PERSONS RESPONSIBLE, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY COMPETENT AUTHORITY**	
1.1	Person responsible for the Universal Registration Document	8.5.1
1.2	Statement by the person responsible for the Universal Registration Document	8.5.2
1.3	Person responsible for financial information	8.5.3
1.4	Statement on information provided by a third party	N/A
1.5	Statement by applicable authority	AMF insert
2	**PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS**	
2.1	Statutory Auditors	8.4.1
2.2	Statutory auditors having resigned or been removed	N/A
3	**RISK FACTORS**	**2**
4	**COMPANY INFORMATION**	
4.1	Legal name and trading name	8.1.1
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5	**OVERVIEW OF ACTIVITIES**	
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5.2	Main markets	1.1
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5.7.3	Joint ventures and significant holdings	N/A
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TABLE OF CONCORDANCE WITH FINANCIAL REPORT

To facilitate understanding of this universal registration document, the concordance table below identifies the information stipulated by article L. 451-1-2 of the Monetary and Financial code and by article 222-3 of the General Regulation of the AMF, which constitutes the annual financial report.

TABLE OF CONCORDANCE WITH 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. 22-10-34 and subsequent, L. 232-1, R. 225-105-2, R.225-211 item 2 of the French Commercial Code.

TABLE OF CONCORDANCE WITH 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.

mcphy.com

McPhy

Driving
clean energy
forward

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