2022 UNIVERSAL REGISTRATION DOCUMENT

Annual Financial Report

McPhy

Driving clean energy forward

Driving clean energy forward

2022 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

This universal registration Document was filed with the AMF on 25 April 2023 as the applicable authority under Regulation (EU) 2017/1129 without prior approval, in accordance with article 9 of said regulation.

The universal registration Document can be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market, if supplemented 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 universal registration Document including the annual financial report is a reproduction of the official version in ESEF format and is available on the Company's website.

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

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DISCLAIMER

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

This 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 this Document is taken from the annual financial report. This 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 this 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*).

This 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 Chapter 2 "Risk factors and internal control" of this 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.

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

2022 was marked by strong growth in annual revenue, confirmed orders and validation by the European Commission of the eligibility of the electrolyzer Gigafactory project for the IPCEI scheme. Is this a sign of McPhy's scaling up accelerating?

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.

2022 heralds the return of McPhy to a pace of growth more in line with its potential and that of low-carbon hydrogen, with a jump in sales almost reaching 40% and over 50% growth in our order book. These are the first signs of coming deployments in low-carbon hydrogen, as the market is speeding up its structuring.

The eligibility of McPhy's electrolyzer Gigafactory project for the IPCEI scheme was confirmed by the European Commission in July, enabling the signature of a government aid agreement with the French state represented by Bpifrance, for a maximum amount of €114 M as well as a grant of €10 M from the Maugis industrial revitalization fund. On the back of these developments, McPhy formally took its final investment decision and received a first installment of €28.5 M from Bpifrance. The construction work on the new plant on the Belfort site has already started, with production intended to come online in the first half of 2024, followed by a progressive ramping up to achieve an annual production capacity of 1 GW.

In parallel, McPhy has pursued its efforts to ramp up its Electrolyzers activity, boosting its production capacity to 300 MW on its San Miniato site, to meet market demand pending the commissioning of the Gigafactory.

For its Stations activity; McPhy finalized the consolidation of all segments of this business line on its new site in the center of Grenoble, updating an existing 4,000 m2 industrial building to house all the engineering and production teams. This new site offers a production capacity of 150 units per year.

By scaling up to industrial production with leading-edge innovation, McPhy will be able to meet significant demand in line with European ambitions for a hydrogen production capacity of 10 million tonnes a year, which requires approx. 80 GW of electrolysis.

We approach 2023 with confidence in our capacity to generate sustained growth and are enthusiastic about building a first rank industrial resource, which is indispensable to remain at the vanguard of the low-carbon hydrogen revolution.

The development of McPhy's production capacity aims to make low-carbon hydrogen competitive rapidly. What strategy have you adopted to meet this challenge in 2023?

The strategic appraisal carried out in early 2022 confirmed the relevance of our primary technological orientations, in particular our priority positioning on pressurized alkaline electrolysis as the most suitable method of low carbon hydrogen production for large-scale projects.

In light of the rising industrial use of hydrogen, our scaling-up strategy remains founded on four pillars:

TECHNOLOGY

Invest in Research & Development and innovation to strengthen McPhy's technology positioning on our two equipment segments, namely electrolyzers and hydrogen stations. The R&D budget was doubled in 2022 and our workforce increased by 33% to enable the Group to focus in priority on large-scale decarbonization projects in industry and heavy-duty mobility.

To optimize the performance of its equipment, processes and resources used in its development, engineering and production centers in France, Germany and Italy, McPhy opted for the 3DEXPERIENCE collaborative platform by Dassault Systems.

The deployment of this platform will enable McPhy to draw benefit from the knowledge and know-how of all its personnel, by standardizing the design and simulation processes and applications, by centralizing data and project management, and by facilitating interaction between work teams.

We will also shorten lead times for our customers in product development and project engineering, notably by modeling the manufacturing process before releasing our products on the market.

REFERENCES

In the first half of 2022, McPhy signed an agreement with an Eiffage subsidiary to equip a Belfort site with a 1 MW electrolyzer and a refueling station able to distribute up to 800 kg/day to supply a fleet of hydrogen buses. The Group also received its first two orders in its strategic partnership with Hype, to supply two 2 MW alkaline electrolyzers for the first and 4 MW in the second, along with two Dual Pressure refueling stations offering a capacity of 800 kg per day, to be installed in the Paris region. In the second half of the year, McPhy also finalized an 8-year maintenance agreement with Siemens Energy. McPhy teams will manage the maintenance of hydrogen production systems on the CEOG project site.

Towards the end of the year, the Group received a substantial order in the industrial field with a joint venture controlled by ArcelorMittal. It foresees the supply of equipment for an innovative low-carbon steel production project in a Germany-based plant, not far from the McPhy design and engineering site in Wildau. Securing the contract was helped by the geographical proximity but it illustrates the relevance of the Group's European operational capacities. The agreement is to supply two McLyzer® range 1 MW electrolyzers and a Dual Pressure 350/700 bar station to supply lifting equipment and tractor-trailer units. A 5-year long term service agreement completes the deal. The first deliveries of low-carbon steel should be made in the first half of 2024.

COMPETITIVENESS

McPhy is expanding, while preserving the agility that has made its success and its understanding of the issues of the sector. We will be able to better support our customers with stronger resources and a more industrialized approach. The ramping up and implementation of new processes also aim essentially to raise their satisfaction level.

The future plant in Belfort will house the new developments and the production of large-size electrolyzers from the Augmented McLyzer® range. This range represents a genuine technology disruption, enabling us to equip 20 MW, 100 MW architectures and beyond (GW) with 30 bar delivery pressure. This large-scale R&D and industrialization effort will bring to the sector equipment capable of producing hydrogen without using fossil-derived energies, at a cost that is competitive with alternatives using carbon-rich energies.

Alongside the current automation of the San Miniato site dedicated to the production of electrolyzers up to 1 MW capacity for electrolyzers and the totally new Grenoble site for stations, the Gigafactory will round off McPhy's industrial production resources.

In parallel, siting the plant in Belfort at the crossroads of many European communications corridors, with a genuine research and development ecosystem focusing on innovation and hydrogen, will stimulate the growth of industrial, academic and commercial partnerships.

4 QUESTIONS
TO JEAN-BAPTISTE LUCAS
CHIEF EXECUTIVE OFFICER OF MCPHY

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.

In 2022, we maintained an active recruitment policy, with 85 new employees (of whom 66 on permanent contracts). This confirms our capacity to attract talent in a competitive market and in an industrial sector where skills are primordial. The Group now counts 205 employees and in 2023 will pursue its active recruitment policy, yet at a gentler pace.

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 please to join the McPhy team to lead the Group's industrial scaling-up and reinforce our industrial leadership position on the hydrogen market.

McPhy is at the heart of the technological, environmental and societal changes in our world. What are McPhy's assets to support this transformation?

We are observing high growth on our markets, both in the size of projects and in terms of installed capacity, which since 2021, has driven us to undertake a significant scaling-up. This will enable us to make a competitive and industrial contribution to the completion of projects involving significant environmental, technological, and economic challenges.

McPhy is well-positioned to bid on very large-scale hydrogen projects, as witnessed by our appointment as preferred partner on the GreenH2Atlantic project in Portugal, to equip a 96 MW 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 Électrique Ouest Guyanais* project in Western Guiana has at its heart a McPhy 16 MW 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.

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 transition to scale is based, in particular, on a solid manufacturing infrastructure whose production capacities are sized to scale up with the markets.

> **We can lean on sufficiently solid industrial, human, and financial assets to ensure the success of our scaling-up.**

The women and men who make up our teams and contribute every day to the deployment of hydrogen solutions carbon are the main asset of McPhy.

An experienced team of 205+ people are spread across our centers of expertise:

- 30% of our staff in Germany working on the design of large capacity electrolyzers;
- 25% of staff in Italy working on the production of electrolyzers;
- 45% in France active on the design and production of hydrogen stations, along with the support and management functions.

This cultural diversity and operating mode as an "industrial hub" are part of our DNA. 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.

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 customers to build project teams dedicated to ensuring the success of their low-carbon 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.

Given the accelerated pace in development investment and the growth in our workforce in the second half of the year, the Group's net cash position is around €135 million, including the initial €28.5 million installment from Bpifrance allocated to the launch of the Gigafactory.

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 automatically places us amidst the issues of energy transition, as by its nature low-carbon hydrogen makes a positive contribution to combating climate change.

Since 2021, McPhy has committed to a strategic and structured CSR approach in strong resonance with its business model and consistent with the Group's values.

Signatory of the UN Global Compact, McPhy is committed to the following four pillars: human rights, labor, environment and anti-corruption. Also willing to contribute to the Sustainable Development Goals, McPhy has focused on those directly related to its business model:

- Support the use of renewable energy. McPhy systems facilitate the energy transition and contribute to the use of low-carbon energies, for the benefit of multiple applications and industrial uses.
- Support access to decent jobs. Safety is THE priority for McPhy employees. In addition, to support its growth and the growth of its customers and the Hydrogen market, McPhy promises an inclusive, skills-building culture based on principles of fairness and ethics.
- Support the fight against climate change. By its nature, McPhy equipment enables the decarbonization of industry, mobility and energy; decarbonization is the basis of McPhy's strategy to help its customers, both public and private, in their Net Zero strategies and to sustain the environment in which we exist, especially in terms of climate.

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

205 PEOPLE

24% WOMEN
20+ NATIONALITIES
50+% PHD/ENG

BERLIN (Wildau)
- Engineering/ R&D of large electrolysers

FLORENCE (San Miniato)

GRENOBLE
- HQ & Station factory
- 150 HRS/yr fully loaded condition

ECOSYSTEM

Shareholders
(and industrial partners)

EDF
bpifrance
CHART
TEN

Listed on Euronext Paris (MCPHY, FR0011742329).

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 ›

45 + 148MW
- Pressurized Alkaline electrolysis (30 bar)
- Modular design: 1MW/4MW/20MW/100MW+
- High-current density electrodes
- PIEL®

40 + 56 STATIONS
- High delivery capacity: 200/400/800/2,000 kg/d
- All dispensing pressures: 350 bar/700 bar/Dual Pressure

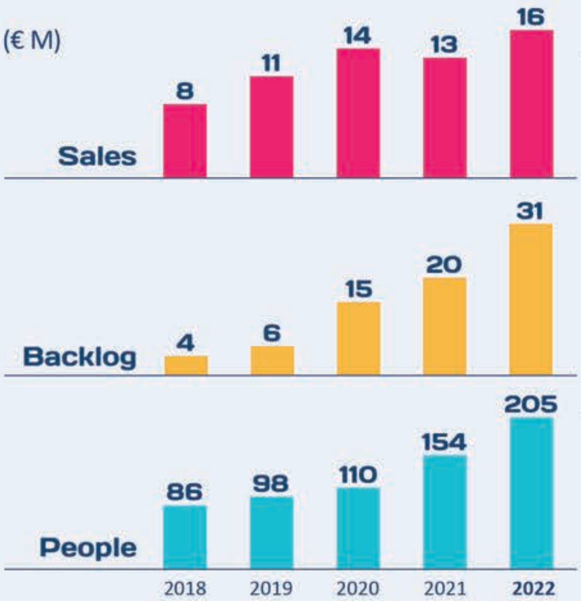
Electricity production · Production · Transport & Storage

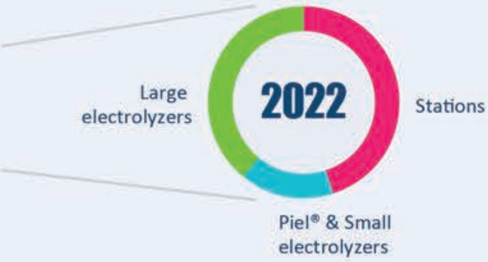
TRULY PAN EUROPEAN HIGH-

References as of 31/12/2022: 45 + 148MW among which 45 are signed projects* and 148MW for which McPhy has been selected as preferred partner**.
40 + 56 stations among which 40 are signed projects* and 56 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

LEADING INDUSTRIAL GROUP IN HYDROGEN TECHNOLOGIES

Specializing in hydrogen production and distribution equipment, McPhy contributes to the global development of low-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.

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

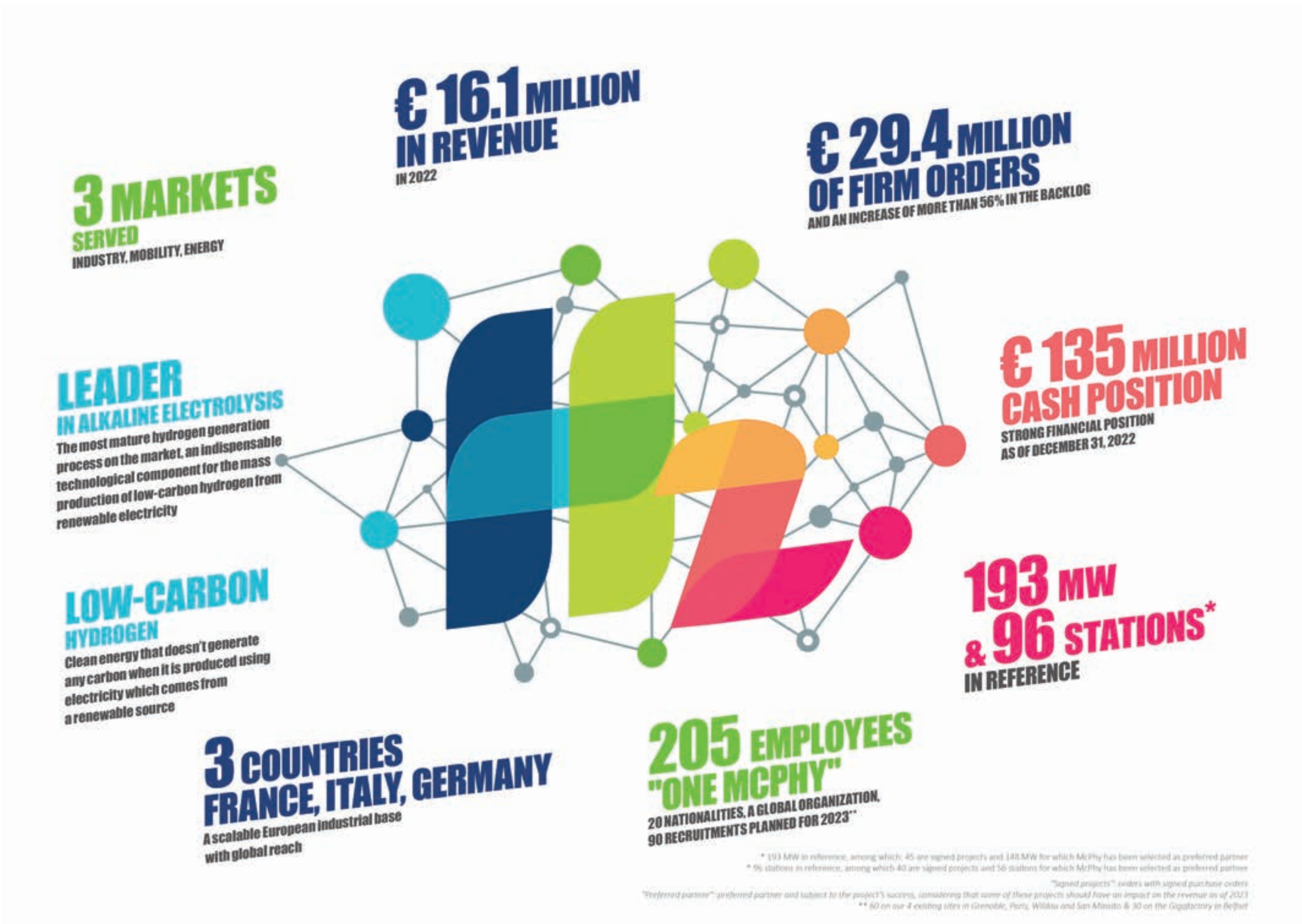
By its nature, its business model depends on supporting national and European customers active in industry, mobility, and energy, in their efforts to decarbonize their activities.

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

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

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

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



CHAPTER

1

Presentation of the Group and its activities

1.1 Market background and issues

1.1.1 Energy transition

The energy transition is a crucial global issue that impacts all countries and implies fundamental changes in current energy models. It aims to respond to the environmental, economic and societal challenges that the world must face, such as the irreversible depletion of natural resources, climate change, increasing inequalities between countries, air pollution and its impact on public health.

Current energy models mainly depend on fossil-derived energies, which bring with them two main problems:

- they are limited in quantity and increasingly scarce;
- oil, gas and coal are the most used energy sources, but also the most polluting, responsible for climate change and air pollution.

The energy transition therefore consists in progressively replacing these energy sources by renewable and sustainable sources, that are limitless and have a less harmful impact on the environment. This could include the use of solar, wind, hydro, biomass, geothermal energy sources and hydrogen produced by electrolysis using non-fossil energy. The energy transition is a major challenge that requires international collaboration and the participation of all players in society, including governments, business and citizens.

A necessary reduction in CO_2 emissions

According to the Global Carbon Project [1], global CO_2 emissions amounted to 37 Gt in 2022. This 11% increase on 2021 is mainly attributable to the global post-COVID economic recovery and the continued dependence on fossil-derived energies. If no significant actions are taken to reduce greenhouse gas emissions, it is estimated that they will reach 41 Gt in 2030 and will remain at this level until 2050.

In 2019, the European Union represented around 10% of worldwide CO_2 emissions, with a total of 3.4 Gt of greenhouse gas emissions according to the European Environment Agency.

It is crucial to implement new approaches to produce and consume energy in more sustainable ways, by turning to clean and renewable energy sources such as solar, wind and hydro power. The energy transition towards these clean energy sources may help to preserve our planet's resources, reduce CO_2 emissions, improve air quality and reduce particle emissions, improve regional energy independence and generate local economic growth through the decentralized energy production.

A regulatory environment that aims to facilitate the energy transition

Regulatory pressure to facilitate the energy transition is constantly becoming stronger on national and international scales. The Paris Agreement on climate change signed at the COP21 Climate Change Conference in 2015, a legally binding international treaty that aims to limit the impacts of climate change by implementing an international action plan based on renewable energies and by maintaining the global temperature rise below 2°C, but ideally below 1.5°C.

Moreover, in December 2018, the final version of the Renewable Energies Directive (RED II) was published in the official bulletin of the European Commission. RED II aims to raise the portion of renewable energy sources in EU energy consumption by 2030 and defines a regulatory framework to achieve this objective.

In 2019, European Union members signed the Green Deal, an agreement aiming to achieve carbon neutrality by 2050. The plan also foresees €1,000 Billions to support green growth. The European Commission issued a set of proposals, the "Fit for 55" package to adapt EU policies addressing climate, energy, transport and taxation in order to reduce net greenhouse gas emissions by at least 55% by 2030 in relation to 1990 levels. The "Fit for 55" package aims to boost the objectives and measures proposed in legal provisions such as RED II, by introducing measures favorable to the development of renewable hydrogen.

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1 Global Carbon Budget 2022.

In 2022, with the backdrop of the conflict in Ukraine, the European Commission introduced the new “REPowerEU” [2] plan, which aims to ensure the European Union retains its energy sovereignty. The plan is intended to speed up and strengthen the deployment of renewable energy sources. These ambitions are implemented on a national level, especially in France, McPhy’s historical market.

Moreover, in France (also in 2019) the “Energy-Climate” law was adopted to define serious objectives for France’s climate and energy policy, supporting the objective of being carbon-neutral by 2050. This legal act defines the framework and ambitions of France’s energy and climate policy, especially in terms of hydrogen, which has a role to play as an energy vector and raw material in the energy transition. More recently, the adoption of the Inflation Reduction Act, an American law subsidizing the development of clean technologies and the consumption of low-carbon hydrogen should encourage the European Union to increase its financial support for the energy transition to preserve the competitiveness of its industry.

Pressure from international and national regulations is rising to encourage the energy transition towards clean and renewable energy sources, using technologies such as hydrogen, solar and wind. These regulations aim to reduce greenhouse gas emissions and achieve a carbon-neutral status, all the while supporting sustainable economic growth.

1.1.2 Hydrogen: an essential factor in a successful energy transition

1.1.2.1 Benefits and production of hydrogen

Benefits of hydrogen

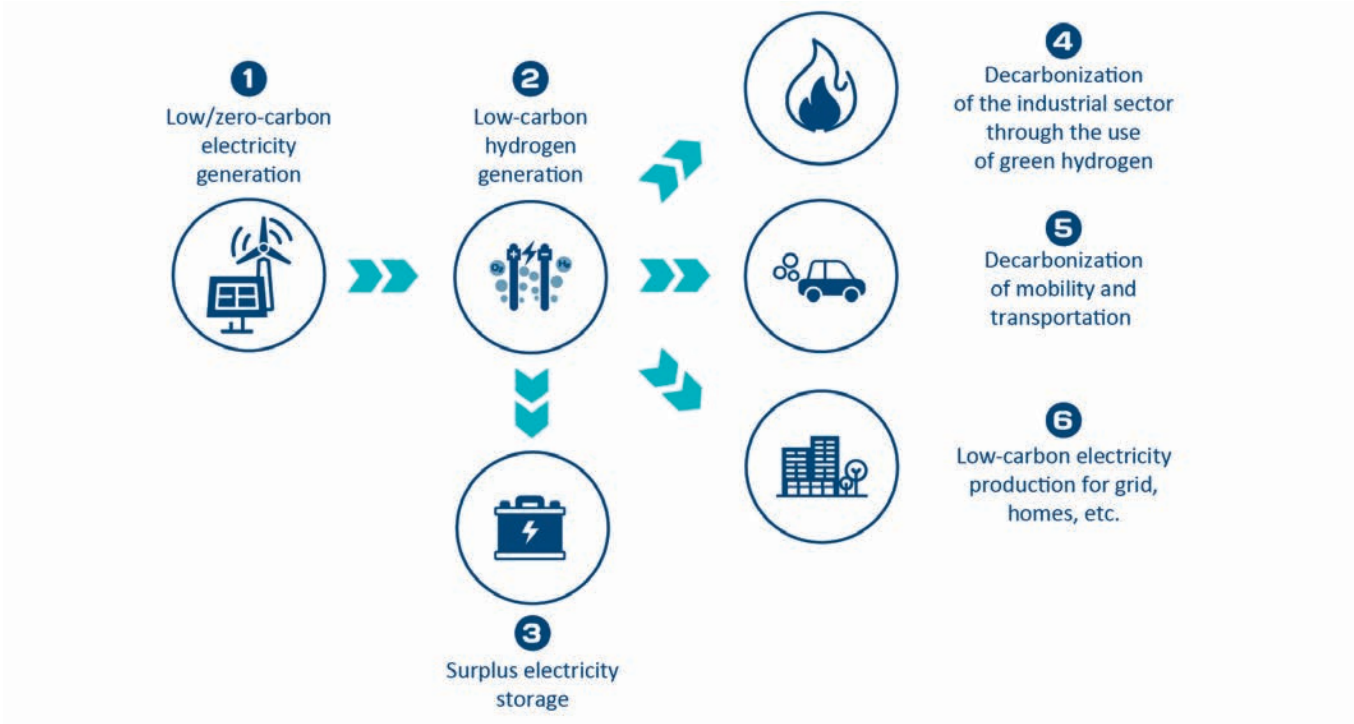
Hydrogen gas can be produced, stored, transported and used in various ways, especially by combustion or via a fuel cell. This makes it a versatile energy vector that can be used in multiple sectors such as industry, transportation and energy.

Due to its ability to store energy in gaseous, liquid or solid form, hydrogen is increasingly considered to be an essential solution for the stability of electricity grids and the use of surplus renewable electricity. Indeed, with the increase in production of intermittent energy which is hard to foresee, it is increasingly important to ensure flexible and competitive storage solutions.

Hydrogen also offers the benefit of only producing water vapor when it is used in the transportation sector, in contrast to fossil-derived fuels which emit carbon dioxide. Also, its ability to be used in different sectors and to be coupled with other applications, such as a hydrogen station to supply zero emission transport requirements, make it a key asset in the energy transition.

[2] European Commission: REPowerEU https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_fr

Multiple applications of hydrogen



Hydrogen production

Worldwide demand for hydrogen exceeded 94 million tonnes in 2021[3], an increase of 5% over the previous year and in relation to the 91 Mt in 2019 (pre-COVID level). The majority of the increase reflects the use of hydrogen in traditional applications, notably in chemistry, with an increase of almost 3 Mt and in the refining sector, with an increase of around 2 Mt since 2020.

According to the International Energy Agency data, in 2022 0.04% of hydrogen produced around the world was done so using electricity and electrolysis technology. The production of hydrogen from fossil resources remains largely in majority at over 99%.

The spectrum of hydrogen colors [4] illustrates the variety of technologies used in its production:

Terminology		Technology	Feedstock/ Electricity source	GHG footprint*	Production volume 2021
Production via electricity	Green Hydrogen	Electrolysis	Wind, Solar, Hydro, Geothermal, Tidal	Minimal	0.04%
	Purple/Pink Hydrogen		Nuclear		
	Yellow Hydrogen		Mixed-origin grid energy	Medium	
Production via fossil fuels	Blue Hydrogen	Natural gas reforming + CCUS gasification + CCUS	Natural gas, coal	Low	~ 1%
	Turquoise Hydrogen	Pyrolysis	Natural gas	Solid carbon (by-products)	99%
	Grey Hydrogen	Natural gas reforming		Medium	
	Brown Hydrogen	Gasification	Brown coal (lignite)	High	
	Black Hydrogen		Black coal		

3 IEA: Global Hydrogen Review (2022).
4 Given that these are simply informal names as hydrogen gas is colorless.

According to the IEA data, the production of gray hydrogen (using fossil resources without carbon capture) generated around 900 million tonnes of CO_2 in 2020. The production of low-carbon hydrogen (by water electrolysis) offers the most decarbonized hydrogen, on the condition that the electricity itself is low-carbon.

Also, the production of low-carbon hydrogen by water electrolysis is increasingly promising through the development of leading edge technologies and growth in renewable electricity production capacities. This growth is supported by international initiative such as the Hydrogen Council [5], which brings together over 130 businesses and organizations from around the world and which aims to speed up the transition to a hydrogen-based economy.

In summary, hydrogen production is currently dominated by methods which release CO_2 into the atmosphere, but low-carbon production by water electrolysis is growing and promising for the future.

If the transition to low-carbon hydrogen production can be achieved, hydrogen can become a sustainable energy vector and an important solution to store and use renewable energy produced by intermittent sources and to reduce emissions across a number of industries.

Calculations:

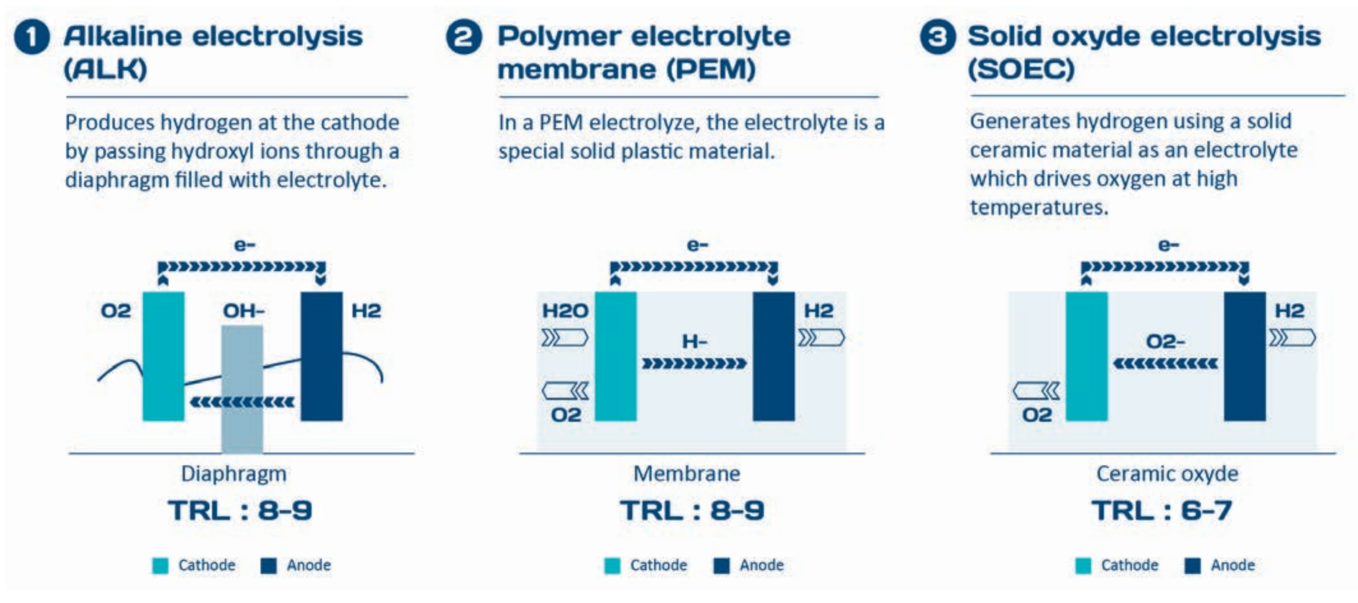
- *10 tons of carbon dioxide per ton of hydrogen (tCO_2/t H2) produced using natural gas;*
- *12 t CO_2/t H2 for hydrogen produced using petroleum products;*
- *20 t CO_2/t H2 for hydrogen produced using coal.*

Focus on electrolysis

Electrolysis is a process that produces gaseous hydrogen and oxygen from water using an electric current. This technique was discovered at the end of the 18th century and was used in production for the first time in 1800.

An electrolysis cell is required to perform electrolysis correctly. This cell comprises two electrodes (anode and cathode) which are connected to a direct current generator. The electrodes are separated by an electrolyte, which is an ion-conducting medium. When the electrical current is sent across the electrolysis cell, the water is broken down into its component gases: hydrogen and oxygen.

Today, there are three main electrolysis technologies, each with its specific aspects and technology readiness level (TRL), as defined by ISO standard 16290:2013. Technology Readiness Levels are part of a method used to measure and assess the maturity of a specific technology on a scale from 1 to 9. The key factor in McPhy's industrial scaling-up is to rapidly confirm level 9 in alkaline technology.



5 Hydrogen Council: Hydrogen Insights (2022).

McPhy uses alkaline electrolyzers which are based on a tried and tested technology, capable of meeting the hydrogen needs of industry and supplying competitive low-carbon hydrogen. These modules feature an electricity supply, electrolysis cells, a water purification unit, a hydrogen drying and purification unit, as well as an instrumentation and control system.

Water electrolysis using alkaline technology combined with low-carbon energies is a viable solution for the sustainable production of hydrogen for industrial players, for the storage of low-carbon energy with minimal carbon impact and to fuel low-carbon mobility.

1.1.2.2 Strong growth drivers for the hydrogen market

Low-carbon hydrogen generates very little polluting particle emissions or carbon, 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.

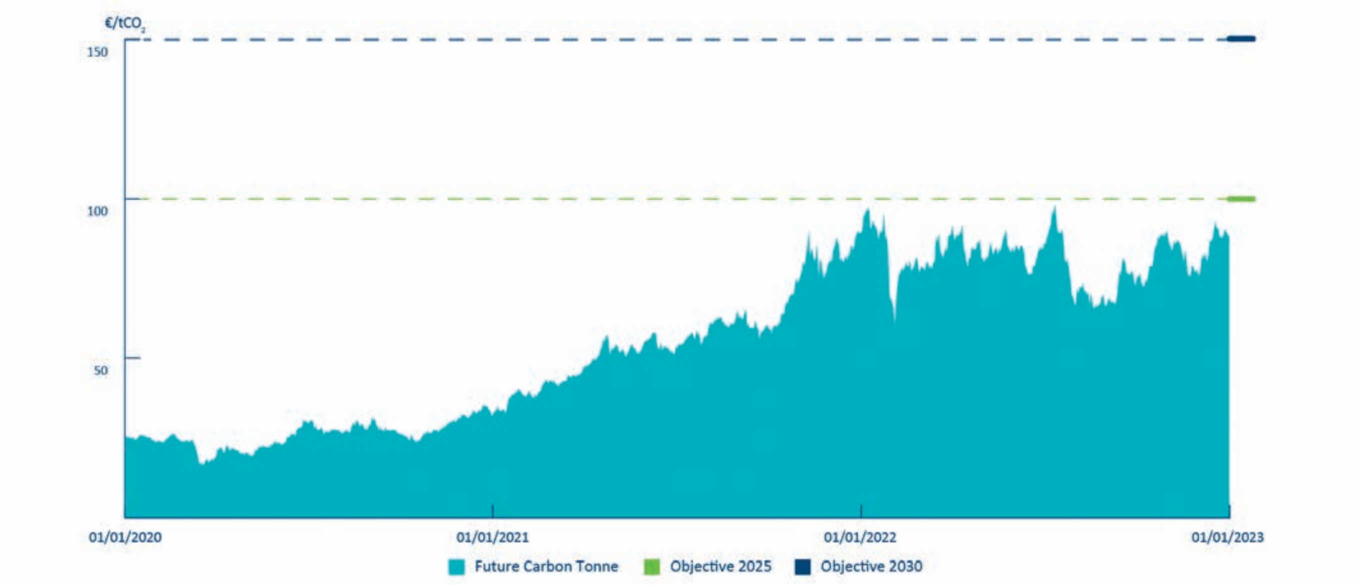
Price per ton of CO_2

The carbon tax is a mechanism that aims to encourage businesses and individuals to reduce their carbon dioxide emissions by imposing a cost for each ton produced. It may be implemented at national or international level and is generally applied to the sectors emitting the most CO_2, namely industry, transportation and agriculture.

In France, the carbon tax was introduced in 2014 as part of the energy transition for green growth law. Since them, the price per ton of CO_2 has regularly risen, soaring from €22 in 2014 to €56 in 2021. This increase is in line with the objectives of the Paris Agreement, which aims to maintain the average global temperature increase below 2°C in relation to pre-industrial levels. To achieve this objective, various studies estimate that the price per ton of CO_2 should reach around €100 by 2025 and over €150 by 2030.

It is important to note that the carbon tax is just one measure put in place to combat climate change. Other measures can be deployed, such as the emissions trading system (ETS) or carbon credits, which enable businesses to fulfill their CO_2 reduction obligations by buying emission rights from other businesses which have succeeded in reducing their emissions to below their obligations. These mechanisms can reduce costs for businesses while driving innovation and the transition to cleaner technologies, encouraging the use of low-carbon hydrogen.

Carbon Emissions "Futures" - January 2023 [6]



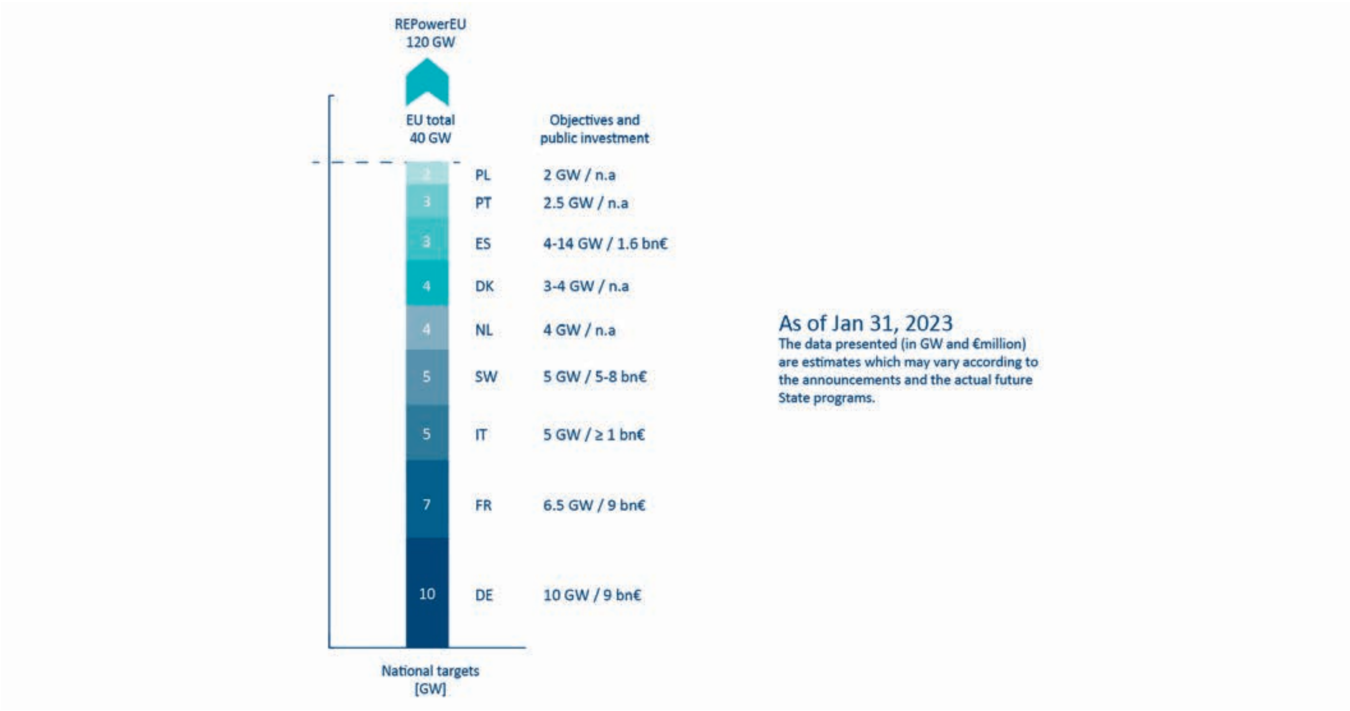
[6] Investing: Carbon Emissions Futures - January 2023.

National objectives and international initiatives

In line with the European Commission's objective to install 40 GW of electrolysis capacity by 2030, many member States have announced a "hydrogen strategy". By investing in the hydrogen sector, member states of the European Union aim to create new avenues for economic growth, create jobs and develop innovative technologies. They also hope to strengthen their energy independence and reduce their dependency on fossil-derived energy sources.

In 2022, the European Commission presented the new "REPowerEU" plan that would raise the initial 40 GW target to up to 120 GW. This is a response from the European Union to the conflict between Russia and Ukraine, which highlighted the European Union's dependency in terms of energy supplies, especially gas. The plan aims to ensure EU sovereignty by tripling the production of low-carbon hydrogen (from 5.6 million tons to 20 million), of which 10 million would be produced in Europe and the other 10 imported.

National Hydrogen Roadmaps



Competitive price of low-carbon hydrogen

The conflict between Russia and Ukraine has had an impact on energy prices in Europe. Indeed, the price of gas futures has risen significantly, reaching over €300 per MWh in 2022, compared to €85 per MWh on 31 December 2021. Furthermore, the price of electricity has also risen, exceeding €1,000 per MWh in August 2022. These increases have impacted the parity between gray hydrogen and low-carbon hydrogen, which is based on the comparison of the production costs for these two types of hydrogen. Previously, grey hydrogen was more competitive with a cost between €0.5 and €1.5 per kilo, due to the low cost of natural gas and fossil resources, along with little incentive for the price per ton of CO_2 to rise. Low-carbon hydrogen cost between €3 per kilo under the best conditions and 8 at the worst, mostly due to the price of electricity and high investment required.

According to some forecasts, the production costs of equipment and low-carbon hydrogen should fall by 50% by 2030, enabling us to return to parity by this time. And yet, it is essential to note that the geopolitical situation between Russia and Ukraine, alongside the speculation on electricity spot markets in late 2022, may have an impact on the production costs of low-carbon hydrogen.

To reduce these production costs, it is important to take into account economies of scale, the lessons learned from current projects and technological progress.

Hydrogen demand expected to rise significantly by 2050

Global demand for hydrogen in 2021 amounted to 94 Mt/year [7], ~5% higher than in 2019, almost all produced using fossil energies.

To this end, the IEA has developed the "Net Zero Emissions" plan which aims to develop the use of hydrogen as an energy vector to achieve the objective of net zero greenhouse gas emissions. The IEA considers that hydrogen can play a significant role in the energy transition as a clean and flexible energy source that is capable of storing and transporting renewable energy over long distances.

The IEA's Net Zero Emissions plan foresees a certain number of key actions to encourage the development of hydrogen, in particular:

- develop clean hydrogen production technologies such as water electrolysis powered by renewable energy;
- foster the use of hydrogen in sectors difficult to decarbonize, such as industry, transportation and construction;
- reinforce regulations and standards to ensure the safety and efficiency of hydrogen;
- foster international cooperation to support research and development into hydrogen.

Outlook for 2030

To achieve "Net Zero Emissions", the International Energy Agency (IEA) considers that a hydrogen production capacity of 200 million tonnes (Mt) is required in 2030, 70% of which must be produced by low-carbon energies (electrolysis and carbon capture). According to the IEA, we also need to have installed 850 GW of electrolysis capacity by 2030 to achieve the objective of limiting the global temperature rise to 1.5°C.

In Europe, the 2030 hydrogen plan foresees the installation of 40 GW of electrolysis capacity to produce 5 Mt of hydrogen per year.

However, according to the IEA's hydrogen projects database [8] published in October 2022, only a cumulative total of 250 GW of projects are announced for 2030, at varying stages of maturity. The projects considered as credible, structured and involving significant players account for around 100 GW.

Consequently, McPhy estimates that its addressable market is in the order of 100 GW by 2030.

Outlook for 2050

According to the IEA, demand for hydrogen should reach 500 Mt in 2050, mainly for low-emission hydrogen, with 3,600 GW of electrolysis capacity installed, which corresponds to 1,800 Mt of carbon avoided. The production and use of low emission hydrogen would save 60 Gt of CO_2 between 2021 and 2050.

Based on the same scenario, the World Energy Council considers that demand for hydrogen should amount to 600 Mt [9] in 2050, meeting the objective of 3,600 GW of installed capacity.

According to the Hydrogen Council, as part of a zero-emissions scenario, hydrogen could represent up to 20% of the final energy consumed around the world in 2050 and contribute to reducing annual CO_2 emissions by 6 Gt. Markets for hydrogen and its technologies could represent $3 Trillions and create over 30 million jobs.

Development of electrolyzer projects: a reality

Electrolyzer projects are multiplying around the world. According to the new Hydrogen Insights 2022 report from the Hydrogen Council, it is more urgent than ever to devote investment to large-scale hydrogen projects.

According to this report, 680 projects offering over 1 MW output have been announced, representing direct investment of $240 Billions between now and 2030, an increase of 50% since November 2021. Of these projects, 43 are Gigawatt (GW) scale. To achieve the objective of net zero carbon emissions in 2050, we need to multiple investment threefold in hydrogen project by 2030, which represents $700 Billions.

However, up to now, 10% of the investment proposed ($22 Billions) has reached the final investment decision (FID) stage, or is under construction or in operation.

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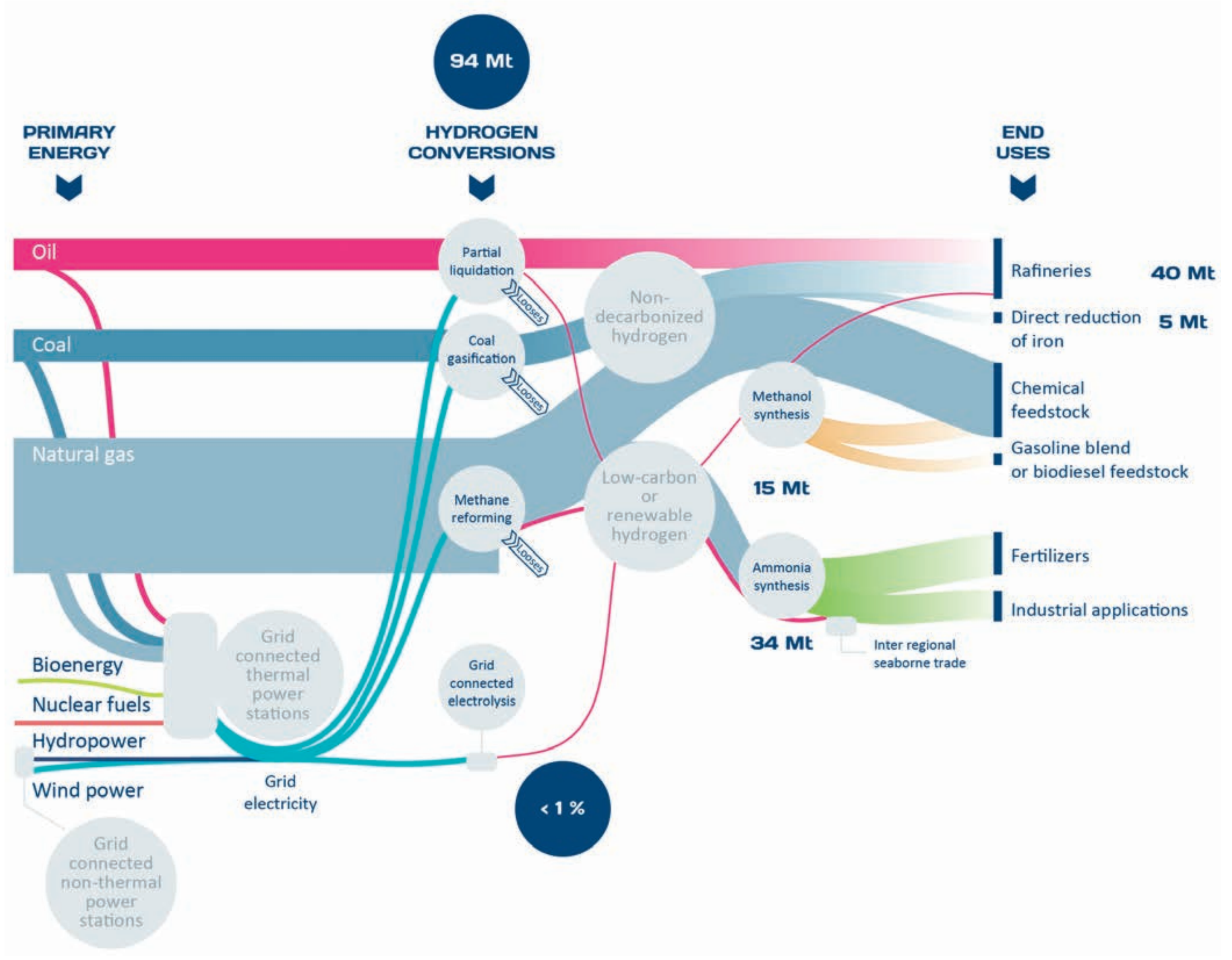
7 IEA: Global Hydrogen Review (2022).
8 IEA: Hydrogen Projects Database: https://www.iea.org/data-and-statistics/data-product/hydrogen-projects-database
9 World Energy Council: Working paper | Hydrogen demand and cost dynamics (2021).

1.1.3 Industrial hydrogen market and its issues

Low-emission hydrogen is an increasingly desirable solution to meet the growing needs of industry and to significantly reduce CO_2 emissions. Its flexibility, its multiple applications and its energy efficiency make it a strategic technology for the competitiveness and attractiveness of industrial businesses. However, the production of 94 million tonnes of hydrogen by steam methane reforming causes the emission of 900 million tonnes of CO_2 into the atmosphere every year.

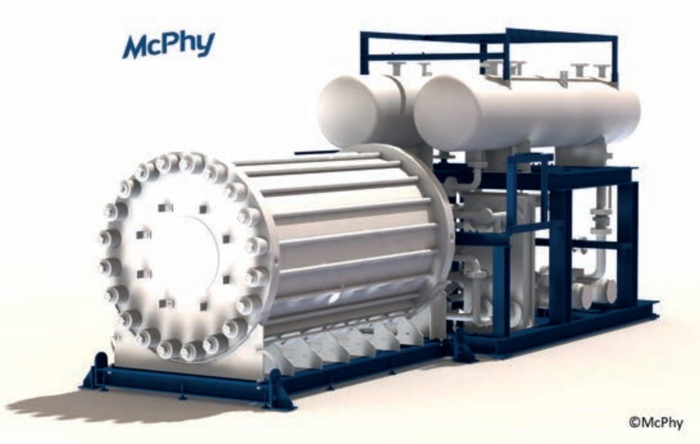
Industrial hydrogen market

Hydrogen plays a significant role in the chemicals, petroleum refinery and petrochemicals industries, as well as in the production of certain materials and steel production. Its flexibility, its multi-sector applications and its energy efficiency mean that hydrogen is considered a strategic technology for the competitiveness and attractiveness of industrial businesses.



Hydrogen is the most frequently-used raw material in industrial processes.

An example of an innovative project that uses hydrogen responsibly is that carried out with *Vulkan Energiewirtschaft Oderbrücke* GmbH (VEO), a joint venture controlled by the **ArcelorMittal** group to equip a low-carbon steel production project on its *Eisenhüttenstadt* industrial site (State of Brandenburg). McPhy will supply two McLyzer® range electrolyzers with a 1 MW capacity each. The electrolyzers will produce hydrogen for direct use in the production of steel, notably the final surface annealing processes.



Chemical industry

The chemical industry mainly uses hydrogen in the production of ammonia (34 Mt in 2021) and methanol (15 Mt in 2021). Ammonia is the most used chemical product in the world and hydrogen is used as a raw material in synthesis with nitrogen.

Petroleum industry

In 2021, the oil refinery industry was the largest consumer of hydrogen as it consumed 40 million tonnes of carbon-rich hydrogen. This industry accounts for a large portion of the carbon emissions from the industrial sector. Hydrogen is used to purify petroleum fuels, produce biofuels and tar sands.

Metal and steel production industry

In metal production, hydrogen is used an energy to power furnaces that smelt ore and provide the thermal treatments on finished products. The metal product may be steel (direct reduction and annealing furnaces) or copper, aluminum or zinc. The steel (ferrous) and metal (non-ferrous) production industries are amongst the last big industrial consumers of coal, a resource that is necessary in their manufacturing processes. Alternatives less dependent on fossil resources are being developed, such as the production of pre-reduced iron (DRI: direct reduced iron) which does not require coal. Hydrogen can be used as a supplement or replacement for conventional fuels in processes, to improve the energy efficiency and reduce CO_2 emissions.

Issues on the industrial hydrogen market

According to the forecasts by the Hydrogen Council, the IEA and DNV, global demand for hydrogen for use in industry should reach around 100 Mt in 2030 and increase to between 400 and 600 Mt in 2050. This would represent an increase of over 400% in relation to 2020 levels.

The transition to low-emission hydrogen could help meet the growing needs of industry while significantly reducing the CO_2 emissions produced by the sector. With the higher prices of carbon and the rapid drop in renewable energy costs, low-emission hydrogen will be increasingly competitive in relation to conventional fossil-derived fuels.

1.1.4 Hydrogen mobility market and its issues

The transportation sector is responsible for almost 20% of worldwide CO_2 emissions and the International Energy Agency (IEA) estimates that these emissions will rise by 35% by 2050 in the benchmark scenario. To achieve the objective of the Paris Agreement on limiting global temperature rise to below 2°C, we need to reduce all emissions by 40% by 2050. Hydrogen is a low-carbon alternative to significantly reduce air pollution in the transport sector, by eliminating emissions of pollutants and CO_2.

AuxHYGen project: Low-carbon hydrogen stations for buses in France (400 kg of hydrogen per day, 1 MW electrolysis capacity) to supply 5 buses.

Hydrogen mobility market

Hydrogen is a low-carbon alternative in the transport sector, which accounts for almost 20% of worldwide CO_2 emissions.

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

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. 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 [10].

[10] https://www.h2-mobile.fr/actus/voiture-hydrogene-record-autonomie-hyundai-b-piccard/

Hydrogen mobility market issues

Modularity

Hydrogen vehicle refueling stations must be able to adapt to different charge pressures depending on the type of vehicle. Personal vehicles generally use a 700 bar pressure while heavy-duty vehicles such as buses and trucks require a 350 bar pressure. To meet the needs of all fleet types, it is important to propose a range of modular and adaptable refueling stations. This is even more crucial with the emergence of captive fleets such as buses and taxis, which have different charging needs than personal vehicles. Modular stations can be adapted and enhanced based on the needs of end clients, enabling the progressive adoption of hydrogen for mobility.

Low-carbon hydrogen

Propose a genuine zero emission mobility chain: by connecting on-site hydrogen stations to low-emission hydrogen production equipment (electrolyzers).

Decarbonization of heavy-duty transport

Heavy-duty transport incorporates buses, goods vehicles and trains. It represents a significant source of CO_2 emissions. Due to the weight and limited range of electric batteries, they are unable to meet the needs of this transport category in terms of capacity. Hydrogen is the sole viable and competitive technology able to meet the needs of heavy-duty transport in terms of capacity and range.

Increase in number of fuel cell vehicles

According to the International Energy Agency (IEA), in 2021 there were over 51,000 fuel cell electric vehicles (FCEVs) in the world, an increase of over 55% compared to the end of 2020. Korea recorded high growth in 2021, almost doubling the number of fuel cell vehicles with the addition of 9,200 FCEVs, which represented over 0.5% of total vehicle sales. This is over 10 times the market share of fuel cell vehicles in Japan and almost 30 times the market share in the USA, the only other countries to have sold over 1,000 fuel cell vehicles in 2021.

By the end of June 2022, the total number of FCEVs in the world was above 59,000, an increase of 15% on the end of 2021. In general, the expansion of the FCEV fleet mainly concerns fuel cell cars. In California, over 1,800 fuel cell cars were matriculated in the first half of 2022, or about the same number as the first half-year of 2021. In Korea, sales in the first half of 2022 almost reached 4,900, with 1,270 fuel cell cars sold in May alone.

1.1.5 Hydrogen for the grid market and its issues

The use of hydrogen can raise the portion of renewable energies in our energy mix. Like solar, wind and hydropower, hydrogen can be produced from clean and limitless energy sources. However, it is difficult to depend solely on these energy sources due to their intermittent and unforeseeable nature. This is where hydrogen can be useful. By transforming surplus low-carbon electricity into low-carbon hydrogen, McPhy helps to integrate large-scale clean energies into our energy mix, offering a flexible and competitive solution.

The CEOG power plant project in Western Guiana is an example of using hydrogen as a solution to raise the portion of renewable energies in the energy mix. Through a partnership with HDF, Meridiam and SARA, CEOG will combine the energy produced by a solar farm and storage in hydrogen form, so that it can supply over 10,000 homes in Guiana in daytime and nighttime. McPhy will supply 16 MW of high-power electrolysis capacity for this project.

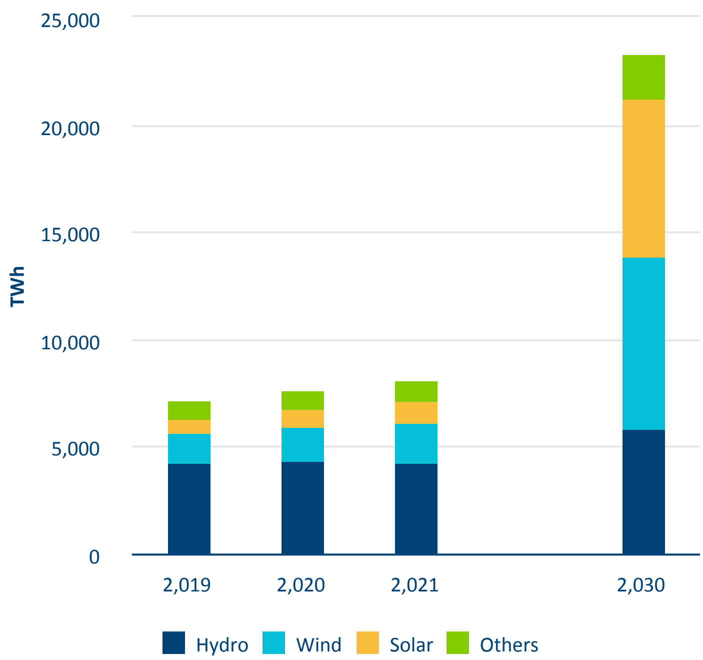
Illustration of CEOG project.

Hydrogen for the grid 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.

Trends in electricity production by hydropower, wind and solar [11]



In 2021 in Europe, renewable solar energy represented 5% of the energy mix compared to 3% in 2015. By 2030, the aim is to considerably increase renewable electricity production sources, which will be of benefit for the hydrogen sector by enabling the production of low-carbon hydrogen.

11 IEA: "Net Zero Emissions".

Issues of the hydrogen for the grid market

Network stability

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.

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 renewable energies in case of massive production surpluses/ consumption troughs (price of green electricity 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).

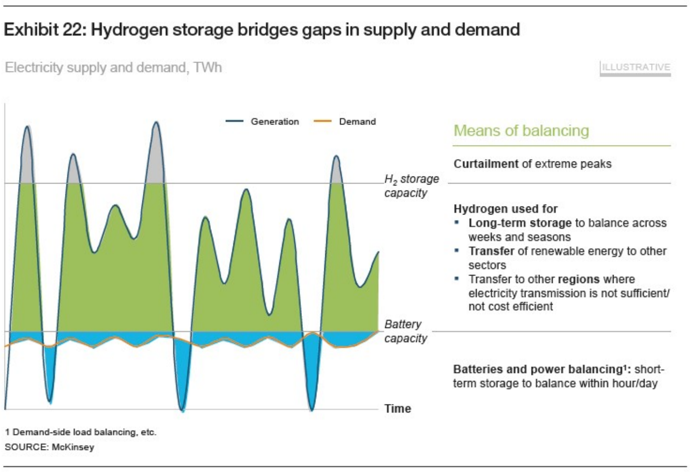


Diagram: Hydrogen Council "Scaling up", November 2017, p. 59.

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

These days, the energy consumed by buildings is mainly generated using fossil fuel resources. Therefore, beyond electricity generation for the grid, by 2030, hydrogen will also play a role in supplying energy and heat 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 the worldwide need for hydrogen to decarbonize the generation of building heating and energy at 6 Mt by 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 [12];
- 5,000 km of hydrogen pipelines across the world (specifically in the USA, Belgium, and Germany).

Just in Europe, if hydrogen were injected into the gas network to a level of 5% by volume, 25 GW of electrolysis capacity would be required [13].

Development potential of Power To Gas (PtG)[14]

[12] IEA "The Future of Hydrogen", November 2019 | p. 182 and 76.
[13] IEA "The Future of Hydrogen", November 2019 | p. 182.
[14] Press information about project PtG GRHYD : 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 industry, transportation and energy.

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 low-carbon hydrogen production and distribution technologies (electrolyzers and hydrogen stations).

McPhy
Driving clean energy forward

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.

Hydrogen produced using low-carbon energies and used in industry, transportation and power grids is one possible response to develop a low-carbon society model.

McPhy has a clear ambition for the future. The aim is to pursue the Group's scaling up to boost the attractiveness and competitiveness of low-carbon hydrogen:

- by continuously improving the performance of its equipment while providing the highest standards in terms of quality and safety;
- 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 the value chain

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 low-carbon 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 secured a position as one of the very first European players capable of delivering the technology platforms they need to produce and use hydrogen on scale with the industry, transport and energy grid markets.

The funds raised when floated on the stock market in March 2014 and since then enabled the development of technology platforms and the creation of a portfolio of business references, thereby validating the relevance of the offering on 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 based on four pillars, the operational priorities of which were confirmed at a strategic audit in the first half of 2022 with the support of a first rank consultancy.

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:

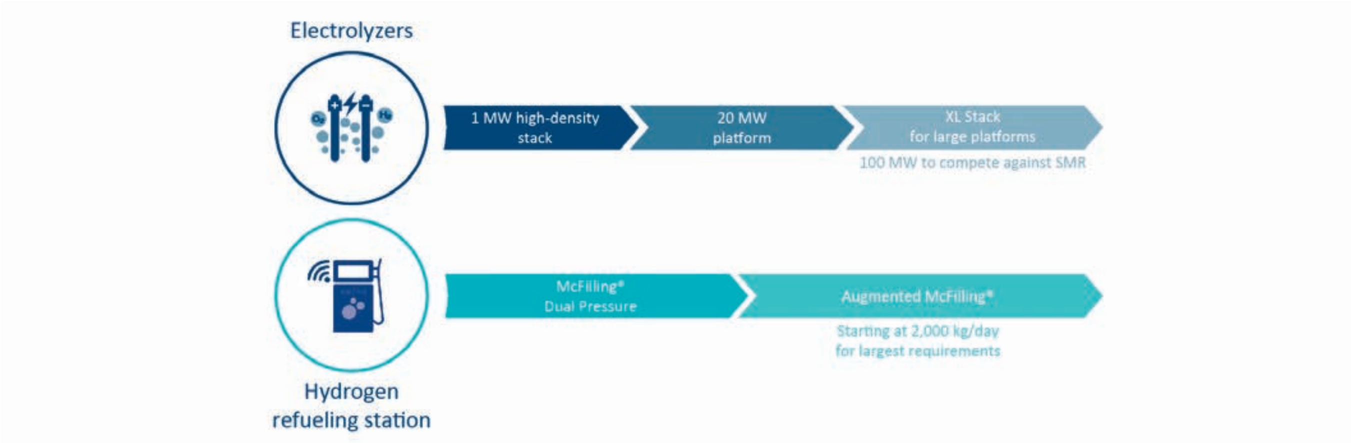
- electrolyzers: small and medium capacity with the PIEL® range and the small McLyzer® units, alongside the large capacity Augmented McLyzer® range;
- refueling stations with the McFilling® range.

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. Extensive R&D efforts are made to develop the new generations of electrolyzers and stations corresponding to large-scale projects reported on the market, in particular:

- electrolyzers: platforms offering tens and hundreds of MW capacity, high-capacity stacks from 1 to 5 MW, improved electricity consumption;
- stations: distribution capacities up to 2 tonnes per day depending on the customer facility, improved electricity consumption, optimized gas storage capacity management, etc.

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

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 the IEC standard 61511 ("Functional safety - Safety instrumented systems for the process industry sector") which is internationally renowned as one of the most stringent.

McPhy 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. The Group's ISO 9001 certification (quality) was renewed at the end of 2022.

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

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. Spending on research & development eligible for the Research and Innovation Tax Credit amounted to €3.7 M in 2022 and generated a tax credit of €1.1 M. Total R&D spending amounted to €12.3 M, of which €2.8 M has been capitalized and €1.7 M subsidized (mainly via the IPCEI [(15)]). The net R&D amount is therefore €7.8 M, which represents 18% (excluding tax credits) of Group spending.

Cooperation specifically with research centers

McPhy pursues a proactive and voluntary collaboration policy with private and public research centers, as well as the most prestigious academic institutions in France and 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 joined the Joint Industry Project coordinated by DNV with 17 other partners, all equipment builders and operators in the production of low-carbon hydrogen. Other bilateral or multilateral partnerships are under development. This enables McPhy to:

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

[15] IPCEI: Important Project of Common European Interest.

- 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);
- for example, in 2022 in the course of its partnership with the players above, McPhy took part in defending 4 theses related to hydrogen and as part of its partnership with UTBM, McPhy helped design and dispensed the electrolysis class for the first academic year of the Hydrogen Master's degree course. These partnership initiatives to support education and in general academia (Universities, Research centers, Laboratories) are being extended to contribute to developing skills and building a hydrogen sector in France and in Europe.

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, for example 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. Please refer to paragraph 8.5 of this Document.

Trade marks

The Company uses,for its activities, the main following brands : McPhy, McLyzer® , Piel® and McFilling®. None of the Company's trade marks is subject to a license granted to a third party at the date of this Document (see paragraph 8.5 of this Document).

Domain names

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

Pledges of industrial property rights

None.

1.2.3.2 Consolidate commercial positions and reference projects

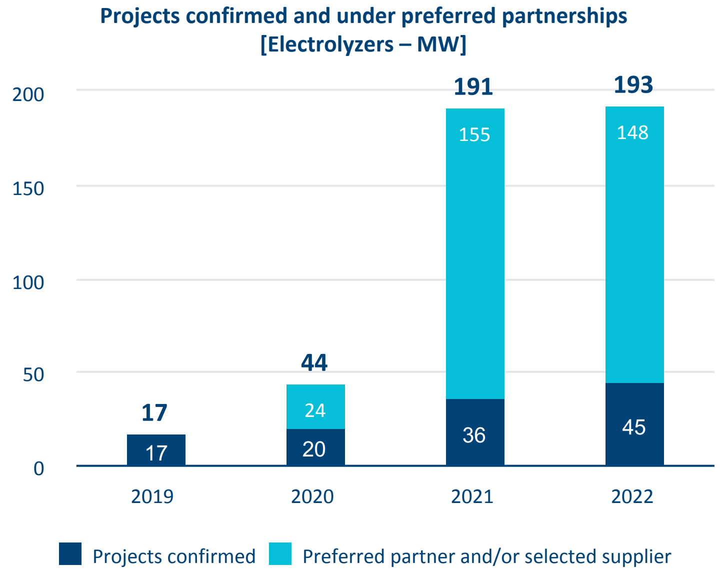
McPhy strives to provide its customers with the best possible value by focusing on benchmark industrial projects such as large-scale industrial electrolysis plants, Power-to-Gas and Power-to-Power projects, as well as mobility projects for buses, trucks and trains. To consolidate its position in Europe, McPhy targets the markets of France, Germany, Italy, Netherlands, Portugal, Spain, as well as countries in Northern Europe.

Moreover, McPhy aims to speed up its international growth by leveraging its solid positions and partnerships already established in Europe, with equipment already installed or being built in China, Singapore and Latin America (French Guiana).

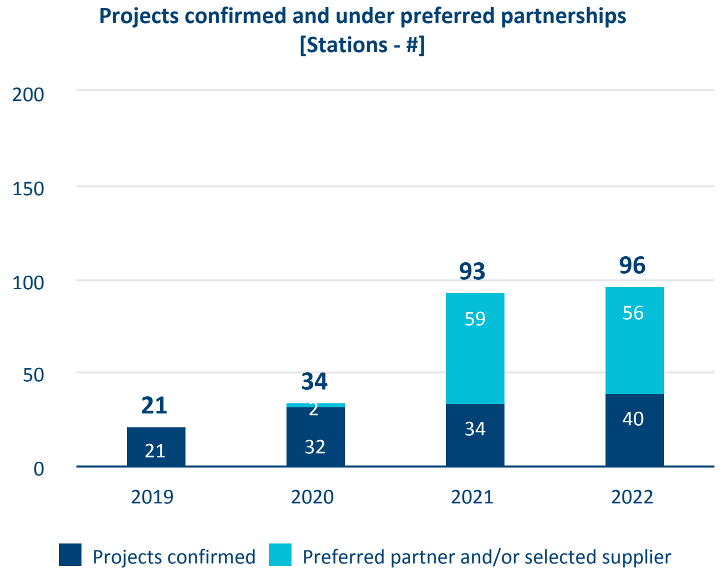
McPhy is also committed to the sector to promote renewable hydrogen and create partnerships and alliances within the hydrogen ecosystem in France, Europe and internationally.

Major references in Europe

Electrolyzers: in late 2022, the Company signed deals for a total capacity of 45 MW, while also being selected as a preferred supplier for another 148 MW of capacity. These high-quality references have enabled McPhy to consolidate its position amongst the leaders on the large-scale industrial electrolysis market.



Fueling stations: in late 2022, McPhy boasted 40 firm order for stations amongst its references while it was also selected as a preferred supplier for an additional capacity of 56 stations.



McPhy references (commissioned projects, installation ongoing or status as preferred partner and/or preferred supplier) are mainly in Europe, amounting to 193 MW of electrolyzers and 96 stations.

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:

- supplement McPhy's high-tech skills in electrolyzers and fueling stations with skills in integration, technology expertise (e.g. De Nora for electrodes), adjacent technologies (e.g. Chart Industries in liquid hydrogen);
- supplement McPhy methods and processes (in product development on integrated platforms), in project development (e.g. EDF-Hynamics for turnkey projects in the energy grid, transport or industrial sectors);
- 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 protocols, co-development agreements, licensing agreements, etc. 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.

To strengthen its commercial strategy, McPhy seeks a wide range of customers, especially:

- EPC (Engineering, Procurement, Construction) firms or technology integrators who use McPhy equipment to integrate hydrogen into their systems;
- industrial users like energy firms but also end customers who use hydrogen in their production processes (to make ammonia, methanol, etc.);
- project development specialists like Hynamics, who use McPhy equipment to develop hydrogen-based projects;
- local and public authorities seeking to decarbonize their public transport systems and captive fleets.

1.2.3.3 Be more competitive

McPhy focuses on reducing the cost of producing and distributing low-carbon hydrogen to offer a competitive alternative technology to current polluting technologies.

To achieve this objective, McPhy has developed a cost reduction roadmap for its equipment and is developing industrial capacities to create economies of scale using new production tools and processes. McPhy is committed to reducing the costs of its electrolyzers and distribution stations.

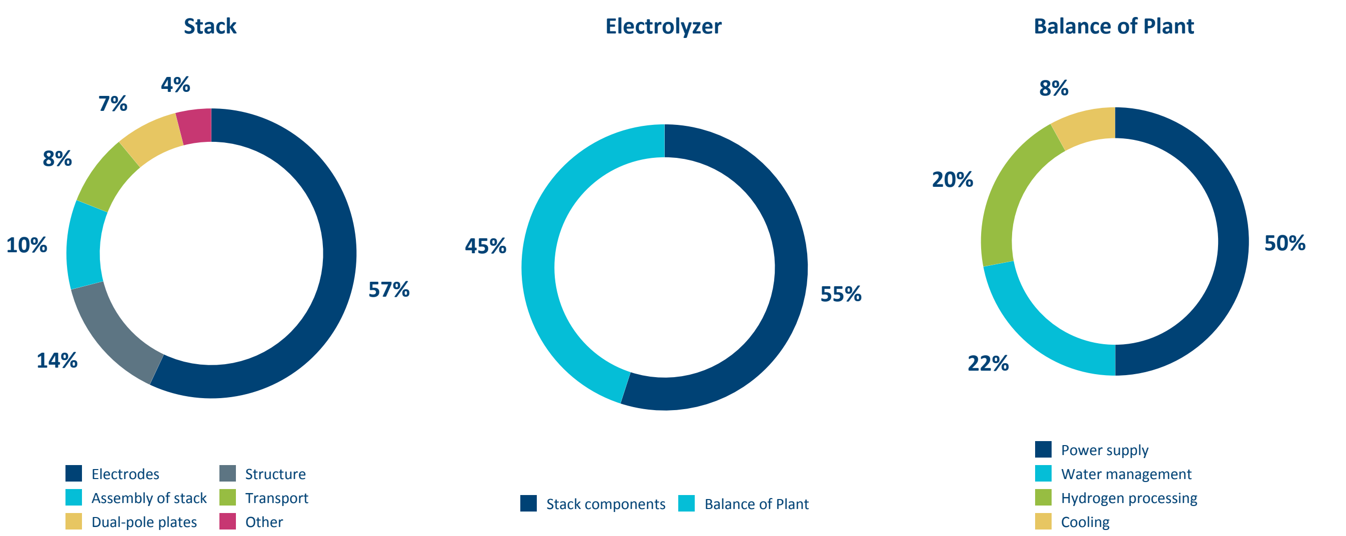
R&D

- Optimized use of core materials to reduce the cost of the Stack and greater use of the Make or Buy strategy.
- Development of new Stacks to raise their performance and capacity.
- Creation of large platforms offering tens of MW capacity.
- Development of a more efficient system that reduces the electricity consumption of electrolyzers while maintaining the production of hydrogen.

Industrial capacity

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

Illustration of the cost structure of a 1 MW alkaline electrolyzer [16]



By 2030, the aim is consequently to reduce CAPEX by 50%, enabling the production of low-carbon hydrogen competitive with "gray" hydrogen alongside lower costs of electricity from renewable sources, while lowering the costs of both the Stack and the Balance of Plant (see cost structure above).

[16] IRENA: "Green Hydrogen Cost reduction: Scaling up Electrolyzers to Meet the 1.5°C Climate Goal" (December 2020).

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

McPhy has adopted a flexible production model, primarily based on integrated 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 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

The strategic deployment depends on the 205 people in the Group, experts in low-carbon solutions and reflecting extensive cultural diversity across 20 different nationalities. This rich diversity confers on the Group its immense capacity for adaptation and organizational agility.

Business growth is supported by a strong, regular increase in headcount. 51 people joined the Company in highly technical jobs, including over 70% in direct functions (engineers, technicians, operators, etc.). Between 2020 and 2022, the Group almost doubled its headcount and aims to pursue its recruitment drive in 2023.
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 30%.

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.

In particular, as part of its Corporate Social Responsibility approach, McPhy has focused on the highest possible levels of well-being at work, by deploying a certain number of tangible tools (welcome kit, induction seminar, talent review and development process, technical and managerial training, diversity charter, safety/HSE training, environmental awareness, well-being at work barometer, prevention of harassment, IT and travel guide, etc.) in order to attract, integrate, retain and develop talented people.

1.2.3.5 Acceleration of these four strategic pillars in 2022

In summer 2022, McPhy was notified by the European Commission of the authorization to remove caps on State aids for its Electrolyzer Gigafactory in Belfort, under the Hy2Tech IPCEI project (Important Project of Common European Interest). The Gigafactory project includes 3 areas of innovation:

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

This notification was confirmed by the French Prime Minister in September 2022, with McPhy being amongst the first 10 projects selected and announced under the Hydrogen IPCEI project. After signing formal contracts with the French public authorities in November 2022, McPhy received confirmation of public funding towards eligible costs up to €114 M over 6 years (with the first installment of €28.5 M paid in December 2022). It must meet technical and commercial milestones throughout the program and communicate regularly with Bpifrance and the European Commission.
This program and the associated funding are elements that reinforce the operational roll-out of the four strategic pillars above, by speeding up:

- technology leadership: development of new-generation electrolyzers;
- commercial attractiveness: product functions and prices that address the challenges of decarbonization and the requirements of the large platforms operated by major industrial customers;
- industrial reinforcement and cost reductions: construction of a GW factory with automated and innovative processes, aiming for the highest environmental criteria;
- scaling up in terms of human resources with the creation of over 400 full-time direct jobs.

In addition to the public funding up to €114 M, McPhy will receive private external financing of €10 M over three years from the Maugis Industrial Revitalization Fund towards its new construction in Belfort (Bourgogne-Franche-Comté).

In terms of the industrial aspects of the project, the Final Investment Decision on the Gigafactory project was taken by the McPhy Board of Directors on 26 October 2022 and the installation work on the future plant in the Fontaine airpark started in Q4 2022 with inauguration foreseen for H1 2024.

1.2.4 Strengths

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 (102 in France, 57 in Germany, 45 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** was the Company head office until the mixed general meeting of 19 May 2022 (see below). The site offered the Group a production capacity of 20 to 30 units per year. It was opened in September 2013, housing many resources. Today, many resources and people have been transferred to the new head office in Grenoble which aims to support the Company's growth.
- **Grenoble** is now home to the Station product engineering teams and project management teams, as well as the station production unit, which in time aims to raise its production capacity to 150 stations per year. The new Grenoble site became the head office of the Company at the annual mixed shareholder general meeting of 19 May 2022 (see below), confirming the strongly-rooted presence of McPhy in the Auvergne-Rhône-Alpes region. Its strategic location in the heart of the Grenoble ecosystem, which is amongst the most dynamic in Europe, means that the new McPhy plant contributes to the Group's international expansion. Its optimal location in terms of logistics flow management offers the Group the capacity to supply the whole European market.
- **Paris** is home to the commercial, legal and operational departments.

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

Italy: engineering & production of PIEL® and McLyzer® electrolyzers

San Miniato, devoted to the design and production of stacks, alongside the assembly and testing of electrolyzers. Its installed capacity rose from 100 MW to 300 MW in 2022 to meet future demand.

McPhy site in San Miniato, Italy.

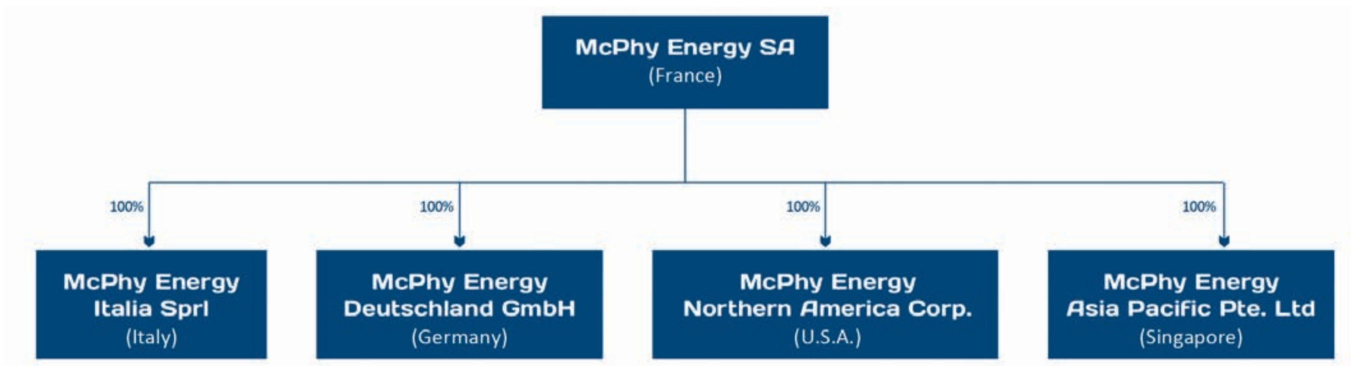
Germany: engineering of large-capacity electrolyzers

In Germany, the **Wildau** site is active in the design and engineering of large and very-large capacity (multi MW/GW) electrolysis systems and EPC, i.e. systems integration.

McPhy site in Wildau, Germany.

In total, at the end of 2022, the Group employs over 205 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 Nm^3/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 2,000 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;
  - Grenoble since May 2022 for stations.
- Manufacturing takes place in Group production plants:
  - San Miniato for electrolyzers;
  - La Motte-Fanjas then Grenoble since 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 has been an important year for pivotal projects:

- the Grenoble site which houses research & innovation activities alongside engineering and production, has been operational since summer 2022;
- production capacities in Italy will progressively grow from 100 to 300 MW in line with customer demand;
- on 26 October, the Board of Directors selected the Belfort site to build the electrolyzer Gigafactory. McPhy had obtained approval from the French government for a €114 M grant for this plant under the IPCEI scheme.

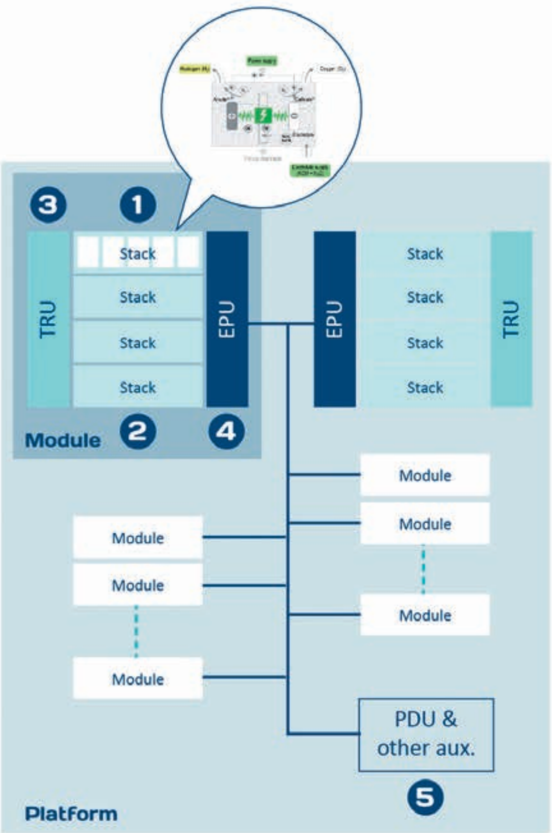
The Group implements its business model based on the continuous improvement of its technology in low-carbon hydrogen. Backed by the mobilization of its teams and support from industrial partners, McPhy is more than ever confident in its medium to long-term growth outlook and in its capacity to become a leader in Europe of low-carbon hydrogen systems.

1.3 What McPhy offers

1.3.1 Electrolyzers

An electrolyzer is the combination of several components:

From electrolytic cell to full platform



Item	Components	Function
1 Cell	Cell packaging, cell frame, membrane/diaphragm	Enables the electrolysis reaction (H20 -> H2 + 1/2 02)
2 Stack	Cells, pressure rings and end flanges	Multiplies the electrolysis reaction
3 Transformer & Rectifier Unit (TRU)	Transformer & Rectifier	Used to raise or lower the AC while a rectifier converts the AC into DC.
4 Electrolyzer Process Unit (EPU)	H2/O2 separators, H2/O2 chillers, electrolyte chillers, pumps, electrolyte tanks (KOH)	Separates the two-phase flow in the stack into gases (H2 + O2) and liquid
5 Purification & Drying Unit (PDU)	Dryer, hydrogen blower, hydrogen/water separator	Raises the purity of the hydrogen to the required level

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

Given the other alternative technologies, McPhy [17] confirms this technology benchmark for pressurized alkaline that can meet the challenges and needs of its customers:

Technological benchmark for large scale projects

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

Small and medium capacity electrolyzers

Presentation

McPhy offers a wide range of electrolyzers with a capacity below 100 Nm^3/h of hydrogen. The Group's two complementary ranges, PIEL® and McLyzer® "Small line" are gaseous hydrogen and oxygen generators perfectly suited to the requirements of light industry.

The jewelry, glass making and metal cutting sectors are all light industries which need small quantities of high-purity hydrogen for a variety of uses. For example, in the jewelry industry, hydrogen can be used as a fuel to solder jewels, while in the glass making industry, it can be used as fuel for high-temperature furnaces. Similarly, in metal cutting, hydrogen can be used as a fuel for high-pressure water jet cutting.

17 IEA reports, IEA hydrogen database, IRENA "Green Hydrogen Cost reduction" (2020), Trade Associations, www.dailymetalsprice.com, McPhy Internal Analysis. Estimated values 2020-2021 unless mentioned otherwise.

McPhy hydrogen generators are therefore perfectly suited.

References for small and medium capacity electrolyzers [18]

	Model	Pressure *[bar(g)]*	Hydrogen Nominal flow *[Nm³/h]*	Power *[kW]*
PIEL®	P Serie	1 – 2,5	1 – 1,6	6-9
	M Serie	1 – 2,5	2,4 – 4,4	14 - 26
	H Serie	4 – 8	3 – 10	18 - 60
McLyzer® *Small line*	McLyzer 20-30	30	20	100

Focus on PIEL®

The PIEL® range features hydrogen generators from 1 to 10 Nm^3/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 control:** approx. 5.5 kWh are needed to produce 1 m3 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 PIEL® "H-series" production line (hydrogen and oxygen generators with their auxiliaries) for the Indian luxury group Titan Company Limited, the largest jewelry producer in India.

Illustration of a H series PIEL®.

[18] Further information is provided in the **McPhy** online brochures.

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 Nm^3/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.

References for large capacity electrolyzers [19]

	Model	Pressure *[bar(g)]*	Hydrogen Nominal Flow *[Nm^3/h]*	Power *[MW]*
McLyzer®	McLyzer 100-30	30	100	0.5
	McLyzer 200-30	30	200	1
	McLyzer 400-30	30	400	2
	McLyzer 800-30	30	800	4

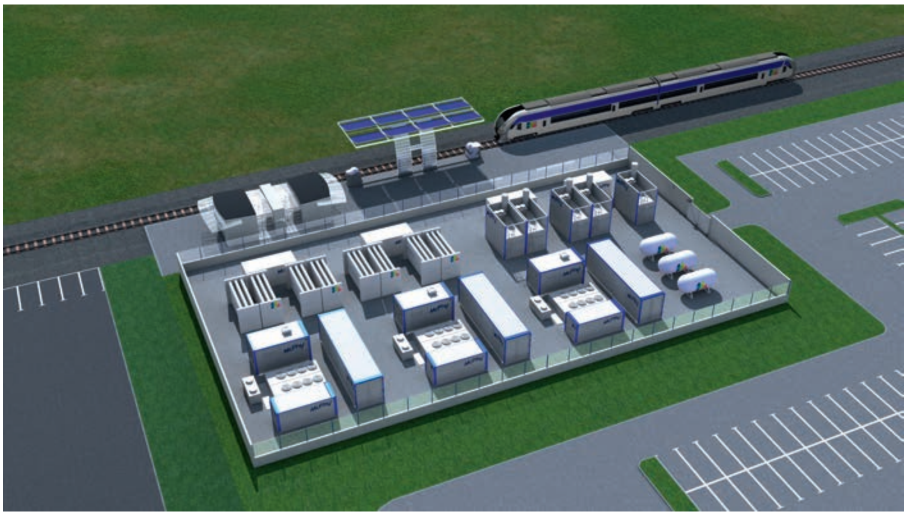
An example of an innovative project that uses large-scale electrolyzers is that conducted with Vulkan Energiewirtschaft Oderbrücke GmbH (VEO), a joint venture controlled by the **ArcelorMittal** group to equip a low-carbon steel production project on its Eisenhüttenstadt industrial site. McPhy will supply two McLyzer® range electrolyzers with a 1 MW capacity each. The electrolyzers will produce hydrogen for direct use in the production of steel, notably the final surface annealing processes.

[19] Further information is provided in the **McPhy** online brochures.

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 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 1,300 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 96 hydrogen stations [20], 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 fast-track the installation of a hydrogen refueling infrastructure, in 2015 McPhy developed a starter kit (McFilling® station 20-350 with a 20-50 kg capacity of hydrogen per day at 350 bar). 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.

[20] All contracts for which McPhy has been selected or identified as a preferred partner.

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.

Large-capacity stations

Presentation

McPhy has developed a comprehensive range of standard large-capacity McFilling® hydrogen stations (offering in excess of 1,300 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.

References for large-capacity stations [21]

	Model	Pressure *[bar(g)]*	Hydrogen quantity per day *[kg]*	Source of Hydrogen	Vehicles	Footprint *[m²]*
McFilling®	**McFilling 350**	350	200 - +1 300	• On-site electrolyzer (30 bar) • Tube-Trailer (200 bar)	Heavy mobility (bus, trains, trucks, ships)	16,5 (Containerized compression)
	McFilling Dual Pressure	350 & 700	200 - 800	• On-site electrolyzer (30 bar) • Tube-Trailer (200 bar)	All types of mobility	16,5 (Containerized compression)

21 Further information is provided in the **McPhy** online brochures.

McPhy supplied Hynamics with the equipment needed for the AuxHyGen project, comprising a 1 MW electrolyzer and a distribution station. This technology combination will enable the station to produce and distribute up to 400 kg of low-carbon hydrogen per day, initially supplying a fleet of five buses and reducing CO2 emissions by 2,200 tonnes per year.

1.3.3 Full and integrated system

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.

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 Appropriate response for 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 low-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 market:** "heavy" industry and major industrial sites with bulk needs for hydrogen (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 counts on its **McLyzer® small line** and on 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 perfectly suited to the needs of captive fleets (utility vehicles) and logistics hubs (forklifts). It offers tried and tested technology that has already been selected for 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 1,300 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 Nm^3/h as standard;
- Augmented McLyzer® range for 20-100 MW models and beyond (design based on 4 MW modules);
- modular systems;
- fast response: from 0 to 100% in under 30 seconds and from 100% to 0 in under 5 seconds: instant adaptability to electrical power variations generated by renewable energy sources;
- high flexibility: perfectly adapts to variations in renewable energy sources;
- high energy efficiency;
- economically competitive;
- reliability and robustness of a mature technology demonstrated through data collected, for example, since 2014 on the "H2Ber" Power to Gas project in Berlin;
- ease of use and maintenance.

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 Électrique 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 low-carbon hydrogen per year.

Based on non-polluting energies, CEOG will prevent the emission of 39,000 tonnes of CO_2 per year compared to a fossil-fuel plant.

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 now based in Grenoble is an industrial site where hydrogen refueling stations for mobility are manufactured. Also, as from May 2022, McPhy personnel at Grenoble and La Motte-Fanjas were consolidated on a single new site in Grenoble. Those involved are from technical and station manufacturing functions, as well as 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, the new Grenoble site was equipped to comply with the 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. The Grenoble site is only subject to an obligation of declaration under the ICPE regulations.

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 member of several professional associations:

- *France Hydrogène*;
- *Nouveaux Systèmes Énergétiques;*
- France-Germany Chamber of Commerce and Industry (AHK);
- *Deutscher Wasserstoff und Brennstoffzellen Verband* (DWV) (German Hydrogen and Fuel Cell Association);
- Hydrogen Europe;
- European Clean Hydrogen Alliance;
- Hydrogen Council.

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 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).

Around thirty players exist across the world, including 20 or so in Europe, with a mix of emerging independent specialists such as McPhy or diversified industrial groups with a hydrogen equipment activity.

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 players with over 100 stations installed serving a market beyond Europe in Asia and North America;
- medium-size players present in Europe, McPhy being amongst them;
- niche players active in 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 less than 5 GW in 2022 to over 30 GW across the world in 2030 (given the portfolio of projects announced at this time), by:

- increasing existing industrial capacities;
- opening Gigafactories (Greenfield or Brownfield).

Therefore, McPhy is:

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

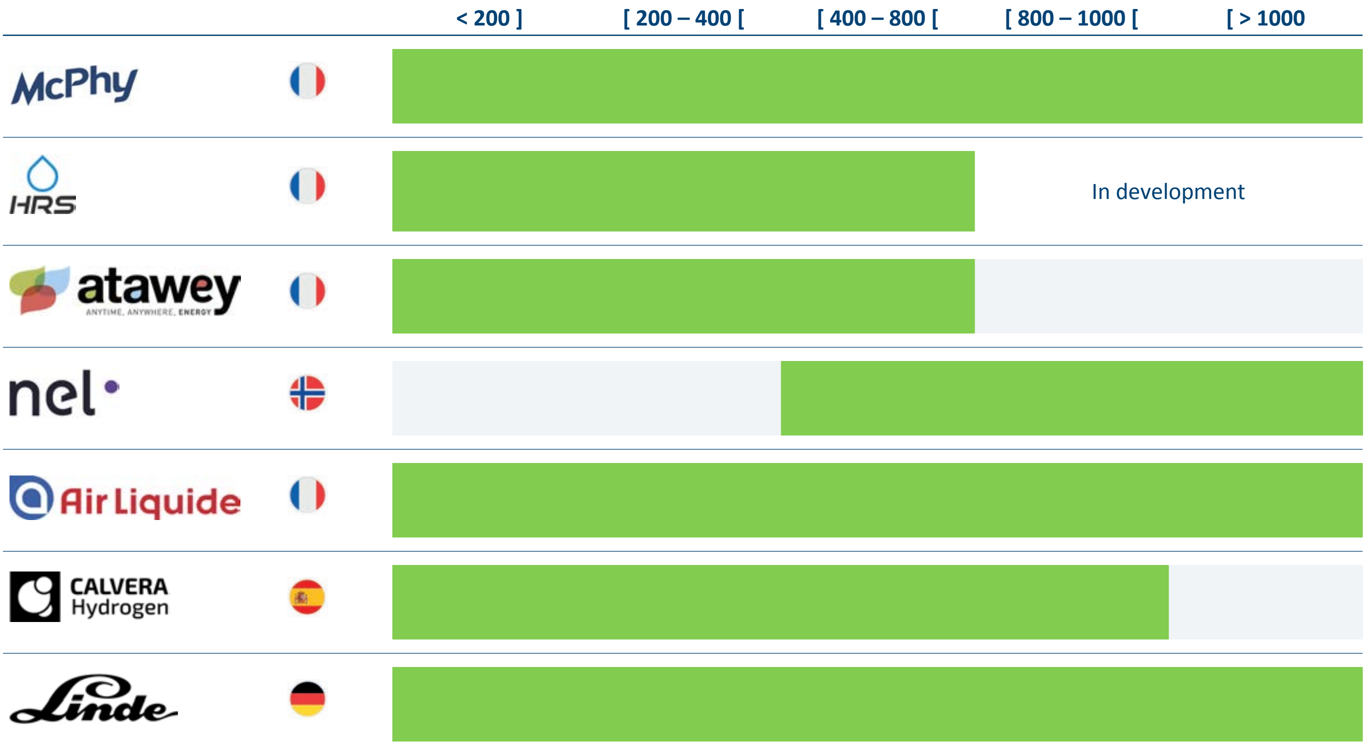
Players on the electrolyzer market

	Pressurized Alkaline	Atmospheric Alkaline	PEM	SOEC
McPhy	✓			
elogen			✓	
GENVIA				✓
nel	In developpement	✓	✓	
ITM POWER Energy Storage | Clean Fue			✓	
H2B2 Electrolysis Technologies			✓	
sunfire	✓			✓
GREEN HYDROGEN SYSTEMS	✓			
John Cockerill	✓			
NuCera SOLUTIONS		✓		
Hydrogen pro	✓			
Cummins	✓		✓	
PLUG POWER			✓	

Competitors on the electrolyzer segment include but are not limited to the above [22].

[22] McPhy analysis.

Players on the distribution station market



Competitors on the distribution station segment include but are not limited to the above [(23)].

[23] McPhy analysis.

CHAPTER

2

Risk factors and internal control

2.1 Risk factors

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

The risk factors presented are identified by the Company following a process to determine the risks likely to impair the achievement of its objectives. The main component of this process is the risk mapping (updated most recently in late 2022), including the identification of risks inherent to the hydrogen sector.

Therefore, to assess the required level of risk control within its organization, the Company identifies and analyzes its principal 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 appropriate 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 implementing appropriate risk mitigation actions.

The table provided in section 2.1.1 presents a summary of the significant and specific risks for the Group, organized into four main categories. Within each category, the risks are ranked by level of residual exposure, which is determined after application of the control and mitigation mechanisms used within the Company (net vulnerability).

The detailed presentation of risks given in sections 2.1.2 to 2.4 describes for each risk, the risk itself and the key risk control actions (some of which were undertaken by the Group before or since the risk mapping was done). Those actions already implemented at the date of completion of the risk mapping were taken into account to assess the significance of the risk concerned.

The list of risks identified is not exhaustive, other risks as yet unidentified or considered as insignificant by the Group on the same data could also unfavorably impact the Group.

2.1.1 Overview of principal risks [1]

Category	Risk identification	Net vulnerability 2021	Net vulnerability 2022
Risks related to the Company's strategy	Low-carbon hydrogen market	Medium	Medium
	Group's capacity to adapt to high growth	Medium	Medium
	Development of existing solutions or emergence of new competing technologies	Medium	High
	Group image and reputation	Medium	Medium
Risks related to the Group's activity	Product development, production and commissioning	High	High
	Procurement	Medium	Medium
	Industrial incidents, employee health and safety	Medium	Medium
	IT infrastructure	Medium	Medium
	Talent attraction and retention capacity	High	High
	Geopolitical conflict and health crisis	High	High
Risks related to the Group's financial position	Group's medium and long-term profitability	High	High
	Liquidity and uncertain supplementary financing	Low	Medium
Legal and regulatory risks	Regulations and government support policy concerning renewable energies	Medium	Medium
	Award/retention of required administrative authorizations	Medium	Medium
	Patents and dependence on third parties in terms of industrial property rights	Medium	Medium
	Environment and climate	Medium	Medium

2.1.2 Risks related to the Company's strategy

2.1.2.1 Risks related to the low-carbon hydrogen market

Description of the risk

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

These markets may however develop less rapidly or differently than McPhy or industry analysts foresee. Multiple factors could impair growth in low-carbon hydrogen production 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 and non-renewable energy sources such as oil, coal, natural gas, etc.; or
- fluctuations in economic and market conditions impacting the price and demand for conventional energy sources, in particular variations in primary energy source prices (such as oil, natural gas and other fossil fuels, as well as the price of CO_2); or
- developments in the cost structure, efficiency and investment in equipment necessary to other electricity generation technologies.

In terms of storage systems integrated with renewable energy sources, the decline in oil and gas prices, the falling costs of fossil fuel electricity generation could render the solutions delivered by McPhy using low-carbon sources less competitive. Moreover, the instability of gas and electricity prices due to geopolitical situations such as the conflict between Russia and Ukraine could impact the attractiveness of McPhy products. This would limit business opportunities while disrupting the whole value chain.

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.

Inversely, the energy sovereignty needs identified by Europe include hydrogen as a component and could bolster the attractiveness of McPhy products and solutions.

[1] The risks were assessed taking into account the risk management measures implemented within the Group.

Key risk management measures deployed in the Group

McPhy monitors market trends and geopolitical developments very closely to ensure it can adapt to change and maintain its competitive advantage.

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

Description of the risk

The Group forecasts high growth in its activity, which would entail the acquisition 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 it effectively, by integrating the necessary talents, by 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. These acquisitions or ventures may cause significant changes to human, organizational and financial aspects.

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

Key risk management measures deployed in the Group

To support its growth, McPhy has implemented new processes at all levels of the business and rigorous PMO (Project management office) methods to monitor the progress in its strategic and operational initiatives and to develop plans for action in the event of undesirable deviation from its initial objectives.

The Group is in full digital transition with the ongoing migration to a global ERP (Enterprise resource planning) system, improving the management of its activities at the same time.

An intensive recruitment strategy is deployed based on rigorous applicant selection, whether young or more senior, required for controlled and progressive growth. The Company occasionally seeks the assistance of external partners to meet requirements concerning the transformation and deployment of its control and compliance mechanisms.

Overall, the Group continues to make significant steps in its structuring to adapt to high growth.

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

Description of the risk

Although the Group considers that it has a technological head start by proposing (i) a full range of electrolyzers offering up to several MW of power and output pressures from atmospheric pressure up to 30 bar and (ii) hydrogen refueling stations for fuel-cell vehicles offering in excess of 1,300 kg/day, it may be exposed to competition on certain markets, in particular energy storage markets:

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

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

The pressure likely to be exerted by this competition on prices may lead the Group to limit is selling prices and reduce its profit margins, to restrict its business development plan or significantly increase its research and development budget, thereby impairing its capacity to generate the expected returns in the intended time scale.

However, 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.

Key risk management measures deployed in the Group

The future success of McPhy therefore depends on its capacity to (i) rapidly adapt to such potential technological developments and the competitive environment, (ii) improve the performance, power, energy density and reliability of its systems and technologies, and (iii) reduce the costs of its products to increase its competitive advantage, supported by a rigorous “Make or Buy” strategy to identify what needs to be produced internally or externally, and with which first-rank suppliers, as well as the scaling-up of its industrial sites, Electrolyzers or Stations. 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 and its results.

2.1.2.4 Risks related to Group image and reputation

Description of the risk

As more and more hydrogen equipment is installed around the world, in terms of image, McPhy could suffer due to an incident involving one of its systems or the use of hydrogen equipment in general, from the unwillingness of civil society to accept hydrogen-based installations. Its reputation could also be impacted by negative publicity resulting from difficulties or accidents involving its products, whether it is held liable or not. McPhy cannot guarantee that such claims may not be made in the future. Furthermore, as the Group could be penalized by intellectual property drain, applicable measures are set out in section 2.1.5.3.

Key risk management measures deployed in the Group

In its agreements with third parties, McPhy considers it pertinent to apply non-disclosure agreements to protect its confidential industrial and commercial technologies as well as its know-how. McPhy also protects its technology, manufacturing processes, know-how and confidential data through non-disclosure agreements with its consultants and service providers. Similarly, the Group’s Business Ethics Code stipulates a clear obligation for each employee to protect the confidential information and intellectual property rights owned by the Group and its stakeholders. Lastly, the structuring of the IT Department and the new IT charter set out in section 2.1.3.4 demonstrates the Group’s desire to protect its data.

It cannot be excluded that non-disclosure agreements fail to provide the desired protection or are not complied with by counterparties, with the result being that trade secrets are disclosed to third parties, even competitors. McPhy is also unable to guarantee that the Group has adequate avenues of recourse in case of disclosure.

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.

Description of the risk

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, including: negotiations with partners, public authorities, suppliers, Clients and other third parties; securing project financing; controlling investment and the costs of research and development; obtaining adequate return on investment in an acceptable deadline; compliance with performance schedules; obtaining or renewing the required licenses and permits in time; recruitment and retention of key individuals and skills.

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.

Key risk management measures deployed in the Group

The Company has introduced internal project management meetings to supervise R&D schedules and project management conditions. Furthermore, the Group continues its industrial deployment with its new site in Grenoble for stations, whereas for electrolyzers, the Belfort Gigafactory was officially launched in 2022.

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

Description of the risk

In the event that McPhy is unable to meet Client requirements in terms of product quality and maintenance service level (e.g. availability rate) could give rise to Client complaints, harm to the brand and more generally impair its reputation. Another possible effect would be to allocate resources to these matters and not to the initially reviewed situations, or 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.

Key risk management measures deployed in the Group

McPhy continues to accelerate the deployment of rigorous processes, including Client satisfaction surveys and related resolution plans, the introduction of a standardized quality system across the whole Group, as well as learning processes based on feedback on products in production and in operation.

Furthermore, McPhy's participation in work groups such as Hydrogen France, Hydrogen Europe or the Hydrogen Council enable it to remain in touch with Client demands and requirements to ensure a high level of quality and durability of its products, while adapting to local specific requirements applicable to hydrogen installations.

Lastly, the Group pursues its search for excellence by boosting its quality policy across the whole value chain, which is broken down into three key areas: improvement of the supplier qualification process using a detailed assessment map for each component foreseen in the assembly of its products; stronger quality control procedures on the acceptance of component deliveries in production plants and deployment of routine quality inspections during product assembly phases and prior to dispatch to Client sites.

2.1.3.2 Risks related to procurement

Description of the risk

The development of markets where the Group is active could be delayed or otherwise impacted by price fluctuations and difficulties in procuring certain elements (such as components, raw materials such as metals, or energies such as gas and electricity) notably in case of geopolitical tension as was the case in 2022.

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

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

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

Key risk management measures deployed in the Group

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 component supplier by another may nonetheless require adaptations to Group products and cause disruption in its organization and the completion of projects.

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

2.1.3.3 Risks related to industrial incidents, employee health and safety

Description of the risk

Certain manufacturing processes might be the cause of accidents, such as high-pressure coupling operations or the assembly of 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 Grenoble (France) and San Miniato (Italy) or on Client sites, impacting the physical integrity of McPhy personnel, service providers or its Clients could have a significant unfavorable effect on the McPhy's image and reputation, the Group's results, its development or its financial position, and expose McPhy to legal restrictions.

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 commissioned 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 future demand for products developed by McPhy. The Company's financial position, its results and its outlook may be affected accordingly.

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

Key risk management measures deployed in the Group

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

In effect, to be authorized access to 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.

As the health and safety of employees are of utmost importance for McPhy, in 2022 it successfully renewed its ISO 45001 certification for its Italy site. This international standard defines requirements relating to occupational health and safety management. The Group aims to extend the scope of certification to France and Germany in 2024.

The Group is committed to designing and supplying reliable and secure products and solutions, in compliance with the strictest standards due to the nature of use of its equipment. For this reason, McPhy aims to comply with ISO 14001 across all its sites in 2023 to obtain certification in 2024, which would provide a framework for managing any environmental impacts caused, and would drive the continuous improvement of its environmental performance.

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 and their appropriate application.

Lastly, McPhy implements several measures to limit the psycho-social risks and raise the quality of life at work of its employees.

To improve quality of life, the Company has accommodated its work organization by proposing flexible working hours and working from home, as well as premises with adjustable office space, collaborative spaces and relaxation areas.

To limit the psycho-social risks, McPhy assesses potential risks and implements preventive measures, in accordance with the Single Occupational Risk Assessment Document (DUER). The Company also monitors absenteeism indicators on a monthly basis and regularly hears its employees’ requirements through an annual interview process, “voice of employee” surveys and collaborative work groups if changes are implemented to incorporate employee remarks and ideas.

The Group also promotes best practices for quality of life at work and for the prevention of psycho-social risks, which are incorporated into the Company’s HR policies. If certain situations arise, McPhy offers internal and external support to employees and managers. These measures help to create a positive work environment that respects the needs and requirements of McPhy employees.

2.1.3.4 Risks related to the IT infrastructure

Description of the risk

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

Key risk management measures deployed in the Group

In 2022, to secure its IT infrastructure in a backdrop of extensive growth, the Group has signed several agreements with external service providers to ensure the continuity and protection of its systems, and has strengthened its IT team to be in line with the Standard Security Rules defined by ANSSI. To this end, fundamental work is carried out, security audits are completed, corrective action plans have been developed and put in place.

Moreover, the structuring of the IT Department and the implementation of an IT charter are part of the data protection and risk management measures related to the IT infrastructure. The IT and Ethics Code set out the applicable rules and procedures for Group employees and notably with the obligation of limiting access to sensitive data only to authorized persons, encrypt sensitive data to protect against unauthorized access, impose rules for passwords to ensure the security of user accounts and deploy regular audits to verify that security policies are observed.

2.1.3.5 Risks related to the capacity to retain key managers and employees, and to the retention of new qualified employees

Description of the risk

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

Installing McPhy solutions on a Client site requires the intervention of 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.

As the Group extends its activities, its sector-specific 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 its national and international sites.

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

Moreover, employees with technical or sector-specific skills may leave the Group, and if it is unable to rapidly appoint or recruit qualified and operational 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 pace of growth, its activity, its revenue, its results, its financial position, or its growth outlook.

Key risk management measures deployed in the Group

The new recruitment process introduced, especially the creation of a dedicated McPhy Careers website and a digital application management system "Teamtailor", the introduction of incentive systems such as co-opting have enabled strong growth in headcount. For information, the Group hired over 60 new people in 2022.

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

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

2.1.3.6 Risks related to geopolitical conflicts and to the pandemic

Description of the risk

Due to an uncertain geopolitical context, particularly concerning the current conflict involving Russia and Ukraine, the Company is confronted with a general market risk related to price increases for energy (as observed in 2022 for gas and electricity prices) and certain materials, as well as the potential consequence on investment decisions, supply chains and logistics. Also, if the health crisis due to the COVID-19 pandemic were to continue, particularly in Europe, and limit international trade, this could impact the Company's procurement capacities and its production operations.

Key risk management measures deployed in the Group

The Company attentively monitors developments in the geopolitical context and health crisis referred to above and assesses their potential consequences on its activity and its results, even if this risk cannot be assessed more accurately by the Group, due to uncertainties relating to these external factors.

Especially in respect of the health crisis, McPhy has adapted some of its management methods, to manage the inherent limitations as effectively as possible, such as the deployment of "non-production" posts via remote working, closer management of safety stocks to continue operations despite external slowdowns or blockages, review of agreements to limit the Group's legal and financial exposure, a stronger supply chain in terms of lead times and logistics flows.

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

Description of the risk

The Group has reported accounting and fiscal losses since starting its activities in 2007. These operating losses are primarily due to ongoing investment in the development and fine-tuning of 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.

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

Key risk management measures deployed in the Group

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

2.1.4.2 Liquidity risks and risks relating to uncertain supplementary financing

Description of the risk

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

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

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

Key risk management measures deployed in the Group

Cash and cash equivalents amounted to almost €135 M on 31 December 2022; financial debt (excluding leases and long-term contracts) were below €1 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. However, the higher use of available cash in 2022, mainly due to the necessary acceleration of investment for growth and R&D on one hand, and the current pace of development of the hydrogen market on the other, leads the Group to raise its overall evaluation of its liquidity risk.

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

Description of the risk

McPhy activities are currently favorably supported by public policies to promote low-carbon energy sources. These policies may be modified or even canceled due to decisions of public authorities to prioritize conventional energy sources or a reduction in public funding available to such support policies.

Developments in European regulations (notably RED II and RED III) and operational definitions of eligibility criteria for the production of low-carbon hydrogen could be unfavorable to McPhy on certain markets where electricity from nuclear sources occupies a significant place.

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.

Key risk management measures deployed in the Group

Alongside its regulatory intelligence function, which was internalized in 2022 within the Public Affairs function, McPhy proactively collaborates with the European Commission and the authorities of each country where it operates, to help build the hydrogen market and to create first rank French and European sectors. Moreover, McPhy ensures regular dialog with regional, national and European authorities on their decarbonization projects. To this end, the Group has reinforced its internal and external resources with suitable experts.

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

Description of the risk

Under the terms of French law, any industrial plant of a nature to create risks, cause pollution or nuisances, especially for the health and safety of local residents, can be classified as an ICPE facility (classified site for environmental protection) and in this respect be subject to specific and restrictive regulations (relating to the integration of ICPE facilities into the landscape, the prevention of air pollution, the protection of water resources and aquatic environments, waste, the prevention of sound pollution and vibrations, the prevention of technology risks, monitoring emissions and their effects), and depending on the profile of the risks or pollution, be subject to a mandatory authorization, registration or declaration scheme.

The Company held an authorization for its La Motte-Fanjas site (where operations were ceased in February 2023). As part of the site shutdown, the Company must comply with obligations concerning the safety of the site, the condition of which must not impair the convenience of the surrounding communities, nor public health, safety and sanitation, agriculture, nature, the environment, and local landscapes. If the Company does not comply with its obligations, it may be held liable and subject to penalties. At the time of production of this Document, the required actions are in progress. The Grenoble site is only subject to the ICPE declaration scheme.

Development of Company business 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.

Compliance with requirements applicable to an ICPE involves regular operating expenditure.

Aside the ICPE, the Group's production activity requires certain authorizations from public authorities in France and Italy. Any transfer to another location or extension of the site will be subject to further approval by the local authorities.

If the Company were to fail to obtain or retain said authorizations, this would have a significant unfavorable effect on its production capacities and its activities, its financial position, its results or its development.

Key risk management measures deployed in the Group

The Group monitors these authorizations and compliance with the associated requirements via ICPE inspections to ensure that its facilities are compliant with environmental regulations.

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

Description of the risk

McPhy may be unable to maintain or obtain appropriate protection of its patents and other intellectual property rights, thereby losing any technological and competitive benefit they offer. McPhy's activity and future development depends on its capacity to obtain, retain and protect its intellectual property rights.

If one or more intellectual property rights covering a technology, a manufacturing process or a product required for the Group's activities and for which McPhy holds full ownership or a right of use were attacked, the development, manufacture and sale of such a technology or 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 decision could significantly impact the Group and more specifically, could oblige it:

- to stop selling or using some of its products;
- to acquire the right of use on other intellectual property rights;
- change a design or delay the launch of certain products.

The occurrence of any of these situations concerning a patent or intellectual 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.

Key risk management measures deployed in the Group

In 2022, McPhy strengthened its technology intelligence process and its intellectual property management, with support from specialist consultants. The intention is to better protect and expand the coverage of its patents and intellectual property rights for its key technologies.

2.1.5.4 Risks related to the environment and climate

Description of the risk

The Group is a player in the energy transition. Low-carbon hydrogen generates no polluting particle emissions nor carbon at the point of use, thereby participating in the decarbonization targets of all areas of the economy and facilitating the emergence of a more carbon-neutral social model.

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. For details on ICPE facilities, refer to paragraph 2.1.5.2 of this Document.
Rapid changes in the regulatory and standards environment in terms of hydrogen production and use, although favorable to the development of the sector, require constant adaptation of the design and manufacture of McPhy products.

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

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 did not meet the applicable environmental requirements and the demands of its stakeholders, it would be exposed to risks involving non-compliance, its image and attractiveness, which could have a significant negative effect on the development of its activities and its financial position.

Key risk management measures deployed in the Group

The Company adopted a proactive Corporate Social Responsibility approach in 2022 and completed its first carbon assessment (scopes 1, 2 and 3. It has since then developed an improvement trajectory to minimize its carbon footprint.

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.

As part of its involvement in the hydrogen community and monitoring regulatory developments, the Group has also developed its regulatory and legal intelligence methods on environment, health and safety matters. Moreover, McPhy is also a permanent member of key professional bodies and trade unions (*France Hydrogène*, Hydrogen Europe and the Hydrogen Council).

2.2 Insurance and risk cover

The Group has taken out suitable insurance cover to protect its assets and revenue sources from identifiable and insurable risks that are inherent to its activity, with reputable, internationally renowned insurance providers with a solid financial position. To this end and in close cooperation with a specialist first-rank brokerage, the Group seeks the most suitable solutions with the best balance possible between costs and cover in line with market practices and products available.

In 2022, McPhy reviewed and extended its Group insurance program to take into account its rapidly expanding growth. The program was entered into in a "corporate" mindset to extend the cover to foreign subsidiaries, in line with the active approach to prevent the evolution of the Group's technology-related and industrial risks.

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

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

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

Beyond the insurance program, the Group remains active in its risk prevention, protection and awareness efforts across its teams.

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 on a monthly basis and whenever this frequency is not compatible with the urgency of the topics to address. During a designated weekly time slot, each member conducts internal control of the department under their responsibility. 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 Finance Officer, 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, in association with the subsidiary's financial controllers.

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 a full 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 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 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 inspections.

Product control is completed within the Company by the Quality Department, which is responsible for quality control on products and their components.

The Quality Department 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 reviews serve to regularly inform Company management of the achievement of objectives, the completion of actions undertaken to continuously improve activities and to ensure the overall effectiveness of the QMS.

The Quality Department bases its work on the ISO 9001:2000 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 members of the Financial Management team, who conduct 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 Financial Management team depending on the specific skills required. The duties may nonetheless 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. Migration to a more recent ERP version (Business Central) will start in 2022 with the aim of harmonizing all ERP processes by defining a Group Core Model.

Financial control

The aims of this function are to:

- steer the development process of the medium-term plan, the budget and periodical forecast adjustments, and the definition of financial performance objectives;
- implement reporting and steering tools, as well as decision aids suited to a variety of levels of the organization;
- 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 management strategy by Executive Management and ensure its validation;
- develop a map of organizational risks consistent with its strategy and activities;
- define a risk management plan and appropriate actions based on the mapping;
- steer and manage the internal control mechanism and processes.

Liquidity and finance

The aims of this function are to:

- monitor and control cash operations and financing needs;
- 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 authorization thresholds and procedures adopted.

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

Financial communication

The financial communication function is responsible for the external publication of Group financial information and its strategy. Financial information is published in strict observance of financial 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. Management reporting is reconciled with 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 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.

2.3.3 Business Ethics Code

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

The Business Ethics Code covers several main themes: (i) respect for people and the environment, (ii) business ethics, (iii) respect for business relationships, free and equitable competition. Each employee must apply the Business Ethics Code and ensure it is observed by all employees and external representatives under their responsibility or in the management of Group relations. The Group has also set up a system to report any infringements of the Ethics Code.

2.4 Legal and arbitration proceedings

At the date of issue of this Document, there are no administrative, legal or arbitration proceedings in progress of which the Company is aware, and which are likely to have or has had over the last twelve months, significant effects on the Group's financial position, activity or profitability [2].

2 For information, the legal proceedings initiated in mid-2021 by the former CEO of the Company remain active. The Company considers that the demands of the former CEO have no legal foundation and therefore, the Company accounts incorporate no provisions to this effect.

CHAPTER

3

Corporate governance

McPhy Energy is a public limited company with a Board of Directors.

- **Separate governance**

The functions of Chief Executive Officer and Chairman of the Board of Directors have been separated since 4 November 2019 and as of the date of this Document, are held by Jean-Baptiste Lucas, Chief Executive Officer and Luc Poyer, Chairman of the Board of Directors of the Company (the "**Board**").

This separate structure ensures that the Group's governance bodies operate efficiently, that the skills and experience of the Chairman of the Board and the Chief Executive Officer complement each other, and that the best principles of corporate governance are applied.

- **Report on corporate governance**

The provisions of chapter 3 are an integral part of the corporate governance report. The corporate governance report, for which the concordance table is provided in section 9.4.4 of this Document, was approved by the Board on 6 April 2023.

3.1 Middlenext code as a reference code

The Company complies with the French corporate governance regulations to which it is subject and with the recommendations of the Middlenext Corporate Governance Code for small and mid-cap companies (the "**Middlenext code**") insofar as the principles contained therein are compatible with its current organization, size, resources and shareholding structure. The Middlenext code is published on the Company's website.

As of the date of this Document, the Company complies with all the recommendations of the Middlenext code, with the exception of recommendation 17, as explained below:

Middlenext code recommendations	Adopted
R 1: Directors' ethics	Yes (1)
R 2: Conflicts of interest	Yes
R 3: Composition of the Board – Independent directors within the Board	Yes
R 4: Directors' information	Yes
R 5: Directors' training	Yes (2)
R 6: Organization of Board and Committees meetings	Yes
R 7: Creation of Committees	Yes
R 8: Introduction of a specialized Committee on Corporate Social/Societal and Environmental Responsibility (CSR)	Yes (3)
R 9: Introduction of Board rules of procedure	Yes
R 10: Choice of each director	Yes
R 11: Directors' term of office	Yes
R 12: Directors' compensation	Yes (4)
R 13: Introduction of the assessment of the works of the Board	Yes
R 14: Shareholder relations	Yes (5)
R 15: Diversity and equality policy within the company	Yes
R 16: Definition and transparency of the compensation of corporate officers	Yes (6)
R 17: Succession planning for "managers"	No (7)
R 18: Combination of employment contracts and corporate mandate	Yes
R 19: Severance payment	Yes
R 20: Supplementary pension schemes	Yes
R 21: Stock options and free share allocations	Yes
R 22: Review of points for vigilance	Yes (8)

(1) Strict confidentiality is regularly reminded to each member of the Board, beyond the communication of the rules of procedure, the statutes and obligations in terms of stock market ethics when they take office.

(2) The three-year training plan is being finalized at the date of this Document, it being specified that directors were trained in 2022 on legal topics (roles and duties of directors in a listed company) and early 2023 on CSR issues (CSR roadmap, competitive landscape, regulation).

(3) The CSR Committee, a sub-committee of the Nomination and Compensation Committee, will be a separate Committee as of May 2023, as explained in paragraph 3.3.4 of this Document.

(4) Remuneration shall be granted only to the independent members and the Chairman of the Board, it being specified that the other directors are the former Chairman and Chief Executive Officer of the Group or natural persons representing or otherwise related to the main shareholders.

(5) In May 2022 and then in April 2023, the Board examined the results of the votes at the last General Meeting of Shareholders on 19 May 2022, it being specified that all the resolutions obtained a positive vote. Regarding the remuneration of corporate officers, refer to paragraph 3.4.1.3 of this Document.

(6) The Company considers that it complies with recommendation n°16b by complying with legal requirements while demonstrating transparency by precisely indicating the scope (more than 80% of the group's total employees worldwide) and the detailed compensation elements used in the calculation of the equity ratio).

(7) Given the recent changes in the Company's governance with the appointment of a new Chairman of the Board and Chief Executive Officer in 2021, the Company did not prepare a management succession plan in 2022. The related due diligence will be completed in 2023.

(8) At its meeting on 7 March 2023, the Council took note of the elements presented in the points of vigilance section of the Middlenext code.

3.2 General Management

As at the date of this Document, General Management is in the hands of Jean-Baptiste Lucas, assisted by an Executive committee comprising the nine principal operational and functional directors of the Group.

3.2.1 Chief Executive Officer

Biography

JEAN-BAPTISTE LUCAS

Chief Executive Officer

Jean-Baptiste LUCAS was appointed CEO of McPhy in October 2021.

Before joining McPhy, 51 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 aluminum foundry. Previously Jean-Baptiste was an Executive Vice-President of ALBA, where he oversaw foundry operations, operational excellence, metal science, as well as global sales and marketing. Before assuming these functions, Jean-Baptiste spent 13 years in the Pechinay group (which became Alcan), where he was the CEO for Switzerland, responsible for the aviation, transport and industry division, after heading up sales and marketing in Germany. Jean-Baptiste 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.

Jean-Baptiste has no other current mandate or function.

Powers of the Chief Executive Officer

In accordance with legal provisions and 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.

Pursuant to article 19 of the Articles of Association, the Board of Directors may limit the powers of the Chief Executive Officer; however, this limitation is not enforceable against third parties. In this respect and in accordance with the Board's internal regulations, the transactions described below require the Board's authorization prior to their implementation by General Management.

On the proposal of the Chief Executive Officer, the Board may also appoint one or more Deputy Chief Executive Officer. At the date of this Document, the Company has appointed no Deputy Chief Executive Officer.

Limits on the powers of the Chief Executive Officer

In accordance with its Internal Regulations [1], the Board must authorize the following transactions prior to their implementation by the Group:

- approval of the Company's business plan;
- approval and amendments of the Company's annual budget;
- long-term loans and debt management operations, securitization of financial or commercial assets, or risk hedging, investment at risk on the nominal in euros or in foreign currencies, whose nominal amount exceeds €1,000,000 or whose cumulative amount for one fiscal year exceeds €10,000,000;
- issue of Company securities (other than operations relating to the exercise of securities or the implementation of previously approved incentive programs);

[1] For more details on the internal regulations of the Board, see section 3.3.3.2 of this Document.

- external growth operation (investments, mergers and acquisitions, partial contribution of assets), disinvestment, asset transfer, or significant restructuring;
- industrial partnership (including any joint venture agreement) (i) leading to an annual investment (Capex) above €2,000,000 or (ii) leading to a global financial exposure of the Group of more than €5,000,000 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;
- transfer of intellectual property rights relating to the key technologies of the Company or its subsidiaries, including the issue of licenses relating to such key technologies outside the ordinary course of business;
- industrial investment or works programs generating expenditure on supplies, services or works of a unit amount exceeding €250,000 per program for investments outside the budget or for which the cumulative amount for a financial year would exceed €250,000;
- investment, acquisition, disinvestment or disposal in connection with real estate matters in an amount exceeding €200,000 (excluding the conclusion of leases);
- pledges, guarantees, sureties, or securities of any kind for a total unit amount in excess of €250,000 or an overall annual limit of €500,000;
- contracts for supplies, works or services, tangible or intangible (excluding client contracts) not provided for in the budget, the amount of which including any successive amendments exceeds €200,000 (excl. VAT);
- transaction likely to substantially modify the Group's strategic orientations as determined by the Chief Executive Officer and the Board;
- 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;
- implementation or modification of incentive schemes for management and/or employees and allocation of free shares, etc.;
- in the event of a dispute in excess of €500,000 (excluding contractual penalties), signature of any settlement, acceptance of any arbitration and compromise [2].

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

3.2.2 Executive committee

3.2.2.1 Members of the Executive committee

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

At the date of this Document, the Executive committee includes the operational and functional directors of the Group, whose biographies are given below [3].

BERTRAND AMELOT

Chief Commercial Officer

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

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

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

Other positions and corporate offices held:

- chairman of McPhy Italia SRL.;
- director of McPhy Energy Asia-Pacific Pte. Ltd;
- director of McPhy Energy Northern America Corp..

BENOÎT BARRIÈRE

Chief Technology Officer

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

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

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

3 In alphabetical order.

ALEXANDRE BRUNET

Chief Financial Officer

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

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

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

GILLES CACHOT

Director of Special Projects & International Alliances

Gilles CACHOT 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.

Gilles is a graduate of INSA Lyon and INSEAD.

ANNE DELPRAT

Chief Human Resources Officer

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

Anne started out as a headhunter for the European clothing branch of the Sara Lee group (DIM SAS). After working on a media communications project on the employer brand, she became HR Manager for Playtex SAS.

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 Chief Human Resources Officer 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 Human Resources initiatives and change management.

Anne holds a law degree and a masters degree in Human Resources.

MARCO LUCCIOLI

Chief Customer Service Officer

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

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

Chief Project Management Officer

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

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

Other positions and corporate offices held:

- director of McPhy Deutschland GmbH.

LAËTITIA PEYRAT

General Counsel & Board Secretary

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

Laëtitia leads the legal function and in this position, defines the McPhy legal strategy in line with the Group's vision, corporate culture and growth objectives. With over 18 years of experience in an international environment, Laëtitia has extensive expertise in business law and in management of strategic projects for large industrial groups.

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

Laëtitia holds a Master's degree in Business Law - Diploma in Corporate Counsel (University of Poitiers) and a Master of Law in Commercial Law (University of Bristol). She is a qualified lawyer and is a former member of the Paris Bar.

ANTOINE RESSICAUD
Chief Operating Officer

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

Antoine supervises purchasing, supplies, production and industrial scale manufacturing. His brief is to define and apply the most demanding standards and processes for a leading-edge industry. He 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.

3.2.2.2 Missions of the Executive committee

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

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

3.3 Board of Directors

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

The Company has been a limited company with Board of Directors since 21 May 2015. The Articles of Association require that the Company is managed by a Board of Directors comprising a minimum of three and a maximum of eighteen members, natural or legal persons. Directors are appointed for a term of three years [4]. Up to three censors may be appointed for a maximum term of three years.

As of the date of this Document:

- the Board is composed of ten members, of whom 30% are independent directors and 50% are women;
- the Board has three specialized committees: the audit Committee, the appointments and compensation Committee, including a CSR sub-committee [5], and the key contracts Committee, as described in more detail in section 3.3.4 of this Document.

4 Exceptionally, to ensure a rotation of offices, this duration can be one or two years.

5 As of the Shareholders' general meeting of 24 May 2023, the CSR Committee will be a separate committee (as further detailed in paragraph 3.3.4 of this Document).

3.3.1 Composition of the Board

3.3.1.1 Summary presentation of the Board

At the date of this Document, the Board is comprised as follows:

	Age (1)	Gender	Nationality	Independence	Number of shares (2)	Number of offices held in listed companies (3)	Initial date of appointment	Expiry of office	Seniority on the Board (4)	Membership of Committees
Luc Poyer (Chairman)	56	M	French	No	6,724	-	5/21/2015	2024 GM	8 years	Ex-officio member of the key contracts Committee
Peter Gerstl (Chart Industries, Inc.)	52	M	German	No	1,276,595	-	1/7/2021	2024 GM	2 years	-
Éléonore Joder	54	F	French	Yes	800	1	12/6/2018	2024 GM	5 years	Chair of audit Committee Member of key contracts Committee
Samir Karoum (Technip Energies N.V.)	46	M	French	No	638,297	-	1/7/2021	2024 GM	2 years	-
Jean-Marc Lechêne	64	M	French	Yes	800	-	2/8/2022	2025 GM	1 year	Chair of the key contracts Committee
Myriam Maestroni	55	F	French	Yes	850	1	5/21/2015	2023 GM	8 years	Chair of the appointments and compensation Committee and CSR Member of the key contracts Committee
Pascal Mauberger	66	M	French	No	-	-	5/21/2015	2023 GM	8 years	Member of the key contracts Committee
Laure Michel (Bpifrance Investissement)	49	F	French	No	1,669,120	-	5/21/2015	2024 GM	8 years	Chair of audit Committee Member of appointments and compensation Committee and CSR
Christelle Rouillé (EDF Pulse Holding)	52	F	French	No	3,933,708	-	6/26/2018	2024 GM	5 years	Member of the appointments and compensation Committee and CSR
Emmanuelle Sallès	43	F	French	No	-	-	6/26/2018	2024 GM	5 years	Member of the audit Committee

(1) As at 24 April 2023.
(2) As at 31 December 2022.
(3) Other than in the Company.
(4) On the date of the Shareholders' general meeting of 24 May 2023 – Rounded up figure For directors who are legal entities, seniority is assessed in relation to the director's term of office itself (and not to its permanent representative).

3.3.1.2 Changes in the composition of the Board and its Committees in 2022

	Departure	Appointment	Renewal
Board	Léopold Demiddeleer (8 February 2022)	Jean-Marc Lechêne (co-opted on 8 February 2022 then ratified and renewed on 19 May 2022) Samir Karoum (Technip Energies N.V.) (change of permanent representative - 8 July 2022)	Pascal Mauberger (19 May 2022)
Key contracts Committee	Léopold Demiddeleer (8 February 2022) Éléonore Joder (as Chair only) (31 March 2022)	Jean-Marc Lechêne (31 March 2022)	Pascal Mauberger (19 May 2022)

3.3.1.3 Changes expected in the composition of the Board and its committees in 2023

	Departure	Appointment	Renewal
Board	Pascal Mauberger (24 May 2023)	-	Myriam Maestroni (24 May 2023) (2)
appointments and compensation Committee	-	-	Myriam Maestroni (Chair) (2) (24 May 2023)
Key Contracts Committee	Pascal Mauberger (24 May 2023) Éléonore Joder (24 May 2023)	-	Myriam Maestroni (2) (24 May 2023)
CSR Committee (1)	-	Éléonore Joder (24 May 2023) Samir Karoum (Technip Energies N.V.) (24 May 2023)	Myriam Maestroni (Chair) (2) (24 May 2023)

(1) CSR Committee as a separate committee (as of the Shareholders' general meeting of 24 May 2023). For more details, please see chapter 3.3.4 of this Document.
(2) Effective and subject to the approval of the renewal of Myriam Maestroni's term of office at the Shareholders' general meeting of 24 May 2023.

3.3.1.4 Expertise, experience and diversity on the Board

The Board is committed to promoting a policy of diversity and complementary nature of profiles in terms of gender, age, professional and international experience. To this end, it identifies the applicable orientations to ensure the best possible balance, regularly evaluates its composition and that of its Committees, in particular in the context of renewals of mandates and evaluations of its operation [6] and ensures the regular renewal of its members.
The Board complies with the regulations and recommendations of the Middlenext code regarding the diversity and independence of its members. With regard to the diversity and equity policy within the company beyond the Board, please refer to paragraph 6.5.9.2 of this Document which presents the policy initiated by the Group as well as the results achieved in 2022. For further details, please also report to paragraph 3.3.3.2.3 of this Document.

Gender parity

As of the date of this Document, the Board is composed of ten members, 50% of whom are women.

Age

As of the date of this Document, the average age of the directors is 54, of whom 3 are under 50, 5 between 50 and 60 and 2 over 60.

Independence

At the date of this Document, the Board of Directors has 10 members of whom 30% are independent.

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

- they must not be a salaried employee or corporate officer of the Company or of a company in the Group, and must not have held such a position within the last five years;
- they must not 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 [7];
- 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.

6 For more details, please see chapter 3.3.3.2 of this Document.
7 The Board internal regulations set the limit at 1%.

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

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

Following this review, based on the personal information provided by each of the directors and to the best of the Company's knowledge, the Board of Directors meeting on 7 March 2023 determined that Éléonore Joder, Myriam Maestroni and Jean-Marc Lechêne should be considered as independent.

	L. Poyer (1)	P. Mauberger	P. Gerstl	E. Joder	S. Karoum	JM. Lechêne	M. Maestroni	L. Michel	C. Rouillé	E. Sallès
They must not have been an employee or corporate officer over the past 5 years	✖	✖	✓	✓	✓	✓	✓	✓	✓	✓
No significant business relationships in the previous 2 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
They must not be a reference shareholder	✓	✓	✖	✓	✖	✓	✓	✖	✖	✓
No close relationships or family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✖
They must not have been a Statutory Auditor over the past 6 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

In the above table, ✓ represents a satisfied independence criterion and ✖ represents an unsatisfied independence criterion.
(1) Luc Poyer served as interim Chief Executive Officer from 12 July to 17 October 2021.

Skills and Expertise

The directors are selected based on their expertise and experience. The members of the audit Committee are also chosen for their particular expertise in financial matters.

The activities and offices held by each of the directors (see their biographies in section 3.3.2 of this Document) attest to their individual expertise and experience in different fields, and how they contribute to the quality of the Board's work and a fair balance in its composition.

The table below summarizes the main areas of director expertise and experience:

	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		✓	✓	✓	✓		✓	✓	✓
Peter Gerstl	✓	✓	✓	✓					✓
Éléonore Joder		✓	✓		✓	✓	✓	✓	✓
Samir Karoum		✓	✓		✓				
Jean-Marc Lechêne		✓	✓				✓	✓	✓
Myriam Maestroni		✓	✓	✓	✓		✓		✓
Pascal Mauberger	✓	✓	✓				✓		✓
Laure Michel		✓	✓		✓	✓	✓	✓	✓
Christelle Rouillé	✓	✓		✓					
Emmanuelle Sallès						✓		✓	✓

3.3.2 Biographies and other information

3.3.2.1 Biographies of the members of the Board [8]

LUC POYER

Chairman of the Board

Age: 56 years

Nationality: French

McPhy shares owned: 6,724

Address: c/o McPhy – 4, rue du Commandant Rivière, 75008 Paris (France)

First appointed: 21 May 2015 [1]

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Corporate officer

Biography

As a graduate of ESSEC business school, the Paris Institute of Political Studies and civil service school ENA, Mr. Poyer has spent the majority of his career in the energy sector. Luc 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 Énergies, specializing in reducing the carbon footprints of businesses. He is a senior advisor to Energy Impact Partners (EIP) Europe and Green Executives (UK).

Other positions and corporate offices

Current offices

- Chairman of France Nouvelles Énergies SAS (France)
- Member of the Supervisory Board of Coriance SAS (France)
- Member of the Board of Directors of the French-German chamber of commerce and Industry (AHK)
- Member of the Board of Directors of the Association for low carbon transition (ABC) (France)

Positions held during the last five years

- Chairman of Uniper France SAS (France)

(1) Luc Poyer was appointed as a member of the Supervisory Board at the OGM of 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 on 17 June 2021.

[8] In alphabetical order, excluding the Chairman of the Board. The information below is as of 31 December 2022 (other than the age, as of the date of this Document)

PETER GERSTL

Permanent representative of Chart Industries Inc., director

Age: 52 years

Nationality: German

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

Address: Siemensstrasse 19, 40789 Monheim am Rhein (Germany)

First appointed: 7 January 2021 (1)

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Hydrogen Sales Director, EMEA

Biography

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

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

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

Other positions and corporate offices

Current offices

- N/A

Positions held during the last five years

- N/A

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

ÉLÉONORE JODER

Independent

Age: 54 years

Nationality: French

McPhy shares owned: 800

Address: 5, avenue Jean Goujon, 78600 Maisons-Laffitte (France)

First appointed: 6 December 2018

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Chief Financial & Administrative Officer

Biography

As a graduate of ESC, INSEAD and IHEDN Business Schools, Éléonore Joder has worked in the energy sector for over 15 years. She brings extended experience in finance for industrial companies.

She holds the position of Chief Financial & Administrative Officer within the Noven group (CIM and CCMP) which she joined in 2012.

Prior to that, she was Chief Financial Officer of Séchilienne-Sidec (Albioma) from 2009 to 2012 and of Poweo from 2006 to 2009. She was director of Financing and Treasury at Artémis and was also responsible for multiple functions at Rhône-Poulenc and Rhodia, including Internal Audit, Trading Room & Cash, and Mergers & Acquisitions.

Other positions and corporate offices

Current offices

- Director of Gascogne SA (France) – listed company
- Member of the Supervisory Board of Fournier SAS (France)
- Director of Trapil (permanent representative of Noven) (France)

Positions held during the last five years

- N/A

Samir KAROUM

Permanent representative of Technip Energies N.V., director

Age: 46 years

Nationality: French

McPhy shares owned (by Technip Energies N.V.): 638,297

Address: c/o Technip France – 6-8, allée de l'Arche, 92973 Paris La Défense CEDEX (France)

First appointed: 7 January 2021 (1)

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Chief Strategy & Sustainability Officer

Biography

Samir Karoum has been Chief Strategy & Sustainability Officer and member of the Executive committee of Technip Energies N.V. since 25 May 2022, where he is responsible for strategy, sustainability, investments, partnerships, strategic and digital marketing.

Samir is a recognized leader with over 20 years of international experience in the energy, mobility and digital sectors. After starting his career in project management, he went on to hold several sales and senior management roles at local, regional and international levels at Areva, Alstom and Schneider Electric. Prior to joining Technip Energies, Samir was Vice-President Start-Up Partners at Schneider Electric.

As a graduate of ESTP, Samir has also participated in numerous executive programs (Wharton Venture Capital program, INSEAD Senior Management Program, CHEDE Auditor).

Other positions and corporate offices

Current offices

- N/A

Positions held during the last five years

- N/A

(1) Samir Karoum replaced Jean-Marc Aubry as permanent representative of Technip Energies N.V. on 7 July 2022.

JEAN-MARC LECHÊNE

Independent

Age: 64 years

Nationality: French

McPhy shares owned: 800

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

First appointed: 8 February 2022 (1)

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2024

Main professional activity: Corporate officer/Retired

Biography

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

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

Other positions and corporate offices

Current offices

- Chairman of the Board of Norican A/S (Denmark)
- Chairman of the Board of Tresu A/S (Denmark)
- Independent director of Velux A/S (Denmark)
- Chairman of the Consultative Committee of Baettr GmbH (Germany)

Positions held during the last five years

- Independent director of Lamprell plc (UK)

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

MYRIAM MAESTRONI

Independent director proposed for renewal at the next Shareholders' general meeting

Age: 55 years

Nationality: French

McPhy shares owned: 850

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

First appointed: 21 May 2015

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2022

Main professional activity: Chair of 5ET Think Tank

Biography

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

When appointed as Managing Director of Dyneff/Agip specializing in downstream and distribution of petroleum products in Spain, she participated in the deregulation of the national market. In 1996, she joined Primagaz to open its Iberian subsidiary. She was also Managing Director of Primagaz Spain until 2002, before pursuing her international career with SHV Holdings in the Netherlands. In 2003, she was appointed director of Sales and Marketing at Primagaz France, where she became the Chief Executive in 2005. Myriam also initiated the “energy advisory” approach, aiming to transform the company into a “Designer and supplier of sustainable energy solutions”. Subsequently, in 2011 she created the start-up Économie d’Énergie 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, specializing in the energy transition.

In 2012, Myriam 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 also 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

Current offices

- President of the E5T Endowment Fund (France)
- Chair of UMA SAS (France)
- President of the E5T Education SAS (France)
- Chair of the Supervisory Board of Demeter Investment Managers SA (France)
- Independent director of Boostheat SA (France)
- Independent director of EkWateur SA (France)
- Member of Strategic Committee of La Tribune

Positions held during the last five years

- Member of Management Board of KEDGE
- CEO and Chairman of Économie d’Énergie and its subsidaires (ON5 Spain, Italy and UK)

PASCAL MAUBERGER

Director and Honorary President

Age: 66 years

Nationality: French

McPhy shares owned: N/A

Address: 26, rue de Langle, 56860 Séné (France)

First appointed: 21 May 2015 [(1)]

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2022

Main professional activity: Corporate Officer/Retired

Biography

Pascal 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 graduated from top-tier engineering schools École 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

Current offices

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

Positions held during the last five years

- Chairman and Chief Executive Officer of the Company

(1) As a director. Pascal MAUBERGER was Chairman of the Management Board until 21 May 2015, then Chairman and Chief Executive Officer until 4 November 2019 and Chairman of the Board from that date until 17 June 2021. Since then he has been the Honorary President.

LAURE MICHEL

Permanent representative of Bpifrance Investissement SAS, director

Age: 49 years

Nationality: French

McPhy shares owned (by the funds FCPI Fonds Ecotechnologies, whose Bpifrance Investissement is the fund manager): 1,669,120

Address: c/o Bpifrance – 27/31, avenue du Général Leclerc, 94700 Maisons-Alfort cedex (France)

First appointed: 21 May 2015 (1)

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Investment Director

Biography

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

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

Other positions and corporate offices held (2)

Current offices

- Director of Apix Analytics SA (permanent representative of BPI France Investissement SAS) (France)
- Censor of Dcbrain SAS (permanent representative of BPI France Investissement SAS) (France) (3)
- Director of Elichens SA (permanent representative of BPI France Investissement SAS) (France)
- Director of Green Impulse SAS (permanent representative of BPI France Investissement SAS) (France)
- Director of Nawa Technologies SA (permanent representative of BPI France Investissement SAS) (France)
- Director of Pili SAS (permanent representative of BPI France Investissement SAS) (France)
- Co-President of the SCI Arcole (France)

Positions held during the last five years

- Director of Techniwood International SA (permanent representative of BPI France InvestissementSAS) (France)

(1) Bpifrance Investissement was appointed as a member of the Supervisory Board at the OGM of 25 November 2010, then as a director at the Board of Directors meeting of 21 May 2015. Laure Michel replaced Anne-Sophie Carrese as permanent representative on 27 July 2017.

(2) Without prejudice to the provisions on multiple offices as per article L. 255-91 of commercial Code.

(3) Member of strategic committee (permanent representative of Bpifrance Investissement SAS) until February 2022.

CHRISTELLE ROUILLE

Permanent representative of EDF Pulse Holding SAS, director

Age: 52 years

Nationality: French

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

Address: 10, avenue de l'Arche, Immeuble le Colisée, 92419 Courbevoie CEDEX 20 (France)

First appointed: 26 June 2018

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

Main professional activity: Corporate officer

Biography

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

Christelle Rouillé is a graduate of the École Supérieure des Sciences Économiques et Commerciales in Angers, France and of the Vienna University of Economics (*Wirtschaftsuniversität*).

Other positions and corporate offices held

Current offices

- CEO of Hynamics (France)
- Chair of HY4 (France)

Positions held during the last five years

- N/A

EMMANUELLE SALLES

Director

Age: 43 years

Nationality: French

McPhy shares owned: N/A

Address: c/o Enedis, Tour Enedis – La Défense (France)

First appointed: 26 June 2018

Expiry of term: Shareholders' general meeting approving the accounts for year ending 31 December 2023

Main professional activity: Corporate legal manager

Biography

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. Between 2016 and 2022 she has headed up the Legal, Securities Law, and Corporate Law Department of the EDF group. She joined Enedis in 2022 as head of the Corporate Legal Department.

Other positions and corporate offices held

Current offices

- N/A

Positions held during the last five years

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

3.3.2.2 Other information

3.3.2.2.1 Potential conflicts of interest and agreements

As of the date of this Document and to the best of the Company's knowledge, subject to the fact that certain directors are also directly or indirectly, shareholders and business partners of the Company (see paragraphs 7.2.1 and 8.4 of this Document), there are:

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

To prevent any risk of potential conflict of interest, the Board internal regulations provide that the directors must "notify the Chairman of the Board at their earliest convenience of any existing or potential conflict of interest with the Company or any Group company. Following this formality, it is incumbent on the director in question to act accordingly as per applicable laws, and where necessary to (i) refrain from participating in the vote relating to the corresponding resolution (ii) refrain from attending Board of Directors meetings during the period of the conflict of interest or (iii) resign from their role of director."

At each Board meeting and depending on the agenda, any director with a potential conflict of interest abstains from participating in the deliberations and voting on any subject on which they would be in this situation. In addition, situations of conflicts of interest within the Board are reviewed annually.

3.3.2.2.2 Other statements

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

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

3.3.3.2.3 Diversity and equity policy

The table below describes the Group's diversity policy, as reviewed by the Board on April 6, 2023, relating to the Board, Executive Committee and more generally the Group:

	Criteria	Objective(s)	Achievements in 2022
Board	Gender	Maintaining a balanced representation in terms of gender in the Board	Balanced representation, with 50% of women
	Age	Maintaining a balanced representation in terms of age in the Board while respecting applicable laws in that respect	Balanced representation, with an average age of 54 years, with 3 directors of less than 50 years, 5 between 50 and 60 years and 2 more than 60 years
	Independence	Maintaining a proportion of independent directors, in line with the recommendations of the Middlenext code	• Proportion compliant with the Middlenext code, with 30 % independent • Following the General Meeting of May 23, 2023 called to decide on the renewal of an independent director, correlatively to the departure of a non-independent, the proportion of independent would increase to 33.33% • Each specialized committee of the Council is chaired by an independent For 2023 and the following years, the Group will ensure that its proportion of independents is increased on the occasion of the next appointments or renewals on the Board (taking into account the presence of directors representing major shareholders, on the one hand, and the need for a "small" Board in order to promote the effectiveness of its work, on the other hand)
	Balance and varied skills	Maintaining diverse skills and experience in key areas for the Group and a balance between directors in office for several years, and the integration of new members	• This diversity and expertise has increased with the arrival of: (i) Jean-Marc Lechêne (extensive international experience in the industrial and renewable energy sector) and (ii) Samir Karoum, new permanent representative of Technip Energies N.V. (extensive experience in energy and mobility and in charge of strategy and sustainable development within Technip Energies) Pascal Mauberger's term of office as a director will expire at the next Annual General Meeting on May 23, 2023 and will not be renewed as anticipated in 2022 • The areas of expertise and experience and biographies of each director are available in paragraphs 3.3.1.4 and 3.3.2.1 of this Document
	International	Maintaining an international composition, aligned with the Group's locations and activities	• As of 31 December 2022, 2 nationalities (Germany, and France) were represented • A significant proportion of Board members have significant international experience
Executive Committee	Gender	Strengthening gender balance by identifying potential candidates in advance	• 10 members, 20% of whom are women • In 2022, a woman (General Counsel and Secretary of the Board) was appointed
	International	Maintaining an international composition, aligned with the Group's locations and activities	• 3 nationalities (Germany, France and Italy) were represented (aligned with the Group's locations) • All members of the Executive Committee have significant international experience
Group	Diversity	Please refer to paragraph 6.5.9.2 of this Document	Please refer to paragraph 6.5.9.2 of this Document

3.3.3 Powers and operation of the Board

3.3.3.1 Internal regulations of the Board

The Board's internal regulations set out the principles of conduct for its members as well as for the operation of the Board and its specialized Committees. These regulations are regularly updated to incorporate applicable legal and regulatory changes, the recommendations on best corporate governance practices and the results of the operational self-assessments that the Board carries out annually. It is published on the Company's website.

3.3.3.2 Powers of the Board

The Board 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. It must also approve major operations before they are implemented by the Group (see paragraph 3.2.1 of this Document).

3.3.3.3 Operation and work of the Board

Chairman and Secretary of the Board

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

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

Preparation and organization

The conditions for preparing and organizing the Board's work are described in the Articles of Association and the Board's internal regulations.

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

Directors must receive the information necessary for their mission on a timely basis, to effectively participate in the work of the Board and enable them to perform their duties under appropriate conditions, although the time limit for communication may be reduced for good reason in cases of urgency or necessity, or with the agreement of the directors. Conversely, directors have an obligation to request the necessary information they feel they need to perform their duties.

The Company also communicates to the directors any necessary information between Board meetings when the news of the Company justifies it.

The Board of Directors is only quorate if at least half of the directors are present or represented. Decisions are taken by a majority of the members present or represented. Members participating by video call or remote communication methods (meeting the technical characteristics guaranteeing effective participation) shall be deemed present in accordance with the Articles of Association. By written consultation, the Board is empowered to take such decisions authorized by law.

Board activities

During the 2022 fiscal year, the Board of Directors met ten (10) times. The average attendance rate was 91%.

The main points addressed were as follows:

Group activities and finance	• Review of the Company and consolidated financial statements for 2021 and the first half of 2022, and the corresponding financial press releases • Review and approval of the 2022 Business plan and budget • Final investment decision on the future electrolyzer Gigafactory in Belfort • Information on business operations • Information on safety within the Group • Share buyback program and annual authorizations for the Chief Executive Officer • Review of risks • Approval of the annual reports (universal registration document, annual financial statements, management report) • Review of the work of Board Committees • Update financing and M&A issues • Equity transactions within the Company's subsidiaries
Governance	• Review and evaluation of the Board's operation and performance, and of those of its committees • Changes in the composition of the Board and its committees (co-opting of a new director and change of permanent representative, change of Chair of the key contracts Committee) • Appointment of a Secretary of the Board • Annual review of the composition of the Board and its committees, qualification of independence of members • Review of Middlenext code recommendations • Review and where appropriate, approval of agreements with related parties • Approval of corporate governance report
Compensation	• Review and approval of the 2022 compensation policies applicable to Company corporate officers, assessment of 2021 corporate officer compensation and more broadly, of the elements required under the corporate governance report • Long-term compensation plans (free share grants)
General meeting of Annual	• Convening of meetings, approval of draft resolutions and of special reports by the Board • Review of the voting recommendations of proxies
Miscellaneous	• Change of registered office • Partnership with Hype

In accordance with best governance practices, the Board regularly organizes executive sessions at the end of each meeting, i.e., without the presence of General Management and Group employees.

Attendance of the members of the Board and its specialized Committees during the year 2022

	Board	Audit committee	Appointments and compensation Committee	Sub-Committee CSR	Key contracts committee
Luc Poyer (Président)	100 %	—	—	—	100 %
Peter Gerstl (Chart Industries, Inc.)	90 %	—	—	—	—
Éléonore Joder	100 %	100 %	—	—	75 %
Samir Karoum (Technip Energies N.V.) (1)	80 %	—	—	—	—
Jean-Marc Lechêne (2)	100 %	—	—	—	100 %
Myriam Maestroni	100 %	—	100 %	—	75 %
Pascal Mauberger	70 %	—	—	—	50 %
Laure Michel (Bpifrance Investissement SAS)	100 %	89 %	100 %	100 %	—
Christelle Rouillé (EDF Pulse Holding SAS)	90 %	—	67 %	67 %	—
Emmanuelle Sallès	70 %	78 %	—	—	—

(1) As from 7 July 2022.
(2) As from 2 February 2022.

Assessment

In accordance with the Middlenext code recommendations and its internal regulations, the Board annually reviews its own functioning and of its Committees to notably assess the preparation and quality of their work. To this end, the members of the Board review the points of vigilance of the Middlenext code and self-assess the work of the Board and of its Committees, especially in terms of their composition, functioning, organization of meetings, access to information, agenda and work, directors' compensation as well as relations within the Board and with the General Management.

The Board conducted its self-assessment in early 2023 and reviewed its findings at the Board meeting of 7 March 2023. The result is a rich debate, a quality of exchanges and human relations between directors, a high level of commitment and a climate of trust between the Board and General Management. There has also been a significant improvement in the organization and operation of the Board, notably through the new Board Secretary function. Following this review, it was also decided to develop action plans aimed at further increasing the efficiency of the Board's work and discussions, the quality of information and the implementation of an annual strategy session.

3.3.4 Specialized Committees of the Board

As of the date of this Document, the Board operates the following specialized Committees: the audit Committee, the appointments and remunerations Committee and its CSR sub-committee [9], and a key contracts Committee.

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

The committee members are appointed by the Board from amongst the directors, on the proposal of the Appointments and Remunerations Committee. The term of office of committee members coincides with the term of office of directors. Each committee appoints a Chair from among its members, who may decide to invite members of the Board and General Management or any other person they consider useful.

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

3.3.4.1 Audit Committee

Composition

At the date of this Document, the audit Committee has three members:

	First appointed to Committee	Independent member
Éléonore JODER (Chair)	6 December 2018	Yes
Laure MICHEL (Bpifrance Investissement SAS)	21 May 2015	No
Emmanuelle SALLES	29 June 2018	No
Number of members: 3		**33.33%**

Mission

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

9 As explained above, the CSR Committee will be a separate committee as of the Shareholders' general meeting of 24 May 2023.

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

Activity in 2022

2022	
Number of meetings	9
Average attendance rate	89%

The main points discussed were as follows: (i) Company and consolidated financial statements for 2021 and for the first half of 2022 and the corresponding financial communications and reports; (ii) review of internal control and risk management and 2022 budget and financing needs.

3.3.4.2 Appointments and remuneration Committee

Composition

At the date of this Document, the appointments and compensation Committee has three members:

	First appointed to Committee	Independent member
Myriam MAESTRONI (Chair)	21 May 2015	Yes
Christelle ROUILLÉ (EDF Pulse Holding SAS)	29 June 2018	No
Laure MICHEL (Bpifrance Investissement SAS)	17 June 2021	No
Number of members: 3		**33.33%**

Mission

The principal mission of the appointments and compensation Committee is to assist the Board in determining the composition of the Group's management bodies, and in determining and regularly assessing all compensation and benefits for corporate officers and/or senior executives. Within this context, its main tasks include: (i) proposals for the appointment of members of the Board and its committees and of the Company's executive officers, (ii) annual assessment of the independence of the members of the Board, (iii) examination and proposal to the Board of all the elements and conditions of the remuneration of the Chief Executive Officer and of the Deputy Chief Executive Officer(s) (iv) determination of the general remuneration policy for members of the Executive committee, other than the Chief Executive Officer and Deputy Chief Executive Officer(s), (v) monitoring the policy on equal opportunities and equal pay, and (vi) review and proposal to the Board of Directors of the distribution method for the total annual remuneration package approved by the Shareholders' general meeting.

Activity in 2022

2022	
Number of meetings	9
Average attendance rate	89%

The main points addressed were as follows: (i) opinion issued on three recruitments of directors reporting to the Chief Executive Officer and members of the Executive committee whose salary package exceeds €100,000 in accordance with the Board's Internal Regulations; (ii) assessment of the achievement of the objectives defined in the variable component of remuneration of the Chief Executive Officer's and the members of the Executive committee; (iii) presentation and discussion of the new organization of the Executive committee; (iv) long-term share-based retention scheme; (v) preparation of directors' training, (vi) calculation of the remuneration of the corporate officers and (vii) preparatory work for the evaluation of Board functioning.

3.3.4.3 CSR Committee

Composition

As a subcommittee of the appointments and compensation Committee, the composition of the CSR Committee is identical to that of the latter.

	First appointed to Committee	Independent member
Myriam MAESTRONI (Chair)	17 June 2021	Yes
Christelle ROUILLÉ (EDF Pulse Holding SAS)	17 June 2021	No
Laure MICHEL (Bpifrance Investissement SAS)	17 June 2021	No
Number of members: 3		**33.33%**

As indicated above, as a separate CSR Committee is to be established in 2023, the intended composition is referred to in paragraph 3.3.1.3 of this Document.

Mission

The main missions of this CSR Committee are to (i) consider the CSR dimension of the major issues discussed by the Board (growth, restructuring, innovation, acquisitions, etc.), (ii) ask the Chairman of the Board to incorporate CSR in Company strategy to create value for the Company and its stakeholders, (iii) question senior management on mandatory or voluntary CSR reporting, (iv) consult reports and where appropriate, interview independent external experts who have expressed an opinion on the Company's CSR performance (auditors, rating agencies, independent third-party organizations, etc.), (v) monitor CSR performance and its gradual increase within the Group, and (vi) encourage discussion of the use of CSR criteria when calculating the variable portion of executive compensation and participate in its implementation.

As the implementation as a separate CSR Committee in 2023, its tasks will be those described above, as well as to review and monitor the implementation of the CSR roadmap and to assist or recommend any other committee on any subject related to CSR issues.

Activity in 2022

2022	
Number of meetings	3
Average attendance rate	89%

The main points addressed included a contribution to and validation of the 2022-2024 CSR Roadmap and work on the ESG minimums; monitoring the work on the definition of McPhy Values, customer satisfaction surveys, employee satisfaction survey and carbon footprint methodology.

3.3.4.4 Key contracts Committee

Composition

At the date of this Document, the Key Contracts Committee has five members:

	First appointed to Committee	Independent member
Jean-Marc LECHÊNE (Chair)	31 March 2022	Yes
Éléonore JODER	12 May 2021	Yes
Myriam MAESTRONI	12 May 2021	Yes
Pascal MAUBERGER	12 May 2021	No
Luc POYER	17 June 2021	No
Number of members: 5		**60%**

Mission

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

Activity in 2022

2022	
Number of meetings	4
Average attendance rate	80%

The main points addressed included a review of planned key commercial contracts and partnerships and where applicable, those entered into by the Group [10].

[10] For reasons of confidentiality, details of proposed contracts and partnerships are not provided in this Document.

3.4 Compensation of corporate officers

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

The following are described below:

- general principles of the compensation policy (paragraph 3.4.1);
- concerning directors (excluding the Chairman of the Board): compensation policy for 2023 and elements relating to the 2022 fiscal year (paragraph 3.4.2);
- concerning the Chairman of the Board: compensation policy for 2023 and elements relating to the 2022 fiscal year (paragraph 3.4.3); and
- concerning the Chief Executive Officer: compensation policy for 2023 and elements relating to the 2022 fiscal year (paragraph 3.4.4).

3.4.1 General principles (relating to determination, revision, and implementation of the compensation policy)

As a foreword, it should be noted that the Company refers to the Middlenext code and applies its recommendations on the compensation of corporate officers. See also section 3.1 of this Document.

3.4.1.1 General principles and objectives

In accordance with the Middlenext code[11], McPhy's policy on the compensation of corporate officers is based on the following seven general principles and objectives:

- **comprehensive, readable and transparent.** It provides details of all compensation awarded or paid to each of the corporate officers (i.e. fixed and variable part, long-term compensation through equity instruments, including the performance criteria relating thereto, exceptional compensation and/or benefits in kind, as the case may be). The compensation policy was redesigned in 2022 to provide clarity and simplified readability of the items referred to through simple and transparent rules, in particular with regard to the performance criteria applicable to variable and long-term compensation, including the content and weighting are aligned with Group performance;
- **balanced.** Each item is determined with regard to the profile of the corporate officer concerned (competence and willingness to invest in the long term) is motivated and in line with the interests of the Company, it being specified that compensation is assessed globally, i.e. in the light of all its constituent components;
- **benchmark.** External consultants are regularly used to assess the relevance and competitive nature of the compensation policy, while ensuring that it remains proportionate to the Company's situation;
- **consistent.** The compensation policy and its development are the subject of in-depth reflection within the governance structure, particularly in the light of the Group's human resources policy. This policy intends to match that applicable to all Group employees. Similarly, long-term compensation in shares aims to align the interests of employees and shareholders and to strengthen attachment to the Company and the attractiveness of McPhy;
- **measured.** The compensation policy aims to ensure a suitable balance with regard to the Company's interests, its long-term viability and growth, while incorporating the social and environmental issues surrounding its activity.

The compensation policy defined by the Board of Directors on the recommendations of the appointments and compensation Committee, complies with all applicable recommendations of the Middlenext code.

[11] See R16 (definition and transparency of the compensation of executive corporate officers), and more specifically the seven principles set out in point a) of said recommendation.

3.4.1.2 Determination, review and implementation process

The **compensation policy is determined by the Board of Directors, on the recommendation of the appointments and compensation Committee. It is then submitted for approval to the Shareholders' general meeting** and published on the Company website in accordance with the regulations.

- To avoid any conflict of interest, the persons concerned do not take part in the discussions or vote on the items of compensation concerning them.
- With regard to the appointments and compensation Committee's duties, (i) the Chair of the said Committee, an independent director, was chosen for her technical skills and her strong understanding of the applicable standards, emerging trends and the Company's practices, (ii) the members of the Committee have access to useful Company information, in particular figures, (iii) comparisons are regularly made to ensure that the compensation levels of the Company's corporate officers are competitive and consistent with the Group's human resources policy and those of companies in the sector, and (iv) discussions take place with the other members of the Board to assess the financial, accounting and tax impacts of the proposed compensation policy.

The compensation policy is not revised annually; nonetheless **certain conditions of implementation of the policy are defined on an annual basis** (such as the performance criteria applied to the variable portion of the Chief Executive Officer's annual compensation). In this respect, the achievement of annual performance criteria (in terms of variable or long-term compensation) is examined by the appointments and compensation Committee and then approved by the Board on its recommendation.

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

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

3.4.1.3 2023 compensation policy

The **policy on the compensation of corporate officers for 2023**, as detailed in paragraphs 3.4.2 to 3.4.3 of this Document, is identical to that approved for 2022, subject to the following adjustments:

- **compensation of directors (excluding the Chairman of the Board)**: within the annual budget of €218,400 (in force since the general meeting of 17 June 2021), (i) addition of fixed compensation for all members of all the specialized Committees of the Board (previously expressly provided only for the Audit Committee and the appointments and compensation Committee); (ii) increase in the maximum number of meetings of the paid audit Committee during the fiscal year in question, and (iii) deletion of the reference to compensation in respect of specific missions entrusted to a director [12]; and
- **compensation of the Chief Executive Officer**: (i) annual fixed compensation increased to €250,000 (i.e. approximately +4%), to reflect the results of the compensation assessment carried out in 2021, the inflationary environment and consistency with the Group's compensation policy (it being specified that the average salary increase granted in 2022 within the Group was 4.5%), and (ii) extension of the GSC unemployment insurance to 18 months (from 12 months), and (iii) without prejudice to the annual review of the performance conditions applicable to the variable and long term items of compensation.

[12] Insofar as necessary, it is specified that if such missions were to be entrusted to a director, they would be subject to the applicable regulations (and in particular to article L. 225-38 of the French Commercial Code). Refer to paragraph 3.6 below.

As a reminder, the items relating to the **remuneration of corporate officers submitted to the Shareholders' general meeting of 19 May 2022** received a favorable vote as follows:

		Votes "For"	Votes "Against"
6th resolution	Approval of information referred to in section I of article L. 22-10-9 of the French Commercial Code	91.28%	8.72%
7th resolution	Approval of the fixed, variable and exceptional components of the total compensation and benefits in kind paid or granted to the Chairman of the Board – Pascal Mauberger, for the period from 1 January 2021 to 17 June 2021	99.52%	0.48%
8th resolution	Approval of the fixed, variable and exceptional components of the total compensation and benefits in kind paid or granted to the Chairman of the Board – Luc Poyer, for the period from 18 June 2021 to 31 December 2021	99.65%	0.35%
9th resolution	Approval of the fixed, variable and exceptional components of the total compensation and benefits in kind paid or granted to the Chief Executive Officer – Laurent Carme, for the period from 1 January 2021 to 11 July 2021	99.56%	0.44%
10th resolution	Approval of the fixed, variable and exceptional components of the total compensation and benefits in kind paid or granted to the Chief Executive Officer – Luc Poyer, for the period from 12 July 2021 to 17 October 2021	99.64%	0.36%
11th resolution	Ratification of the changes to the policy on the compensation of the Chief Executive Officer for the period from 18 October 2021 to 31 December 2021	94.97%	5.03%
12th resolution	Approval of the fixed, variable and exceptional components of the total compensation and benefits in kind paid or granted to the Chief Executive Officer – Jean-Baptiste Lucas, for the period from 18 October 2021 to 31 December 2021	86.17%	13.83%
13th resolution	Approval of the policy on the compensation of directors (excluding the Chairman of the Board of Directors) in respect of the 2022 fiscal year	99.60%	0.40%
14th resolution	Determination of the overall annual amount of compensation allocated to directors	99.26%	0.74%
15th resolution	Approval of the policy on the compensation the Chairman of the Board of Directors in respect of the 2022 fiscal year	99.61%	0.39%
16th resolution	Approval of the policy on the compensation the Chief Executive Officer in respect of the 2022 fiscal year	88.14%	11.86%

3.4.2 Director's compensation (excluding the Chairman of the Board)

3.4.2.1 Policy on compensation for 2023 fiscal year (ex-ante)

General principles related to the determination of directors' compensation

- the annual budget allocated to directors is fixed by the shareholder general meeting and remains valid until a new resolution is passed by said meeting;
- the formula for allocating directors' compensation (the "**Tariff**") is determined by the Board of Directors, after regular review to ensure that it is aligned with the general principles defined above and that it is competitive and attractive. The Tariff is disclosed in the policy on the compensation of directors, which is submitted to the Shareholders' general meeting for approval; and
- within the limit of the annual budget and the scale described above, the Board of Directors determines the amount of compensation awarded for the year ended.

Principles applicable within the Company

- only independent directors (13) receive compensation for their duties as directors; and
- directors do not receive variable annual/multi-year or long-term compensation, supplementary pension plans, nor indemnities or benefits due or likely to be due resulting from the assumption, termination or change of their function.

2023 policy

- the annual budget remains the same as in 2022 (as approved in the 14th resolution of the shareholder general meeting of 19 May 2022) and identical to 2021 (as approved in the 10th resolution of the shareholder general meeting of 17 June 2021);
- for the position of independent director and where applicable, member or chair of a specialized committee, the Tariff includes the following items: (i) a fixed component (pro rata temporis in case of departure or arrival during the year) and (ii) a variable component based on a fixed fee for each meeting, to reflect their effective participation in the work of the Board and its Committees, within the limit of a pre-defined cap on the number of meetings [14].

As of 1 January 2023, the Tariff is as follows:

(in €) (1)	**Fixed fee**	**Per meeting** (3)
Board of Directors		
Director	10,000 €	1,500 €
Audit Committee		
Chairman	5,000 €	2,000 €
Member	2,500 €	1,000 €
Appointments and compensation Committee		
Chairman	5,000 €	1,600 €
Member	2,500 €	800 €
Key Contracts Committee		
Chairman	5,000 €	2,000 €
Member	2,500 €	1,000 €
CSR Committee		
Chairman	5,000 € (2)	1,600 €
Member	2,500 € (2)	800 €

(1) On a gross basis before tax and social security contributions.
(2) As of the implementation of the CSR Committee as a specialized Committee of the Board separate from the appointments and compensation Committee.
(3) Within the annual limit of:
- *12 meetings for the Board of Directors, potentially increased to 17 meetings under exceptional circumstances (change of governance, significant M&A operation, etc.) without impacting the annual fixed amount allocated by the general meeting;*
- *13 meetings for the Audit Committee;*
- *7 meetings for each of the other specialized committees.*

- The Board may award exceptional compensation for a specific mission or mandate, the conditions of which will be determined at relevant time by the Board, on the recommendations of the appointments and compensation Committee in accordance with the Articles L. 225-46 and L. 22-10-15 of the French Commercial Code. As indicated above, if such missions were to be entrusted to a director, they would be subject to the applicable regulations (and in particular to Article L. 225-38 of the French Commercial Code) and within the limit of the annual budget.

[13] For more details on independent directors, see paragraph 3.3.1 of this Document.
[14] It is specified that the compensation due for a year N is paid in N+1 following the date of the determination of the related amounts, according to the applicable policy, by the Board.

3.4.2.2 Items of compensation and benefits of all kinds paid or allocated in respect of the 2022 fiscal year (ex-post)

Table of compensation paid to directors and other compensation received by directors (excluding the Chairman of the Board)

(in €) [(1)]	Amounts allocated in 2022	Amounts paid in 2022	Amounts allocated in 2021	Amounts paid in 2021 [(4)]
Léopold DEMIDDELEER [(2)]	4,068 €	28,000 €	28,000 €	14,000 €
Éléonore JODER	48,000 €	49,000 €	49,000 €	16,000 €
Jean-Marc LECHÊNE [(3)]	28,459 €	—	—	—
Myriam MAESTRONI	49,000 €	44,000 €	44,000 €	17,000 €
TOTAL	**129,527 €**	**121,000 €**	**121,000 €**	**47,000 €**

(1) On a gross basis before tax and social security contributions.
(2) In respect of his term as a director from 1 January 2021 to 8 February 2022, date of his departure.
(3) In respect of his term of office as a director from 8 February 2022, the date of his arrival.
(4) Correction of material errors contained in the 2021 universal registration document: the amounts paid in 2021 were incorrectly shown in the column amounts paid in 2020.

All of the above items of compensation are compensation paid to the persons concerned as independent directors and by application of the Tariff (fixed fee and meeting fee) applicable during the term of their office in the fiscal year. No compensation was received by directors from a company within the Group scope of consolidation as defined by article L. 233-16 of the French Commercial Code.

The compensation due in respect of 2022 was paid according to the determination of the amounts referred to above by the Board dated 6 April 2023.

The composition of the Board (as described in paragraph 3.3.1 of this Document) is, and was during 2022, in accordance with the legal provisions relating to gender diversity, so that there has been no suspension of the compensation of the members of the Board referred to in article L. 225-45 paragraph 2 of the French Commercial Code.

3.4.3 Compensation of the Chairman of the Board

3.4.3.1 Policy on compensation for the 2023 fiscal year (ex-ante)

The policy on the compensation of the Chairman of the Board of Directors (i) is determined by the Board on the recommendations of the appointments and compensation Committee, it being specified that said Chairman of the Board of Directors is not a member and does not participate in the discussions and votes held by the appointments and compensation Committee and by the Board while his compensation is discussed, before (ii) being submitted to the Shareholders' general meeting for approval.

For 2023:

- the compensation of the Chairman of the Board of Directors will be identical to that planned for 2022, i.e. a fixed annual amount (gross and before tax) of €105,000. This compensation is consistent with the tasks entrusted to the Chairman of the Board, his experience and market practices;
- as a result of his position with the Company, the Chairman of the Board will not receive any other compensation (including variable annual or multi-year compensation linked to performance conditions) or other benefits (including severance pay or a supplementary defined contribution pension plan), other than (i) supplementary health and life insurance, and the pension schemes (statutory and supplementary) applicable to McPhy management grades in France, (ii) directors’ liability insurance taken out by the Company and (iii) reimbursement of travel expenses (upon presentation of receipts). It is also specified that the Chairman of the Board is not subject to a non-compete obligation.

If a new Chairman of the Board of Directors were to be appointed during the fiscal year, his compensation could feature the following components: (i) a fixed annual amount determined by the Board on the recommendation of the appointments and compensation Committee, and/or (ii) the benefits in kind described above (supplementary health and life insurance, statutory and supplementary pension schemes, civil liability insurance for executives and reimbursement of actual travel expenses).

3.4.3.2 Items of compensation and benefits of all kinds paid or allocated in respect of the 2022 fiscal year (ex-post)

As of the date of this Document, and since 17 June 2021, Luc Poyer is the Chairman of the Board.

Compensation as Chairman of the Board

The items of compensation awarded or paid to the Chairman of the Board for the 2022 fiscal year comply with the compensation policy adopted by the Board of Directors on the recommendation of the appointments and compensation Committee and approved by the Shareholders' general meeting of 19 May 2022.

Compensation for assistance services

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

Summary of compensation, options and shares [15]

Luc POYER, Chairman of the Board (1)	2022 fiscal year	2021 fiscal year
Compensation due for the fiscal year (2)	140,000 €	165,625 €
Value of options or shares allocated at no charge	—	—
Valuation of other long-term compensation plans	—	—
Total	**140,000 €**	**165,625 €**

(1) It is specified that in 2021, Luc Poyer served as an independent director (from 1 January to 17 June 2021), as interim Chairman and Chief Executive Officer (12 July to 17 October 2021) and as Chairman of the Board (since 17 June 2021).

(2) For more details, please see the summary compensation table below. It is specified that (i) the items concerning the 2021 fiscal year included the compensation received for the position of Interim Chief Executive Officer from 12 July to 17 October 2021 as mentioned in the table below, and (ii) the total amount included in this table includes the correction of a material error in the 2021 universal registration Document on the compensation allocated to directors for 2021.

Summary compensation table [16]

	2022 fiscal year		2021 fiscal year (4)	
Luc POYER, Chairman of the Board (1)	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation as Chairman of the Board (2)	105,000 €	161,959 €	56,959 €	— (4)
Fixed compensation as Chief Executive Officer (2)	—	—	58,666 €	58,666 €
Annual or multi-year variable compensation	—	—	—	—
Extraordinary compensation	—	—	—	—
Compensation due in respect of the assistance agreement (3)	35,000 €	35,000 €	25,000 €	25,000 €
Compensation granted for the position of director	—	25,000 €	25,000 € (4)	17,000 € (4)
Benefits in kind (5)	—	—	—	—
Total	**140,000 €**	**221,959 €**	**165,625 €**	**100,666 €**

(1) It is specified that in 2021, Luc Poyer served as an independent director (from 1 January to 17 June 2021), as interim Chairman and Chief Executive Officer (12 July to 17 October 2021) and as Chairman of the Board (since 17 June 2021).

(2) It is specified that (i) as of 1 January 2022, the fixed annual compensation for the position of Chairman of the Board was paid during the year, at the rate of 1/12th each month (i.e. €105,000) , and (ii) the 2021 compensation for the position of Chief Executive Officer was paid in 2021 (i.e. €56,959).

(3) For more details, please refer to the paragraph "Compensation for assistance services" above.

(4) Correction of material errors in the 2021 universal registration Document: (a) the compensation as Chairman of the Board for 2021 was paid in 2022 (not 2021); (b))the compensation for the office of director (i) allocated for 2021 should be read as €25,000 and not €25,881 (ii) paid in 2021 should be read as €17,000 and not €21,000. As a result, the total amount of compensation awarded in 2021 should be €165,625 (and not €166,506) and the amount paid should be €100,666 (and not €166,506).

(5) For more details, please refer to the paragraph "Compensation as Chairman of the Board" above. Given the nature of the benefits in question, the amount reported as compensation is 0.

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

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[15] On a gross basis before tax.

[16] On a gross basis before tax.

3.4.4 Compensation of the Chief Executive Officer

3.4.4.1 Policy on compensation for 2023 fiscal year (ex-ante)

3.4.4.1.1 General principles

The policy on the compensation of the Chief Executive Officer (i) is determined by the Board on the recommendations of the appointments and compensation Committee, it being specified that said Chief Executive Officer is not a member and does not participate in the discussions and votes held by the appointments and compensation Committee or by the Board while his compensation is discussed, before (ii) being submitted to the Shareholders' general meeting for approval.

The allocation and payment in year N of variable and exceptional components of the Chief Executive Officer's compensation, if any, in respect of fiscal year N-1, are subject to approval by the Shareholders' general meeting under the conditions specified in articles L. 225-100 and L. 22-10-34 of the French Commercial Code.

The compensation structure is not subject to annual revision and remains applicable as long it is not altered [17]. 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 compensation. These objectives are defined precisely and in quantifiable terms at the start of the year by the Board, on recommendation from the appointments and compensation Committee.

3.4.4.1.2 On assumption of duties

If the Chief Executive Officer is appointed from outside the Group, the Board may, upon recommendations of the appointments and compensation Committee, decide whether to compensate the new Chief Executive Officer for all or part of the benefits he loses when leaving his former employer. In this case, the recruitment conditions aim to replicate lost benefits with a comparable level of risk (variable component, medium-term compensation in shares/warrants or cash). In all cases, the payment of such compensation is conditional on approval by the Shareholders' general meeting in accordance with article L. 22-10-34 of the French Commercial Code.

3.4.4.1.3 During office

Compensation structure

As recalled in the general principles on the compensation of corporate officers, the aim of the Company is to implement and maintain a compensation structure balanced between the fixed component, benefits in kind, the short-term variable component in cash and the medium/long-term allocation of incentive equity instruments. The policy on the compensation of the Chief Executive Officer is intended to incentivize and recognize performance, ensuring that a significant part of his compensation is subject to the achievement of financial, operating and non-financial criteria reflecting the Company's objectives, in accordance with its purpose and the associated creation of value for shareholders.

For 2023, the compensation structure for the Chief Executive Officer will be identical to that provided for in the 2022 compensation policy (subject to the increase in the amount of fixed compensation and the definition of performance criteria for variable and long-term compensation, described below). The combined amount of annual and long-term variable compensation may not exceed 300% of his fixed compensation.

Annual fixed compensation

The fixed compensation of the Chief Executive Officer is determined on the basis of the level of complexity of his duties and responsibilities and of their skills, experience, expertise and background (for further details, see paragraph 3.2.1 of this document), as well as on the basis of comparable (similar functions in comparable companies).

Pursuant to the recommendation of the Appointments and Remuneration Committee, the fixed compensation of the Chief Executive Officer in 2023 was increased by the Board of Directors from €240,000 to €250,000 (i.e. +4%, to take into account the results of the compensation study carried out in 2021 [18], the inflationary context and consistency with the Group's policy on compensation).

[17] In this respect, it is specified that the overall compensation of the Chief Executive Officer (for 2021 and 2022 and which will be renewed for 2023) was determined after taking into consideration the compensation of the Chief Executive Officers of competitors of McPhy.

[18] This amount remains below the median for the 2021 study by expert consultants on executive management compensation, which reached €300,000.

Annual variable compensation

As recommended by the Appointments and Remuneration Committee, the variable component of the Chief Executive Officer's compensation for 2023 follows the same structure and principles as those applicable in 2022, namely:

- the application of varied and demanding quantity- and quality-related performance criteria that incorporate the Group's strategic objectives. At the beginning of the year, on the recommendation of the Appointments and Remuneration Committee, after examining the various objectives, their weighting and the expected levels of performance, the Board of Directors sets (i) the threshold below which no variable compensation is paid, (ii) the target level of variable compensation due when each objective is achieved, and the criteria for assessing quantity-related performance;
- amount between 0% and 65% of the fixed compensation, it being specified that (i) there is no guaranteed minimum and (ii) the amount will correspond to 50% in the event of achievement of the target level and to a maximum of 65% in the event of over-performance.

It is stated that, following the recommendations of the appointments and compensation Committee and on the basis of factual and numerical information provided by the Company, the Board assesses, criterion by criterion, the rate of achievement of variable compensation for fiscal year N-1. The payment in year N of the annual variable compensation for the fiscal year N-1 is subject to approval by the Shareholders' general meeting.

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

For fiscal year 2023, the criteria used to define the variable compensation of the Chief Executive Officer are 15% financial criteria, 30% operational performance criteria, 30% strategic criteria and 25% CSR criteria, as described [19] below:

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

	Strategic criteria (30%)			CSR criteria (25%)			
Criterion	MW project	Gigafactory	Financial strategy	Occupational health and safety	Quality	Implementation of BOOST/CSR roadmap	Occupational health and safety
Definition	Execution of roadmaps for deployment of XL stacks & XL EPU	Project deployment/ plan execution	Execution of plan	Total rate of recordable incidents	Completion of compliance action plan	Deployment of actions included in Boost plan incorporating the CSR roadmap	Preventive: Number of dangerous situations declared and related action plans implemented
Type	Quality-related	Quality-related	Quality-related	Quantified	Quantified	Quality-related	Quantified
Weighting	5%	10%	15%	5%	5%	10%	5%

Remuneration in shares or other financial instruments

For fiscal year 2023, as long-term compensation, subject to the approval of the related resolution by the Shareholder general meeting, a new free share allocation plan (the "**2023 Free Share Plan**") will be implemented to converge the interests of beneficiaries, including the Chief Executive Officer, with those of the shareholders, it being specified that:

- the allocation to the Chief Executive Officer will take into account previous allocations to him and his overall compensation. In this respect, (i) the number of shares granted would represent, on the basis of a 100% pay-out, approximately 170% of his annual fixed compensation [20] and (ii) in the event of over-performance (130% pay-out), the number of shares may not exceed 130% of the target number;
- the vesting period for the free share allocation plan would be three years without a conservation period;

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

[20] The Company's share price used in this context would correspond to the closing price on the day preceding the allocation date.

- the final acquisition shall be subject to:
  1. a condition of presence, so in the event of departure before the vesting period is completed, the Chief Executive Officer 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,
  2. The achievement of the performance criteria defined and calibrated by the Board of Directors on recommendation by the appointments and compensation Committee. At the end of each year, the Board of Directors would conduct a review of the achievement of each of these criteria. The final achievement rate (a) per criterion will correspond to the average of the annual achievement rates over the vesting period and (b) for the whole, will correspond to the weighted average of the achievement rates for each criterion, without compensation between criterion, it being specified that over-performance on each criterion would remain capped at the final acquisition of 130% of the target number.

The performance conditions envisaged are identical to those of the 2023 Free Share Plan and are summarized as follows:

	Financial criteria		Operational criteria	CSR criteria	
Criteria	Revenue	Order book	Productivity	Customer satisfaction	Roadmap
Definition	Revenue performance for 3 years	Order book performance for 3 years	Number of stations and number of Megawatt deployed	Customer satisfaction rate (responses to satisfaction surveys)	Development and tracking of CSR roadmap
Type	Quantified	Quantified	Quantified	Quantified	Quality-related
Weighting	30%	20%	20 %	20%	10%
Further details	Due to the performance volatility that may occur at this stage of the Company's maturity, and following the recommendations of the appointments and compensation Committee: • the aforementioned criteria would be set by the Board in the form of a range of annual objectives and/or three-year objectives. For reasons of confidentiality, said ranges are not reported in this Document; and • free vesting would be subject to a tiered vesting system				
Payment rate	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.				

- like that implemented in 2022, the 2023 Free Share Plan will not be reserved solely for corporate officers or members of the Executive Committee;
- until the expiry of his term of office, the Chief Executive Officer will be obliged to hold at least 25% of any free shares definitively vested under plans to allocate financial instruments from which he may benefit, up to the limit of 200% of his fixed compensation amount.

Other items of compensation

As in 2022, for 2023, the Chief Executive Officer will benefit from:

- a company vehicle;
- supplementary health and provident insurance plans as well as statutory and supplementary pension schemes, applicable to all Group employees. It is clarified that the Chief Executive Officer shall not benefit from any defined-benefit or defined-contribution complementary pension schemes;
- unemployment insurance for corporate directors (GSC) with a maximum benefit payment period of 18 months (12 months in 2022);
- civil liability insurance applicable to all Group corporate officers.

3.4.4.1.4 At end of office

Non-compete payment

In the event the Chief Executive Officer departs (and for any whatsoever reason), he is subject to a non-compete obligation for a period of 18 months and across a defined geographical scope. The amount of the monthly payment shall represent 6/10ths of the average monthly compensation (fixed component + annual variable component) for the last twelve months of his 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 decides to release the Chief Executive Officer from his non-compete obligation.

Severance package

In the event of departure (following dismissal at the initiative of the Board other than for gross misconduct, and excluding any other type of departure, especially if he leaves the Company at his own initiative to perform new duties or change type of duties within the Group) before 16 December 2023, the Chief Executive Officer will be entitled to a severance payment to an amount equal to a maximum of twice his last annual fixed and variable compensation (excluding any other element from which he may benefit) subject to the achievement of performance conditions set by the Board. Therefore:

- this payment will be calculated pro rata temporis in the case of a departure between 16 December 2021 and 16 December 2023;
- the performance conditions are (i) for 70%, the achievement of operational objectives for the deployment of electrolyzers and stations, and (ii) 30%, the achievement of customer satisfaction objectives based on customer satisfaction surveys and the customer complaint rate.

The sum of the severance package and non-compete payments indicated above may not exceed two years of annual compensation (fixed component + annual variable component excluding multi-year variable compensation, extraordinary compensation or compensation in shares).

3.4.4.2 Items of compensation and benefits of all kinds paid or allocated in respect of the 2022 fiscal year (ex-post)

As of the date of this Document, and since 18 October 2021, Jean-Baptiste Lucas is the Chief Executive Officer of the Company.

The items of compensation awarded or paid to the Chief Executive Officer for the 2022 fiscal year comply with the compensation policy adopted by the Board of Directors on the recommendation of the appointments and compensation Committee and approved by the Shareholders' general meeting of 19 May 2022.

Fixed compensation

Jean-Baptiste Lucas received a total amount of €240,000.

Variable compensation

Following the recommendations of the appointments and compensation Committee, the Board meeting of 6 April 2023 reviewed and approved the achievement of the performance conditions stipulated for the 2022 variable compensation as follows:

	Financial criteria (15%)			Operational criteria (32.5%)			
Criterion	Revenue	Order book	Gross margin	Management of CEOG project	ADOUR project	Megawatt	Delivery of stations and electrolyzers
Definition	Revenue for fiscal year 2022	Order book for fiscal year 2022	Achievement rate of gross margin for fiscal year 2022	Management of the CEOG project within 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 in fiscal year 2022
Type	Quantified	Quantified	Quantified	Quantified	Quality-related	Quantified	Quantified
Weighting	5%	5%	5%	10%	2.5%	10%	10%
Achievement	0%	100%	0%	70%	130%	0%	70%
Payment	0%	5%	0%	7%	3.25%	0%	7%

	Strategic criteria (27.5%)				CSR criteria (25%)			
Criterion	WILDAU project	Strategic assessment	Execution of BOOST	Organization of Executive Committee	Occupational health and safety	Quality	Implementation of CSR roadmap	Occupational health and safety
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	Total rate of recordable incidents	Completion of compliance action plan	Deployment of actions included in CSR roadmap	Safety inspection of infrastructures by management
Type	Quality-related	Quality-related	Quality-related	Quality-related	Quantified	Quantified	Quality-related	Quantified
Weighting	2.5%	10%	5%	10%	5%	5%	10%	5%
Achievement	100%	100%	100%	100%	130%	0%	130%	130%
Payment	2.5%	10%	5%	10%	6.5%	0%	13%	6.5%

Annual variable remuneration for 2022	
Overall achievement level	76%
Amount allocated	€ 90,720

The 2022 annual variable compensation represented an amount corresponding to 37.8% of the annual fixed compensation.

Compensation in shares

Following the recommendations of the appointments and compensation Committee, on 28 July 2022, the Board granted 21,750 free shares (based on a 100% payout, or 28,275 shares based on a maximum payout of 130%) to the Chief Executive Officer under the 2022 Free Share Plan (see paragraph 3.4.7.2 of this Document).

Free shares granted

Plan number and date [(1)]	Number of shares allocated during the year	Valuation using consolidated accounts method	Date of vesting	Date of availability	Performance conditions
2022 Free share plan 28 July 2022	21,750 [(2)]	€283,275	28 July 2025	28 July 2025	Yes [(3)]
Total	**21,750**	**€283,275**	—	—	—

(1) Date of allocation plan implemented by the Board.
(2) Corresponding to the grant on a 100% payout basis (i.e. 28,275 shares on the basis of a maximum payout of 130%).
(3) For more details, please refer to the paragraph "Compensation in shares" above.

No free shares granted became available in fiscal year 2022.

On the basis of this valuation, the aggregate amount of the the annual variable compensation and the compensation in shares amounted to 373,995 euros,corresponding to 156 % of the fixed compensation for 2022.

Benefits in kind

During the year 2022, the Chief Executive Officer benefited from a company car, the supplementary health and legal provident scheme and the supplementary pension scheme, applicable to all Group employees, unemployment insurance for corporate directors (GSC) providing for a compensation period to 12 months and civil liability insurance applicable to all of the Group's corporate officers. The benefits in kind represented a total amount of 18,579 euros.

Summary

Summary table of compensation, options and shares allocated

Jean-Baptiste Lucas, Chief Executive Officer since 18 October 2021	2022 fiscal year	2021 fiscal year
Compensation due for the fiscal year [(1)]	€349,299	€73,973
Valuation of multi-year variable compensation awarded during the year	—	—
Value of options granted at no charge	—	—
Value of free shares granted [(2)]	€283,275	€411,676
Valuation of other long-term compensation plans	—	—
Total	**€632,574**	**€485,649**

(1) For more details, please see the summary compensation table below.
(2) For more details, please refer to the paragraph "Compensation in shares" above. Value of the shares at the time of grant determined in accordance with IFRS 2, after taking into account any discount for performance criteria, before spreading the cost over the vesting period.

Summary compensation table

	2022 fiscal year		2021 fiscal year	
Jean-Baptiste Lucas, Chief Executive Officer since 18 October 2021	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed compensation (1)	€240,000	€240,000	€49,230	€49,230
Annual variable remuneration (1)(2)	€90,720	€22,808	€22,808	—
Multi-year variable compensation	—	—	—	—
Extraordinary compensation	—	—	—	—
Benefits in kind (3)	€18,579	€18,579	€1,935	€1,935
Total	**€349,299**	**€281,387**	**€73,973**	**€51,165**

(1) On a gross basis before tax.
(2) For more details, please refer to the paragraph “Variable compensation” above.
(3) For more details, please refer to the paragraph “Benefits in kind” above.

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

3.4.5 Equity ratio between the level of compensation of executive corporate officers and the average and median compensation of employees - Evolution of compensation of executive corporate officers and employees according to Company performance

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

The equity ratio allows a comparison of the level of compensation of executive corporate officers and the average and median compensation of company employees.

Below are some indications on the ratios calculation method and explanatory elements concerning the variation of ratios related to the compensation of the executive corporate 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 compensation 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 IFRS 2 on the date of allocation, and (vi) benefits in kind;
- For executive 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 IFRS 2 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 executive corporate officers with Group employees

Chief Executive Officer (1)	2018	2019	2020	2021	2022
Ratio to average compensation	N/A	505%	878%	567%	811%
Ratio to median compensation	N/A	628%	1,186%	716%	983%

(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 purpose of calculating the ratios.

Chairman & Chief Executive Officer (2)	2018	2019	2020	2021	2022
Ratio to average compensation	510%	395%	N/A	515%	N/A
Ratio to median compensation	694%	491%	N/A	651%	N/A

(2) 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 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 purpose of calculating the ratios, as was that of 2019. From 12 July to 17 October 2021, Luc Poyer acted as Chairman of the Board and Chief Executive Officer on an interim basis. His compensation was annualized for the purpose of calculating the ratios.

Chairman of the Board (3)	2018	2019	2020	2021	2022
Ratio to average compensation	N/A	N/A	60%	166%	169%
Ratio to median compensation	N/A	N/A	80%	210%	205%

(1) Pascal Mauberger was the Chairman of the Board from 4 November 2019 to 17 June 2021. Luc Poyer was then appointed as Chairman of the Board 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 Document. Their compensation was annualized for the purpose of calculating the ratios.

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

(in thousands of €)	2018	2019	2020	2021	2022
Chief Executive Officer (1)					
Compensation	N/A	40	531	376 (4)	505
Change in absolute figures	N/A	N/A	491	(155)	129
Change in %	N/A	N/A	1228 %	(29) %	34 %
Chairman & Chief Executive Officer (2)					
Compensation	260	235	N/A	325	N/A
Change in absolute figures	(44)	(25)	N/A	N/A	N/A
Change in %	20%	(10)%	N/A	N/A	N/A
Chairman of the Board(3)					
Compensation	N/A	N/A	36	105	105
Change in absolute figures	N/A	N/A	36	69	0
Change in %	N/A	N/A	N/A	191 %	0 %
Average compensation of employees on FTE basis					
Compensation	5.1	5.1	5.0	5.3	5.2
Change in absolute figures	0.5	0	(0.1)	0.2	0.1
Change in %	10 %	0 %	2 %	4 %	2 %
Net income from operations					
Net income from operations	(9.5)	(6.3)	(9.3)	(23.6)	(38.2)
Change in absolute figures	(2.9)	3.3	(3)	(14.3)	(14.6)
Change in %	(43)%	(35)%	(48)%	(154) %	(62)%

(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 purpose of calculating the ratios.

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

(3) Pascal Mauberger was the Chairman of the Board of Directors from 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.

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

3.4.6 Other information concerning executive corporate officers

	Employment contract		Complementary pension scheme		Benefits due or likely to be due following termination or change of function		Indemnity for non-compete obligation	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-Baptiste LUCAS *Chief Executive Officer* Start of term: 18 October 2021 Unlimited term		x		x	x (1)		x (1)	
Luc POYER *Chairman of the Board* Start of term: 25 November 2010 End of term: 2024 OGM		x		x		x		x

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

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

None.

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

3.4.7.1 Purchase or subscription stock options, warrants or business creator share warrants

3.4.7.1.1 History

The table below shows all information relating to stock options, warrants and business creator shares warrants outstanding at 1 January 2022.

	BSPCE 2017-2	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	
Date of Shareholders' general meeting	**18 May 2017**	**23 May 2019**	**23 May 2019**	**20 May 2020**	**20 May 2020**	
Date of Board of Directors meeting	**12 March 2018 and 10 March 2023**	**8 April 2020**	**8 April 2020**	**5 June 2020**	**5 June 2020**	**TOTAL**
Total number of shares available for subscription or purchase, of which the number available for subscription or purchase by:	119,000	30,000	20,000	50,000	200,000	419,000
Corporate officers	0	0	0	0	0	0
Start of exercise period	13 March 2020	9 April 2022	9 April 2022	6 June 2022	6 June 2022	
Expiry date	10 September 2023	8 April 2025	8 April 2025	5 June 2025	5 June 2025	
Subscription or purchase price	€5.10	€4.55	€4.55	€5.11	€5.11	
Conditions of exercise	Exercisable up to 60% on 13 March 2020 and 40% on 12 March 2021	Exercisable up to 60% on 9 April 2022 and 40% on 9 April 2023	Exercisable up to 60% on 9 April 2022 and 40% on 9 April 2023	Exercisable up to 60% on 6 June 2022 and 40% on 6 June 2023	Exercisable up to 60% on 6 June 2022 and 40% on 6 June 2023	
Number of shares subscribed at 31 December 2022	89,000	12,000	-	-	-	101,000
Cumulative number of options and warrants canceled or expired	-	4,000	10,000	22,000	111,000	147,000
Cumulative number of options and warrants remaining at 31 December 2022	30,000	14,000	10,000	28,000	89,000	171,000

3.4.7.1.2 Operations in 2022

No share purchase or subscription stock options, warrants or business creator share warrants were granted during fiscal year 2022.

During fiscal year 2022:

- no corporate officer exercised any stock options, warrants or BSCPEs during fiscal year 2022;
- the beneficiaries included in the first ten non-officer employees exercised their rights as described in the table below:

	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)	13,000	4.85	BSCPE 2017-2 7,000	BSCPE 2019-2 6,000

3.4.7.2 Free share allocations

3.4.7.2.1 History

	2021 Free share plans	2022 Free share plan
Date of shareholder meeting	23 May 2019	19 May 2022
Date of Board of Directors meeting	16 December 2021	28 July 2022
Total number of free shares allocated	59,970	94,350 (1)
Total number of free shares allocated to corporate officers:	20,000	21,750 (2)
Jean-Baptiste LUCAS	20,000	21,750 (2)
Luc POYER	—	—
Date of vesting	• Chief Executive Officer – 16 December 2023 • Others – Date of Board of Directors meeting to approve the Company accounts relating to the fiscal year ending 31 December 2023	28 July 2025
Expiry date of conservation period	—	—
Conditions of performance and vesting	Refer to note A below + presence requirement	Refer to note B below + presence requirement
Number of shares definitively allocated at 31 December 2022	59,970	94,350 (1)
Cumulative number of shares canceled or expired at 31 December 2022	4,540	—
Remaining allocated shares at 31 December 2022	55,430	94,350 (1)

(1) On a 100% payout basis, or 122,655 shares on a 130% payout basis.
(2) On a 100% payout basis, or 28,275 on a 130% payout basis.

Please also refer to 3.4.4.2 in relation to the Chief Executive officer.

Note A – 2021 Free Share Plans performance conditions

The 20,000 free shares granted to the Chief Executive Officer are subject to a two-year vesting period and their exercise is only subject to a condition of presence;

The 30,220 free shares granted to all McPhy employees are subject to a two-year vesting period and their 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 on 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.

The 9,750 free shares to four executive directors joining the Company since 1 September 2020 are subject to a two-year vesting period and their 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 on 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.

Note B – 2022 Free Share Plan performance conditions

	Financial criteria		Operational criteria	CSR criteria	
Criteria	Revenue	Order book	Productivity	Customer satisfaction	Roadmap
Definition	Revenue performance for 3 years	Order book performance for 3 years	Number of stations and number of Megawatt machines deployed	Customer satisfaction rate (responses to satisfaction surveys)	Development and tracking of CSR roadmap
Type	Quantified	Quantified	Quantified	Quantified	Quality-related
Weighting	30%	20%	20%	20%	10%
Payment rate	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.				

3.4.7.2.2 Operations in 2022

Given that as of the date of this Document, all free share plans are in the process of vesting, no shares were issued during fiscal year 2022.

3.5 Transactions on McPhy stock

3.5.1 Restrictive rules on executive officer holdings and conservation

On the recommendations of the appointments and compensation Committee, and in accordance with regulations, the Board reiterates the restrictive holding and retention rules for any grant of instruments giving an executive corporate officer access to the capital.

Therefore, under the 2022 Free share plan, the Chief Executive Officer made the commitment to retain, until the expiry of his office, at least 25% of the shares definitively acquired on expiry of the vesting period until such time as the total amount of shares held represents 200% of his last fixed annual compensation (on the date in question) [(21)].

3.5.2 Stock exchange ethics

The Company has issued a policy on stock market ethics and campaigns to raise awareness of stock market rules, in particular concerning the obligations concerning the possession of inside information and black-out periods.

3.5.3 Summary of transactions completed in 2022

Pursuant to the provisions of Article 223-26 of the AMF's General Regulations, the table below summarizes the transactions on Company stock completed during fiscal year 2022 by senior executives of the Company and where applicable, by persons related to them, which must be reported to the AMF pursuant to the provisions of article L. 621-18-2 of the French Monetary and Financial Code; these declarations are available on the AMF website (www.amf-france.org).

Person	Function	Financial instruments	Number of shares	Number of transactions	Nature of operation	Gross value
Bertrand Amelot	Chief Commercial Officer	Options (BSCPE)	7,000	1	Exercise	€35,700.00
Bertrand Amelot	Chief Commercial Officer	Shares	7,000	1	Disposal	€138,541.90
Emilie Maschio	Former CFO	Options (BSCPE)	6,000	1	Exercise	€27,300.00
Emilie Maschio	Former CFO	Shares	6,000	1	Disposal	€110,201.40
Gilles Cachot	Director of Special Projects & International Alliances	Options (BSCPE)	6,000	1	Exercise	€27,300.00
Gilles Cachot	Director of Special Projects & International Alliances	Shares	6,000	1	Disposal	€85,740.00

[21] Also, similar commitments were made by members of the Executive committee, with an obligation to retain at least 15% of the shares definitively acquired on expiry of the vesting period until such time as the total amount of shares held represents 150% of his last fixed annual compensation (on the date in question).

3.6 Agreements with related parties

3.6.1 Procedure on free and regulated agreements

In accordance with regulations, on 24 January 2023, the Board adopted a procedure applicable to free and regulated agreements. It defines the procedure for assessing agreements concerning ordinary transactions concluded under normal terms and conditions and for identifying regulated agreements which require prior authorization by the Board. In this respect, the procedure defines the notion of agreements relating to current transactions and concluded under normal conditions, the criteria taken into account when analyzing said agreements, the persons in charge of the evaluation as well as the conditions of their annual review by the Board. Persons directly or indirectly concerned by any of these agreements do not take part in its evaluation.

3.6.2 Review of agreements with related parties

In accordance with regulations and the procedure described in paragraph 3.6.1 above, the Board of Directors meeting on 7 March 2023 conducted an annual review of agreements with related parties.

As indicated in the Special report of the Statutory Auditors reproduced in paragraph 3.6.3 below, it is specified that:

- two new regulated agreements were entered in 2022 into relating to: (i) a technology partnership with Technip Energies and (ii) a public assistance agreement with Bpifrance, as more fully described in section 8.4.1 of this Document;
- one regulated agreement entered into during a previous fiscal year continued in 2022: an assistance contract with Luc Poyer, described in more detail in paragraph 3.4.3.1 of this Document; and
- no related-party agreement entered into in a previous year has been disqualified or reclassified as a regulated agreement.

3.6.3 Auditors’ special report on regulated agreements

Shareholders’ Meeting held to approve the financial statements for the year ended 31 December 2022

This is a free translation into English of the statutory auditors’ special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders’ Meeting of McPhy Energy,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company’s interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-30 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders’ Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders’ meeting

Agreements approved and concluded during the year

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements concluded during the year and previously approved by your Board of Directors.

1. Technological joint development agreement involving Technip Energies NV, director and shareholder of the Company

Purpose of the agreement: On 18 February 2022, your Company entered into a partnership agreement with Technip Energies France, a 100% subsidiary of Technip Energies NV, concerning the joint development and use of technological tools and the intellectual property rights relating thereto.

This agreement was authorised by the Board of Directors’ meeting of 8 February 2022.

Terms and conditions:

- The agreement was concluded for the period from 26 July 2021 to 31 December 2026;
- The financial conditions provide for possible fees relating to the use of intellectual property rights;
- For the year ended 31 December 2022, each party assumed their direct costs related to technological developments (in particular salary costs, purchases and external charges) without rebilling or royalties.

Reasons why the agreement is in the Company’s interest: The Board of Directors considered that this technological joint development agreement, which is part of the strategic partnership between both groups and aims to pool together their respective skills and expertise, was concluded in the Company’s interest.

2. State aid agreement (Important Project of Common European Interest - IPCEI Hydrogen) involving Bpifrance Investissement, director and management company of the FCPI Ecotechnologies Fund, itself a shareholder of the Company

Purpose of the agreement: On 28 October 2022, your Company entered into a state aid agreement in the form of a subsidy of up to €114 million with Bpifrance SA, a shareholder company that has common executives with Bpifrance Investissement. This agreement, concluded in connection with the IPCEI H2 MCPHY ENERGY programme, covers certain categories of expenses (qualified as eligible) incurred and settled up to 31 December 2026. This eligible expenditure covers technological research and development costs and net operating costs during the industrialisation and commercial start-up phase. The agreement provides for an initial payment of €28.5 million in 2022 and subsequent payments through reimbursements of eligible expenses (under the terms of the agreement) according to the satisfactory completion of key stages by the Company. In addition, there is a clawback clause applicable in the event of an overrun compared to the initially presented cash flow model.

This agreement was authorised by the Board of Directors’ meeting of 26 October 2022.

Terms and conditions:

- The agreement is concluded for the period from 28 October 2022 to 31 December 2026 (expected programme expiry date) and will extend specifically until 31 December 2031 (clawback expiry date) with regard to the overrun control mechanism (as from 30 July 2029);
- The financial conditions provide for 4 payment instalments for a total maximum amount of €114 million depending on the amount of eligible expenses actually incurred and paid;
- For the year ended 31 December 2022, the company recorded €26.9 million in subsidy advances received (on the balance sheet) and €1.6 million in operating income.

Reasons why the agreement is in the Company’s interest: The Board of Directors considered that this subsidy, which would finance the technological development and commercial launch of Gigafactory, was concluded in the Company’s interest.

Agreements previously approved by the shareholders’ meeting

Agreements approved in previous years with continuing effect during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed of the following agreement, previously approved by Shareholders’ Meetings of prior years, with continuing effect during the year.

1. Support agreement involving Luc Poyer, Chairman of the Board of Directors, which expired on 31 March 2022

Purpose of the agreement: On 18 October 2021, your Company entered into a support agreement with Mr. Luc Poyer, through *France Énergies Nouvelles*, as consultant on aspects of business networking or service delivery.

This agreement was authorised by the Board of Directors’ meeting of 11 October 2021 and approved by the Shareholders’ Meeting of 19 May 2022.

Terms and conditions:

- The agreement concluded on 18 October 2021 expired on 31 March 2022;
- The total amount of fees paid under the agreement amounted to €60,000 excluding taxes;
- For the year ended 31 December 2022, the Company recorded €35,000 excluding taxes in operating expenses under this agreement.

Reasons why the agreement is in the Company’s interest: The 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.

Juvigny and Paris-La Défense, April 21, 2023

The Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Guillaume BELIN	Hélène DE BIE

CHAPTER

4

Observations about the fiscal year

4.1 Analysis of activity and consolidated results

4.1.1 Consolidated statement of income for 2022 and 2021

The following table sets out the main elements of the McPhy Group consolidated income statement for the years ending 31 December 2022 and 2021.

(In € million)	2022	2021	Var. 2022/2021
Revenue	16.1	13.1	3.0
Research tax credit	1.1	0.7	0.4
Other income from operating activities	0.8	0.8	—
Income from current operations	**17.9**	**14.6**	**3.3**
Goods consumed	(15.9)	(10.5)	(5.4)
Payroll charges	(17.6)	(11.6)	(6.0)
Other costs and external charges	(21.0)	(7.8)	(13.2)
Taxes and duties	(0.2)	(0.1)	(0.1)
EBITDA (1)	**(36.8)**	**(15.5)**	**(21.3)**
Amortization	(1.8)	(1.5)	(0.3)
Net provisions	0.2	(6.5)	6.7
Current operating income	**(38.4)**	**(23.5)**	**(14.9)**
Other income and charges	(0.1)	0.0	(0.1)
Operating income	**(38.5)**	**(23.5)**	**(15.0)**
Cost of net financial debt	0.4	(0.0)	0.4
Corporate taxation	(0.1)	(0.0)	(0.1)
Net income for year	**(38.2)**	**(23.6)**	**(14.6)**
Net earnings per share *(€)*	(1.37)	(0.85)	(0.5)

(1) EBITDA: Net operating income + Amortization + Net provisions.

4.1.2 Principal factors having an incidence on activity and income

The Group receives research and innovation tax credit (CIRI) and also receives public aid to finance its innovation projects and the required investments.

The Group introduced a program to create a *Gigafactory* - Gigawatt scale - intended to produce new-generation alkaline electrolyzers in Belfort, France. The program was approved by the European Commission's decision of 15 July 2022 as part of an IPCEI on the hydrogen technology value chain, namely "Hy2Tech", and received public aid under an agreement signed with Bpifrance on 28 October 2022.

The aid granted by the French government to establish the program is in fact a subsidy for a maximum amount of €114 million, calculated based on certain expense categories (deemed eligible) incurred and acquitted up to 31 December 2026. These eligible expenses cover the costs of technology research and development, along with the net operating expenses during the industrial scaling-up and commercial launch phase.

Furthermore, an agreement signed on 14 September 2022 with the Maugis Industrial Revitalization Fund provides financing for an amount of €10 million. This additional financing is earmarked for the installation of the production site in the Greater Belfort region and the creation of the associated jobs, which de facto makes it an investment subsidy.

The Group recognizes over 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.

4.1.3 Highlights

The Group pursued the industrial scaling up of its operations by:

- commissioning its new hydrogen station production site in Grenoble, which will eventually raise McPhy's production capacity to 150 stations per year. This site hosts all activities concerning refueling stations and has become the Company head office;
- making its final investment decision for its *Gigafactory* electrolyzer project in Belfort, which has received public aid from the French government through Bpifrance, up to a maximum of €114 million under the European IPCEI scheme. Civil work on this future plant has already begun, with a planned start-up in the first half of 2024, followed by a gradual ramp-up to achieve an annual production capacity of 1 GW;
- increasing its production capacity to 300 MW at its San Miniato site in Italy, to meet market demand pending the commissioning of the *Gigafactory*.

In commercial terms, in the first half of the year McPhy signed a contract with a subsidiary of Eiffage to equip a site in Belfort with a 1 MW electrolyzer and a refueling station capable of distributing up to 800 kg/day to power a fleet of hydrogen buses. The Group also received two initial orders under its strategic partnership with the hydrogen mobility company, Hype, to supply: (i) two alkaline electrolyzers with a capacity of 2 MW for the first and 4 MW for the second, and (ii) two *Dual Pressure* stations with a capacity of 800 kg per day each to be installed in the Paris region.

At the end of the year, the Group recorded a landmark order in the industrial sector with a joint venture controlled by one of the world's leading steel groups. It foresees the installation of an innovative low-carbon steel production project in a plant in Germany, close to McPhy's design and engineering site in Wildau. The agreement covers the supply of two 1 MW capacity McLyzer® electrolyzers, as well as a *Dual Pressure* 350/700 bar station to supply forklifts and trailer trucks. A 5-year long term service agreement completes the deal.

These commercial successes are materialized by firm orders amounting to €29.4 million, raising the order book to €30.6 million at 31 December 2022, up 51% compared to 31 December 2021.

4.1.4 Revenue

4.1.4.1 Revenue

(In € million)	2022	2021	Variation
S1	5.2	5.2	0%
S2	10.8	7.9	37%
Total	**16.1**	**13.1**	**22%**

Revenue for fiscal year 2022 amounts to €16.1 million, compared with €13.1 million in 2021, driven by +37% growth in the second half of the year. The constant revenue in the first half is a result of taking back two old-generation stations sold to German customers in previous years, with the corresponding amount being deducted from revenue for the first half of the year. Adjusted for this item, revenue would be €7.4 million for the first half of 2022 and €18.3 million for the full year, compared to €13.1 million in 2021. This represents an annual growth of +39%.

4.1.4.2 Breakdown of revenue by geographical region

(In € million)	2022		2021		Variation	
Europe	15.3	95%	12.6	96%	2.7	-1%
Middle East, Africa	0.2	1%	0.1	1%	0.1	0%
Americas	0.2	1%	0.1	1%	0.1	0%
Asia/Pacific	0.4	2%	0.4	3%	—	-1%
Total	**16.1**	**100%**	**13.1**	**100%**	**3.0**	**0%**

Revenue for the Europe region represents almost all of the 2022 revenue.

4.1.5 Net income

4.1.5.1 Current operating income

For fiscal year 2022, the Group recorded an increase of €3.3 million in income from current operations compared to 2021, reported at €17.9 million. This increase is due to revenue growth for €3.0 million and an increase in research tax credit for €0.4 million.

Income from ordinary activities is broken down between:

- revenue: €16.1 million;
- other income: €1.8 million.

Purchases consumed increased by €5.4 million for 2022 compared to 2021.

In fiscal year 2022, the Group has continued its development strategy to support the expected growth of its business. It has resulted in an increase in current expenses related to:

- workforce structuring and the active recruitment policy;
- innovation and R&D expenditure related to the improvement of current products and the development of its new ranges of electrolyzers and stations;
- strengthening its engineering resources for customer projects.

In this context, staff costs rose by a total of approximately €6 million in 2022, due to the recruitment of 66 new employees (permanent contracts), and amounted to €17.7 million. Other purchases and external charges amounted to €21.0 million, a significant increase due to the Group's commitment to structuring and developing its industrial, engineering and R&D activities (subcontracting services, prospecting costs, technical expertise).

EBITDA, which includes for an amount of €1.6 million the share of the IPCEI grant applicable to eligible expenses over the period, is reported as (€36.8 million), within the range announced at the time of the annual revenue publication.

Income from recurring operations was (€38.4 million) with no significant difference to EBITDA, unlike the previous year. This is due to changes in provisions related to the incident at the EnergieDienst site in 2021, including a reversal with use of €2.6 million in 2022 (the provision in the previous year amounted to €4.5 million): restated for these items, net provisions are comparable year on year.

4.1.5.2 Net profit

The Group did not recognized deferred tax assets on entities that have incurred tax losses. This latent tax receivable will be offset against any future tax charge.

Taking into account a positive financial result, net profit amounts to (€38.2 million), compared to (€23.5 million) in 2021, or a net loss per share of (€1.37) vs. (€0.85) in 2021.

4.1.6 Non-tax-deductible charges

The total amount for 2022 of non-tax-deductible charges as defined on point 4 of Article 39 of the French General Tax Code is €21,370.

4.2 Financial structure

4.2.1 Balance sheet elements and ratios

Consolidated net assets as of 31 December 2022 amounted to €134.9 million, broken down as follows (in € million).

	Assets
Goodwill	2.5
Non-current assets	38.6
Current assets	32.2
Cash and cash equivalents	135.5

	Liabilities
Non-current liabilities	10.2
Current liabilities	63.7

The net debt to equity ratio (gearing) is -100% as of 31 December 2022, compared to -100% on 31 December 2021, 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	
Cash flow from operations	35.9
Change in working capital requirements	8.1
Net investments	23.0
Loan repayments	1.7
Closing cash position	135.5
Total	**204.2**

Resources	
Capital increase	0.1
Operating subsidies	26.9
New borrowing	—
Change in working capital requirements	—
Opening cash position	177.2
Total	**204.2**

The Group's cash flow from operations (after cost of net financial debt and taxes) amounted to €35.9 million in 2022, an increase of €20.1 million versus 2021.

The net working capital requirement grew by €8.1 million for the 2022 fiscal year. This variation is explained by sustained growth and an increase in inventories, due to the anticipated procurement of some critical components.

The net investments of €23.0 million include the intangible and tangible investments necessary for the Group's industrial scale-up, for a gross amount of €13.1 million, of which €7.7 million is dedicated to the electrolyzer *Gigafactory*, and the financial investment of €12.4 million in Hype convertible bonds under the strategic partnership concluded in December 2021.

Operating subsidies received correspond to the first payment by Bpifrance in respect of the public aid granted under the European IPCEI scheme for the electrolyzer *Gigafactory* project, net of the €1.6 million recorded on the statement of income.

As of 31 December 2022, net cash position amounts to €135.5 million compared to €177.2 million as at 31 December 2021. The debt is €6.1 million and is composed of €0.9 million of bank borrowing, €0.2 million of repayable advances according to conditions of success and €5.0 million of financial debt on 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 Document.

4.2.4 Information on borrowing conditions and financial structure

The Company's financial structure at 31 December 2022 is provided in note 3.9 to the consolidated financial statements, in section 5.1.5 of this 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 €)	2022	2021	2020
Intangible non-current assets	4,080	3,578	115
Tangible non-current assets	12,147	1,562	648
Total	**16,227**	**5,140**	**763**

2022 investment mainly concerned the activation of research and innovation charges for the intangible part and the ongoing construction of the electrolyzer *Gigafactory*, along with industrial and IT equipment for the tangible part.

4.3.2 Principal investments in progress or forthcoming

In 2023, McPhy will continue the construction of its new electrolyzer Gigafactory in Belfort, France, with a view to industrial start-up in the first half of 2024. The amount of investment earmarked for the *Gigafactory* should be around €25 million for the year.

Moreover, the Group has decided to increase the test facilities at its San Miniato electrolyzer plant in Italy, by adding two test platforms each with a capacity of 1 MW.

4.4 Recent events and outlook

The level of its order *backlog* and the continued rise of the hydrogen market allow McPhy to anticipate another year of sustained growth in 2023.

CHAPTER

5

Financial statements

5.1 Consolidated financial statements

5.1.1 Statement of Financial Position

Assets *(in thousands of €)*	**NOTES**	**12/31/22**	**12/31/21**
Non-current assets			
Goodwill	3.1	2,487	2,487
Other intangible non-current assets	3.1	7,602	3,658
Tangible non-current assets	3.2	18,052	4,836
Non-current financial assets	3.3	12,857	420
Deferred tax assets	3.4	66	126
Total		**41,064**	**11,527**
Current assets			
Inventories	3.5	12,015	4,252
Trade and other receivables	3.6	19,118	11,131
Current tax assets	3.6	1,101	696
Other current financial assets	3.7	—	—
Cash and cash equivalents	3.7	135,463	177,155
Total		**167,697**	**193,234**
Total assets		**208,761**	**204,761**

Liabilities and equity *(in thousands of €)*	**NOTES**	**12/31/22**	**12/31/21**
Capital		3,355	3,353
Share premiums		191,621	201,855
Treasury shares		(895)	(1,237)
Accumulated retained earnings		(59,151)	(31,360)
Shareholders' Equity		**134,930**	**172,611**
Non-controlling interests		—	—
Total equity		**134,930**	**172,611**
Non-current liabilities			
Investment subsidies	3.11	2,500	—
Provisions > 1 year	3.8	2,482	2,195
Borrowings and financial debt maturing > 1 year	3.9	4,505	3,518
Deferred tax liabilities	3.4	688	640
Total		**10,175**	**6,353**
Current liabilities			
Provisions < 1 year	3.8	5,651	6,504
Borrowings and financial debt maturing < 1 year	3.9	1,552	1,065
Trade and other payables	3.10	18,223	6,682
Other current liabilities	3.10	38,230	11,546
Current tax	3.10	—	—
Total		**63,656**	**25,797**
Total equity and liabilities		**208,761**	**204,761**

5.1.2 Statement of net income and other comprehensive income

(in thousands of €)	NOTES	2022	2021
Revenue	3.12	16,061	13,130
Other income from operating activities	3.13	1,882	1,483
Income from current operations		**17,943**	**14,613**
Goods consumed		(16,025)	(10,425)
Change in stocks of finished products, work in progress		125	(102)
Payroll charges	3.14	(17,654)	(11,631)
External charges		(21,038)	(7,835)
Taxes and duties		(190)	(128)
Amortization	3.15	(1,774)	(1,512)
Provisions	3.15	222	(6,529)
Current operating income		**(38,390)**	**(23,549)**
Non-current operating income and charges		(57)	31
Net operating income		**(38,447)**	**(23,518)**
Income from cash and cash equivalents	3.16	701	166
Cost of gross financial debt	3.16	(314)	(207)
Cost of net financial debt	3.16	387	(41)
Tax charge on income	3.17	(97)	(14)
Net income from ordinary activities		(38,157)	(23,573)
Net income (loss) for year		**(38,157)**	**(23,573)**
Attributable to the owners of the Company		(38,157)	(23,573)
Attributable to non-controlling interests		—	—
Net earnings per share – attributable to owners of the Company	3.19	(1.37)	(0.85)
Net diluted earnings per share – attributable to owners of the Company	3.19	(1.37)	(0.85)
Net income (loss) for year		**(38,157)**	**(23,573)**
Actuarial gains or (losses) on pension obligations		77	43
Currency translation adjustments		(149)	49
Deferred taxes recognized as equity		(21)	(11)
Other comprehensive income		(93)	81
Total comprehensive income (loss) for year		**(38,250)**	**(23,492)**

5.1.3 Statement of cash flow

(in thousands of €)	2022	2021
Net income (loss) for year	**(38,157)**	**(23,573)**
Depreciation, amortization, and impairment	1,285	7,561
Other income and expenses	698	(162)
Gains (losses) on disposals	248	402
Cash flow after cost of net financial debt and taxes	**(35,926)**	**(15,773)**
Cost of net financial debt	312	(55)
Tax expense (1)	(1,003)	(679)
Cash flow before cost of net financial debt and taxes	**(36,617)**	**(16,507)**
Taxes paid (1)	684	683
Reduction (increase) in Inventories	(7,764)	(1,410)
Reduction (increase) in Trade receivables	(1,127)	(24)
Reduction (increase) in Other receivables	(5,358)	885
Increase (reduction) in Trade payables	8,626	655
Increase (reduction) in Other payables	(2,156)	4,387
Operating subsidies received	26,853	
Net cash flow from operating activities	**(16,859)**	**(11,331)**
Acquisition of intangible non-current assets	(4,081)	(3,578)
Acquisition of tangible non-current assets	(9,008)	(1,562)
Other cash flows from investing activities	(12,435)	—
Investment subsidies received	2,500	
Net cash flow from investing activities	**(23,024)**	**(5,139)**
Capital increase sums received	95	414
Proceeds drawn from new borrowings	—	480
Repayment of borrowings	(1,744)	(4,943)
Net cash flow from financing activities	**(1,648)**	**(4,049)**
Effect of changes in exchange rates	(161)	—
Net increase (decrease) in cash and cash equivalents	**(41,692)**	**(20,519)**
Cash and cash equivalents at beginning of period	**177,155**	**197,674**
Cash and cash equivalents at end of period	**135,463**	**177,155**

(1) A change has been made regarding the 2021 fiscal year: tax expense increased by €693 K, offset in taxes paid, corresponding to the research tax credit (CIR) for 2021.

5.1.4 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 attributable to the owners of the Company	Non-controlling interests	Total Equity
1 January 2021	**27,856,540**	**3,343**	**206,858**	**(14,302)**	**(36)**	**150**	**1,223**	**197,236**	**—**	**197,236**
Recognition of prior losses			(5,408)	5,408				—	—	—
Capital increase								—	—	—
Share issue warrants exercised								—	—	—
Options and BSPCE exercised	82,555	10	405					415		415
Share subscription 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)		(444)	(1,645)	—	(1,645)
Situation at 31 December 2021	**27,939,095**	**3,353**	**201,855**	**(32,467)**	**(1,237)**	**127**	**980**	**172,611**	**—**	**172,611**
Recognition of prior losses			(10,327)	10,327				—	—	—
Capital increase								—	—	—
Share issue warrants exercised								—	—	—
Options and BSPCE exercised	20,000	2	93					95		95
Share subscription warrants exercised								—	—	—
Cost of payments in shares							698	698	—	698
Other variations						(105)	156	51	—	51
Other comprehensive income						(148)	55	(93)	—	(93)
Net income (loss) for year				(38,157)				(38,157)	—	(38,157)
Variation in equity					342		(617)	(275)	—	(275)
Situation at 31 December 2022	**27,959,095**	**3,355**	**191,621**	**(60,297)**	**(895)**	**(126)**	**1,272**	**134,930**	**—**	**134,930**

5.1.5 Notes to consolidated financial statements

YEAR ENDING 31 DECEMBER 2022

1. About the Company

McPhy Energy is a limited company incorporated under French law, created in 2007. As a specialist in hydrogen production and distribution equipment, the Group contributes to the global development of low-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy Energy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The Company, whose registered office is located at 79, rue Général Mangin, 38100 Grenoble (France), is listed on Compartment B of Euronext Paris.

The information disclosed in the notes to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy Energy as of 31 December 2022, approved by the Board of Directors meeting of 6 April 2023.

In accordance with Commission Delegated Regulation (EU) 2019/2100 of 30 September 2019, amending Delegated Regulation (EU) 2019/815 regarding the updated taxonomy to be used for the single electronic reporting format, McPhy Energy has produced its annual financial report as defined by this regulation.

1.1. Highlights

The Group pursued the industrial scale- up of its operations by:

- commissioning its new hydrogen station production site in Grenoble, which will eventually raise McPhy’s production capacity to 150 stations per year. This site hosts all activities related to refueling stations and has become the Company head office;
- making its final investment decision for its *Gigafactory* electrolyzer project in Belfort, which has received public aid from the French government through Bpifrance, up to a maximum of €114 million under the European IPCEI scheme (the conditions of which are given in section 4.1.2 of this Document). Civil work on this future plant has already begun, with a planned start-up in the first half of 2024, followed by a gradual ramp-up to achieve an annual production capacity of 1 GW;
- increasing its production capacity to 300 MW at its San Miniato site in Italy, to meet market demand pending the commissioning of the *Gigafactory*.

In commercial terms, in the first half of the year McPhy signed a contract with a subsidiary of Eiffage to equip a site in Belfort with a 1 MW electrolyzer and a refueling station capable of distributing up to 800 kg/day to power a fleet of hydrogen buses. The Group also received two initial orders under its strategic partnership with the hydrogen mobility company, Hype, to supply: (i) two alkaline electrolyzers with a capacity of 2 MW for the first and 4 MW for the second, and (ii) two *Dual Pressure* stations with a capacity of 800 kg per day each to be installed in the Paris region.

At the end of the year, the Group recorded a landmark order in the industrial sector with a joint venture controlled by one of the world’s leading steel groups. It foresees the installation of an innovative low-carbon steel production project in a plant in Germany, close to McPhy’s design and engineering site in Wildau. The agreement covers the supply of two 1 MW capacity McLyzer® electrolyzers, as well as a *Dual Pressure* 350/700 bar station to supply forklifts and trailer trucks. A 5-year long term service agreement completes the deal.

1.2. Post-closing events

On March 21, 2023, Siemens Energy notified the Group that it had exercised its contractual right to suspend the execution of the activities related to the West Guiana Power Plant (CEOG) project. The review of the terms and consequences of this suspension, independent of McPhy's will, is underway, in particular the potential financial impact for the 2023 fiscal year.

2. Accounting principles and significant methods

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the period ending 31 December 2022.

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 2022, available on the European Commission website:

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

With the exception of the items listed below, the accounting principles and methods used to prepare the consolidated financial statements on 31 December 2022 are the same as those used to prepare the statements on 31 December 2021.

Standards, amendments and interpretations adopted by the European Union and for mandatory application in reporting periods beginning on 1 January 2022

The following new standards are applicable as from 1 January 2022 but have no material impact on the Group consolidated financial statements for the fiscal year ending 31 December 2022:

- amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract;
- amendments to IFRS 3 - Reference to the conceptual framework;
- amendments to IAS 16 - Proceeds before intended use of a physical asset;
- annual amendments to IFRS -2018-2020 cycle.

Standards, amendments and interpretations adopted by the European Union and whose application is mandatory for financial years after 1 January 2022 and not early adopted by the Group

The Group has identified no standards and amendments to a standard applicable in advance to reporting periods beginning on 1 January 2022 or for mandatory application in reporting periods beginning after 1 January 2022 and likely to have an impact on the Group consolidated financial statements, notably:

- IFRS 17 - Insurance contracts, applicable in 2023;
- amendments to IFRS 17 - First application of IFRS 17 and IFRS 9 - Comparative information, applicable in 2023;
- amendments to IAS 1 and to the *Practice Statement* 2 - Information on accounting policies, applicable in 2023;
- amendments to IAS 8 - Changes in accounting estimates, applicable in 2023;
- amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction, applicable in 2023;

Standards, amendments and interpretations published by the International Accounting Standards Board (IASB) and not yet adopted by the European Union

The Group is currently analyzing the potential impact of the entry into force of the following texts, not yet adopted by the

the European Union:

- amendments to IAS 1 - Classification of liabilities as current or non-current, applicable in 2024;
- amendments to IFRS 16 - Lease liability in a sale and leaseback operation, applicable in 2024.

The assumption of going concern was adopted by the Board of Directors given the positive cash position of the Company at 31 December 2022 amounting to €135 million 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 forecasted 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 subsidiaries

Subsidiaries 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. A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it is exposed to or entitled to variable returns from its relationship with the entity and has the ability to influence those returns because of its control over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements from the date that control is obtained until the date that control ceases. The excess price paid over the proportionate share of the fair value of the liabilities and contingent liabilities acquired is recognized as *goodwill* on the balance sheet assets. The excess proportionate share of the fair value of the assets, liabilities and contingent liabilities acquired on the cost of acquisition is immediately booked in the income statement.

Associate companies

Companies over which the Group exerts notable influence in terms of financial and operational decisions, without having overall control are consolidated using the equity method.

2.3. Currency conversion

Functional currency and reporting currency

Accounts are prepared in the functional currency of each Group company, i.e. the currency of the main economic environment where it operates, and which generally corresponds to the local currency. The consolidated financial statements are reported in Euros, which is the functional and reporting currency of the consolidating Company, McPhy Energy S.A.

Transactions in currency

The activity of foreign subsidiaries included within the scope of consolidation is considered as an extension of the parent Company's activity. In this respect, the accounts of the subsidiaries are converted using the historical exchange rate method. Applying this method produces an effect similar to what would have been reported on the financial position and income if the consolidating Company had operated under its own name abroad. On the closing date, monetary assets and liabilities in foreign currencies are converted into the functional currency at the exchange rate in effect on the closing date. Non-monetary items are converted at the historical exchange rate. All currency translation adjustments are recorded on the income statement.

The exchange rates used for the main currencies are as follows (non-Euro zone currencies):

Indicative parity EUR against currency		Average rate 2022	Average rate 2021	Closing rate 2022	Closing rate 2021
Singapore dollar	SGD	1.452	1.589	1.437	1.534
US dollar	USD	1.054	1.182	1.072	1.137

2.4. Use of judgments and estimates

While preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual values may differ from estimated values.

Estimates and the underlying assumptions are reviewed on an ongoing basis. The impact of changes in estimates is accounted for prospectively.

The main estimates concern:

- the choices and compliance with activation criteria for development projects in progress;
- goodwill impairment tests;
- capitalization of deferred tax assets on losses carried forward;
- the period of use of assets owned by the Company;
- provisions for pension obligations;
- provisions for repairs, replacements, or possible compensation to Clients;
- provisions for guarantees;
- projected cash flow use;
- remaining costs to cover on projects for which revenue is recognized using the percentage of completion method;
- definition of subsidies received as operating subsidies or investment subsidies.

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.

	2022	2021
Annual revenue France	€9.0 M	€9.4 M
Annual revenue Germany	€4.1 M	€1.4 M
Annual revenue Italy	€3.0 M	€2.3 M

2.6. Valuation methods and rules

2.6.1. Business combinations, supplementary acquisition of interests and disposal of interests

On the date of acquisition, goodwill corresponds to the difference between:

- the fair value of the consideration transferred in exchange for control of the Company, including any contingent considerations, plus the amount of non-controlling interests in the company acquired, and in a business combination achieved in stages, plus the fair value at the date of acquisition of the interest previously held by the acquiring company in the company acquired, revalued by the income statement and
- the fair value of identifiable assets acquired, and liabilities assumed at the acquisition date.

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 year-end, 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 closing date of the acquisition year, provisional amounts are reported (especially for goodwill, if necessary). These amounts are adjusted retrospectively when the analysis is finalized, in accordance with the requirements of IFRS 3 amended, and no later than one year after the date of acquisition. Changes occurring after this date are stated on the income statement.

If goodwill is negative, it is immediately reported on the income statement.

Costs directly attributable to the business combination are stated as charges for the fiscal year in the consolidated income statement.

In an acquisition, the Group valuates non-controlling interests either at their fair value (full goodwill method) or based on their share of the net assets in the company acquired (partial goodwill method). The choice is made for each acquisition on an individual basis.

Goodwill is not depreciated and is subject to an impairment test at each year-end, and each time there are indications of loss in value (see section 2.6.6 Impairment of non-current assets).

2.6.2. Research and Development - Internal R&D work

Activation of development costs

In accordance with IAS 38 Intangible assets:

- research costs are recognized as charges for the fiscal year in which they are incurred;
- development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:
  - technical feasibility required to complete the intangible asset with a view to its delivery or sale,
  - intention to complete the intangible asset and use it or transfer it,
  - the group is able of using or selling the intangible asset,
  - the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness,
  - the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
  - the Group’s capacity to reliably measure the outgoings attributable to the intangible asset during its development.

Project eligibility is reviewed every six months by Group Executive Management, Technical Management and Financial Management. The costs of internal developments by the Company and its subsidiaries were capitalized on the date of closure of accounts 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 million, where all criteria indicated above are cumulatively satisfied. Other research and development costs are accounted for as charges for the fiscal year in which they are incurred.

Research tax credit

R&D spending eligible for Research and Innovation tax credit amounted to €3.8 million in 2022 and gave rise to a tax credit of €1.1 million. Total spending on research and development amounted to €12.3 million, of which €2.8 million was capitalized and €1.9 million subsidized (mainly under the IPCEI). Net R&D spending therefore amounts to €7.6 million.

Gross spending, eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(in thousands of €)	**2022**	**2021**
Research and Development spending	3,764	2,648
Research tax credit	(1,099)	(693)
Net charges	2,665	1,955

2.6.3. Other intangible assets

Other intangible assets mainly include software and patents, as well as R&D capitalization to the amount of €6.4 million. Other intangible 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 assets

Tangible 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 cannot be directly linked to assets

2.6.5. Lease agreements

Lease agreements as defined by IFRS 16 “Leases” are reported on the balance sheet, which results in the statement of:

- an asset corresponding to the right of use of the leased asset for the term of the agreement;
- a liability concerning the obligation of payment.

Contracts with the following characteristics are eligible, but the Group has chosen not to restate them:

- contracts not exceeding twelve months, including economically attractive renewal option;
- low replacement value of underlying asset on an absolute basis (<€5k new purchase value).

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 fixed payments that are fixed in susbtance , in that, even if they contain a degree of variability in form, they are in substance 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 under a residual value guarantee;
- penalties to be paid in case a termination or non-renewal option is exercised, if the term of the agreement was determined under the assumption that the lessee would exercise it.

Interest charges for the fiscal year not considered in the initial valuation of the liability, and incurred during the fiscal year in question, are stated in financial charges.

Moreover, the liability can be revalued in the following situations:

- revision of the lease period;
- modification due to the assessment of the reasonably certain (or not) character of exercising an option;
- re-estimation relative to residual value guarantees;
- revision of rates or indexes on which the lease payments are based when the lease payments need to be adjusted;
- lease review.

Types of capitalized lease agreements

"Real estate asset" lease agreements

The Company has identified lease agreements within the meaning of the standard for office building leases and buildings specific to the Research and Development activity. The lease period corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew. In terms of contracts with an early termination option (commercial leases), the Group's policy is to consider the maximum duration of this type of contract.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement. This rate corresponds to the interest rate that the lessee would pay, at the start of the agreement, to borrow the funds required to acquire the asset, over a similar period, with a similar guarantee and economic environment. This rate was obtained by the Company bank and is specific to the purpose of financing, the amount of credit, type, and period of credit.

"Other asset" lease agreements

The main lease agreements identified correspond to vehicles and an equipment lease agreement. The capitalization period of lease payments corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement (see "Real estate assets" section on the determination of the incremental borrowing rate).

Types of non-capitalized lease agreements

Short-term lease agreements

These agreements are in effect for twelve months or less. For the Company, this mainly concerns agreements concerning the leasing of storage areas, for which there is a reciprocal termination option subject to a notice period of twelve months or less.

Lease agreements concerning low-value assets

These agreements concern leases where the replacement value of assets is €5,000 or less. For the Group, it relates to leased printers or mobile phones agreements.

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 at the cash-generating units (CGUs) level to which it relates.

A CGU is a homogeneous set of assets whose continuing use 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 related to companies consolidated under the equity method. Impairments related to assets other than goodwill and companies accounted for using the equity method are restated in the income statement, when the updated tests lead to a recoverable value higher than their net book value.

2.6.7. Financial assets

The Group records a financial asset when it becomes a party to the contractual provisions of the financial instrument. The financial assets used by the Group include:

- assets stated at fair value with any resultant gain or loss recognized in the income statement;
- loans and receivables where the portion falling due after one year and more is discounted at the estimated financing rate of the consideration;
- equity interests in non-consolidated companies.

The Group owns no derivative instruments at the closing dates of the two fiscal years presented.

Purchases and sales of financial assets are stated at the date of transaction.

- **Financial assets are divided into three categories**
  - Assets stated at their fair value with any gain or loss recognized in the income statement are designated as such if they have been acquired with the intention of reselling them in the short term. At each year-end, they are stated at their fair value and the variation in fair value is recognized in the income statement. Marketable securities and short-term cash deposits are classified in this category as current assets;
  - assets available for sale are retained for an undetermined period and are stated at their fair value, plus the transaction costs directly attributable to the acquisition. The asset is recorded at fair value on its date of entry into the balance sheet. Fair value is determined by referring to the agreed transaction price or by referring to market prices for comparable transactions. At each year-end, the fair value is reviewed and the variation in fair value is recorded in equity. If the asset is sold or impaired, the fair value is transferred to the income statement. Other non-consolidated equity interests are classified in this category as non-current assets;
  - assets held until maturity are assets with fixed maturity dates, which the Company has acquired with the intention and capacity to conserve until maturity. They are recorded at amortized cost using the effective interest rate method.

- **Loans and receivables**

This category includes receivables from non-consolidated equity investments, as well as operating loans and receivables.

When initially recorded, the loans and receivables are valued at their fair value plus transaction costs which are directly attributable. In practice, the fair value is close to the face value.

These financial assets and liabilities are reported on the balance sheet in current and non-current items depending on whether their maturity date is sooner or later than one year.

2.6.8. Basis of evaluation

The fair value measurement methods for financial and non-financial assets and liabilities, as defined above, are hierarchically classified according to the following three fair value levels:

- level 1: fair value measured on the basis of quoted prices (unadjusted) on active markets for identical assets or liabilities;
- level 2: fair value measured using inputs other than quoted prices on active markets that are observable either directly (prices) or indirectly (price-derived inputs);
- level 3: fair value for the asset or liability measured using inputs that are not based on observable market data (unobservable inputs).

2.6.9. Inventories

Inventories of raw materials are recorded at the purchase price excluding tax, but including transportation costs, using the weighted average cost method. Work in progress is valued at production cost, including direct and indirect charges that can be incorporated according to the normal capacity of production facilities, excluding financial costs.

Where necessary, provisions for impairment are made on a case by case basis, after review by Financial Management and Production Management, when the net recoverable value is below the costs incurred to transport the inventories to the location and in their current state:

- concerning raw materials, depending on their physical impairment or their risk of obsolescence;
- concerning work in progress or finished products, to take into account potential losses on markets or their risk of obsolescence.

2.6.10. Receivables and other current assets

Trade and other receivables are current financial assets. They are initially recorded at fair value, plus transaction costs directly attributable to the issue of financial assets, which in general corresponds to their face value. At each year-end, trade receivables and other current assets used in ordinary operations are reported at amortized costs net of impairments taking into account potential risks of non-recovery.

An estimate of the risk of non-recovery of receivables is done individually or based on seniority criteria at each year-end, subsequently giving rise to the statement of an impairment. The risk of non-recovery is assessed in terms of various criteria, such as financial difficulties, disputes, or late payments.

The expected credit loss method is not applied. Its application would not have a material impact on the impairment losses currently recognized.

2.6.11. Cash and cash equivalents

Cash and cash equivalents include cash, very liquid short-term deposits which can be easily converted into a known amount of cash and which are subject to a significant risk of change in value, and bank overdrafts. Overdrafts are stated as current liabilities on the balance sheet, in the short-term borrowing and financial debt class. Investments with an initial maturity beyond three months of the date of acquisition without the option of early exit are excluded from cash and cash equivalents on the statement of cash flow.

2.6.12. Treasury shares

Shares in the parent company McPhy Energy held by itself are deducted from consolidated equity at their cost of acquisition. Any gains or losses on the sale of treasury shares are recognized directly in equity, net of tax. The capital gain or loss realized is net of tax and does not affect the income statement.

2.6.13. Provisions for risks and charges

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Group records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

Provisions with a maturing greater than one year, or with no maturity date, are classified as “Non-current provisions”.

Contingent liabilities are not accounted for but are reported in the notes to the financial statements, unless the probability of resource outflow is very low, and the impact is not significant.

The Group valuates provisions based on facts and circumstances relating to current obligations at the closing date, according to its experience in the field and to the best of its knowledge, after potentially obtaining legal advice from the Company legal team at the date of approval.

Contingent assets are not booked.

The Group records provisions for disputes (commercial, labor, etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Concerning the specific case of customer guarantees, machine sales come with 2-year contractual guarantees. These guarantees result in the recording of a provision.

If the forecast on completion shows a negative result, a provision for loss on completion is recorded independently of the progress on the project, according to the best estimation. Provisions for losses on completion are recorded in the balance sheet liabilities and immediately recognized in the income statement.

2.6.14. Borrowing and financial liabilities

Financial liabilities comprise bank borrowing, the “capital” part of lease agreements 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.

2.6.15. Employee benefits

The IAS 19 standard distinguishes two schemes in terms of post-employment benefits.

Defined-contribution schemes (statutory and personal pension schemes) are recorded as expenses in the fiscal year when the services are delivered by employees. The Company’s obligation is limited to the payment of contributions, so no liability is recorded on the balance sheet.

The actuarial risks of **defined-benefit schemes** are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits that employees will have acquired at the time of taking retirement, their end-of-career salary and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate etc.).

The Group does not outsource the funding of its pension obligations.

The obligation is recorded on the balance sheet as a non-current liability, for the total amount of the obligation.

In accordance with IAS 19, the cost of services rendered is recorded in operating income and the cost of financial interest is recorded in gross borrowing costs. The Company immediately recognizes all actuarial gains and losses as equity in other comprehensive income (OCI).

Following the publication of the IFRS IC in June 2021, the valuation of pension commitments and the corresponding provisions by the Company incorporated the resulting changes.

2.6.16. Share-based payments

In accordance with IFRS 2, benefits granted to certain employees with payment in the form of shares are stated at the fair value of the instruments granted.

This compensation may take the form of either instruments paid in shares, or instruments paid in cash.

Share purchase and subscription options are granted to executive management and certain key employees of the Company.

In accordance with IFRS 2 “Share-based payments”, the stock options are stated at their date of granting.

The Company uses the *Black & Scholes* pricing model to 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. For instruments paid in shares, changes in value subsequent to the date of grant have no effect on this initial valuation.

The value of options mainly depends on their expected lifetime. This value is recorded in payroll charges on a linear basis between the date of grant and the maturity date (vesting period), with a direct counterpart in equity.

2.6.17. 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 proportion of the total expected costs on completion.

2.6.18. Recognition of subsidies

Subsidies are recognized when it is reasonably certain that the conditions of obtaining the aid will be fulfilled in accordance with IAS 20 and independently of the funds received, with the difference recorded on the balance sheet as necessary.

The classification as operating subsidies or investment subsidies is determined by the nature and purpose of the amount granted.

For the recognition of operating subsidies, the Group has opted to offset them against eligible expenses incurred in the period concerned in the income statement.

Investment subsidies are deducted from the gross value of the non-current assets concerned at the time of commissioning.

2.6.19. Non-current operating income and charges

Non-current operating income and charges correspond to unusual items related to 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 the kind of these items are described in the note “Non-current operating income and charges”.

Operating income includes all income and expenses directly associated with Group activities, whether these income and expenses are recurring or result from occasional decisions or operations.

2.6.20. Financial profit (loss)

Financial profit or loss incorporate the cost of net debt, mainly comprising interest on lease liabilities and interest paid on Group financing.

Other financial income and charges include accretion charges for non-current liabilities.

2.6.21. 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 related to tax deficits are recognized only to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

For reasons of prudence, the tax deficits of McPhy Energy and its subsidiaries are not capitalized at the closing date due to a lack of forecast use of the deficits in the short term.

Deferred taxes are calculated at the taxation rate expected to be applied to the fiscal year during which the asset will be realized, or the liability settled, based on the tax rates (and fiscal regulations) adopted or quasi-adopted at the closing date.

2.6.20. Research tax credit (CIR)

Industrial and commercial firms taxed on actual income and investing 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 European union, the reimbursement takes place in the year following its recognition as other operating income.

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. The rights of use recognized under the leases are not included in investments for the period and the lease liabilities are not included in borrowing. Cash outflows related to the principal of lease liabilities and interest expense are classified as financing activities.

2.6.22. 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);
- 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 repurchase method.

3. Selected notes on the Statement of Financial Position and the Statement of Net Income

A NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.1. Intangible non-current assets

(in thousands of €)	Goodwill	Concessions Patents Licenses	Capitalized development expenses	Other	Total
At 1 January 2021	**2,487**	**969**	**—**	**26**	**3,482**
Other acquisitions	—	138	3,369	71	3,578
Disposals/internal transfer	—	(12)	—	—	(12)
Other variations	—	—	—	—	—
At 31 December 2021	**2,487**	**1,095**	**3,369**	**97**	**7,048**
Other acquisitions	—	167	2,839	1,074	4,080
Disposals/internal transfer	—	(2)	—	—	(2)
Other variations	—	140	—	(140)	—
At 31 December 2022	**2,487**	**1,400**	**6,208**	**1,031**	**11,126**
Accumulated amortizations and impairments					
At 1 January 2021	**—**	**819**	**—**	**—**	**819**
Amortization for fiscal year	—	96	—	—	96
Other variations	—	(12)	—	—	(12)
At 31 December 2021	**—**	**903**	**—**	**—**	**903**
Amortization for fiscal year	—	137	—	—	137
Other variations	—	(2)	—	—	(2)
At 31 December 2022	**—**	**1,038**	**—**	**—**	**1,038**
Net values at 31 December 2021	**2,487**	**192**	**3,369**	**97**	**6,145**
Net values at 31 December 2022	**2,487**	**362**	**6,208**	**1,031**	**10,088**

Goodwill relates to the acquisition of McPhy Italy in 2013.

The discount rate used on 31 December 2022 to discount future cash flows is 18.4% (12.3% in 2021). It was calculated based on the following main assumptions:

- risk-free rate of 3.5% (0.8% in 2021);
- market risk premium of 7.7% (7.7% in 2021);
- specific risk premium of 1.5% (1.5% in 2021);
- additional risk premium of 3.1%;
- beta of 1.3 (1.3 in 2021);
- perpetual growth rate of 1.8% (1.8% in 2021).

Operational assumptions (revenue, margins, cash flow projections) used to develop the impairment test correspond to the data prepared under the *Business Plan* approved by the Board of Directors in July 2022.

The impairment tests carried out for the fiscal year did not cause us to report an impairment.

An increase of 1% in the discount rate and a reduction of 0.5% in the perpetual growth rate would not alter the conclusions of the impairment test.

Nor would a 10% variation in the operational assumptions used to develop the business plan (revenue and margin) alter the conclusions of the impairment test.

3.2. Tangible non-current assets

(in thousands of €)	Land and buildings	Equipment and plant	Other tangible	Total
At 1 January 2021	**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**
Acquisitions	2,275	455	9,417	12,147
Lease agreements	2,531	—	246	2,777
Disposals/internal transfer	121	(2,651)	(393)	(2,923)
At 31 December 2022	**8,581**	**4,469**	**12,363**	**25,413**
Accumulated amortizations and impairments				
At 1 January 2021	**761**	**5,934**	**1,556**	**8,251**
Amortization for fiscal year	33	413	256	702
Amortization of lease agreements	733	—	56	789
Disposals/internal transfer	(442)	(578)	(146)	(1,166)
At 31 December 2021	**1,085**	**5,769**	**1,722**	**8,576**
Amortization for fiscal year	108	234	170	512
Amortization of lease agreements	666	259	101	1,026
Disposals/internal transfer	(38)	(2,537)	(177)	(2,752)
At 31 December 2022	**1,821**	**3,725**	**1,816**	**7,362**
Net values at 31 December 2021	**2,569**	**896**	**1,371**	**4,836**
Net values at 31 December 2022	**6,760**	**744**	**10,547**	**18,051**

Lease rights related to lease agreements included in the tangible non-current assets item are broken down as follows:

(in thousands of €)	31/12/22	31/12/21
Land and buildings	5,637	3,106
Plant and machinery	1,858	1,858
Other tangible	931	684
Gross value	**8,426**	**5,648**
Accumulated amortizations (1)	(3,589)	(2,878)
Impairment of non-current assets	—	—
Net value	**4,837**	**2,770**

(1) The accumulated amortization in 2021 incorrectly included the amortization of software for €0.314 million, reclassified in 2022.

Acquisitions of other tangible non-current assets include the amount recorded in assets under construction for the construction of the electrolyzer *Gigafactory* for €8.7 million.

3.3. Non-current financial assets

(in thousands of €)	31/12/22	31/12/21
Loans, deposits, and other receivables - non-current	492	420
Convertible Bonds	12,365	—
Gross value	**12,857**	**420**
Provisions for depreciation	—	—
Net value	**12,857**	**420**

Non-current loans, deposits, and other receivables mainly consist of security deposits paid by McPhy Energy and its subsidiaries to the owners of leased premises.

The convertible bonds correspond to the Group's investment in Hype, including capitalized accrued interest, under the strategic partnership concluded in December 2021.

3.4. Deferred taxes

	On Balance sheet		On Income Statement	
(in thousands of €)	31/12/22	31/12/21	2022	2021
Losses carried forward	—	—	—	—
Taxable temporary differences	15	—		(15)
Consolidation restatements	51	126	(33)	54
Total deferred tax assets	**66**	**126**	**(33)**	**39**
Taxable temporary differences	(665)	(602)	(63)	(75)
IAS 32 restatements		—	—	—
Other consolidation restatements	(23)	(38)	10	32
Total deferred tax liabilities	**(688)**	**(640)**	**(53)**	**(43)**
Total deferred tax liabilities (net)	**(622)**	**(514)**	**(86)**	**(4)**

Pursuant to IAS 12, deferred tax assets and liabilities are compensated with the entity which has a statutory right to offset current tax assets and liabilities, and if the deferred tax assets liabilities are collected taxation under the same tax authority. The base amount of tax losses carried forward amounts to €184 million at 31 December 2022 (€135 million at 31 December 2021) without time limitation in France (€155 million), Germany (€12 million) and Italy (€16 million). For reasons of prudence, the Company has not reported deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax expense of €47 million.

3.5. Inventories

(in thousands of €)	31/12/22	31/12/21
Raw materials and other supplies	11,449	3,957
Work in progress and services	200	32
Finished products	550	594
Gross value	**12,199**	**4,583**
Impairment	(184)	(331)
Net value	**12,015**	**4,252**

3.6. Trade and other receivables

(in thousands of €)	**31/12/22**	**31/12/21**
Trade receivables and related accounts	9,661	8,484
State and other bodies	4,921	462
Deferred charges	361	124
Various	4,421	2,254
Gross value	**19,363**	**11,324**
Impairment	(245)	(193)
Net value	**19,118**	**11,131**

The Trade accounts receivable item includes €5.9 million of trade receivables and €3.8 million of receivables relating to contract assets in accordance with IFRS 15.

The “State and other bodies” item includes VAT receivables for an amount of €4.5 million.

The “Miscellaneous” item includes the €0.7 million cash value of the liquidity agreement and advance payments made to suppliers to the amount of €3.2 million.

The “Impairment” item includes €0.2 million of doubtful receivables.

Below are details of trade receivables by maturity:

(In € million)	**Total**	**0-3 months**	**3 months -1 year**
Total	5.9	2.8	3.1
Impairment	0.2	0	0.2

Movements in provisions for impairment of trade receivables and other receivables are as follows:

(in thousands of €)	**Individual impairments**
At 1 January 2021	**752**
Provisions for year	—
Reversals (losses on irrecoverable debts)	(559)
Reversal of provisions no longer required	—
Exchange rate fluctuations	—
At 31 December 2021	**193**
Provisions for year	50
Reversals (losses on irrecoverable debts)	—
Reversal of provisions no longer required	—
Exchange rate fluctuations	3
At 31 December 2022	**246**

At 31 December, the maturity of trade and other receivables is summarized thus:

(in thousands of €)	**Total**	**< 1 year**	**1-5 years**	**< 5 years**
2022	19,118	19,118		
2021	11,131	11,131		

3.7. Cash and cash equivalents

(in thousands of €)	**31/12/22**	**31/12/21**
Short-term deposits	135,365	177,151
Demand deposits		
Liquidities and equivalent	98	4
Cash and cash equivalents	**135,463**	**177,155**

At 31 December 2022, €89 million were invested in term accounts with no-early withdrawal fees, and recorded as an asset in "Cash and cash equivalents":

Type of placement	**Amount** *(in € million)*	**Duration**	**Maturity**	**Gross actuarial rate**	**Planned withdrawal**
Cash boost term account	5	2 years	24/11/24	3.00%	32 days' notice
Progressive term account	10	5 years	28/12/27	3.04%	32 days' notice
Progressive term account	14	2 years	02/12/24	3.50%	32 days' notice
Progressive term account	10	2 years	23/12/24	3.50%	32 days' notice
Progressive term account	20	5 years	23/11/29	3.28%	32 days' notice
Progressive term account	10	5 years	29/11/27	2.80%	32 days' notice
Progressive term account	20	3 years	17/11/25	2.95%	32 days' notice
Total	89				

3.8. Provisions

(in thousands of €)	**Balance 31/12/21**	**Provisions**	**Uses**	**Unused reversals**	**Other variations**	**Balance 31/12/22**
Guarantees	1,289	1,212	(450)	—		2,050
Pensions and retirement benefits	108	44		—	(77)	76
Other risks and charges	7,302	4,851	(5,189)	(975)	17	6,006
Provisions for risks and charges	**8,699**	**6,106**	**(5,639)**	**(975)**	**(60)**	**8,132**
Non-current	2,195	5,585	(5,545)	(975)	1,220	2,481
Current	6,504	521	(94)	—	(1,280)	5,651
Provisions for risks and charges	**8,699**	**6,106**	**(5,639)**	**(975)**	**(60)**	**8,132**

Provisions for other risks and charges:

- of the €4.5 million allocated in 2021 in relation to the incident in a power plant operated by *EnergieDienst*, €2.6 million was reversed following the replacement of equipment with the same model of first-generation electrolyzer. The remaining costs to incur have been assessed as €1.0 million;
- a net amount of €1.4 million was allocated in 2022 for losses on completion and commitments on current contracts.

3.9. Borrowing and financial debt

(in thousands of €)	31/12/21	Issued	Repaid	Restatements	31/12/22
Bank borrowing	830	—	—	(100)	730
Repayable advances	389	—	(194)	—	195
Lease agreements	2,299	—	—	1,281	3,580
Non-current financial debt	**3,518**	**—**	**(194)**	**1,181**	**4,505**
Bank borrowing	133	—	(108)	100	125
Repayable advances	51	—	—	—	51
Lease agreements	881	2,927	(1,151)	(1,281)	1,375
Current financial debt	**1,065**	**2,927**	**(1,259)**	**(1,181)**	**1,552**
Total borrowing and financial debt	**4,583**	**2,927**	**(1,453)**	**—**	**6,056**

The schedule of repayment of borrowings and financial debt is given in note 3.25.

3.10. Trade and other payables

(in thousands of €)	31/12/22	31/12/21
Supplier payables	**18,222**	**6,682**
Operating subsidies	30,784	5,825
Tax and employee-related liabilities	4,502	2,106
Other payables	489	3,615
Liabilities on contracts	2,455	
Other payables	**38,230**	**11,546**
Trade and other payables	**56,452**	**18,228**

The "Operating subsidies received" item corresponds to the first payment of €26.9 million by Bpifrance in respect of the public aid granted under the European IPCEI scheme for the electrolyzer *Gigafactory* project, net of the €1.6 million recognized against eligible expenses incurred.

At 31 December, the maturity of trade and other payables is summarized as follows:

(in thousands of €)	Total	< 1 year	1-5 years	< 5 years
2022	56,452	29,774	26,678	
2021	18,229	18,229		

3.11. Investment subsidies

The "Investment subsidies" item includes the initial payment of €2.5 million as financial support from the Maugis Industrial Revitalization fund for the electrolyzer Gigafactory project.

B NOTES TO THE STATEMENT OF NET INCOME

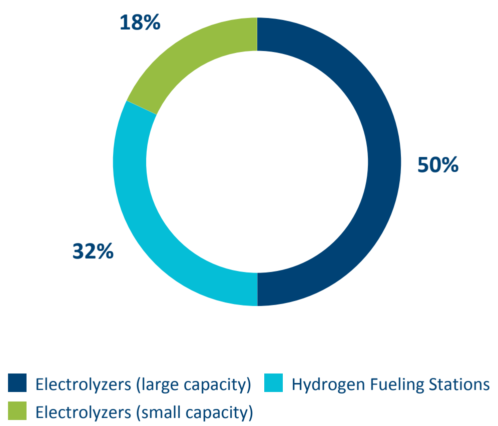
3.12. Revenue

2022 revenue amounts to €16,061 K, of which €9,075 K or 56.5% in France.

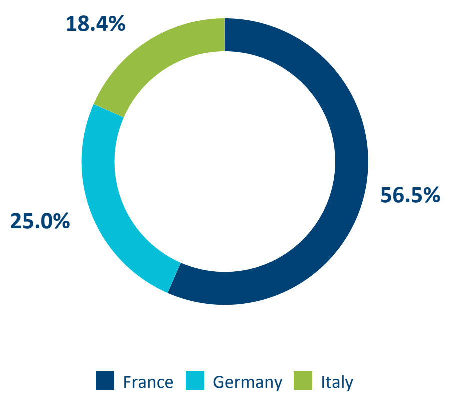
76% of revenue is generated on long-term contracts.

At 31 December 2022, the order backlog (i.e. signed orders not yet recorded as revenue) amounts to €30.6 million.

Revenue by product



Contributing revenue by location of legal entities



3.13. Other income from operating activities

(in thousands of €)	2022	2021
Research tax credit	1,099	693
Other income	777	780
Non-recurring income from previous years	5	10
Other income from operating activities	**1,882**	**1,483**

3.14. Payroll charges

(in thousands of €)	2022	2021
Employee compensation and benefits	11,358	8,375
Social security and provident insurance	4,196	2,913
Current service cost related to pension obligations		
Expenses related to share-based payment instruments	698	212
Employee profit-sharing	1,402	131
Financial charges	**17,654**	**11,631**

3.15. Amortization and provisions

(in thousands of €)	2022	2021
Intangible non-current assets	137	96
Tangible non-current assets	1,674	1,480
Gains (losses) from asset retirements	(37)	(67)
Amortization	**1,774**	**1,512**
Provisions	6,235	7,309
Reversals of provisions	(6,457)	(780)
Net recurring operational provisions	**1,552**	**8,041**
Non-recurring provisions/reversals	(384)	—
Gains (losses) from asset retirements	—	—
Net operational provisions	**1,168**	**8,041**

3.16. Financial profit (loss)

(in thousands of €)	2022	2021
Income from disposal of marketable securities	606	73
Other financial income	95	92
Financial income	**701**	**165**
Cost of financial debt	(312)	(185)
Other financial charges	(2)	(21)
Financial charges	**(314)**	**(206)**
Financial profit (loss)	**387**	**(41)**

3.17. Corporate taxation

The tax charge stated results from the integration of:

(in thousands of €)	2022	2021
Tax liability in respect of fiscal year	(10)	(10)
Deferred taxes	(86)	(4)
Tax expense	**(97)**	**(14)**

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 as follows:

(in thousands of €)	2022	2021
Profit before income tax	(38,060)	(23,559)
Tax calculated at rate applicable in France (1)	**9,515**	**6,243**
Non-capitalized losses	(13,350)	6,447
Effect of consolidation eliminations	3,267	
Effect of tax credits and tax exemptions	275	148
Effect of different taxation rates	709	(64)
Effect of other non-deductible charges and application of the liability method	(513)	107
Tax charge on income	**(97)**	**(14)**

(1) 26.5% in 2021 and 25% in 2022.

The base amount of tax losses carried forward amounts to €184 million at 31 December 2022 (€135 million at 31 December 2021) without time limitation in France (€155 million), Germany (€12 million) and Italy (€16 million).

The tax losses carried forward were analyzed against the forecast use of these losses, and the Group decided to recognize no deferred tax assets at 31 December 2022 and at 31 December 2021.

3.18. Research and Development costs

Research & Development spending eligible for Research and Innovation tax credit amounted to €3.8 million in 2022 and gave rise to a tax credit of €1.1 million. Total spending on research and development amounted to €12.3 million, of which €2.8 million was capitalized and €1.9 million subsidized (mainly under the IPCEI scheme). Net R&D spending therefore amounts to €7.6 million. Tax credits are reported in "Other income from activity". Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(in thousands of €)	**2022**	**2021**
Research and Development spending	3,764	2,648
Research tax credit	(1,099)	(693)
Net charges	**2,665**	**1,955**

3.19. Earnings per share

Net diluted earnings per share is obtained by dividing the net income Group share by the weighted average number of shares, net of the maximum impact of the conversion of dilutive instruments into ordinary shares, using the share repurchase method. Using this method, funds collected by potentially dilutive financial instruments are allocated to share repurchases at their market value. Dilution consists 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 €)	**2022**	**2021**
Weighted average number of shares in circulation	27,888,613	27,880,673
Dilutive effect of options	100,657	190,989
Number of shares after effect of dilutive instruments	**27,989,270**	**28,071,662**
Net earnings - Group share	(38,157)	(23,573)
Basic net earnings per share	(1.37)	(0.85)
Net diluted earnings per share	(1.37)	(0.85)

The number of shares issued and fully paid-up at 31 December 2022 is 27,959,095 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

3.20. Scope and methods of consolidation

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

Companies	**Country**	**31/12/22**	**31/12/21**	**Notes**
Fully consolidated companies				
McPhy Energy SA	France	Parent	Parent	Design, manufacture, and marketing
McPhy Energy Italia Sprl	Italy	100%	100%	Design, manufacture, and marketing
McPhy Energy Deutschland GmbH	Germany	100%	100%	Engineering and marketing
McPhy Energy Northern America Corp.	USA	100%	100%	Marketing
McPhy Energy Asia Pacific Pte. Ltd	Singapore	100%	100%	Marketing

3.21. Headcount

Headcount of McPhy Energy and its fully consolidated subsidiaries:

	31/12/22	31/12/21
Management	138	102
Technicians & Supervisors	44	23
Employees and workers	23	29
Total	**205**	**154**

	31/12/22	31/12/21
France	102	70
International	103	84
Total	**205**	**154**

The weighted average headcount for 2022 is 181 employees (134 in 2021).

3.22. Compensation of administrative and supervisory bodies

The total amount of fixed and variable compensation, including benefits in kind, allocated for the 2022 and 2021 fiscal years to the executive directors under IAS 24, respectively amounted to €1,855 K (10 individuals) and €3,092 K (15 individual). An amount of €440 K in 2022 and €165 K in 2021 reflects a non-cash charge related to the allocation of BSPCE, BSA, subscription options and free shares. An amount of €155 K in 2022 and €343 K in 2021 reflects the compensation of independent directors (not included in the calculation of the number of people).

3.23. Pensions - Benefits due to employees

After retiring, Group employees receive pensions according to 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 recorded in provisions in the consolidated financial statements. They only concern employees of McPhy Energy in France. No obligation under the meaning of IAS 19 has been identified and provisioned for the Italian and German subsidiaries.

A comparison of the principal actuarial data used is given here:

	31/12/22	31/12/21
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (1)	3.8%	1.2%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	4% (Mgt), 2.4% (Non-Mgt)	3% (Mgt), 4% (Non-Mgt)
Social contributions rate (2)	49% (Mgt), 44% (Non-Mgt)	49% (Mgt), 44% (Non-Mgt)
Mortality table	Insee 2018-2020	Insee 2017-2019
Probability of presence	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards

Mgt: management, Non-Mgt: non-management.

(1) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.

(2) Excluding impact of temporary reduction schemes.

The average period at 31 December 2021 is approximately 19 years.

(in thousands of €)	Total commitment	Fair value of fund	Net commitment
Balance at 1 January 2021	**167**	**—**	**167**
Cost of services	54		54
Financial cost	1		1
Impact of departures	(72)		(72)
Impact on consolidated income	**(18)**	**—**	**(18)**
Actuarial differences	(43)		(43)
Impact on other elements of total income	**(43)**	**—**	**(43)**
Other	—		—
Balance at 31 December 2021	**108**	**—**	**108**
Cost of services	44		44
Financial cost	1		1
Impact of IFRS IC	—		—
Impact on consolidated income	**45**	**—**	**45**
Actuarial differences	(77)		(77)
Impact on other elements of total income	**(77)**	**—**	**(77)**
Other	—		—
Balance at 31 December 2022	**76**	**—**	**76**

The Group considers that the actuarial assumptions used are appropriate and justified, but that modifications that may be made in the future could have an impact on the amount of commitments and the Group's income. An increase of 1% in the discount rate at 31 December 2022 has a positive effect of €13 K on the year's results.

Maturity of pension obligations:

- Within 5 years: €3 K;
- Beyond 5 years: €73 K

3.24. Share-based payments

The Company has allocated *stock options* (Options), share subscription warrants (BSA) or Business Creator share subscription warrants (BSPCE) to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	Dates of exercise	Exercise price	Number of recipients	Instruments in use	Exercisable instruments
	AGM of 5/18/2017				
BSPCE 2017-2	From 03/12/2018 to 09/10/2023	5.10	2	30,000	30,000
	AGM of 5/23/2019				
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	3	14,000	14,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	1	10,000	10,000
	AGM of 5/20/2020				
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	6	28,000	28,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	10	89,000	89,000
Balance at 31 December 2022			**22**	**171,000**	**171,000**

The table below reports activity in stock option, BSA and BSPCE plans:

	Options and warrants in use	Weighted average exercise price
Balance at 1 January 2021	**495,555**	**4.72**
Allocations	—	—
Cancellations	(162,000)	4.14
Exercised	(82,555)	5.02
Balance at 31 December 2021	**251,000**	**4.72**
Allocations	—	—
Cancellations	(60,000)	4.98
Exercised	(20,000)	4.77
Balance at 31 December 2022	**171,000**	**5.00**

The following table shows the allocations and activity concerning AGA free share plans:

	2021 Free share plan	2022 Free share plan
Date of shareholder meeting	05/23/19	19 May 2022
Date of Board of Directors meeting	16 December 2021	07/28/22
Total number of free shares allocated	59,970	94,350(1)
Total number of free shares allocated to corporate officers:	20,000	21,750(2)
Jean-Baptiste LUCAS	20,000	21,750(2)
Luc POYER	—	_
Date of vesting	• Chief Executive Officer– 12/16/2023 • Executive committee – Date of Board of Directors meeting to approve the Company accounts relating to the fiscal year ending 31 December 2023	07/28/25
Expiry date of conservation period	—	—
Conditions of performance and vesting	Refer to note A below + presence requirement	Refer to note B below + presence requirement
Number of shares definitively allocated at 31 December 2022	59,970	94,350(1)
Cumulative number of shares canceled or expired at 31 December 2022	3,540	—
Remaining allocated shares at 31 December 2022	56,430	94,350

(1) On a 100% payout basis, or 122,655 shares on a 130% payout basis.
(2) On a 100% payout basis, or 28,275 on a 130% payout basis.

3.25. Financial commitments

Off-balance sheet commitments given:

(in thousands of €)	2022	2021
Counter-guarantees on contracts	—	—
Transferred receivables not matured	—	—
Pledges, collateral, and security interests	—	—
Endorsements, pledges, and guarantees given(1)	8,826	5,338
Other commitments(2)		2,502
Total	**8,826**	**7,840**

(1) The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, first demand guarantee, performance guarantee, etc.).

(2) Other commitments made at year end 2021 for €2.5 million represent a commercial lease not incorporated in IFRS 16 (recognized in 2022).

Off-balance sheet commitments received (note 3.27.3)

3.26. Contractual obligations and commitments

(in thousands of €)	Total amount	Within 1 year	Between 1 and 5 years	Beyond 5 years
Repayable advances	246	51	195	—
Bank borrowing	855	125	730	—
Lease obligations	4,956	1,376	2,755	825
On-balance sheet commitments	**6,057**	**1,552**	**3,680**	**825**

3.27. Related party transactions

Related parties with whom transactions are completed include companies related directly or indirectly to the McPhy Group, and entities which directly or indirectly own an equity interest in the Group.

For 2022:

- concerning related party transactions governed by regulated conventions, please refer to sections 3.6.2 and 3.6.3 of chapter 3 of this Document; and
- concerning related party transactions governed by free conventions, please note that:
  - a cooperative agreement between EDF, Hynamics and McPhy Energy concerning the performance of tests to experimentally validate the industrial use of electrolyzers on the EDF R&D Lab site in Les Renardières (under an agreement of 24 June 2022) and as modified by amendments on 2 January 2023 and 7 February 2023, for which the expenses incurred in fiscal year 2022 amounted to €321 K;
  - a technical assistance agreement between Technip Energies France and McPhy Energy Deutschland relating to the commissioning of an electrolyzer (under an agreement dated 22 December 2022), for which the expenses incurred in fiscal year 2022 amount to €75 K.

These transactions are conducted at normal market conditions. In fiscal year 2022, the Group did not record any transactions falling under the scope of IAS 24.

3.28. Financial risk objectives and management policy

3.28.1. Interest rate risk

The Group has taken out short and medium-term borrowing at fixed rates, for a total amount of €855 K.

3.28.2. Currency risk

The Company subscribed to a "flexiterme" currency hedging solution for USD 0.7 million against EUR, from 15 December 2022 until 18 June 2024, at a guaranteed rate of 1.0575. This is part of an agreement involving a US supplier to enable it to cover its activity against fluctuations in the exchange rate.

3.28.3. Liquidity risk

Since the Group was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash and cash equivalents amounted to €135 million at 31 December 2022; financial debt (excluding leases and long-term contracts) amounted to €1.1 million.

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.

3.28.4. Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

Credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned (see note 3.6).

3.29. Fees paid by the Group to the Statutory Auditors and members of their networks

	Deloitte & Associés				Eurex			
	(in thousands of €)		*(in %)*		*(in thousands of €)*		*(in %)*	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Audit fees:								
Statutory audit, certification, examination of the individual company and consolidated financial statements								
• Parent company	75	60	51%	59%	43	41	100%	100%
• Fully consolidated subsidiaries	57	30	39%	29%	—	—	—	—
Services directly related to the work of the Statutory Auditors								
• Parent company			—				—	
• ESEF	15	12	10%	12%	—	—	—	—
Sub-total	**147**	**102**	**100%**	**100%**	**43**	**41**	**100%**	**100%**
Other services:								
Legal, tax, social	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
Sub-total	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Total	**147**	**102**	**100%**	**100%**	**43**	**41**	**100%**	**100%**

5.1.6 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2022

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of McPhy Energy,

Opinion

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

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

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

Basis for Opinion

Audit Framework

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

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

Independence

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

Justification of Assessments - Key Audit Matters

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

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

Accounting for long-term contracts: recognition of revenue on a percentage of completion basis and measurement of provisions for losses at completion for onerous contracts (Notes 2.6.17 and 3.8 to the consolidated financial statements)

Risk identified

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

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

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

Our response

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

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

Measurement of capitalised development costs (Notes 2.6.2 and 3.1 to the consolidated financial statements)

Risk identified

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

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

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

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

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

Our response

Our work mainly consisted in:

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

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

Specific Verifications

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

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

Other Legal and Regulatory Verification or Information

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

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

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

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

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

Appointment of the Statutory Auditors

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

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

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

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

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

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

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

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

Objective and audit approach

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

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

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

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

Report to the Audit Committee

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

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

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

Juvigny and Paris-La Défense, April 21, 2023

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 *(in €)*	NOTES	Gross	Depr. & Amort.	31/12/2022 Net	31/12/2021 Net
Non-current assets					
Intangible non-current assets	2.3.4 & 3.1	7,518,187	441,659	7,076,528	3,686,043
Tangible non-current assets	2.3.5 & 3.1	13,805,446	1,497,513	12,307,933	1,020,481
Equity interests and related receivables	2.3.6 & 3.1	29,009,675	16,093,593	12,916,082	12,977,695
Other financial non-current assets	3.1	14,091,453	34,395	14,057,058	2,262,848
Total non-current assets		**64,424,761**	**18,067,160**	**46,357,601**	**19,947,067**
Current assets					
Inventories and work in progress	2.3.8 & 3.2.1	4,601,215	83,650	4,517,565	1,255,228
Advances and payments on account	3.2.2	3,147,590	—	3,147,590	4,145,300
Trade and other receivables	2.3.9 & 3.2.2	9,730,095	—	9,730,095	7,637,867
Other receivables	3.2.2	5,881,793	—	5,881,793	2,438,163
Marketable securities	2.3.10 & 3.2.3	89,097,825	—	89,097,825	63,033,230
Cash and cash equivalents	2.3.10 & 3.2.3	44,512,319	—	44,512,319	111,920,113
Total current assets		**156,970,837**	**83,650**	**156,887,188**	**190,429,901**
Prepayments and accrued income	3.2.2	459,879	—	459,879	79,579
Currency translation adjustments		—	—	—	16,878
Total assets		**221,855,477**	**18,150,810**	**203,704,668**	**210,473,425**

BALANCE SHEET - LIABILITIES

Liabilities *(in €)*	NOTES	31/12/22	31/12/21
Share capital	3.3	3,355,091	3,352,691
Additional paid-in capital	3.3	191,620,839	201,854,955
Legal reserves	3.3	333,832	333,832
Retained earnings	3.3	(20,386,297)	(10,327,116)
Net profit	3.3	(43,254,458)	(20,386,297)
Total equity		**131,669,007**	**174,828,065**
Equity equivalents	2.3.11 & 3.4	2,745,216	438,964
Provisions for risks and charges	2.3.12 & 3.5	6,604,695	8,050,669
Borrowing and financial debt	2.3.14 & 3.6	375,000	482,795
Trade and other payables	3.7	21,764,207	18,061,589
Tax and employee-related liabilities		4,030,465	2,715,150
Subsidy liabilities	3.7	26,852,839	
Other payables	3.7	2,971,529	59,896
Total debts		**65,343,950**	**29,809,063**
Accrued income and deferred charges	3.7	6,535,019	5,825,272
Currency translation adjustments		156,691	11,023
Total liabilities		**203,704,668**	**210,473,425**

5.2.2 Statement of income

STATEMENT OF INCOME

(in €)	NOTES	31/12/22	31/12/21
Sale of goods		20,209	500
Production sold		9,763,132	10,404,818
Revenue	**2.3.15 & 3.8**	**9,783,341**	**10,405,318**
Production of stocks		90,344	7,525
Production capitalized		3,119,567	3,590,517
Operating subsidies	16/03/02	2,253,082	193,753
Other income from operating activities	3.10	2,781,731	599,640
Operating income		**18,028,065**	**14,796,752**
Goods consumed		(7,404,846)	(3,931,728)
Other costs and external charges		(27,337,881)	(16,356,203)
Taxes and duties		(178,329)	(126,294)
Payroll charges	3.9	(9,927,227)	(6,222,131)
Amortization	3.1	(287,262)	(236,869)
Depreciation and provisions		(5,458,617)	(2,132,570)
Other operating expenses	3.10	(105,102)	(343,014)
Total operating expenses		**(50,699,265)**	**(29,348,809)**
Operating profit (loss)		**(32,671,200)**	**(14,552,056)**
Financial income	3.11	1,096,640	147,058
Financial charges	3.11	(13,965,772)	(448,196)
Net financial profit (loss)		**(12,869,132)**	**(301,138)**
Profit from continuing operations before income tax		**(45,540,332)**	**(14,853,194)**
Non-recurring income	3.12	5,067,571	850,065
Non-recurring charges	3.12	(3,881,096)	(7,075,841)
Non-recurring profit (loss)		**1,186,474**	**(6,225,776)**
Corporate taxation	2.3.17 & 3.13	1,099,400	692,673
Net income		**(43,254,458)**	**(20,386,297)**

5.2.3 Appendices to Company financial statements

MCPHY ENERGY — APPENDIX TO COMPANY FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2022

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 low-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy Energy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The head office is located at 79, Rue Général Mangin 38100 Grenoble, France. The Company is listed on Compartment B of Euronext Paris.

The information provided in appendix to the Company financial statements is an integral part of the financial statements of McPhy Energy as of 31 December 2022 approved by the Board of Directors meeting of 6 April 2023.

1.1. Highlights

The Group pursued the industrial scale-up of its operations by:

- commissioning its new hydrogen station production site in Grenoble, which will eventually raise McPhy's production capacity to 150 stations per year. This site hosts all activities concerning refueling stations and has become the Company head office;
- making its final investment decision for its *Gigafactory* electrolyzer project in Belfort, which has received public aid from the French government through Bpifrance, up to a maximum of €114 million under the European IPCEI scheme (the conditions of which are given in section 4.1.2 of this Document). Civil work on this future plant has already begun, with a planned start-up in the first half of 2024, followed by a gradual ramp-up to achieve an annual production capacity of 1 GW;
- increasing its production capacity to 300 MW at its San Miniato site in Italy, to meet market demand pending the commissioning of the *Gigafactory*.

In commercial terms, in the first half of the year McPhy signed a contract with a subsidiary of Eiffage to equip a site in Belfort with a 1 MW electrolyzer and a refueling station capable of distributing up to 800 kg/day to power a fleet of hydrogen buses. The Group also received two initial orders under its strategic partnership with the hydrogen mobility company, Hype, to supply: (i) two alkaline electrolyzers with a capacity of 2 MW for the first and 4 MW for the second, and (ii) two *Dual Pressure* stations with a capacity of 800 kg per day each to be installed in the Paris region.

At the end of the year, the Group booked a benchmark order in the industrial sector with a joint venture controlled by one of the world's leading steel groups. It foresees the installation of an innovative low-carbon steel production project in a plant in Germany, close to McPhy's design and engineering site in Wildau. The agreement covers the supply of two 1 MW capacity McLyzer® electrolyzers, as well as a *Dual Pressure* 350/700 bar station to supply forklifts and trailer trucks. It is complemented by a long-term (5 year) service contract.

1.2. Post-closing events

On March 21, 2023, Siemens Energy notified the Group that it had exercised its contractual right to suspend the execution of the activities related to the West Guiana Power Plant (CEOG) project. The review of the terms and consequences of this suspension, independent of McPhy's will, is underway, in particular the potential financial impact for the 2023 fiscal year.

2. Accounting principles and significant methods

The Company financial statements are prepared in Euros. Unless otherwise indicated, all amounts indicated in this appendix to the financial statements are given in Euros.

2.1. Accounting framework

The Company financial statements for the year ending 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 (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 €134 million, including market securities, of the Company at 31 December 2022.

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;
- period of use of assets owned by the Company;
- provisions for guarantees;
- assessment of losses on completion;
- assessment of risks;
- projected cash flow use;
- remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

2.3. Valuation methods and rules

2.3.1. Currency conversion

Transactions in foreign currencies are converted at the exchange rate in effect at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities in currency are converted using the exchange rate on the closing date.

2.3.2. Capital increase costs

Where necessary, capital increase costs are booked directly against the issue premium amount.

2.3.3. Research and Development costs

Given their nature, 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.

Project eligibility is reviewed every six months by Group executive management, technical management and financial management.

For fiscal year 2022, the development work done internally by the Company is subject to capitalization of a total amount of €2.8 million on the closing date, if all the criteria specified above are satisfied. Other research and development costs are recognized in the charges for the fiscal year in which they are incurred.

2.3.4. Other intangible non-current assets

Mainly comprise software and patents. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.3.5. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition (purchase price and related expenses) or their cost of production. They are not subject to revaluation.

Amortizations are calculated in linear mode according to their estimated useful life. Residual values are not taken into account, as their impact is not significant.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 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 are taken from the business plan created and approved by Management, to which is added a terminal value based on discounted normative cash flows. The flows are discounted using a discount rate which in practice corresponds to the weighted average cost of capital determined by the Company after taxes. The terminal value is determined by discounting a normative flow, taking into account the discount rate used for the explicit time period and a perpetual growth rate.

Appreciation of the utility value at 31 December 2022 led to the recognition of a provision for depreciation of equity investments to the amount of €4.9 million and the related receivables to the amount of €8.3 million.

2.3.7. Impairment of non-current assets

Non-current assets must be subject to impairment tests as soon as there is any indication of loss in value. To assess whether there is any indication that an asset may have lost value, the Company considers the following internal and external indications:

External indications:

- a reduction in the asset market value (greater than the sole expected effect of time or normal asset use);
- major changes having a negative effect on the entity have occurred during the fiscal year or will occur in a near future, in the technical, economic of legal environment or on the market where the Company operates, or where the asset is active;
- market interest rates or other market yield rates have risen during the fiscal year and it is probable that rises will significantly impair the market value and/or value in use of the asset.

Internal indications:

- existence of an indication of obsolescence or physical deterioration of an asset not foreseen in the amortization plan;
- major changes in how the asset is used;
- asset performance below projections;
- significant drop in cash flows generated by the Company.

If there is an indication of impairment, an impairment test is carried out: the net book value of the non-current asset is compared to its current value.

The net book value of an amortizable non-current asset corresponds to its gross value net of accumulated amortizations and impairments.

The current value is an estimated value that is estimated using market information and the usefulness of the asset for the Company. It results from the comparison between the market value and the value in use. The current value corresponds to the amount that could be recovered at the date 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 liquidity

Marketable securities and liquidity 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 are recorded in borrowing and financial debt. These items are exclusively in Euros.

2.3.11. Equity equivalents

The Company benefits from conditional advances whether interest-bearing or not, to facilitate the development and production studies for certain materials. These advances may be repaid, with or without interest, beyond a certain level of activity, from revenue generated by these developments. By virtue of Article 441.16 of the General Chart of Accounts, these conditional advances are recorded in equity equivalents.

2.3.12. Provisions for risks and charges

The Company records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

The Company values provisions based on facts and circumstances relating to current obligations at the closing date, according to its experience in the field and to the best of its knowledge, after potentially obtaining legal advice from the Company legal team at the date of approval.

Contingent assets are not booked.

The Company records provisions for disputes (commercial, labor, etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Machine sales come with a 2-year contractual warranty. The provision is based on a statistical method of assessing the cost of the warranty.

2.3.13. Employee benefits

The actuarial risks of defined-benefit schemes are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits foreseen by the collective agreement and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate, etc.).

The Company does not outsource the funding of its pension obligations.

The obligation constitutes an off-balance sheet commitment.

2.3.14. Borrowing and financial debt

Borrowing and financial debt comprises bank loans, shareholder current accounts, and bank overdrafts.

2.3.15. Recognition of revenue

Revenue is valued at the fair value of the consideration received or receivable.

Revenue includes sales of goods and merchandise, as well as various services associated with sales.

Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of ownership of the product or the performance of the service.

For long-term contracts, revenue is recognized using the percentage of completion method. It consists in recording the income from a business project or contract as the percentage of the contract that has been fulfilled increases, based on costs already incurred on the contract, in proportion of the total estimated amount of costs to incur on the project. On the balance sheet, this includes trade receivables, non-issued invoices, deferred income, and advance payments.

In the event that forecast on completion of the project is negative, a provision for loss on completion is booked regardless of the stage of completion, based on the best estimate of forecast results, including where necessary any rights to additional revenue or rights of recourse, insofar that they are probable and can be valued reliably. Provisions for losses on completion are recorded in the balance sheet liabilities.

2.3.16. Recognition of subsidies

Subsidies are recognized when it is reasonably certain that the conditions of obtaining the aid will be fulfilled and independently of the funds received, with the difference recorded on the balance sheet as necessary.

Whether subsidies are qualified as operating subsidies or investment subsidies is determined according to the nature and purpose of the amount granted.

Operating subsidies are recognized as income in proportion to eligible expenses and incurring within the period in question.

Investment subsidies are recorded in the statement of income at the same pace as the amortization charge for the non-current assets in question.

2.3.17. Corporate taxation

The Company is subject to the ordinary tax system in terms of corporate taxation.

The “tax charges” item includes taxes applicable for the fiscal year net of any tax credits.

Tax liability

The tax liability is determined based on the final profit for the fiscal year, which may differ from the accounting profit, due to re-integrations and deductions of income and charges depending on the tax filing position and using the taxation rate in effect on the date of production of the financial information.

Research tax credit (CIR)

Industrial and commercial firms taxed on actual income and investing 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 European union, the reimbursement takes place in the year following its recognition as other operating income.

3. Accounting principles and significant methods

A NOTES TO THE BALANCE SHEET

3.1. Non-current assets

Variation in non-current assets in gross values:

(in €)	At closing on 31/12/2021	Increase	Decrease	Other variations	At closing on 31/12/2022
Patents-licenses-software	429,589	69,303	(2,326)	—	496,566
Development expenses and Other intangible non-current assets	3,660,303	3,361,318	—	—	7,021,621
Intangible non-current assets	**4,089,892**	**3,430,621**	**(2,326)**	**—**	**7,518,187**
Land and buildings	243,305	2,418,747	(37,773)	—	2,624,279
Plant and machinery	3,052,499	204,859	(2,612,696)	—	644,662
General facilities	886,152	27,719	(218,640)	—	695,231
Transportation equipment	25,328	3,990	—	—	29,318
Office and IT equipment	159,920	128,688	(7,283)	—	281,325
Furniture	59,355	127,082	(6,436)	—	180,001
Other tangible non-current assets	570,169	8,940,024	(159,563)	—	9,350,630
Tangible non-current assets	**4,996,728**	**11,851,109**	**(3,042,391)**	**—**	**13,805,446**
Equity interests	3,617,468	4,900,000		—	8,517,468
Receivables from equity investments	11,961,952	8,530,255		—	20,492,207
Other long-term receivables	15,000	—	—	—	15,000
Treasury shares [(1)]	2,204,738	34,917,848	(35,535,488)	—	1,587,098
Other long-term securities	160	12,365,425	—	—	12,365,585
Deposits and guarantees	42,950	81,500	(680)	—	123,770
Financial non-current assets	**17,842,268**	**60,795,028**	**(35,536,168)**	**—**	**43,101,128**
Total	**26,928,888**	**76,076,758**	**(38,580,885)**	**—**	**64,424,761**

(1) At 31 December 2022, securities held under the liquidity contract amounted to €861 K and cash to €692 K.

Variations in amortization and provisions are as follows:

(in €)	At closing on 31/12/2021	Increase	Decrease	Other variations	At closing on 31/12/2022
Patents-licenses-software	403,849	40,136	(2,326)	—	441,659
Development expenses and Other intangible non-current assets	—	—	—	—	—
Intangible non-current assets	**403,849**	**40,136**	**(2,326)**	**—**	**441,659**
Land and buildings	243,306	98,090	(37,773)	—	303,623
Plant and machinery	2,749,458	84,858	(2,487,198)	—	347,118
General facilities	745,412	35,159	(182,829)	—	597,742
Transportation equipment	24,796	743	—	—	25,539
Office and IT equipment	150,823	19,960	(7,283)	—	163,500
Furniture	54,953	6,809	(6,046)	—	55,716
Other tangible non-current assets	7,497	—	(3,222)	—	4,275
Tangible non-current assets	**3,976,245**	**245,619**	**(2,724,351)**	**—**	**1,497,513**
Equity interests	142,468	4,900,000	—	—	5,042,468
Receivables from equity investments	2,459,256	8,591,868		—	11,051,124
Treasury shares	—	34,396	—	—	34,396
Financial non-current assets	**2,601,724**	**13,526,264**	**—**	**—**	**16,127,988**
Total	**6,981,818**	**13,812,019**	**(2,726,677)**	**—**	**18,067,160**

3.2. Current assets

3.2.1. Inventories

	31/12/22	31/12/21
Raw materials	236	237
Other supplies	4,355,518	1,369,391
Work in progress	200,565	31,369
Finished products	44,896	123,747
Gross value	**4,601,215**	**1,524,744**
Provisions for depreciation	(83,650)	(269,516)
Net value	**4,517,565**	**1,255,228**

3.2.2. Receivables

	31/12/22	31/12/21
Advances and payments on account	3,147,590	4,145,300
Trade receivables and related accounts	9,730,095	7,637,867
Accrued income	424,160	138,988
Recoverable taxes and duties	5,602,814	2,298,382
Payroll and related accounts	25,420	272
Sundry debtors	(170,601)	521
Deferred charges	459,879	79,579
Gross value	**19,219,357**	**14,300,909**
Provisions	—	—
Net value	**19,219,357**	**14,300,909**

3.2.3. Cash and cash equivalents

	31/12/22	31/12/21
Short-term deposits	89,097,825	63,033,230
Liquidities and equivalent	44,512,319	111,920,113
Cash assets	**133,610,144**	**174,953,343**
Overdrafts	—	—
Cash liabilities	0	0
Net cash position	**133,610,144**	**174,953,343**

At 31 December 2022, €89 M is placed in term accounts with with no fees for early withdrawal:

Type of placement	Amount *(in €M)*	Duration	Term	Gross actuarial rate	Planned withdrawal
Cash boost term account	5	2 years	24/11/24	3.00%	32 days' notice
Progressive term account	10	5 years	28/12/27	3.04%	32 days' notice
Progressive term account	14	2 years	02/12/24	3.50%	32 days' notice
Progressive term account	10	2 years	23/12/24	3.50%	32 days' notice
Progressive term account	20	5 years	23/11/29	3.28%	32 days' notice
Progressive term account	10	5 years	29/11/27	2.80%	32 days' notice
Progressive term account	20	3 years	17/11/25	2.95%	32 days' notice
Total	**89**				

3.3. Variation in equity

	Number shares	Capital	Additional paid-in capital	Legal reserve	Carry forward	Treasury shares	Currency translation adjustments	Net income	Equity capital
Situation at 1 January 2021	**27,856,540**	**3,342,785**	**206,858,411**	**333,831.60**	**(5,407,976)**	**0**	**0**	**(10,327,116)**	**194,799,936**
Capital increase	—	—	—	—	—	—	—	—	—
Canceled treasury shares	—	—	—	—	—	—	—	—	—
Options exercised and BSPCE	82,555	9,907	404,520	—	—	—	—	—	414,427
Share subscription warrants exercised	—	—	—	—	—	—	—	—	—
Share issue warrants exercised	—	—	—	—	—	—	—	—	—
Other variations	—	—	—	—	—	—	—	—	—
Recognition of prior losses	—	—	(5,407,976)	—	5,407,976	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	—
Appropriation of previous year's result	—	—	—	—	(10,327,116)	—	—	10,327,116	—
Net income (loss) for year	—	—	—	—	—	—	—	(20,386,297)	(20,386,297)
Variation in equity	—	—	—	—	—	—	—	—	—
Situation at 31 December 2021	**27,939,095**	**3,352,691**	**201,854,955**	**333,832**	**(10,327,116)**	**—**	**—**	**(20,386,297)**	**174,828,065**
Capital increase	—	—	—	—	—	—	—	—	—
Canceled treasury shares	—	—	—	—	—	—	—	—	—
Options exercised and BSPCE	20,000	2,400	93,000	—	—	—	—	—	95,400
Share subscription warrants exercised	—	—	—	—	—	—	—	—	—
Share issue warrants exercised	—	—	—	—	—	—	—	—	—
Other variations	—	—	—	—	—	—	—	—	—
Recognition of prior losses	—	—	(10,327,116)	—	10,327,116	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	—
Appropriation of previous year's result	—	—	—	—	(20,386,297)	—	—	20,386,297	—
Net income (loss) for year	—	—	—	—	—	—	—	(43,254,458)	(43,254,458)
Variation in equity	—	—	—	—	—	—	—	—	—
Situation at 31 December 2022	**27,959,095**	**3,355,091**	**191,620,839**	**333,832**	**(20,386,297)**	**0**	**0**	**(43,254,458)**	**131,669,007**

3.4. Equity equivalents

As at 31 December 2022, the Company has two repayable advance contracts for a total amount of €245 K.

The fact that the repayable advance does not bear annual interest means that the Company has benefited from a zero-interest loan, which is more favorable than market conditions. The difference between the advanced 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”.

As part of the Group’s installation in the Belfort region, on 14 September 2022 McPhy signed a financial support agreement for a maximum total amount of €10 million with Pristine SAS (trustee of the “Industrial Revitalization Fund”). In 2022, McPhy received an initial payment of €2.5 million under this agreement.

3.5. Provisions for risks and charges

	Balance 31/12/21	Provisions	Unused	Balance 31/12/22
Disputes	594,810		(594,810)	—
Losses on completion	174,565	574,394	(51,456)	697,503
Other risks and charges	7,281,294	4,341,078	(5,715,180)	5,907,192
Provisions for risks and charges	**8,050,669**	**4,915,472**	**(6,361,446)**	**6,604,695**

- Of the €4.5 million allocated in 2021 in relation to the incident in a power plant operated by EnergieDienst, €2.6 million was reversed following the replacement of equipment with the same model of first-generation electrolyzer. The remaining costs to incur have been assessed as €1.0 million.
- A net amount of €1.2 million was allocated in 2022 for losses on completion and commitments on current contracts.

3.6. Borrowing and financial debt

	31/12/21	Issues	Repaid	Transferred	31/12/22
Borrowings from credit institutions	482,795	—	(107,795.00)	—	375,000
Shareholder loans	—	—	—	—	—
Total borrowing and financial debt	**482,795**	**0**	**(107,795.00)**	**0**	**375,000**

	Total	< 1 year	1-5 years	< 5 years
2022	375,000	125,000	250,000	—
2021	482,795	132,795	350,000	—

3.7. Trade and other payables

	31/12/2022	31/12/21
Advances and payments on account received	—	—
Trade payables	21,764,207	18,061,583
Tax and employee-related liabilities	4,030,465	2,715,150
Payables on non-current assets	2,971,529	59,896
Advances received on subsidies	26,852,839	—
Deferred income	6,535,019	5,825,272
Total	**62,154,058**	**26,661,901**

	Total	< 1 year	1-5 years	< 5 years
2022	62,158,906	62,158,906	—	—
2021	26,661,908	26,661,908	—	—

B NOTES TO THE INCOME STATEMENT

3.8. Revenue

	2022		2021	
France	10,572,439	108%	9,367,455	90%
Rest of European Union (excl. France)(1)	(789,098)	-8%	975,691	9%
Rest of world	—	—%	62,172	1%
Revenue	**9,783,341**	**100%**	**10,405,318**	**100%**

(1) As at 31 December 2022, the (€0.8 million) includes the canceled order for H2MOB stations totaling (€0.8 million).

3.9. Payroll charges

	2022	2021
Wages and salaries	6,670,259	4,178,065
Social contributions	3,256,968	2,044,066
Payroll charges	**9,927,227**	**6,222,131**

3.10. Other charges and other income from operating activities

Other income from operating activities amounts to €2.8 million of which €2.4 million is attributed to reversals of provisions, €0.2 million to transfer of charges and €0.2 million to royalty payments billed to subsidiaries.

3.11. Financial profit (loss)

	2022	2021
Income from Group equity interests	458,439	72,536
Investment income	605,620	73,253
Interest income on advances	—	—
Other financial income	32,581	1,268
Financial income	**1,096,640**	**147,057**
Interest charges on borrowing	(66,394)	(84,974)
Interest charges on advances	(372,000)	(179,990)
Other financial charges	(13,527,378)	(183,232)
Financial charges	**(13,965,772)**	**(448,196)**
Financial profit (loss)	**(12,869,132)**	**(301,139)**

3.12. Non-recurring profit (loss)

	2022	2021
Income from disposal of non-current assets	200,000	465,339
Other non-recurring income	4,867,571	384,725
Non-recurring income	**5,067,571**	**850,064**
Net book value of non-current assets sold	(161,698)	(376,493)
Other non-recurring charges	(3,719,398)	(6,699,348)
Non-recurring charges	**(3,881,096)**	**(7,075,841)**
Non-recurring profit (loss)	**1,186,474**	**(6,225,777)**

Other extraordinary income corresponds to (i) €3.5 million from the reversal of the provision concerning the incident at Grenzach-Wyhlen in Germany, (ii) €1.1 million from the reversal of other extraordinary provisions made in 2021 to cover the costs of the same amount recognized in 2022 and (iii) €0.2 million in gains on the liquidity agreement securities which is offset by a loss of (€0.8 million) recognized in other extraordinary charges.

3.13. Corporate taxation

	2022	2021
Research tax credit	1,099,400	692,673
Other tax credits	—	—
Corporate taxes	**1,099,400**	**692,673**

The amount of tax losses carried forward amounts to €155.9 million at 31 December 2021 (€112.7 million at 31 December 2021). 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:

	2022	2021
Operating profit before tax	(45,540,332)	(14,853,194)
Non-recurring profit (loss)	1,186,474	(6,225,776)
Net profit before income tax	**(44,353,858)**	**(21,078,970)**
Corporate taxation	—	—
Tax credits	1,099,400	692,673
Net profit	**(43,254,458)**	**(20,386,297)**

C OTHER INFORMATION

3.14. Table of subsidiaries and equity interests

	Receivables from		Equity securities						
(in thousands of €)	Gross value of equity	NBV of equity	Gross value of receivables	NBV receivables	Equity and related receivables	Proportion of capital owned	Shareholder equity excluding profit at 31 December 2021	Net profit (loss) 2022	Annual revenue 2022
McPhy Italia Sprl	4,300	2,400	14,297	9,000	11,400	100%	2,464	(3,152)	2,963
McPhy Deutschland GmbH	4,075	1,075	3,441	441	1,516	100%	2,611	(2,711)	4,024
McPhy Asia Pacific Pte. Ltd	62	—	2,031	—	—	100%	(1,894)	(105)	0
McPhy Northern America Corp.	80	—	723	—	—	100%	(502)	(31)	0
Total	**8,517**	**3,475**	**20,492**	**9,441**	**12,916**				**6,987**

3.15. Headcount

	31/12/22	31/12/21
Management	78	51
Technicians & Supervisors	22	12
Employees and workers	2	7
Total	**102**	**70**

The weighted average headcount for 2022 is 82 employees (60 in 2021).

3.16. Executive committee compensation

Compensation and benefits of all kinds paid to members of the Executive committee (6.8 people in 2022 and 11.7 in 2021) and of the Board of Directors is as follows:

	31/12/22	2021
Compensation due for the fiscal year (1)	1,671,514	1,955,051
Compensation in shares, options etc. (2)	388,094	125,052
Executive committee compensation	**2,059,608**	**2,080,103**

(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 under the pension schemes in accordance with the laws and practices 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:

	31/12/22	31/12/21
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (1)	3.8%	1.2%
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	4% (Mgt), 2.4% (Non-Mgt)	3% (Mgt), 4% (Non-Mgt)
Social contributions rate (2)	49% (Mgt), 44% (Non-Mgt)	49% (Mgt), 44% (Non-Mgt)
Mortality table	Insee 2018-2020	Insee 2017-2019
Probability of presence	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards	Rate between 12% and 99% from age 30 to 55, then 100% from 60 onwards

Mgt: management, Non-Mgt: non-management.
(1) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.
(2) Excluding impact of temporary reduction schemes.

The average period at 31 December 2022 is approximately 20 years.

The amount of pension obligation at 31 December 2022 is €76 K (vs. €108 K at 31 December 2021). An increase of 1% in the discount rate at 31 December 2022 (respectively a decrease of 1%) has a positive effect of €13 K on the year's results.

3.18. Share-based payments

The Company has allocated stock options ("Options"), share subscription warrants ("BSA") or Business Creator share subscription warrants ("BSPCE") to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	Dates of exercise	Exercise price	Number of recipients	Instruments in use	Exercisable instruments
AGM of 5/18/2017					
BSPCE 2017-2	From 03/12/2018 to 09/10/2023	5.10	2	30,000	30,000
AGM of 5/23/2019					
BSPCE 2019-2	From 04/08/2020 to 04/08/2025	4.55	3	14,000	14,000
BSA 2019-1	From 04/08/2020 to 04/08/2025	4.55	1	10,000	10,000
AGM of 5/20/2020					
BSA 2020-1	From 06/05/2020 to 06/05/2025	5.11	6	28,000	28,000
BSPCE 2020-1	From 06/05/2020 to 06/05/2025	5.11	10	89,000	89,000
Balance at 31 December 2022			**22**	**171,000**	**171,000**

The table below reports activity in stock option, BSA and BSPCE plans:

	Options and warrants in use	Weighted average exercise price
Balance at 1 January 2021	**495,555**	**4.72**
Allocations	—	—
Cancellations	(162,000)	4.14
Exercised	(82,555)	5.02
Balance at 31 December 2021	**251,000**	**4.72**
Allocations	—	—
Cancellations	(60,000)	4.98
Exercised	(20,000)	4.77
Balance at 31 December 2022	**171,000**	**5.00**

The following table shows the allocations and activity concerning AGA free share plans:

	2021 Free share plan	2022 Free share plan
Date of shareholder meeting	05/23/19	19 May 2022
Date of Board of Directors meeting	16 December 2021	07/28/22
Total number of free shares allocated	59,970	94,350 (1)
Total number of free shares allocated to corporate officers:	20,000	21,750 (2)
Jean-Baptiste LUCAS	20,000	21,750 (2)
Luc POYER	—	_
Date of vesting	• Chief Executive Officer– 12/16/2023 • Executive committee – Date of Board of Directors meeting to approve the Company accounts relating to the fiscal year ending 31 December 2023	07/28/25
Expiry date of conservation period	—	—
Conditions of performance and vesting	Refer to note A below + presence requirement	Refer to note B below + presence requirement
Number of shares definitively allocated at 31 December 2022	59,970	94,350 (1)
Cumulative number of shares canceled or expired at 31 December 2022	3,540	—
Remaining allocated shares at 31 December 2022	56,430	94,350

(1) On a 100% payout basis, or 122,655 shares on a 130% payout basis.
(2) On a 100% payout basis, or 28,275 shares on a 130% payout basis.

3.19. Leases

	Vehicle	Plant and machinery	Office and IT equipment	Patents-licenses-software	Total
Gross original value	18,115	1,799,328	545,264	314,336	2,677,043
Total prior amortizations	(18,115)	(1,636,590)	(99,401)	(314,336)	(2,068,442)
Allocation for fiscal year	0	(111,488)	(77,577)	0	(189,065)
Accumulated amortizations	(18,115)	(1,748,078)	(176,978)	(314,336)	(2,257,507)
Net value	**0**	**51,250**	**368,286**	**0**	**419,536**
Total prior royalties	31,163	1,816,287	117,291	359,092	2,323,833
Royalties for fiscal year	0	67,380	104,344	0	171,724
Total royalties	**31,163**	**1,883,667**	**221,635**	**359,092**	**2,495,557**
Royalties remaining payable					
• within 1 year	0	0	169,532	0	169,532
• between 1 and 5 years	0	0	190,209	0	190,209
• beyond 5 years	—	—	—	—	—
Royalties remaining payable	**0**	**0**	**359,741**	**0**	**359,741**
Purchase option	**18,154**	**3,800**	**24,750**	**0**	**46,704**

3.20. Financial commitments

(in thousands of €)	2022	2021
Guarantees and pledges	8,800	5,772
Leases	236	428
Commercial lease	2,270	2,502
Other commitments	—	—
Commitments	**11,306**	**8,702**

The commitments made primarily concern guarantees issued for projects (repayment of advanced guarantee, first demand guarantee, performance guarantee, etc.)

3.21. Financial risk objectives and management policy

3.21.1 Interest rate risk

The Company has subscribed to one short and to one medium-term loans at fixed rate, for a total amount of €375 K.

3.21.2 Currency risk

The Company subscribed to a “flexiterme” currency hedging solution for USD 0.7 million against EUR, from 1 December 2022 until 18 June 2024, at a guaranteed rate of 1.0575. This is part of an agreement involving a US supplier to enable it to cover it activity against fluctuations in the USD exchange rate.

3.21.3 Liquidity risk

Since the Company was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash & cash equivalents and marketable securities amount to €133.6 million at 31 December 2022 and financial payables amount to €0.4 million. The Company’s credit agreements do not contain default clauses (covenants).

The Company will continue to need financing to develop its activities until it reaches break-even point. 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.

3.21.4 Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned.

3.22. Statutory Auditors’ fees

The fees paid to Statutory Auditors by the Group are presented in note 3.28 in the appendix to the consolidated financial statements.

5.2.4 Statutory Auditors' report on the Company financial statements

Year ended 31 December 2022

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of McPhy Energy,

Opinion

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

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 2022 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 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.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 statemen.

Accounting for long-term contracts: recognition of revenue on a percentage of completion basis and measurement of provisions for losses at completion for onerous contracts (Notes 2.3.15 and 3.5 to the Company financial statements)

Risk identified

As indicated in Notes 2.3.15 "Recognition of revenue" and 3.5 "Provisions for liabilities and charges" 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 regularly updated by project managers.

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

Our response

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

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

We also assessed the appropriateness of the disclosures in Notes 2.3.15 “Recognition of revenue” and 3.8 “Provisions for liabilities and charges” to the financial statements.

Measurement of equity interests and related receivables (Notes 2.3.6 and 3.14 to the Company financial statements)

Risk identified

Equity interests and related receivables stated on the balance sheet as at 31 December 2022 for a net amount of €13 million 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.

As indicated in Note 2.3.6 “Equity interests” to the Company financial statements, the value in use is estimated by management using a multi-criteria approach including the discounted cash flow method. These criteria are weighted by the impacts of holding these interests in terms of strategy or synergy with respect to other investments held. These future cash flows are derived from the 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.

In this context, and due to uncertainties inherent to certain items, in particular the probability of realisation of the forecasts, we considered the correct valuation of equity interests, related receivables and provisions for risks to be a key audit matter.

Our response

To address the risk relating to the valuation of equity interests and related receivables, we performed a critical review of the conditions for the implementation of impairment testing by the Company, notably by:

- assessing the consistency of cash flow projections with the 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;
- verifying the recognition of impairment provisions for equity interests and/or related receivables based on a comparison of carrying amounts with values in use determined using discounted cash flow projections.

We also assessed the appropriateness of the disclosures in Note 2.3.6 “Equity interests” to the Company financial statements.

Measurement of capitalised development costs (Notes 2.3.3 and 3.1 to the Company 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 2022, net capitalised costs amounted to €6.4 million.

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

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

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

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

Our response

Our work mainly consisted in:

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

We also assessed the appropriateness of the disclosures in Note 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 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 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 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 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 Company financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

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

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

Responsibilities of Management and Those Charged with Governance for the 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:

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

Report to the Audit Committee

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

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

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

Juvigny and Paris-La Défense, April 21, 2023

The Statutory Auditors

SARL Audit Eurex	Deloitte & Associés
Guillaume BELIN	Hélène DE BIE

5.3 Table of five-year financial data

	Date of year end				
(in €)	**12/31/18**	**12/31/2019**	**31/12/20**	**31/12/21**	**31/12/22**
Share capital	1,753,597	2,079,102	3,342,785	3,352,691	3,355,091
Number of shares	14,613,307	17,325,851	27,856,540	27,939,095	27,959,095
Revenue excluding tax	2,930,864	5,805,448	9,765,843	10,405,318	9,783,340
Operation and income for the year					
Income before tax, employee profit-sharing and depreciation, amortization, and provisions	(11,712,207)	(5,523,267)	(10,276,371)	(13,586,721)	(38,607,979)
Corporate tax	(764,228)	(640,251)	(547,923)	(692,673)	(1,099,400)
Employee profit-sharing	—	—	—	—	—
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(12,183,161)	(5,407,976)	(10,327,116)	(20,386,296)	(43,254,458)
Income per share					
Income after tax, employee profit-sharing but before depreciation, amortization, and provisions	(0.75)	(0.28)	(0.35)	(0.46)	(1.34)
Income after tax, employee profit-sharing and depreciation, amortization, and provisions	(0.83)	(0.31)	(0.37)	(0.73)	(1.55)
Dividend per share	—	—	—	—	—
Personnel					
Headcount	34	43	49	70	102
Total payroll	2,104,001	2,540,516	3,237,005	4,178,065	6,670,258
Social security and benefits	924,695	1,221,240	1,486,267	2,044,066	3,256,968

5.4 Payment periods for suppliers and clients

In accordance with the requirements of Article L. 444-6-1 of the French Commercial Code, invoices issued, received and outstanding at the closing date of the fiscal year are broken down as follows:

	Invoices received and outstanding at date of year end					
	Not due (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total 1 day and more
(A) Late payment brackets						
Number of suppliers concerned	335					146
Total value of invoices concerned (incl. VAT and in thousands of euros)	18,848	766	(7)	1	490	1,250
Percentage of total value of purchases for the fiscal year (excl. tax)	94%	2%	0%	0%	1%	3%
(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	9					7
Total value of invoices concerned (incl. VAT and in thousands of euros)	960	1,435	1,130	991	783	4,339
Percentage of revenue for the fiscal year (including tax)	10%	15%	12%	10%	8%	44%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables						
Number of invoices excluded						0
invoices excluded (incl. VAT and in thousands of euros)						0
(C) Reference payment terms used (contractual or legal - Article L. 441-6 or L.443-1 of the French Commercial Code)						
Payment terms used for late payment penalties	Contractual terms (due date indicated on invoice)					

CHAPTER

6

Corporate Social Responsability

6.1 Value creation model

As a designer and manufacturer of **hydrogen production equipment (electrolyzers) and distribution equipment (stations)**, McPhy contributes to the global developmentof **low-carbon hydrogen as a solution for the energy transition.**
By nature, its business model is based on supporting European and global customers in the industry, mobility and energy sectors in their efforts to decarbonize their activities.

Resources and assets

- **205** employees
  - 21 nationalities, +50% engineers/PhD
- **50** significant reference countries, mainly in Europe, for:
  - Electrolyzers : 193 MW + 3,000 PIEL®units
  - Fueling stations : 96 units
- **600** suppliers, in **20** countries
- **10+ million** invested en R&D ; **19** registered trademarks; collaboratives projects with **+20** industrial, academic and research in Europe
- **3** countries ; **5** sites ; **3** factories
- **71K kWh** gas
- **3K liters** of fuel
- **1114K kWh** electricity

First rank reference shareholders

14% EDF
6% bpifrance
5% CHART
2% T.EN Technip Energies
73% Listed on Euronext Paris (MCPHY, FR0011742329)

Involvement in the main Hydrogen associations

National Hydrogen Council
Hydrogen Europe
H2IT
European Clean Hydrogen Alliance
France Hydrogène
AHK

45 + 148 MW among which 45 are signed projects* and 148 MW for which McPhy has been selected as preferred partner**
40 + 56 stations among which 40 are signed projects* and 56 stations for which McPhy has been selected as preferred partner**

Value chain

An integrated business model addressing two major phases of the hydrogen life cycle to decarbonize all segments of the economy

R&D > Engineering > Manufacture > Installation > Services

- Pressurized Alkaline electrolysis (30 bar)
- Modular design: 1MW / 4MW / 20MW / 100MW+
- High-current density electrodes
- PIEL®
- High delivery capacity: 200 / 400 / 800 / 2 000 kg/d
- All dispensing pressures: 350 bar / 700 bar / Dual Pressure

Industry
Mobility
Energy

Electricity production – Production – Transport & storage – Distribution – End use

European DNA close to its markets

- XL Electrolyzer Factory
- 1000MW/yr, by 2024

- Engineering/R&D of large electrolysers

- HQ & Station factory
- 150 HRS/yr by 2022

- S-L Electrolyzer factory
- 300MW/yr

Value creation

Financial performance

- **16 million euros** revenue
- **135 million euros** cash on hand
- **+ 51%** order book
- **114 million euros** in IPCEI grants

Environment

- **110K t CO_2** Carbon footprint (scopes 1-2-3)
- **28 t/million euros of revenue** Carbon intensity (scopes 1-2)

Company

- **1,90 TRIR** (Total Recordable Incident Rate)
- **24%** gender parity

Governance & ratings

- **0** controversies
- **Un Global Compact :** signatory + focus sur 3ODD
- **A** @MSCI rating
- **31** @Sustainalytics rating
- **C+** @ISS ESG rating

The Group's strategy is based on 4 pillars:

Invest in technology
Establish iconic business references
Be cost competitive
Build a leading organization (see Chapter 1)

6.2 CSR strategy

McPhy is an active participant in the energy transition and the fight against climate change. All of its activities (i.e. electrolyzer products and stations) are dedicated to and contribute to the production, distribution and use of low-carbon hydrogen in the economy. By its nature, the Group's business model depends on supporting national and European clients active in industry, mobility, and energy, in their efforts to decarbonize their activities.

Since 2021, McPhy has committed to a strategic and structured CSR approach in strong resonance with its business model and consistent with the Group's values. At the date of this Document, this CSR strategy is being revised to better align it with the European regulation on non-financial reporting, the Corporate Sustainability Reporting Directive (CSRD), to which the Group will be subject, and to take into account the expectations of stakeholders more fully (see paragraph 6.4 of this Document).

Signatory of the UN Global Compact[(1)], McPhy is committed to the following four pillars: human rights, labor, environment and anti-corruption. Also willing to contribute to the Sustainable Development Goals, McPhy has focused on those directly related to its business model:

- **#7 – Support the use of renewable energy.** McPhy systems facilitate the energy transition and contribute to the use of low-carbon energies, for the benefit of multiple applications and industrial uses. Aligned with McPhy's strategy, the development of the use of low-carbon energies and the scaling up of hydrogen will contribute to significantly reduce the cost of equipment, the cost of hydrogen, and, in a virtuous loop, will contribute to increase the use of and access to clean energies for more and more populations;
- **#8 – Support access to decent jobs.** Safety is THE priority for McPhy employees. In addition, to support its growth and the growth of its customers and the Hydrogen market, McPhy promises an inclusive, skills-building culture based on principles of fairness and ethics. In a context of accelerated recruitment, to offer stable jobs to all age categories, any form of discrimination or approximation with safety rules in particular is prohibited within internal policies, to ensure an environment conducive to professional development;
- **#13 – Support the fight against climate change.** By its nature, McPhy equipment enables the decarbonization of industry, mobility and energy; decarbonization is the basis of McPhy's strategy to help its customers, both public and private, in their Net Zero strategies and to sustain the environment in which we exist, especially in terms of climate. Through the commercial and industrial deployment of its advanced technologies, McPhy intends to contribute to the fight against climate change. In addition to the emissions not generated by its customers through their use of McPhy equipment, the Company also wishes to reduce its carbon intensity for scopes 1 and 2.

The policies, specific actions and initial results are described in the next sections of this chapter.

6.2.1 CSR governance

CSR Committee of the Board of Directors

The CSR Committee is part of the appointments and compensation Committee. It is responsible for strategic orientations, as well as deciding and assessing the proposals submitted by CSR Governance within McPhy. For more details on the CSR Committee, see section 3.3.4.2 of this Document.

Chief Executive Officer and Executive committee

The Executive committee approves the annual CSR action plan and regularly reviews the progress of ongoing projects. In 2022, the entire Executive committee received training or information on CSR and ESG issues, through climate fresk workshops or carbon footprint calculations for environmental aspects, or thematic training sessions by experts on other societal or governance issues. For more details on the Executive committee, see section 3.2.2 of this Document. CEO Jean-Baptiste LUCAS sponsors the approach and is positioned at the interface of the two bodies responsible for CSR. He drives the strategy and creates momentum within the Group.

[1] https://unglobalcompact.org/what-is-gc/participants/151202-McPhy

CSR Steering Committee

The CSR Steering Committee oversees the definition and implementation of the Group's multi-year CSR roadmap (2022-2024) and annual CSR action plan. Led by the CSR Director, who reports to the Chief Executive Officer, the CSR Committee has six members, four of whom are members of the Executive committee representing General Management, Strategy, Finance, HSE, Operations and Human Resources. It met 8 times in 2022. The annual and multi-annual CSR roadmap applies to all Group functions, entities and countries and is implemented across all departments.

Work groups

At Group level, the CSR Steering Committee is active at Group level and relies on multi-discipline ad hoc work groups and existing operational teams, such as:

- QHSE Department for health and safety issues;
- HR and Communication teams for Diversity issues;
- Finance and Commercial teams for Taxonomy topics;
- Operations, HR, Finance and HSE teams for environment/carbon balance/decarbonization aspects;
- Legal Department for fundamental rights at work and anti-corruption aspects;
- Sourcing teams for Supplier commitment.

Employee engagement and ESG criteria in compensation

CSR commitments are integrated into the Company's overall strategy and communicated to all employees, regardless of hierarchical level or function. They come with "SMART" objectives and are associated to certain elements of compensation for eligible personnel. In 2022, 100% of employees (managers and operational staff) had CSR objectives, the achievement of which is reported quarterly under the profit-sharing agreement. For members of the Executive committee, the achievement of CSR commitments represents 5% or more of their variable compensation component. At the end of the year in question, the degree of achievement of objectives is reviewed by the Human Resources and CSR Directors.

6.2.2 CSR Roadmap

As a member of the United Nations Global Compact since 2022, McPhy formally issued its first annual roadmap in 2022, addressing the following four areas: environment, social and societal, governance and reporting. This roadmap was communicated to its internal and external stakeholders and Group employees have been regularly informed of progress in its implementation during 2022.

Each pillar is then broken down into priorities and based on several themes and tangible actions, so that stakeholders have a clear vision of the Group's commitments and achievements in terms of CSR:

Environment

McPhy activities and products help reduce the carbon footprint of its customers. The Group is also committed to further reducing its own footprint. In this context, it has calculated its carbon footprint and determined a decarbonization trajectory and actions, started work on calculating the emissions prevented by its equipment, and deployed "climate fresk" workshops to raise awareness of environmental issues among all its employees.

Social and societal

As a high value-added technology company, people are McPhy's main asset. The Group is committed to ensuring the health and safety of everyone in the workplace (McPhy sites and customer sites), to providing opportunities for training, skills development and career advancement, and to developing constructive labor relations. In this respect, McPhy has thoroughly reviewed its induction documents for new employees and its travel charter. It has implemented employee feedback barometers and deployed health and safety initiatives. The Group has also determined its values and selected appropriate training on CSR issues.

Governance

McPhy is committed to the highest standards of ethical business conduct by building lasting relationships with all of its stakeholders. To this end, in 2022, McPhy strengthened its “360° governance”, through a specific CSR governance structure, involving the Board, General Management, the Executive committee and operational management (see paragraph 6.2.1 of this Document), joined the Global Compact, thoroughly reviewed its Code of Conduct (see paragraph 2.3.3 of this Document) and its suppliers’ charter. It also carried out studies to gather customer opinions and to revise the IT system Acceptable Use Policy.

ESG reporting

The Group has been careful to listen to its stakeholders and define its materiality matrix to continue identifying its ESG priorities, determine its performance indicators, carry out its self-assessment as per the GRI (Global Reporting Initiative) standards, the sustainable development goals and certification trajectories, and set up action plans. ESG risks and initiatives are managed at Group level through a set of policies, programs and initiatives. Performance indicators are monitored on a regular basis.

6.2.3 Main CSR objectives

McPhy has set itself 6 major CSR objectives, which will be monitored from year to year according to its priorities.

Environment

- **Objective #1: Taxonomy.** Contribute to a low-carbon economy: 100% of revenue aligned with the European taxonomy. For more details on the Taxonomy, see section 6.6 of this Document.
- **Objective #2: Carbon footprint.** Reduce the carbon intensity of scopes 1 and 2 (i.e. the number of tons of CO_2 in relation to sales) by 5% per year until 2025 and on the baseline of the 2022 fiscal year (intensity level of 28 in 2022).

Social

- **Objective #3: Diversity.** (i) Boost gender parity by raising the number of women engineers and managers within the Group to over 30% within three years and (ii) maintain a high level of cultural diversity within the employee population by keeping the number of nationalities above 20.
- **Objective #4: Safety.** Aim for excellence in safety with a shared objective of a TRIR (Total Recordable Incident Rate) of < 1.52 by 2024

Governance

- **Objective #5: Compensation & benefits.** Maintain the integration of non-financial performance criteria in the remuneration of Group employees in the same way as financial performance objectives: 100% of eligible employees have a minimum of 5% of their variable compensation tied to CSR criteria.
- **Objective #6: Certification.** Obtain ISO 14001 & 45001 certification Group-wide by 2024.

6.3 Stakeholder dialog

Closeness is one of the Group's values, and McPhy maintains regular dialog with its stakeholders. The main channels for dialog are described below:

STAKEHOLDERS	CHANNELS AND INTERACTIONS
TALENTS ***Employees (shareholders or not)*** ***Employee representatives/ elected officials*** ***Applicants, interns, work-study students, contractors/ consultants/interim managers***	• Sustained, regular and constructive social dialog with social partners via the EWC in France and local trade union organizations in Italy • Dialog with the employees themselves via annual interviews and bi-annual performance reviews • Managerial feedback • Work groups • Employee satisfaction surveys • Employee stock ownership • Monthly face-to-face/video meetings with all employees • Managerial team building events and/or on themes related to climate change (climate fresks, sobriety day) • Open house days for families or external stakeholders • Seminars by functional or managerial teams. • On the initiative of the manager of newly recruited employees: on arrival in the Company, a series of individual interviews with the main people with whom the person will have the most interaction across Company sites and functions, so that they can understand the respective expectations, common topics, and ways of working of each. Determination of objectives of achievement and development over 30/60/90 days within McPhy • At the initiative of Human Resources: every quarter, 2 sessions of 1.5 days in groups spent with each function of the Company, to present the organization and the assignments of each function, and to provide basic information on the market, the business model, the technology, internal processes, etc. • At the initiative of the new employee: production of a discovery report presented to their Manager and the HR Department during their 3-way interview to monitor the trial period
CUSTOMERS ***(and leads)***	• Regular and in-depth discussions at all levels of the Company by project managers, on-site employees and Management • "Voice of the Customer" satisfaction barometer surveys • Customer Service Feedback • Formal post-assessments on projects, organized to take into account Customer needs in McPhy procedures and products, and to implement action plans to better meet expectations • Customer events, some of which are held on operational industrial sites, to share progress in its technologies and projects, and to incorporate the feedback and suggestions of its -future- customers in the development of its products and services
FINANCIAL COMMUNITY ***Investors, institutional and individual shareholders, lenders, rating agencies, financial analysts, bankers and insurers***	• Shareholder general meetings • Meetings and presentations for investors and financial analysts • Annual reports • Press releases • Responses to questionnaires from financial and non-financial rating agencies • Dialog with the CSR teams from some of its investors, to obtain their views and approaches on CSR issues for McPhy • Regular dialog, providing transparent and quality information on strategic choices and activity
SUPPLIERS ***(and subcontractors)***	• Strategic meetings for mutual improvement in innovation and CSR • Operational meetings, audits, site visits, and feedback loops • McPhy has implemented CSR criteria in the identification and qualification processes for its main suppliers and conducts regular evaluations of its suppliers
ACADEMIC PARTNERS ***Technical schools and universities of higher education***	• Presence at recruitment forums • Courses taught by experts from the Group alone or in conjunction with other industrial players, • Implementation of Public-Private Partnerships • In 2022, McPhy welcomed more than a dozen interns and work-study students, and innovated by offering international courses

STAKEHOLDERS	CHANNELS AND INTERACTIONS
REGULATORS ***Local, national and European regulatory authorities*** ***Certification bodies***	• Regulatory intelligence • Regular dialog with supervisory authorities • Provision of transparent and reliable regulatory information • Participation in work groups to contribute to structuring the market and to maintain a close relationship in local territories • Regular dialog with certification bodies in areas such as safety, environment and quality • Responses to consultations and surveys on which McPhy is solicited
PARTNERS ***Peers, sectoral organizations***	• Member of over 10 professional associations in Europe. In particular, McPhy is a member of France Hydrogène, the National Hydrogen Council in France, Tennerdis, hydrogen Europe, DWV in Germany, H2IT in Italy, and the Hydrogen Council at the global level • Contribution to the HR, Safety, Technical and other work groups of Associations (e.g., in HR, Hydrogen skills mapping, reflection on the development of training modules)
CIVIL SOCIETY ***Local communities, users, media and journalists, associations***	• Pro Bono days for the benefit of associations are granted to employees within the framework of the co-opting program • Consultation of local resident associations was organized prior to the installation of the new McPhy plant in Grenoble • Press releases regularly inform the media and associations about McPhy development projects

6.4 Materiality analysis

To bolster its CSR strategy and to anticipate compliance with new regulations in this area (especially EU Directive 2022/2464 CSRD (Corporate Sustainability Reporting Directive)), McPhy undertook its first materiality analysis in 2022. A structured and thorough methodology was used to identify the Company's CSR issues, rank them in order of priority and determine an action plan.

Identification of stakeholders and the materiality of the impact of McPhy activities

McPhy firstly identified its key CSR stakeholders, including Board members, employees, industry experts, major customers, shareholders, and suppliers, to better understand what they believe are the most important ESG issues for the Group. The list of stakeholders was determined to ensure suitable representation of its activities (design, integration and manufacture of electrolyzers and hydrogen refueling stations) and its geographical locations (France, Germany, and Italy).

Over 70 stakeholders were identified and interviewed on the impact of the Group's direct activities and value chain, on a selection of 22 topics. These topics were determined after an in-depth analysis by McPhy and an external CSR consulting firm of the Group's operating environment (activities and strategy), the practices of its competitors, as well as various market data and documents.

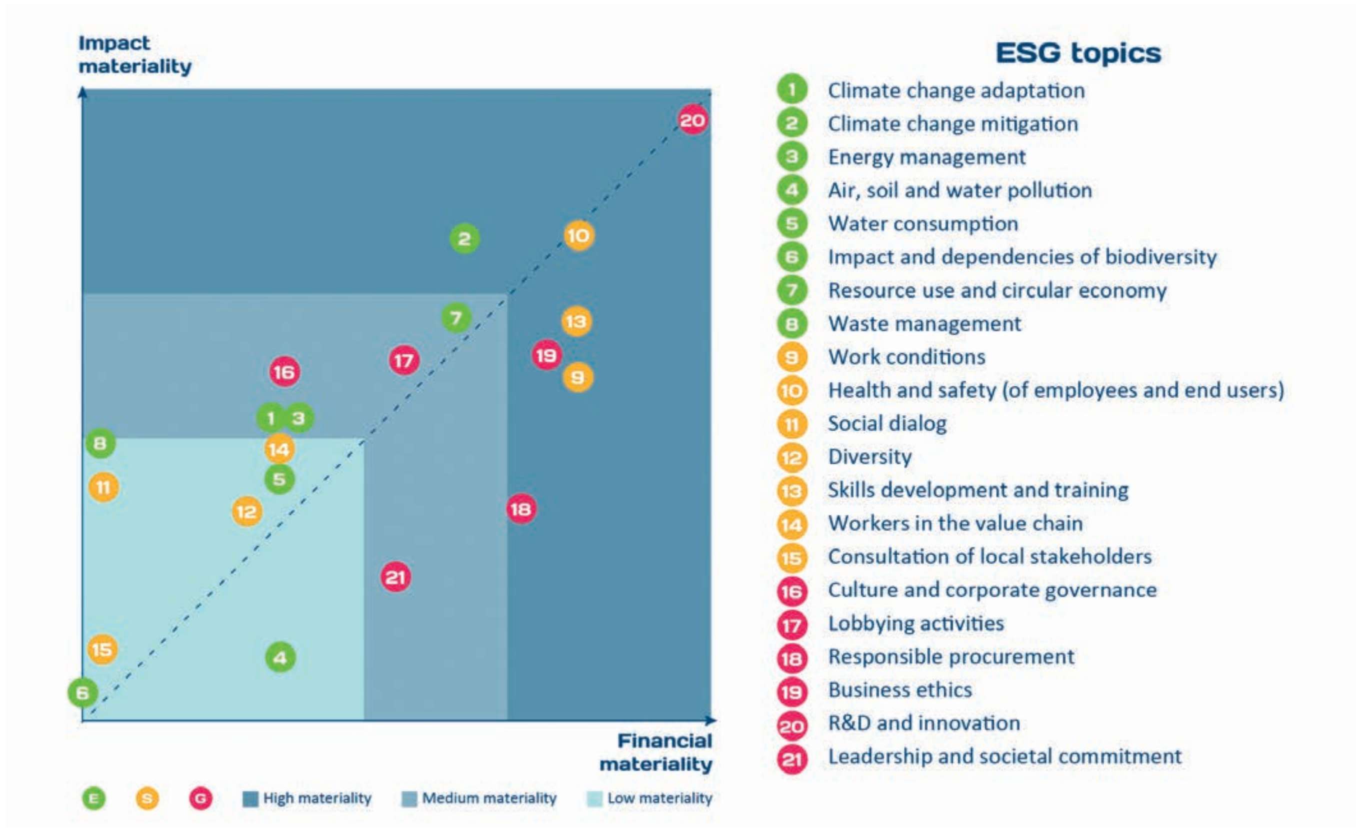
The stakeholders identified then prioritized key issues, through an online survey or qualitive interviews, by assessing the severity and frequency of the impact of McPhy activities on people and the environment in the short, medium and long terms, featured in the Group's own operations or along the value chain. The analysis of the 42 survey responses and the 7 quality-related interviews allowed us to assess the materiality of the impact of McPhy activities, presented in the materiality matrix below.

Identification of the financial materiality of ESG risks and opportunities for McPhy activities

McPhy considers CSR as a source of opportunities and value creation, and as a means to identify and implement actions to improve its risk management. With support from a CSR consulting firm, McPhy analyzed and evaluated the potential financial effects of the 22 ESG topics on the Company's earnings, revenues or value in the short, medium and long term. This analysis is presented on the x-axis of the materiality matrix below.

McPhy materiality matrix

In 2023, McPhy will publish its first materiality matrix using the method described above. The following paragraphs in chapter 6 of this Document cover the 7 ESG priorities (where for reasons of industrial logic, Health and Safety have been grouped into a single chapter covering "Employees and End Users"; and for display purposes, the scales of the 2 axes have been adjusted according to the spread of answers.



In 2022, McPhy was not subject to any controversy affecting any of its environmental, social or governance issues, its own activities or arising from the use of its products at customer sites.

6.5 Environmental, social and governance priorities

6.5.1 R&D and innovation

As a pioneer in hydrogen technologies since 2008, McPhy aims to become the European leader in the electrolyzer and refueling station markets.

Expertise, knowledge, and differentiation via reliable and efficient technology is a significant competitive advantage for McPhy. It is also a strategic priority, given the challenges of scaling up and structuring the Group as well as the Hydrogen market as a whole. Although the technologies (alkaline electrolyzers and stations) on which McPhy operates are already mature (TRL 8-9), the Group's challenge is to pursue an active and differentiating policy in terms of R&D and innovation, to remain close to "technological shifts" and offer its customers reliable products in terms of performance and safety, at the best cost.

Under the direction of the Chief Technology Officer, Research & Development (R&D), product development and engineering represented over 60 employees at the end of 2022 (i.e. 1/3 of the Group's workforce) spread over McPhy's main sites (Grenoble, Wildau, San Miniato) and over the Electrolyzers and Stations product lines. The Technology teams are dedicated to each product line and tasked to develop specialized expertise for each product. Their teams are cross-functional to benefit from synergies within the Group, particularly on key subjects of interest to all activities and the Group (e.g., digital technology included in equipment or industrial risk management to offer its customers the best tools for performance management and safe operation of low-carbon hydrogen installations). To design and deliver final products that meet market expectations, the Technology teams work closely upstream with the Sales, Product, and Marketing Departments to define the products and downstream with the Operations Departments (purchasing, procurement and production) to define the best-cost and best-performance manufacturing processes for the equipment.

Skills base

Born from a research project with the CNRS, McPhy has R&D and innovation in its DNA, with historically in excess of 50% of its staff boasting an engineering profile or a PhD. Its Electrolyzers product line boasts a heritage of over 30 years of experience following the acquisition of Enertrag's Electrolyzers activity. The refueling Stations line has been developed in-house for 10 years. McPhy has already demonstrated its ability to adapt in innovation and technology, by embracing technological shifts and progressively concentrating its historical solid hydrogen storage activity to the benefit of developing Electrolyzers and Stations in line with market expectations. It will continue to follow market developments to ensure it seamlessly meets the needs of its customers.

Skills development

Capitalizing on this base of internal skills, McPhy makes the development of R&D, Innovation and Engineering skills a priority to improve knowledge of the latest technologies in this field. To ensure its expertise in the necessary technologies and to integrate new technologies, McPhy has internalized the entire R&D and Innovation value chain (from product design to industrial implementation). To a lesser extent it also uses external experts and specialized consultants. To benefit from the latest technologies available on the market, McPhy is a member of at least 10 associations focused on hydrogen, recruits multiple technical profiles externally and works closely on technical topics with 10 or more laboratories, research centers and universities (see paragraph 6.6.10 of this Document). Skills development programs within the Technology Departments are in place and will continue to be developed, with particular emphasis on skills in electrochemical applications, fluid and gas mechanics, process engineering and safety amongst others, as well as managerial skills, which are necessary for the Group's growth. Skills are developed both through internal and external theoretical training modules and through coaching by existing experts and/or by the most experienced employees, to capitalize on the Group's cross-functional approach and to benefit from the extensive expertise of the most senior employees.

Methods and tools

McPhy has implemented and continues to develop rigorous methods across the whole technology value chain, to develop suitable products and bring them to market at the appropriate performance level and on time. In the course of development of new products and the improvement of existing products, McPhy operates a Stage-Gate process, with collective opinions expressed during Gate reviews which validate the stages of creation of technology features. These processes follow McPhy's main development programs (i.e. 1MW stack, 4MW stack and 16MW Electrolyzer Processing Unit (EPU) and "Dual Pressure" delivery stations (350 and 700 bar).

On its main sites, McPhy develops test platforms to gather feedback in real-life conditions, improve the reliability of its equipment, and provide better reliability and performance. To this end, McPhy has initiated an investment program with twice as many test benches available in 2024, and which will multiply the power of Electrolyzers tested sixfold. Concerning Stations, a fully instrumented test bench will be made available on the Grenoble site in 2023.

In addition to the development of internal know-how, McPhy applies rigorous procedures for monitoring and regularly updating its intellectual property, in particular by ensuring attentive technology intelligence and by registering patents that differentiate it on the market.

In 2022, McPhy R&D investment represented 22% of its expenses. The Group intends to continue investing significantly in this area to maintain its technological advantage.

6.5.2 Health and safety (of employees and end users)

As a result of its transition from a start-up to a mature industrial scale group, the technological innovation in its products and the ongoing increase in recruitment due to its commercial development, McPhy is strongly committed to the safety aspects of its products, including during operation on Customer sites. As well as the safety of its own industrial facilities, McPhy makes every effort to ensure the safety of Customer industrial sites, where equipment manufactured or assembled by McPhy is installed, operated and maintained. This Industrial Safety and Risk Management activity, which is transverse to the Electrolyzer and Station activities, is under the responsibility of the Chief Engineering Officer and coordinated with the HSE Department. Its objective is to de-risk the technology used in McPhy equipment and to limit incidents or accidents on customer and McPhy sites.

Hydrogen gas is very light and has a high diffusivity rate, which implies possible risks of leakage, explosion and fire, throughout the stages of production, storage, compression, distribution or use. Safety is therefore a top priority at McPhy, incorporated throughout product design, development and manufacture, ensuring operation with the highest level of safety right up to the customer site. The objective is to avoid the risk of injury, operational disruptions and delays in bringing products to market. In terms of procedures and (renewed) qualification of its employees, McPhy does everything possible to ensure the quality of assembly of its equipment, in particular to control the risk of leakage and explosion.

McPhy relies on rigorous, demanding methods and standards to qualify risks and propose a suitable design (and to address them right from the design phase). Product/Service Safety Assessments are conducted throughout the product design process and compared against pre-determined objectives to monitor the safety performance of equipment. Leak tests are then performed before commissioning to confirm the integrity of our equipment. This also involves monitoring internal and supplier product quality escapes in the root-cause analysis of deviations from the objectives.

- **Performance indicators.** Number of significant incidents: 0. As a result of all these precautions, in 2022, McPhy incurred no significant incident having any impact other than technical on the equipment. It was controlled by our safety equipment in accordance with our procedures.
- **Staff health and safety.** McPhy works on innovative technology projects which require rigorous methods in terms of design, production, monitoring, installation, and compliance guarantees. The safety and health of people and the integrity of equipment is an absolute priority for the Group, and is the responsibility of the HSE Director and the Executive committee [(2)].
  - The safety of any person working on a production site for hydrogen production equipment is fundamental. McPhy tracks accidents and near misses that may affect its employees, as well as those related to its contractors. It includes them in the systematic and systemic root-cause analysis in case of an incident. As such, McPhy raises awareness and responsibility through training, reporting of accidents and “near misses” and regular communication on specific risks related to activities before any hazardous activity (safety stand-up meeting). This communication is made indiscriminately to all Group service providers and employees. To optimize safety in the workplace, the Group has implemented a personal safety and protection policy which meets the following primary objectives: (i) ensure the compliance of McPhy products with applicable standards and regulations; (ii) ensure the safety of people working in the Company; (iii) guarantee hygiene and health protection for these same people, and (iv) ensure the protection of the Company’s tangible and intangible assets.

2 As illustrated in this video https://www.youtube.com/watch?v=bRhWburmu4I.

- For its facilities, McPhy applies high standards for its equipment and operations. It also ensures suitable training for its employees on product quality procedures and on the safety requirements applicable to each workstation. The Safety and Environment Department is responsible for the implementation and standardization of Group HSE practices. Local HSE coordinators report to a Group HSE manager, who ensures that processes are applied correctly.
- 2022 was marked by the restart of presential activity following the Covid-19 pandemic across the world in 2020-2021. Some measures, adapted to the COVID 19 pandemic have been kept after 2021, e.g. the regular use of working from home for employees whose jobs are compatible with this working method. Recommandations to employees such as promoting a good work-life balance for the employees concerned,. As soon as a positive case was identified, COVID 19 protocols have been used, and, beyond that, on-site protection measures and the implementation of all best practices intended to ensure maximum protection of employees, contractors and external visitors (shielding measures, screening, on-site readers, isolation of symptomatic employees, determination of contact cases and team prevention arrangements, etc.). This business continuity plan enabled us to ensure a high level of safety while ensuring a full-time activity for all employees during 2022.
- In the midst of this global pandemic post-crisis, with events of positive COVID 19 cases and potential contamination clusters, 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

Données de performance (IOGP423)	2022	2021	2020	2019	2018
a. Number of death at work	0	0	0	0	0
b. Number of days with work stopped	1	1	0	1	1
c. Number of medical cases	0	0	1	0	0
e. Number of first aid cases	1	0	0	0	0
g. Fatal accident rate (per million hours worked)	0	0	0	0	0
h. Hours stopped frequency rate (per million hours worked)	0.63	0.57	0	0.65	0.51
i. Total Recordable Incident Rate TRIR (per million hours worked)	1.90	2.86	1.86	1.31	1.34

- Between 2021 and 2022, 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. They are part of a dynamic of individual and collective commitment, aiming for zero work-related accidents and no impact on the health of our workers. In terms of the “Quality - Safety" pairing and our operational constraints, employee information campaigns have been pursued along the year, representing one of the major pillars of the roadmap both on McPhy sites and Customer sites. In light of its permanent commitment to make QSE issues its primary objective, McPhy Management continues carrying the ambition of being recognized as a leader in the field of safety on the hydrogen market.
- All accidents or "near misses", whatever their level of severity, are systematically analyzed for their root causes, and preventive and corrective action plans are then implemented and monitored.
- The Quality and EHS policy deployed across the McPhy Group reflects the common basis for the organization through a cross-disciplinary approach based on the principle of continuous improvement in processes. All teams are active daily to develop safe, high-technology products while adapting to customer needs. The *Customer Satisfaction* approach is a core concern for McPhy and involves uncompromising investment in health and safety towards all Company stakeholders.

- **Quality policy, standards and certifications: a pro-active approach**
  - In 2021 and 2022, the three Group sites in France, Germany and Italy maintained the ISO 9001 conformity of their Quality Management systems, thanks to monitoring and follow up audits. In late 2020, the San Miniato site (Italy) renewed its certification under the ISO 45001 safety management standard and is due for re-certification in 2023. It will serve as a pilot to extend certification to the entire Group (Germany and France) by 2024. The said Italian site also achieved ISO 14001 certification for its "Environmental Management" in 2021. The Group aims to harmonize all these procedures, so that McPhy can achieve triple certification across the Group for Quality, Environment, and Safety. This means McPhy will be ISO 9001 recertified at Group level by the end of 2023, certified for the first time at Groupe level and for ISO 45001 and 14001 by the second semester of 2024.
  - In this backdrop and to support the Group's growth effectively, the headcount in the QHSE department tripled in 2022 compared to the previous year. This choice is justified by the commitment made by McPhy to consistently generate a high level of safety in the Company's services, both for internal stakeholders and external users of its products. 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 health and safety at work induction is organized for all staff, especially for each new hire, and an internal training program with monthly meetings for all has enabled the deployment of McPhy's 9 "*Safety Living Rules*" described above, and to adopt an approach of shared vigilance.
  - Safety tests are conducted on a regular basis to measure and improve procedures for responding to safety issues and crisis management.
  - ***TRIR (Total Recordable Incident Rate)***. During 2022, the recordable incident rate showed a marked decrease - to a value of 1.90, equivalent to the 2020 TRIR level. This value shows a return to a better level of control of our accidentology, allowing us to aim for a TRIR of 1.52 - or even 1.34 - for 2023, to move closer to the value of 1 (by comparison, the global TRIR of the IOGP - *International Association of Oil and Gas Producers* - was 0.90 in 2021). In 2023, a global TRIR will be set up, i.e. including both our internal staff, our service providers and temporary workers, to report on all Group activities as well as those managed by people acting under our authority. McPhy believes that this goal can be achieved through: (i) the implementation of a safety culture reinforcement program targeting all personnel (McPhy employees but also contractors and temporary workers); (ii) an invitation to the staff to report any dangerous situations - but also to highlight any best practices or otherwise make suggestions for improvement (ObsForm program); and (iii) the inclusion of our contractors and temporary workers in internal training programs, the realization of root-cause analyses for incidents, accidents and "near misses" and in the dangerous situation notification program (ObsForm program).

6.5.3 Climate change mitigation

Combating climate change and contributing to “Net Zero” models are the foundation of McPhy’s business model.

Climate change is real and is expected to continue. Mitigation measures, by preventing or reducing greenhouse gas emissions into the atmosphere, can significantly reduce the consequences of climate change and therefore mitigate its impacts. Climate change is a development and revenue opportunity for McPhy as a significant part of its stakeholders (customers, public authorities, etc.) need to decarbonize their business. McPhy’s low-carbon hydrogen production and distribution solutions are one of the solutions to achieve this. In addition to this state of affairs, the latest IPCC report (published in March 2022) highlights the significant impact of human activity on climate change, and the consequences of the increase in atmospheric greenhouse gases on populations and their lifestyles. The regulations and expectations of customers and investors regarding the reduction of greenhouse gas emissions are becoming stricter. Climate change is therefore of paramount importance to McPhy (as well as an opportunity).

McPhy aims to limit its carbon footprint, and for several years has implemented virtuous measures to duly reduce it. These measures are jointly managed by the HSE, HR and CSR Departments.

As a major player in the hydrogen industry, McPhy incorporates this mitigation criterion in all of its direct and indirect greenhouse gas emissions associated with its core business activities throughout our value chain by:

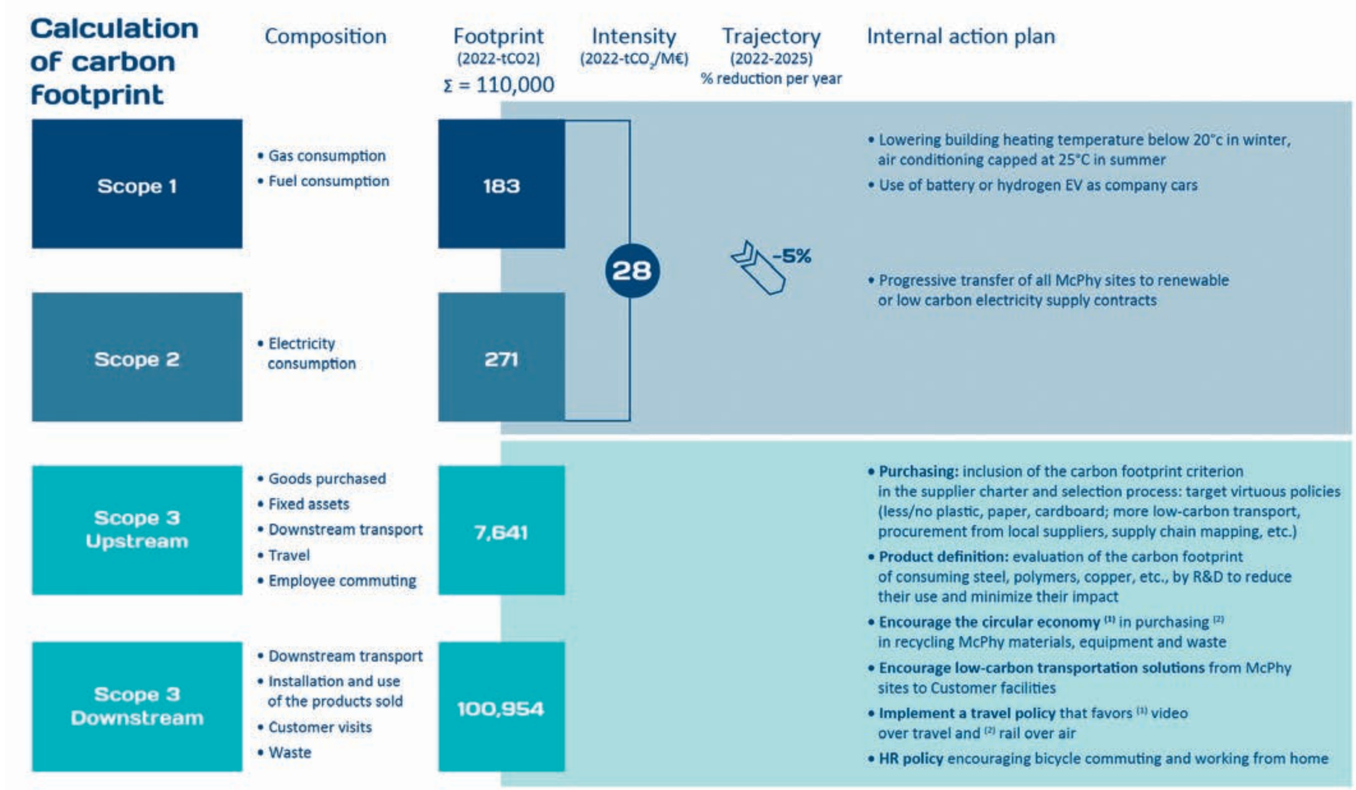
- measuring the Company’s carbon footprint and defining a reduction trajectory; and
- measuring and contributing to the emissions avoided by its low-carbon solutions compared to a technological alternative within Customer business models.

These initiatives are coordinated by the CSR Department.

6.5.3.1 Carbon footprint

Measuring the carbon content of the Group’s activities and products and aiming for a reduction in ratios in relation to revenue growth is one action to which McPhy is committed in the fight against climate change. To contribute to a proactive and pragmatic policy in terms of climate strategy within the Group and for its stakeholders, and after an initial period of stabilization of the methodology and data reliability, McPhy measured its Carbon balance for 2022 using the GHG Protocol standards. A rigorous approach was put in place with the help of a consulting firm specialized in measuring and calculating carbon footprints and greenhouse gas emissions, Carbone 4, to incorporate McPhy’s business model and adjust the methodology as part of the continuous improvement process, so that we can continue to make current and future results more reliable.

In this context, McPhy has identified and quantified the significant greenhouse gas emissions associated to its activities for the 3 scopes, as follows [3]:



- scope: the Group (French, German and Italian entities and transverse activities);
- comprehensive nature: this balance covers emissions from McPhy's entire value chain, including emissions concerning purchases from its suppliers and emissions from the use of products sold to its customers;
- product lines: Electrolyzers and Stations (i.e. the 2 current lines of the Group);
- indicators: McPhy's carbon intensity (in tons of CO_2 per million euros of sales) in 2022 is 28 for scopes 1 and 2 and 506 for scopes 1, 2 and 3 upstream. For future fiscal years, the variation in calculated emissions and intensity in relation to revenues for scopes 1, 2 and 3 will be assessed in light of the updated monetary emission factors for purchases and changes in international standards for calculating greenhouse gas emissions, used to calculate the carbon footprint. In addition to continuing to measure emissions to ensure that its emissions are under control in light of its planned industrial and commercial growth, McPhy has implemented a proactive policy to reduce its carbon intensity, particularly for upstream scopes 1, 2 and 3 (per million euros of sales) and aims to reduce its scopes 1-2 intensity by 5% per year for the

[3] **Methodological note:**

- Internal data: emission items in the original consumption unit (e.g. kWh of electricity consumption or kg of metal, converted into an emission factor), indirect consumption (e.g. expenditure in € converted into consumption and then into an emission factor); mainly existing data read directly from systems, invoices, regulatory and/or operational reports, etc., and some sampling or ad hoc studies (e.g. employee studies on commuting habits)
- Main external sources (especially for calculating emission factors): IPCC, ADEME, GLEC, CITEPA, CEDDRe, CITEO, DGAC, IFPEN (non exhaustive list)
- Scope 1: includes mainly direct consumption of natural gas to heat buildings or fuel for cars
- Scope 2: comes from the electricity consumed on all our tertiary and production sites
- Scope 3 - upstream: includes purchases of products and services such as raw materials, packaging or transport, occupancy and use of office or production buildings, equipment and machinery (including IT equipment), upstream use of energy, transport and storage related to purchases, waste, business travel, employee commuting, and office and industrial assets
- Scope 3 - downstream: includes transportation, installation and use of products sold, customer visits, and waste management. The use of products sold covers products for which McPhy has received a confirmed order within the year, projecting their use (end-to-end electricity and hydrogen supply) over the expected life of the project/product, within the specific use communicated by each customer expected for each equipment sold (e.g. Grid type power source in the country of operation of the installed equipment or connected renewable source, hydrogen source and transport or storage before use, equipment load percentage, average production capacity over time, etc.)

next three years. This internal "Climate and Decarbonization" roadmap was determined collectively by the departments involved in the carbon footprint assessment, by the suggestions and action plans proposed by all employees who participated in a climate fresks and/or the 2022 "Sobriety Day", organized as part of the Group's efforts to raise employee awareness on environmental issues, as well as by the identification of best practices on this matter. Some of the measures have already been communicated and implemented with the employees and departments concerned, to involve the entire Group in this approach. This policy of reducing carbon intensity is based on pragmatic measures, after verifying their feasibility and swift impact. Over the next two years, McPhy intends to continue refining the measurement method and its carbon footprint measurements, to assess the relevance and impact of the measures implemented. Moreover, one of the major benefits of the Grenoble site is to make a significant contribution to reducing environmental impacts in two areas: (i) 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 eliminated employee travel between sites, encouraged the daily use of public transport services or soft mobility (e.g. cycle routes) services offered by the Grenoble authority; and (ii) be a major player in the decarbonization chain for mobility uses, thanks to an annual production capacity of 150 hydrogen refueling stations. This change of scale is part of the issues and expectations of McPhy Clients to make a significant contribution to reducing the CO_2 emissions of users.

6.5.3.2 Avoided emissions

The world production of hydrogen represented 94 million tons in 2021. However, hydrogen is mainly produced by chemical extraction of fossil fuels (in particular by steam reformation of methane). The CO_2 emissions resulting from its production are therefore considerable. In 2021, they reached 900 million tons per year, or about 2% of global emissions. The production of hydrogen by water electrolysis using renewable or low-carbon energy can significantly reduce these emissions. By designing and manufacturing electrolyzers, McPhy offers decarbonization solutions for industry and transportation (as well as solutions to support the development of renewable energies), thus responding to the climate challenge.

To ensure that its growth ambitions will effectively serve the energy transition, in addition to calculating the carbon footprint, McPhy has conducted a study with a specialized Consulting firm (Carbone 4) to calculate the emissions avoided by its products, its electrolyzers in particular. Avoided emissions are an estimate of the impact of a solution on CO_2 emissions compared to a reference situation, over the entire life of the product and in a life cycle approach. The methodological principles for calculating avoided emissions have been defined and co-constructed by McPhy and the partner firm. Three use cases were studied, in line with our markets and strategy: 1. production of ammonia from hydrogen produced by electrolysis; 2. steel production by direct reduction of iron ore using hydrogen produced by electrolysis; and 3. the production of hydrogen by electrolysis and distribution of hydrogen to power a captive fleet of light vehicles.

Case 1. Production of ammonia from hydrogen produced by electrolysis

The decarbonization of ammonia production relies almost exclusively on the decarbonization of hydrogen production. The installation of electrolyzers in countries such as France where electricity is low-carbon, or with renewable capacities, makes it possible to avoid emissions from ammonia production. On average, according to the calculations made during this study, worldwide ammonia production emits 2,410 kg CO_2/ton of ammonia. In this situation, in France, McPhy's electrolyzers contribute to reducing emissions by nearly 1,600 kg of CO2/ton of ammonia, compared to a reference scenario of average ammonia production on the market for the period 2025-2034 (using assumptions on the operation of the electrolyzer, the associated project and the market). However, in some countries, the high carbon content of the electricity mix can make these solutions more emissive than the reference situation for producing ammonia, especially in China.

Case 2. Steel production by direct reduction of iron ore using hydrogen produced by electrolysis

On average, based on calculations performed in this study, steel production in the world emits approx. 1,600 kg of CO2/ton of steel. In countries where electricity is low-carbon, such as France, or when the electrolyzer is associated with renewable capacity, the project avoids CO_2 emissions related to steel production. In France, McPhy's electrolyzers contribute to reducing emissions associated with steel production by nearly 1,000 kg of CO2 / ton of ammonia , compared to a reference scenario of average ammonia production on the market (using assumptions on the operation of the electrolyzer, the associated project and the market).

Case 3. The production of hydrogen by electrolysis and distribution of hydrogen to power a captive fleet of light vehicles

In McPhy stations powered by a McPhy electrolyzer, the distribution of hydrogen produced on site using electricity from the national grid or from renewable energies, avoids between 2,000 and 4,000 tons of CO_2 emission/MW of electrolyzer (using assumptions on the operation of the electrolyzer and stations, the associated project and the market). There is a significant difference between the average emission factor of a standard French taxi and the emission factor of a hydrogen taxi when the hydrogen is produced in France using McPhy electrolyzers. This difference will decrease by 2039, as the decarbonization of light mobility will be achieved through the deployment of battery-powered electric vehicles, which in France are already less emissive than hydrogen-powered light vehicles.

6.5.4 Skills development and training

The Hydrogen eco-system is in full growth and construction, McPhy could be faced with a shortage of talent, both in quantity and quality. Indeed, there are still few hydrogen experts on the job market as the sector is recent, and other companies in the hydrogen sector may be looking for the same skills as McPhy in terms of hydrogen specialties. Moreover, companies from other sectors may also have the same recruitment needs as McPhy when it comes to expertise not specific to hydrogen.

In terms of recruitment, McPhy has a 360 degree approach to skills, with searches for both (i) **technical skills** in electrical, electronic, chemical, manufacturing techniques, safety, environment, commissioning etc., covering the Group's integrated value chain from design to manufacturing and installation of equipment. These skills range from high school diplomas to Masters level, of all levels of experience, from junior to expert, and some of them involve certification or accreditation, and (ii) **soft skills**, to meet the challenges of accelerated growth and structuring, at the international level of the Group: agility, autonomy, multi-disciplinary, learning capacity, collaboration, multi-cultural sensitivity, maturity. These skills will then be reinforced by internal learning through contact with other employees and field experience. The Group's international human resources policy is based on excellence and includes a holistic vision of the life cycle of employees, both future and current. In this respect, in 2022, McPhy has structured and strengthened the Human Resources Department, initiated an "employer brand" marketing campaign and a "careers" website to attract and retain talents. Transparent communication about vacant positions is regularly issued by the Human Resources Department; all are open to internal mobility and employees can apply directly on the McPhy internal recruitment portal.

Creation of a pool of future employees through close collaboration with academic institutions and students

In the short and medium term, McPhy's challenge is to train the Group's future recruits to support its accelerated growth. In addition to a proactive policy in terms of hosting interns and apprentices, McPhy is actively working to establish the hydrogen industry in France and Europe, with all stakeholders (industry, public authorities, academia, research institutes, associations, suppliers, etc.) by identifying the current and future needs in terms of skills, by identifying activities under tension, and by developing/delivering training. As an example, in 2022, as part of its preferred partnership with UTBM (University of Technology of Belfort-Montbéliard), McPhy provided a technical training module on electrolysis to the students of the first group of the UTBM Hydrogen masters degree course, in class and by direct video link with our Centers of Excellence for R&D/Engineering and Production. Other partnerships, levels, and training formats are being deployed and developed, including through the IPCEI program (see section 6.5.10 of this Document). In 2022, McPhy signed 6 apprenticeship contracts which will end in 2023. The Group's policy is to train these talented individuals as rapidly as possible and to plan for future recruitments. It should also be noted that 40% of the trainees present at the end of their course in 2022 joined McPhy as employees.

Development of employees, permanent or fixed-term, working in the Company

McPhy's growth ambition is dependent on both its capacity to develop a Group-wide policy and to implement it for each employee. Whatever their assigned site and whatever their occupation, the Group's ambition is to foster the professional development and personal fulfillment of employees, especially through ongoing training starting when they arrive in the Company.

- **Integration:** the Group also implements 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. This integration process reflects teamwork and a collaborative approach: (i) at the initiative of the manager of the new recruit: on arrival in the Company, a series of individual interviews with the main people with whom the person will have the most interaction across Company sites and functions, so that they can understand the respective expectations, common topics, and ways of working of each. Determination of objectives of achievement and development over 30/60/90 days within McPhy; (ii) at the initiative of Human Resources: every quarter, 2 sessions of 1.5 days in groups spent with each function of the Company, to present the organization and the assignments of each function, and to provide basic information on the market, the business model, the technology, internal procedures, etc. and (iii) at the initiative of the new employee: production of a discovery report presented to their Manager and the HR Department during their 3-way interview to monitor the trial period.
- **Development review:** the annual appraisal and the professional interview make it possible to identify and manage employee skills development needs and desires, through internal/external training, day-to-day learning on the job or intra-group mobility.
- **Training:** 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 2022. McPhy has set up external training courses on technical subjects (safety, purchasing, ESG, services, etc.) as well as access to an e-learning platform for the acquisition of language skills, to meet the language challenges associated with the geographical diversity of customers, the international profile of McPhy employees, and the Group's European locations. McPhy also intends to continue to provide managerial training, to develop the soft skills needed to accelerate growth within the Group and on the market, to the Extended Executive committee, through quarterly meetings/seminars, regular presentations to the Management Committee, and a dedicated training program.

Training hours (excluding apprenticeship)

	2022	2021	2020
Hours of training	8,602	5,121	2,153
% of employees attending at least one training course over the year	86.8%	80%	55%

At the highest level of the Group, the challenges of attracting, developing and retaining talent are regularly discussed (presentation of key HR performance indicators to each Executive committee, talent review procedure and succession plans).

In 2022, these efforts enabled 26 employees to move internally (to a position with greater responsibility and/or to a different department).

6.5.5 Business ethics

Compliance with fundamental conventions

The main aims of the International Labor Organization (ILO) are "to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialog on work-related issues." The 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. The Group also abides by the Universal Declaration of Human Rights. In addition, McPhy is a member of the Global Compact, supporting human rights.

Code of Conduct and Fair Practices

The Group has established a Code of Conduct which sets out the Group's main principles in terms of ethics and compliance with laws and regulations. In the event of a breach of the Code of Conduct, a detailed alert procedure will be put in place to provide precise, confidential resolution. The Group also considers that at this stage of its development, the internal control procedures covering spending commitments to protect its liquidities, represent effective preventive measures in terms of anti-money laundering and corruption. For more details on these topics, see section 2.3 of this Document.

The Board's Key Contracts Committee is responsible for reviewing sensitive bids and contracts, particularly if a conflict of interest arises. For more details on these topics, see section 3.4.4.4 of this Document.

6.5.6 Work conditions

Human resources are the main asset of a high-tech company like McPhy.

The Group aims to be an employer of choice and is committed to providing favorable working conditions, through the design of offices in healthy, pleasant environments suited to collaboration, to attract and develop its talents. In a demanding context of strong growth, well-being at work and employee satisfaction is a point of vigilance for McPhy, which makes every effort to ensure that its employees feel comfortable at work, in a constructive and caring environment. For each change project, employees are requested to submit their opinion and work groups are set up to find the most suitable arrangements in terms of working hours, for example (flexible working hours for production staff, flexible working hours and remote work for other departments, etc.) or in terms of space planning.

McPhy is a signatory and supporter of the United Nations Global Compact, and in addition to the 10 principal goals, McPhy pays particular attention to goal #8 (access to decent employment). Over 99% of Group employees work in France, Germany and Italy, countries that have ratified the eight ILO fundamental conventions on freedom of association, forced labor, discrimination and child labor, and have incorporated them into their national law.

A large number of innovative measures are initiated by the Human Resources Department and relayed by the operational teams throughout the life cycle of the applicant or employee, to attract, promote, retain and develop the best talents:

6.5.6.1 Recruitment

To be visible on all channels of the job market, McPhy is active on recruitment forums and works directly by co-opting, or via headhunters, and has developed recruitment tools highlighting the value proposition of the Hydrogen sector and the McPhy Group. McPhy has also structured and digitized its HR procedures and tools, to meet recruitment challenges and improve the "applicant experience", in particular by creating a dedicated careers site (https://careers.mcphy.com/) that features all the Group's job offers in Europe. Secondly, the recruitment administration process was digitized on an IT platform, to monitor the progress of recruitment, ensure coordination between the Human Resources Department and the operational staff who are recruiting, and to provide the applicant with precise feedback in real time on the progress of their application. The "Friends of Friends" co-opting program allowing an employee to recommend McPhy to potential candidates, attractive profiles to the Human Resources Department and operational staff for open positions, enabled the recruitment of eight new employees in 2022.

6.5.6.2 Employee Engagement

To ensure the motivation and support of its employees and cohesion within the Group, as its workforce has doubled in two years, McPhy organizes team building events by site, group initiatives to promote inter-site or inter-function knowledge (such as climate fresks), monthly video conference meetings with all employees and bi-weekly meetings by team in person or by video, as well as regular, clear and transparent written communications. Internal communication tools are also in place and updated monthly to allow new employees to quickly find their way around the organization and easily identify contacts (organization chart, who's who, contact person sheet). They are also useful for all employees to track swift changes in the organization and the increasing number of employees.

To ensure the impact of all measures relating to well-being and quality of life at work, McPhy conducts annual employee satisfaction surveys. Since 2022, McPhy has implemented a recurring barometer, qualitative (suggestions) and quantitative (score on a scale of 1 to 4) for 100% of its employees, to measure satisfaction, possible recommendations of McPhy as an employer, the sense of belonging, and the perception of personal contribution to the business activity. This barometer is intended to be conducted on an annual basis, to gauge the effectiveness of the measures taken and to pursue a continuous improvement approach relating to the quality of working conditions. With a response rate of over 50%, the 2022 edition of the barometer shows results that are over 80% positive and very positive on these four points. It is followed by an action plan to meet the expectations raised, and recurring waves of employee surveys to monitor the trend of responses to questions.

In 2022, McPhy Group has a 4.4 out of 5 rating on the Glassdoor online ranking, while 100% of respondents would recommend McPhy as an employer. All criteria (Culture and Values, Diversity and Inclusion, Work/Life Balance, Leadership Team) are rated above 4 out of 5. McPhy Germany received the Employer of the Year award in the state of Brandenburg in the 51-100 employee category.

6.5.6.3 Compensation and Benefits

Employee stock ownership

To recognize and associate employees with the Company's success, an exceptional universal allocation of 30,220 free shares was granted to all McPhy employees. For more details, please see section 3.4.7.2.1 of this Document.

Profit-sharing and incentive agreements

In continuity of the recognition and involvement of employees in the Company's success, starting in 2022 the Group implemented incentive agreements negotiated with labor partners, which reward employees based on Company performance. The performance indicators of the incentive plan are centered on the criteria of operational performance, safety and CSR action deployment. In 2023, its criteria were met to a level of 94%.

Variable compensation and other benefits

All employees eligible for a variable compensation component are subject to HSE objectives in the collective part of their annual objectives. The collective variable compensation mechanism (profit-sharing agreement) also includes a safety objective. These objectives are subject to interim reviews. Moreover, the formats and amounts of compensation and benefits were compared with the help of a specialized HR consultant, to ensure fair and motivational treatment for employees. Special measures were taken in 2022 to involve the EWC on the subjects of health, death and provident benefits.

6.5.6.4 Absenteeism

The global absenteeism level presented in the table below incorporates absences for sickness, maternity and paternity, as well as workplace accidents.

Absenteeism rate	2022	2021	2020	Chg 2022 vs 2021 *(in pt)*
Global absenteeism	4.2%	4.0%	3.2%	0.0%
Of which due to illness	2.8%	1.7%	1.2%	+64.7%
Of which due to long-term illness	1%	1.4%	0.8%	-57.1%
Of which due to workplace accidents	0.0%	0.0%	0.0%	0.0%
Of which for other reasons	0.8%	0.9%	1.2%	-11.1%

6.5.6.5 Well-being at work

The Group observes all legal and contractual obligations applicable to working hours in all its subsidiaries. Working hours depend on the local context and the level of activity.

The Group also has a global remote work program involving over 80% of the workforce with the exception of production staff, who have been able to ensure the continuity of equipment manufacturing cycles in the best possible conditions of hygiene and safety. 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. IT equipment for remote work in good ergonomic conditions is offered to all employees concerned. Remote work was systematically favored across all McPhy sites during and since the pandemic. These procedures have been adopted permanently with the roll-out of a remote work charter applicable to all Group employees. It has been fully effective since the end of the first half of 2022. Although remote work procedures have protected employees throughout the pandemic, they also aim to raise the quality of life at work for employees.

McPhy wishes to involve employees as much as possible in defining their work environment. As an example, and in a backdrop of new workplaces (new engineering and production sites in Wildau 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.

6.5.7 Lobbying activities

Given the embryonic state of regulation, the relative maturity and the swift growth of the hydrogen sector, legislative and regulatory monitoring, contributions to collective actions to structure the market and participation in sector events are very important for McPhy. This responsibility is assigned to the Strategy Department, with the Hydrogen industry associations of which McPhy is a member and to consultants specialized in public affairs.

McPhy is a member of more than 10 associations or groups related to the Hydrogen industry in Europe (e.g. Hydrogen Europe), France (e.g. France Hydrogène, Conseil National de l'Hydrogène), Germany (e.g. DWV), or worldwide (e.g. Hydrogen Council).

This activity consists of:

- regulatory intelligence at European and national level (in countries where McPhy operates or on its markets) to (i) identify regulatory issues (in particular industrial, safety, market or ESG issues) that may create risks or opportunities and to adapt to regulatory changes that apply directly or indirectly to McPhy (via its suppliers or customers) and (ii) identify potential markets or anticipate the still emerging market for electrolyzers and refueling stations;
- contributions to public or private consultations as part of adapting the regulatory framework, market studies or on identified themes (safety, technology, etc.) or other requests for information and transparency particularly from public authorities, on the Group's current or future activities;
- participation in Hydrogen events (trade fairs, conventions or conferences) mainly in Europe, with visitor booths and written or oral contributions.

In 2022, McPhy made no political contributions and spent €113,000 on lobbying activities in France, Germany and Europe.

6.5.8 Other environmental priorities

According to the United Nations Emissions Gap report of 27 October 2022 ("The Closing Window"), the effects of climate change are being felt increasingly acutely around the world. The message that greenhouse gas emissions must be reduced is unambiguous. Yet this latest report highlights the gap between the needs and the outlook for emissions reduction; while the window of opportunity is closing, the climate crisis requires a rapid transformation of our societies. The international community is far from achieving the Paris objectives and no credible pathway to 1.5°C is in place. This awareness is shared by McPhy, with the conviction of being a key player in part of the solution to the climate transition.

McPhy is committed to tracking environmental performance indicators; environmental data are regularly communicated to the management and operational teams, discussed collectively, then examined and implemented to conduct root cause analysis, enabling the development of preventive and corrective action plans. In 2023, McPhy plans to deploy an environmental management system that complies with the ISO 14001 standard and which will be audited and certified by a notified body for its whole scope. Regulatory compliance with the principles and requirements of the French Environmental Code is verified annually through an internal audit.

6.5.8.1 Adaptation to climate change

Avoiding the most devastating impacts of global warming requires radical change. While the goal is difficult to achieve, there are signs that a fundamental shift to mitigate climate change is well underway. The change is affecting all industries, as most companies reinvent how to integrate sustainability into the way they do business. Alongside other pioneers, McPhy is looking to establish leads in new and growing markets and capture the value created by the push toward a mode that is more adaptable to climate change.

Actions taken to address our environmental impacts may include changes in sourcing practices, adjusting our business performance expectations, capacity building, training, process changes, evaluation of Tier 1 and Tier 2 suppliers (including those who are or may be subject to greater exposure to climate change). They may also include terminating relationships with suppliers who exhibit poor environmental performance. Assessments and audits of suppliers and their products and services against environmental criteria are regularly conducted and will continue to be conducted in 2023 and beyond.

In the continuous improvement and business continuity approach, managed by the HSE and Operations Departments: (i) replacement suppliers are identified, in case McPhy's production and assembly activities must be stopped, (ii) stocks of key elements are built up to limit the risk of shortage or stoppage of McPhy activities, in case the supply chain (suppliers, transporter) is disrupted, or insofar as possible, a dual sourcing policy is used to enable the replacement of a supplier by another in case of difficulties, (iii) office and production buildings are designed and working hours are adjusted to allow for the continuation of activity in case of heat wave and to avoid the creation of heat islands (iv) remote work agreements enable employees whose function permits or justifies it to work from home, (v) the EHS Department circulates to all Group employees and subcontractors instructions on suitable behaviors and health measures in the event of heat waves and air pollution with alert systems, and finally (v) for some of its sites, McPhy performs HAZID (Hazard Identification)/Hazard Risk Assessments to identify the consequences of extreme events (floods, drought, storms, etc.) and take the necessary measures. Over time, McPhy aims to track the percentage of assets covered by resilience action plans.

6.5.8.2 Energy management

At the last COP26, countries around the world committed to new targets to reach net zero by 2050 or earlier. The energy sector is responsible for three quarters of global emissions and its transformation will be essential to tackle the climate crisis; a business-as-usual approach is unlikely to deliver change on the scale required.

Energy efficiency accounts for more than 40% of the emissions reduction needed by 2040, according to the International Energy Agency's (IEA) sustainable development scenario. Therefore, maintaining global growth and supporting the development of emerging economies implies a sharp increase in consumption habits and meeting this need requires a complete transformation of the existing energy system. Energy efficiency is the leading fuel: it can harness the scale of this unprecedented challenge, support net-zero energy goals at lower cost, and deliver a wide range of benefits to society.

In this respect, ambitious targets for managing the Group's energy needs require a radical rethink of its systems and habits, through innovative policy frameworks, technologies and new approaches to enable sustainable growth of our business, managed by the HSE Department. After a likely stabilization in 2023, the new activities of the Gigafactory and the Test Zone will have the consequences of an increase in energy use and demand from 2024 onwards (energy used for production machines, air conditioning, heating, lighting and electricity).

Electricity and gas consumption

(in MWh)	2022	2021	2020	Chg 2022 vs 2021 *(in %)*
Electricity	1,236	974	732	26.90%
Gas	71	157	60	-54.78%
Total *(in MWh)*	**1,307**	**1131**	**792**	**15.56%**

- In Italy, the San Miniato site experienced no significant increase in its electrolyzer and PIEL stack manufacturing activity in 2021, resulting in electricity consumption similar to the previous year (variation <2%);
- In Germany, the staff increase, as well as the acquisition of a spare parts storage building, have driven up the energy consumption by 516% between 2021 and 2022.
- In France, electricity consumption rose by +16%, primarily linked to the opening of Grenoble site as of May 2022. This increase in electricity consumption has been partially compensated by the progressive close of McPhy's legacy site in La Motte Fanjas.

6.5.8.3 Water consumption

As water is a key resource in the generation of hydrogen, the question of water availability is a crucial issue for Group activities, which impacts the way in which McPhy, deals with the question of water resources throughout its value chain, possible scarcity in certain geographical areas and the inherent risks of pollution of the host environments (rivers, storm water basins, water treatment plants, wetlands, etc.). In terms of impact, the water cycle is wholly affected by climate change (disruption of rainfall patterns, runoff, sea levels, etc.) and this has strong repercussions on aquatic environments, the condition of which depends on water resources. Aquatic environments are exposed to changes in air and water temperatures, to the intensification of extreme events leading to sudden variations in flow and water level, which can directly affect access to water resources.

The amount of water withdrawn and consumed by McPhy and the quality of its discharges can have significant impacts on ecosystems and individuals. This important water issue is managed by the HSE Department. McPhy plans to measure the following indicators to track its environmental performance in terms of water: (i) amount of water used for start-up tests (FAT & SAT) and (ii) conductivity of wastewater.

Water consumption *(in m^3/year)*	2022	2021	Chg 2022 vs 2021 *(in %)*
Italy	990	767	29.07%
France	2,970	190	1,463.16%
Germany	280	91	207.69%
Total *(in m^3/year)*	**4,240**	**1,048**	**304.58%**

6.5.8.4 Air pollution

According to a recent INERIS study published in January 2023, the links between climate change and air quality are multiple and influence both mitigation strategies (control policies) and adaptation (future impacts of climate change). In particular, they question the impact of the future climate, which could be such that current air quality improvement strategies become insufficient. In terms of mitigation, the human origins of greenhouse gases and air pollutants are often the same. Control actions to improve air quality or mitigate climate change will therefore generally have combined effects, which may constitute joint benefits or conflicting effects. There are very important joint benefits to be sought, particularly with regard to energy efficiency measures, but there are also conflicting situations, with the use of diesel or wood for domestic heating being two well-known examples. In summer, the increase in the frequency and/or severity of heat waves reinforces ozone pollution. This is referred to as the climate penalty. Its extent is now well documented and is all the more concerning as it is of the same scale as the recent development in ozone pollution despite substantial efforts on emission reductions.

However, the question of hydrogen recovery is an area for improvement discussed within the governmental authorities of the DGPR (General Directorate for Risk Prevention) and the *France Hydrogène association*. The recovery of hydrogen during tests or emergency depressurization would be a way to optimize our processes and improve the general public perception of the environmental efficiency of the industry. For the Belfort electrolyzer Gigafactory, for example, a commitment has been made to release zero gases into the atmosphere during the testing and start-up of the electrolyzers that will be manufactured there.

6.5.8.5 Impact and dependencies of biodiversity

The scientific bodies and representations of associations and civil society, including public and private industries, meeting in Montreal in December 2022 on the occasion of the COP15 (Biodiversity), have demonstrated the increased awareness that companies must play an essential role in solving the environmental problems for which they bear part of the responsibility. This collapse of biodiversity is largely the result of human activities which exert immense pressure on nature. Although more difficult to understand and assess than the effects on climate, the negative effects of human activities on biodiversity are manifested in various forms: artificial conversion of land, destruction of forests and wetlands, overexploitation of natural resources, pollution of land, oceans and rivers, harvesting of wild species, noise and light pollution, increase in zoonotic pandemics (such as COVID-19), and climate change, which impacts and aggravates other causes. Biodiversity impacts are even more significant on Grass Root projects (i.e. involving an undeveloped area) whether in a relatively natural area or a wilderness area.

McPhy believes that concerning its direct activities or throughout its value chain, it could contribute to the impact on biodiversity and natural habitats surrounding its sites. McPhy must incorporate a biodiversity assessment as a criterion for evaluating its environmental performance in the same way as its impacts on the use of natural resources or the generation of waste or gaseous emissions.

They have a relatively small footprint but have a potential impact on indigenous, even emblematic flora and fauna, but the future large-scale projects of McPhy and its customers (e.g. Gigafactory in Belfort, projects in forested areas) will gradually integrate indicators that allow us to monitor the quality of natural environments and their richness.

6.5.8.6 Resource use and circular economy

As a facilitator of the environmental transition, McPhy is keen to implement a circular business model, with the use of recycled materials upstream, the recyclable nature of its materials and waste, and the life cycle of its products.

Products

The Group aims to limit its environmental footprint through end-to-end eco-design of its products, involving its production sites and other stakeholders, particularly its suppliers. These initiatives are jointly managed by the Purchasing and Engineering Departments.

McPhy mainly uses small quantities noble metals/platinum to manufacture its electrolyzers. In terms of these materials, McPhy’s objective is to drastically reduce their use (i.e. close to zero) in coating electrodes. After reviewing the R&D programs on this topic, McPhy and its electrode suppliers are now confident that they can achieve these goals, given their decades of experience in the electrode coating industry and ongoing R&D programs. McPhy has identified R&D programs developed by some of its main electrode partners, which will start in 2023. Exclusive preliminary work demonstrates that drastically reducing the use of noble/platinum metals is technically feasible; this must now be developed through simulation and real-world testing tools with proprietary solutions, which is to be achieved in the next two years. If the use of noble metals/platinum cannot be reduced to 0 despite the efforts of McPhy and its partners, an agreement will be reached with our electrode supplier(s) so that electrodes supplied to McPhy will be recycled in their facilities when the electrolyzers reach the end of their lie. McPhy stacks are already designed to be completely disassembled. The electrodes can therefore be separated for recycling and the platinum can be reused to re-coat electrodes or other industrial uses (fuel cell, etc.). This also allows the repair of equipment during operation and maintenance activities. Moreover, as the use of platinum is a major issue for PEM electrolyzer manufacturers and given the volumes used for this PEM technology, McPhy will compare its own plans and achievements with any progress made by PEM players on this matter.

Concerning other critical materials: today, in the state of the art, McPhy uses “Polysulfone” PSU in its currently marketed stacks, which can be recycled and re-used by the original supplier for injected parts (e.g. plastic assemblies) or by specialized companies using this raw material in other materials/processes (e.g. tar).

Production processes

In addition to its existing industrial production sites, McPhy has integrated its Gigafactory project into this approach, from the design and start of the project (for example, the Gigafactory project includes a comprehensive waste recycling process mainly limited to packaging (cardboard and wood), and less than 1% of ferrous waste used in the process). McPhy will specifically ensure that packaging waste materials (cardboard, wood) are recycled, through agreements with suppliers specialized in recycling and who are able to demonstrate the full traceability of recycling. There is little hazardous waste and where necessary it is neutralized or recycled, so no hazardous waste is stored. One “waste” product from the manufacturing process is oxygen, which will be released into the air.

2022 was marked by an increase in the consumption of raw materials compared to 2021.

(in tonnes)	**2022**	**2021**	**2020**	**Chg 2022 vs 2021** *(in %)*
Raw materials [(1)]	15	4	5	+375%

(1) Azote, argon, H2, magnesium.

To monitor progress on this issue, McPhy plans to measure and act on the recovery rate for treated waste (recycling, composting/energy) and greenhouse gas emissions prevented.

6.5.8.7 Waste management

To support the environmental transition, McPhy wishes to minimize its environmental impact, in particular by minimizing and then treating waste where necessary. This approach is managed by the HSE Department, but the implementation of its policy requires the full support and commitment of all staff.

For McPhy, the management of waste generated during its activities (i.e. the collection, transportation, recovery and disposal of waste) is an integral part of its whole value chain, as is the choice of source materials used to manufacture its products. Accordingly, and in keeping with the principle of controlling and minimizing its impacts, McPhy intends to promote waste reduction by maximizing recovery, reuse and recycling where appropriate. This includes the recycling potential of McPhy’s waste, materials and equipment, as well as working with customers on end-of-life management.

Waste generation remains limited due to McPhy’s business model which requires the use of metals for large equipment, where equipment delivered by suppliers is assembled (as opposed to the manufacture of products on site). Nevertheless, in a spirit of end-to-end product eco-design, McPhy remains attentive to waste minimization at source, i.e. upstream of its value chain, starting with the selection of its suppliers and their management of issues such as the limitation of packaging materials, and downstream to the management of waste in its current and forthcoming industrial facilities. The breakdown of waste by category is as follows:

(in tons)	**2022**	**2021**	**2020**	**Chg 2022 vs 2021** *(in %)*
Reused hazardous waste	8	7.80	2.50	2.56%
Non-reused hazardous waste	56.5	50.50	30.90	11.88%
Reused non-hazardous waste	58	32.50	44.00	78.46%
Non-reused non-hazardous waste	12	2.10	10.10	471.43%
Total waste produced	**134.5**	**92.90**	**87.50**	**44.78%**

In 2022, the volume of waste handled by the Group amounted to 134.5 tons, compared to 92.4 in 2021 (up +45%). Although the total proportion of hazardous waste increased notably (+35%), we also recorded significant growth in non-hazardous waste (100%), generating a strong positive variation in total waste for the 2022 fiscal year.

6.5.9 Other social priorities

6.5.9.1 Social dialog

Since its creation, McPhy has favored the development of labor relations founded on respect for staff representative bodies [4] and constructive social dialog. Management favors social dialog and attentiveness to employees' right of expression. The Group's advantage in this case is the relatively small size of its subsidiaries, which favors frequent dialog between managers and employee teams on Company business and current projects.

Freedom of association and negotiation is a fundamental right that the Group is conscientious in respecting. The staff representative bodies and more generally employees are regularly consulted and informed about projects and certain changes that may occur in all Group entities.

The Group strives to create and maintain ongoing dialog with its employees. A monthly all-hands meeting setting out the strategy, performance and perspectives of the Group brings together all employees and offers time and space for discussion and questions. Due to the World's health situation that remained fragile in 2022 and McPhy's commitment to zero carbon and energy sobriety, this communication was more often done remotely than face-to-face in 2022. Social links were also strengthened by individual physical or virtual meetings initiated by the members of the Executive committee, particularly when they took up their positions. A few face-to-face team meetings were nonetheless held for all departments in 2022.

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, three Company agreements were signed with the EWC in 2022. Professional elections of the EWC took place, increasing the number of members from 3 to 12, and all seats were filled.

6.5.9.2 Diversity

Equality of treatment

The diversity of employees and cultures represented across the Group is a tremendous asset. As part of its commitments as an employer, the Group is determined to offer its employees equal opportunities for recognition and career development whatever their origin, gender, gender identification, religious or philosophical beliefs, and shall not tolerate any form of discrimination nor moral or sexual harassment [5]. These principles are recalled in McPhy's Diversity Charter [6], which was introduced in 2022 and communicated to all employees, staff representative bodies and more specifically to managers in a position to recruit, who receive specific information about this charter to raise their awareness of the risks of unconscious bias and the importance of - respecting - diversity in recruitment. McPhy intends to continue to deploy initiatives that promote the recruitment of diverse talent. The Group is conscious that differences are an asset, and therefore strives to implement a non-discrimination policy and cultivate such differences, while ensuring equal treatment of all employees. This equality of treatment is implemented through the following measures: (i) a neutral and equal recruitment process, (ii) equal access to training and (iii) compensation based on skills, experience, level of responsibility, results and expertise in the position held.

Disability

The policy concerning employees with disabilities is based on the following measures: (i) maintaining the employment of disabled workers, (ii) a commitment to non-discrimination in the recruitment of disabled people or their placement in internships and work-study programs, and (iii) the development of partnerships with the sheltered sector.

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[4] In France, the following collective bargaining agreements apply to McPhy employees: National collective agreement for engineers and managers in the metallurgy industry and the Isère collective agreement for non-management employees based in Grenoble.

[5] Any behavior considered to be harassment (comments relating to the age, gender, religion of an employee, or behavior with sexual undertones) is prohibited within the Group and is subject to immediate sanctions, including dismissal.

[6] https://cellar-c2.services.clever-cloud.com/com-mcphy/uploads/2023/02/2022.Affiche_Diversity_Charter.pdf

Gender parity

In terms of parity, women represent 24% of the workforce (compared to 22% in 2021). McPhy has set itself the goal of swiftly raising the ratio above 30% for engineers and managers within three years, in line with industry standards, notably by setting up a women's network and an assertive policy on the subject (from recruitment to development). In addition, there are two women on the Executive committee (see paragraph 3.2.2 of this Document) and 11% of women on the Extended Executive committee (composed of 43 people).

According to the calculation methods defined in article 13 of law no. 2021-1774 of 24 December 2021 aimed at accelerating economic and professional equality [7], McPhy achieved a score of 76 points in the calculation of the gender equality index for France in 2022.

In the 9th edition (2022, based on 2021 data) of the ranking of feminization of management bodies in SBF120 companies, McPhy obtained a score of 60.90 out of 100, in 81st position.

McPhy has set itself the goal of recruiting more women to reach 30% representation in its workforce by 2026. Progress targets have also been set for compensation and representation in the most senior positions with higher levels of responsibility, as follows:

Pay gap indicator	• Ensure equal access to pay for employees returning from maternity, adoption, paternity and childcare leave • Neutralize periods of maternity, paternity, adoption and childcare leave in the allocation of variable pay – justify any difference in salary • Improve working conditions to broaden recruitment to women and men (by allowing a better work/life balance, notably through remote working and flexible hours)
Indicator of the number of employees of the under-represented sex among the 10 highest-paid employees	• Ensure that positions of responsibility are equitably paid between women and men • Encourage and facilitate professional mobility for all employees, to ensure better representation of women at all levels of hierarchy, with more communication about the positions to be filled • Promote work/life balance for employees of the under-represented gender among the 10 highest paid employees, with a view to long-term retention • Improve the representation of women in the Company's hierarchical grades by hiring female middle managers • Maintain a minimum of two employees of the under-represented gender among the 10 highest paid in 2023, with a target of three by 2024

To raise awareness among all its employees, McPhy has organized a showcase of several women from the Company on social media to mark International Women's Day on 8 March 2022, and by communicating its commitment to greater parity, both internally and externally.

International

In terms of multiple origins, over 20 nationalities are represented within McPhy, from all continents. This is a great asset for McPhy and its customers, so in view of the skills needed for its development, McPhy intends to continue expanding its workforce with a strong international component [8]. McPhy aims to maintain this international component and the breadth of nationalities during its growth over the next 3 years.

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7 The four evaluation criteria are:
(1) Gender pay gap indicator: 25/40 (difference in favor of men);
(2) Pay rise comparison indicator: 35/35;
(3) Indicator relating to the % of employees receiving a raise in the year following their return from maternity leave: indicator not calculable because no employee returning from maternity leave in 2022 and meeting the criteria for inclusion in the index (15 points not scored);
(4) Indicator of the number of employees underrepresented among the 10 highest earners: 5/10 (difference in favor of men).

8 To facilitate openness and communication between its different nationalities, in 2022 McPhy introduced a language e-learning platform open to all its employees. It also enables the most assiduous to benefit from custom courses on the language of their choice and an introduction to inter-cultural awareness.

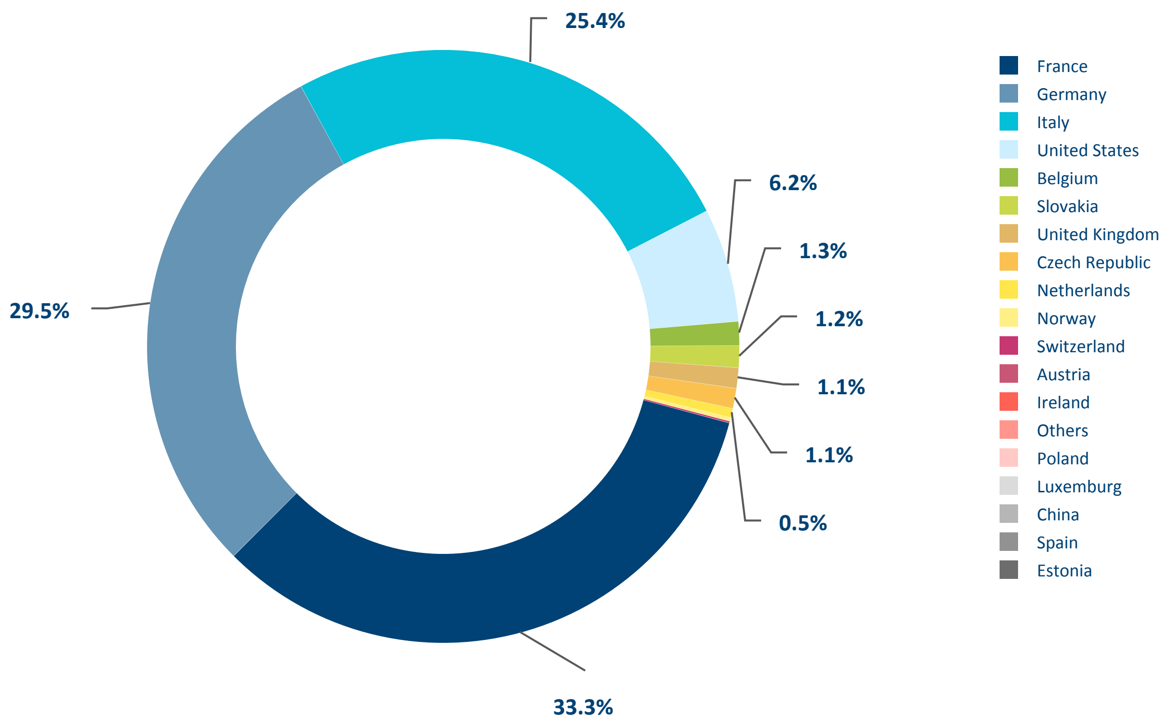
Age

In terms of harmonious distribution of generations, McPhy is careful to recruit and develop its employees in all age categories (both junior profiles – a real breeding ground for the Company's future – and senior profiles who able to share their experience with other employees, especially in specific areas of expertise). In 2022, McPhy employees ranged in age from 18 to 66, with an average age of 39.6.

6.5.9.3 Workers in the value chain

McPhy is a signatory and supporter of the United Nations Global Compact, and in addition to the 10 principle objectives, McPhy pays particular attention to goal #8 (access to decent employment) both internally and externally, throughout its value chain. McPhy procurement requirements are exclusively sourced from European and American suppliers. In view of the applicable laws applied in these countries, the risks of suppliers not observing fundamental workers' rights have been estimated as low.

Split of purchasing by country (% of M€ total spend)



Similarly, Group employees must comply with the Code of Conduct (see paragraph 2.3.3 of this Document). The Sourcing Manager has been trained as a "Certified Sustainable Supply Chain Professional" by the International Supply Chain Education Alliance, to increase internal and external awareness of the matter.

Supplier qualification

During the supplier qualification process, the following criteria are identified and the expectations of the Code of Conduct, which encompasses ethics, compliance, anti-corruption and human rights, are shared during technical or business discussions.

The CSR criteria (supported by documents or physical evidence) taken into account when identifying and qualifying suppliers include:

- existence and implementation of a CSR policy;
- existence of third party CSR certificates;
- compliance by the supplier and its own suppliers with: (i) the Universal Declaration of Human Rights, (ii) the United Nations Convention on the Rights of the Child, (iii) the rules of ethics and social law, in particular with the applicable regulations on labor law and the international standards of the World Labor Organization, (iv) the prohibition of any form

of discrimination within the Company or with respect to its suppliers and subcontractors, (v) European regulations on health and safety and (vi) regulations on environmental protection, as well as the actions necessary to reduce its impact on the environment;

- compliance by certain products sold by the supplier with specific standards (recycled steel, certified rubber, etc.);
- percentage of renewable energy use;
- carbon footprint tracking;
- other CSR practice.

Contract and supplier management

A CSR clause is part of the contract between McPhy and each of its suppliers (i.e. qualified suppliers have been assessed as observing McPhy's CSR requirements during the qualification phase, especially regarding workers in the value chain, and on-site audits can be conducted in case of alerts on themes of the Code, and lead to the termination of the contract in case of non-compliance). This contractual clause covers the subjects of fundamental human rights as laid down in the Declaration of Human Rights, and the United Nations Convention on the Rights of the Child, compliance with local and international labor laws, European safety standards, the environmental regulatory framework, the GDPR, and applies to relevant supplier or its own suppliers or subcontractors. In 2022, 42 suppliers were assessed, 80% of whom incorporate a CSR approach in their HES policy, and 30% of whom had a formal CSR policy. 23 suppliers were audited and/or visited (no significant infringements were identified or reported).

Extract from the CSR clause in McPhy supplier agreements:

19.1. The parties undertake to conduct their respective business activities in a fair, ethical and legal manner in accordance with generally accepted Codes of Conduct.

The Supplier undertakes to comply with:

- fundamental human rights, in particular Universal Declaration of Human Rights and UN Convention on the Rights of the Child;
- rules of ethics and social law, in particular compliance with the mandatory regulations applicable to labor law and the international labor standards of the International Labor Organization including employment, immigration, prohibition of undeclared work, prohibition of the use of child labor and any other form of forced or compulsory labor; prohibition of any form of discrimination within its company or with regard to its suppliers or subcontractors;
- European safety and health legislation to guarantee minimum safety and health requirements at work;
- the regulations relating to environmental protection and the implementation of actions necessary to reduce its impact on the environment.

The Supplier shall comply with and ensure that its own suppliers and subcontractors comply with the aforementioned measures.

19.2 Each party shall ensure that it complies with the requirements of all applicable laws and regulatory requirements relating to the use and protection of personal data, including the General Data Protection Regulation 2016/679 of 27 April 2016 (GDPR).

6.5.9.4 Local Stakeholder Consultation

McPhy is committed to working with local stakeholders, both in terms of consultation and co-construction, to ensure that the impact of McPhy in surrounding areas is positive for local stakeholders.

Territorial, economic, and social impact of activity

The geographical location of the Group's four sites, the regional university cities and associated industrial employment areas (Florence-Pisa-Livorno in Tuscany for Italy, Berlin-Potsdam-Cottbus in Brandenburg for Germany, Grenoble-Romans-Valence in Auvergne Rhône-Alpes and Belfort-Montbéliard in Bourgogne Franche Comté for France) is favorable to recruiting personnel with high technical and intellectual potential. Yet it also strengthens the overall attractiveness of the Group, by providing its employees with a quality of local life and potential career opportunities in the Group at similar conditions.

The Group's involvement in local and regional development where its sites are located is reflected in the following approaches: (i) working with local suppliers and subcontractors, (ii) strong investment in Research and Development in the course of technical collaborations with universities for example and (iii) collaboration with other industrial operators in regions and Public Authorities on the development of skills and the construction of a Hydrogen sector, to meet the recruitment needs of the employment areas concerned.

As the Group's production sites are mostly located in uninhabited business or industrial parks, disturbances to local resident populations are limited. When McPhy moved to its new premises in Grenoble, Local resident associations were consulted prior to the development of the site and the arrival of McPhy.

Territorial, economic, and social impact of the electrolyzer Gigafactory in Belfort

Alongside the three Company sites located in the territories of Grenoble in France, San Miniato in Italy and Wildau in Germany, McPhy started building a Gigawatt-scale factory for 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.

The decision to build this Gigafactory was taken by the McPhy Board in October 2022, after obtaining public support (see paragraph 8.4.2 of this Document).

As part of this new project, the Company 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 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 operations in Belfort and mark it out as a European cluster for engineering 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 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. This project is based on three commitments made to the European Commission and the French government (Product innovation: development of new generation electrolyzers; Industrial Innovation: the industrial deployment of their serial production; and Partnership Innovation: the development of technology sharing partnerships within the Hydrogen ecosystem in Europe) and is part of the Hydrogen IPCEI program. The objective of the IPCEI, and in particular the public investments in electrolysis technology, is to speed up the development of the sector and the competitiveness of zero-carbon hydrogen.

The selection of the Belfort site represents a major step in meeting the forecast growth on McPhy's markets. The Belfort site is resolutely oriented high-tech and was selected for its capacity to meet key challenges generated by the industrial scaling-up of electrolyzer production:

- existing 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 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 to €40 M from an overall amount of almost €120 million. This major investment in its industrial base in Belfort will give McPhy a total annual production capacity of 1.3GW, in line with growth forecasts for green hydrogen markets, particularly in heavy industry.

6.5.9.5 Key indicators

Breakdown of employee headcount by geographical region

	31/12/2022	31/12/2021	31/12/2020
France	102	70	49
International	103	84	61
Total for Group	**205**	**154**	**110**

Breakdown of employees by category

	31/12/2022	31/12/2021	31/12/2020
Management	139	102	68
Supervisors	43	23	10
Employees and workers	23	29	32
Total for Group	**205**	**154**	**110**

Breakdown of employees by gender and age

	31/12/2022	31/12/2021	31/12/2020	Chg 2022 vs 2021
Below age 25	7	9	2	-22%
Between 25 and 39	79	65	47	22%
Between 40 and 49	37	21	16	76%
50 and over	32	25	18	28%
Total Male	**155**	**120**	**83**	**29%**
Below age 25	4	3	5	33%
Between 25 and 39	28	20	15	40%
Between 40 and 49	12	6	3	100%
50 and over	6	5	4	20%
Total Female	**50**	**34**	**27**	**47%**
Below age 25	11	12	7	-8%
Between 25 and 39	107	85	62	26%
Between 40 and 49	49	27	19	81%
50 and over	38	30	22	27%
Total for Group	**205**	**154**	**110**	**33%**

Churn [9]

	2022	2021	2020
New hires	85	67	29
Departures	34	23	16

6.5.9.6 Employee Compensation and Benefits

As part of the roll-out of our strategic plan, throughout 2021 and 2022 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 were implemented in 2021 or 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.

9 During the 2022 fiscal year:
- 34 employees left the Group, of which 11 were resignations, 9 were ending fixed-term contracts, 8 were mutually agreed departures or redundancies for employees not wishing to make the move from La Motte Fanjas to Grenoble, and 6 for other reasons, including 2 parental leaves;
- 85 people joined the Group: 66 on permanent contracts, 7 on fixed-term contracts and 12 on professional training contracts or apprenticeships.

The table below presents the breakdown of average gross monthly salaries (base + bonuses) between men and women, in Euro, for 2020-2022 [10]:

	31/12/2022	31/12/2021	31/12/2020	Chg 2022 vs 2021 *(in %)*
Men	5,523	5,550	5,370	0%
Women	4,167	4,218	3,953	-1%
Group	**5,191**	**5,279**	**5,075**	**-2%**

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.

6.5.10 Other governance priorities

6.5.10.1 Culture and corporate governance

As a result of McPhy's growth, a culture of rigor, risk management and employee buy-in is key to McPhy's future. The matter of corporate culture, which involves all departments, is managed by the Human Resources Department and the whole Executive committee. It combines several components:

Corporate governance

For more details, please see chapter 3 of this Document.

McPhy culture and values

Scaling up, recruitments, proliferation of projects: McPhy is growing and changing. With this rapid evolution and as part of our CSR roadmap (Corporate Social Responsibility), the question of identifying McPhy's values arose [11]. Defining McPhy's values started in September 2022 with the help of a specialist external consultant. The project was managed by Human Resources. This project is rooted in the women and men who work with McPhy on a daily basis, and has therefore involved all stakeholders, namely employees, the Board of Directors, suppliers, subcontractors and customers. Today's result is based on a common thought process based on four workshops and a global survey to complete and merge the results. English is used as the common language and therefore, in the first instance, the values were defined in English:

- CARING | Respect people & ideas, support each other;
- ADAPTING | Being agile & solution driven;
- INNOVATING | For low-carbon & clean energy;
- COMMITTING | To sustainable achievements.

The next step in 2023 will be even more inclusive and collaborative. This will consist in asking local experts to translate the values into the different languages spoken on our sites, with words chosen to express local meaning and reflect the philosophy of the values and purpose of McPhy overall, and then to translate these values into actions.

CSR governance

For more details, please see chapter 6.2 of this Document.

Risk management

For more details, please see chapter 2 of this Document.

[10] Excluding apprentices or professional trainees and excluding the McPhy Asia subsidiary, which had only one employee as of 31 December 2022.

[11] Values are what define the Group today and what will drive it forward tomorrow. The very essence of McPhy is the women and men who work every day to support our growth and ambitions. Identifying values helps to guide, both internally and externally, our actions and decisions, our management practices, our behaviors and our daily actions. Values are a component of our employer brand, to develop talent acquisition and retention, they bring our shared culture to life.

Management of Group development and scaling up

Given the challenges of scaling up, McPhy rolled out a transformation plan in 2021 continuing into 2022, to structure the Group in terms of strategic growth initiatives and operationalization of growth, governance practices, corporate culture, CSR management and risk management. Based on a continuous improvement mindset, the plan also aims to develop a culture of managerial rigor during the growth phase. This transformation and adaptation plan is managed by the Strategy Department. It is reviewed monthly by the Executive committee to monitor progress on previously determined objectives and to jointly decide on corrective actions. In terms of IT protection and security, in 2022 McPhy conducted penetration tests on its server network, developed a preventive and corrective action plan and also trained all employees in IT security best practices.

6.5.10.2 Responsible procurement

McPhy procurement requirements are exclusively sourced from European and American suppliers. In view of the applicable laws applied in these countries, the risks in terms of responsible governance have been estimated as low. Group employees must also comply with the Code of Conduct (see paragraph 2.3.3 of this Document).

Aside complying with applicable regulations and rights, McPhy has defined specific procedures to address these issues in its procurement policy. McPhy attaches great importance to selecting its subcontractors. A formal assessment procedure for suppliers and subcontractors is used. Aside technical and commercial criteria, the selection and certification of subcontractors and suppliers is also based on their HSE performance and CSR commitments in relation to an assessment grid and to issues specific to McPhy. A CSR clause is included in contracts with suppliers and an on-site audit may be carried out in the event of alerts on these matters.

McPhy does not produce all the components used in the manufacture of its products, its core business being the design, assembly and maintenance of its systems. Consequently, the main outsourced activity involves the purchase of components used in the manufacturing process. McPhy also uses subcontractors for other activities [12].

6.5.10.3 Leadership and societal commitment

In general, McPhy wishes to develop and maintain a significant number of high-quality, long-term cooperative partnerships, enabling it to contribute to the Hydrogen knowledge available on the market, establish the technological credibility of the Group and collectively benefit from the best technical expertise available. McPhy has therefore formed close relationships with public sector research bodies and multiple cooperative projects with academia and industrial operators in the sector, both in France and internationally.

These partnerships are jointly managed by the Strategy Department and the Technology Department, and feature:

- in France: GE-UTBM-UTC-UTT-Ineris-GRT Gaz, CEA, SuperGrid Institute https://www.utbm.fr/memorandum-hydrogene-ge-mcphy-ineris/;
- in Germany: DLR, Fraunhofer IFAM, DNV, ZSW, TU Cottbus;
- in the Netherlands: TU Delft;
- in Italy: *Universita degli studi Firenze*, De Nora;
- in Spain: Tecnalia;
- multi-country: DNV project [13].

These partnerships can take the form of joint studies, research or technological developments, sponsorship of interns or PhD students on technical subjects, pooling of technical resources or sharing of risks associated with new technologies, training provided by McPhy experts, or knowledge sharing and technical discussions between experts.

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12 Waste treatment and certain services.
- For stations, the main elements purchased and outsourced are: certain studies; mechanical parts of metal tanks; compressors; containers (shelters); piping and valves, electrical equipment and components, instrumentation, supervision and control system assemblies.
- For electrolyzers, the main elements purchased and outsourced are: membranes; systems and automation; mechanics; containers (shelters), electrodes, metal tanks, piping and valves, electrical systems and components, components used in manufacturing gas scrubber equipment.

13 https://mcphy.com/en/news/mcphy-is-proud-to-be-one-of-18-partners-in-dnvs-joint-industry-project

In France in 2021 for example, McPhy signed an agreement with the network of French technology universities (UTBM, UTC and UTT [14]) creating a hydrogen research hub for electricity production, which also involves three other industrial operators: General Electric, a world leader in technology, services and natural gas supply solutions, GRTgaz, a European leader in gas transportation and worldwide expert in gas systems, along with Ineris, France's national institute for the industrial environment and risks, the public sector expert in terms of technology risks. This collaborative work with McPhy and the network of technology universities aims to reinforce existing knowledge about research and development on the production, transportation, storage, distribution and safety of hydrogen, for all uses including electricity production. 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 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.

In 2022, McPhy continued the development of this partnership, in particular by supporting and jointly supervising four doctoral theses on technical subjects related to hydrogen and decarbonization, for which the formal contractual agreements are being drawn up. Furthermore, McPhy provided a course on electrolysis by its experts in Products, Technology and Industrial scale manufacturing, for the first class of the specialized master's degree in Hydrogen Energy at UTBM. The format combines theoretical courses and virtual tours of its technology center of excellence in Wildau, Germany, and its electrolyzer manufacturing plant in San Miniato, Italy.

[14] Since 2013, the UTBM in Belfort-Montbéliard, the UTC in Compiègne and the UTT in Troyes are grouped in the network of technology universities (UT), in a structured organization focusing on sharing and promoting the same original training and research model. These three universities are public establishments with a scientific, cultural and professional character. Their primary missions are to train engineers and develop technology. The UTBM, UTC and UTT are all major engineering institutions (members of France's "*grandes écoles*" conference and the conference of Chancellors of French engineering institutions) which issue the diplomas validated by Engineering qualification commission CTI and by the universities (members of the conference of university chancellors).

6.6 Taxonomy

6.6.1 General Principles of Taxonomy

The Taxonomy Regulation (the general framework set by Regulation EU/2020/852 of 18 June 2020) is a key element of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards the objective of carbon neutrality by 2050 and provides a scientific definition of list of economic activities and technical criteria for determining the sustainable nature of some of these activities.

The list of activities was established by focusing on sectors generating more than 90% of direct greenhouse gas emissions in the European Union in 2017. This common European classification of activities currently focuses on six environmental objectives:

1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of aquatic and marine resources;
4. transition to a circular economy;
5. pollution prevention and control;
6. protection and restoration of biodiversity and ecosystems.

Only the first two climate objectives have been detailed in the delegated acts and can therefore be quantified. To be considered sustainable, an activity must be eligible and aligned:

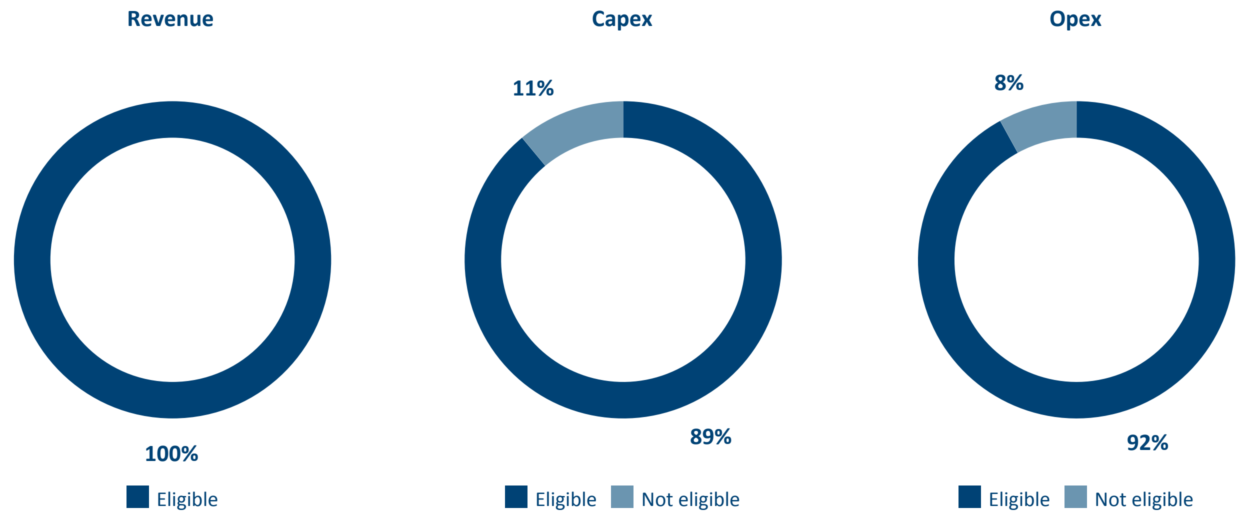
- an economic activity "eligible" for the Taxonomy means an economic activity described in the delegated acts supplementing the Taxonomy Regulation (described in the Climate Delegated Act (2021/2139)), regardless of whether that economic activity meets some or all of the Technical Screening Criteria defined in those delegated acts. Conversely, an economic activity not eligible for Taxonomy is any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation;
- an eligible economic activity is also "aligned" with the Taxonomy when it complies with the technical screening criteria as defined in the climate delegated acts and is carried out in compliance with minimum safeguards on human and consumer rights, anti-corruption and bribery, fair competition and tax evasion. To meet the technical screening criteria, an economic activity must contribute substantially to one or more of the six objectives described above, without causing significant harm to other environmental objectives.

Although not subject to Taxonomy obligations, for fiscal year 2022 McPhy elected to voluntarily disclose its eligible activities. The Group is currently working on measuring their alignment.

6.6.2 Analysis of Group activity eligibility for the Taxonomy

With the help of a specialized consultant, McPhy analyzed all Group economic activities to determine which ones are eligible for the Taxonomy, in accordance with Appendices I and II of the Climate Delegated Act. The graph and table below summarize the portion of Taxonomy-eligible activities in McPhy revenue, Capex and Opex for fiscal year 2022.

Overview of Taxonomy indicators for revenue, Capex and Opex



Portion of Taxonomy-eligible economic activities in total revenue, Capex and Opex in fiscal year 2022

Annual profit (loss) 2022	Total *(in millions of €)*	Portion of activities eligible *(in %)*
Revenue	16.1	100%
Capital investment (Capex)	19.2	89%
Operating expenses (Opex)	10.7	92%

6.6.2.1 Eligible activities

The table below specifies Group eligible activities and indicates that they contribute primarily to climate change mitigation.

Taxonomy-eligible activities

Economic activity	Description	NACE Codes [(1)]	Contributes to objective
3.2. Manufacture of equipment for the production and use of hydrogen	Manufacture of electrolyzers Completion of technical preliminary design Maintenance contract for sold equipment and spare parts	27	1. Climate change mitigation
6.15. Infrastructure enabling low-carbon road and public transport	Manufacture of hydrogen stations Maintenance contract for sold equipment and spare parts	71.1	1. Climate change mitigation

(1) The NACE (Statistical Classification of Economic Activities in the European Community) is a classification system of economic activities establishing a common statistical nomenclature within the European Community.

- McPhy's hydrogen station maintenance activities are incorporated in activity 6.15., described in Appendix 1 of the Climate Delegated Act as follows: "Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO_2 operation of zero-emissions road transport". Hydrogen station maintenance activities contribute substantially to climate change mitigation and meet the following criterion: "the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road systems (ERS)".

- Service activities related to technical preliminary design, maintenance contracts for equipment sold and the sale of spare parts for electrolyzer manufacture are included in activity 3.2, as they are closely associated with the main activity of manufacturing and marketing electrolyzers.

These activities represent less than 7% of 2022 revenue.

6.6.2.2 Non-eligible activities

All Group 2022 activities are eligible, i.e. listed by the Taxonomy Regulations, because they have the potential to contribute to the climate change mitigation objective.

6.6.3 Methodology for calculating performance indicators (KPI)

6.6.3.1 Revenue

The Revenue KPI was calculated following the Taxonomy definition:

a) in the numerator: net revenue generated by the sale of products or services, associated with Taxonomy-eligible economic activities;

b) in the denominator: total net revenue (consolidated IFRS revenue)

Economic activity	NACE Code	Revenue *(in millions of €)*	Portion of revenue *(in %)*
A. Eligible activities		**16.1**	**100%**
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	11	68%
Hydrogen fueling stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	5.1	32%
B. Non-eligible activities		**0**	**0%**
TOTAL (A+B)		**16.1**	**100%**

6.6.3.2 Capital investment (CAPEX)

The CAPEX KPI was calculated following the Taxonomy definition:

- the numerator is equal to the portion of capital expenditure included in the denominator that meets one of the following conditions:
  a) it is related to assets or processes associated with Taxonomy-eligible economic activities,
  b) it is part of a plan for the expansion of Taxonomy-eligible economic activities or to enable economic activities to be aligned with it (Capex plan), which meets the conditions specified in the second paragraph of this point 1.1.2.2,
  c) it is associated with purchases for the production of Taxonomy-eligible economic activities and to individual measures enabling the relevant activities to become low-carbon or to achieve greenhouse gas emission reductions, in particular to activities listed in points 7.3 to 7.6 of Annex I of the Climate Delegated Act, provided that these measures are implemented and operational within 18 months;
- the denominator includes the current year's additions to property, plant and equipment and intangible assets, before depreciation and amortization and before any restatements, including those resulting from revaluations and impairments for the year in question, excluding changes in fair value. It also includes additions to tangible and intangible assets resulting from business combinations. They include the cost of fixed assets within the meaning of IAS 16, IAS 38, IFRS 16, IAS 40 and IAS 41. Lease agreements that do not result in the recognition of a right of use on the asset are not counted as CAPEX.

Economic activity	NACE Code	Capital investment *(in millions of €)*	Portion of capital expenditure *(in %)*
A. Eligible activities		**17**	**89%**
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	12.5	74%
Hydrogen fueling stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	4.5	26%
B. Non-eligible activities		**2.2**	**11%**
TOTAL (A+B)		**19.2**	**100%**

6.6.3.3 Operating expenses (OPEX)

The OPEX KPI was calculated following the Taxonomy definition:

- the numerator is equal to the portion of operational expenditure included in the denominator that meets one of the following conditions:
  a) it is related to assets or processes associated with Taxonomy-eligible economic activities including training and other human resource development requirements, or non-capitalized direct costs corresponding to research and development activities, or L. 443/18 EN Official Journal of the European Union 10 December 2021,
  b) it is part of the CAPEX plan for the expansion of Taxonomy-eligible economic activities or to enable economic activities to be aligned with it within a specific deadline as defined in the second paragraph of this point 1.1.3.2,
  c) it is associated with purchases for the production of Taxonomy-eligible economic activities and to individual measures enabling the relevant activities to become low-carbon or to achieve greenhouse gas emission reductions, provided that these measures are implemented and operational within 18 months;
- the denominator includes non-capitalized direct costs that relate to research and development, building refurbishment, short-term leases, maintenance and repair, and any other direct expenditure concerning the ongoing maintenance of tangible assets by the Company or by the third party to whom these activities are outsourced, deemed necessary to keep these assets functioning properly.

Economic activity	NACE Code	Operating expenses *(in millions of €)*	Portion of operational expenditure *(in %)*
A. Eligible activities		**9.8**	**92%**
Electrolyzers 3.2. Manufacture of equipment for the production and use of hydrogen	27	6.3	65%
Hydrogen stations 6.15. Infrastructure enabling low-carbon road and public transport	71.1	3.5	35%
B. Non-eligible activities		**0.9**	**8%**
TOTAL (A+B)		**10.7**	**100%**

6.7 Main ratings and other indicators

McPhy closely monitors the ratings published by major agencies, listed below (most recent rating available as of the date of this Document):

Agencies	Rating	2022 Rating (based on 2021 data)
MSCI	A / AAA	American CSR rating agency MSCI awards McPhy **an "A" rating compared to "BBB" in 2021,** which places the company **above the industry average.**
MORNINGSTAR SUSTAINALYTICS	31.36 / 50-0	Sustainalytics, a global leader in CSR assessment, awards McPhy a score of **"31.36" out of 50-0** in the "Machinery" sector, which places the company below the industry average (in the low range).
ISS ESG	C + / A+	CSR rating agency ISS ESG **awards McPhy a "C+" rating** in the "Electrical equipment" sector, which places the company **above the industry average.**
S&P CAPITAL IQ	27 / 100	International research and CSR rating agency S&P Global **awards McPhy a rating of 27** in the "Electrical equipment" sector, which places the company slightly below the industry average.
Gaïa RESEARCH by EthiFinance	62 / 100	Gaia Ethifinance, ratings agency focused on SMEs awards McPhy a score of **"62/100" in the "Industry" sector.** This rating places McPhy **above the industry average.**

Principal contacts for rating agencies and investors:

- Olivier JUINO, Director, Strategy and Sustainability (olivier.juino@mcphy.com);
- Olivia DUMOULIN, Manager, Investor Relations and FP&A (olivia.dumoulin@mcphy.com).

CHAPTER

7

Capital and shareholders

mcphy.com

7.1 McPhy share

7.1.1 Main characteristics of McPhy share

- The Company shares are listed on Euronext Paris, Compartment B, ISIN code FR0011742329. The Company features in the Euronext Tech Leaders segment, comprising over 100 leading, high-growth tech companies. The ICB classification puts McPhy shares in the sub-section 60102020, “Renewable energy production systems”.
- No shares in Company subsidiaries are traded on a stock exchange.
- During 2022, the highest and lowest closing share price amounted respectively to €21.90 (4 January 2022) and €7.54 (26 September 2022) and the daily average volume of shares traded amounted to 145,243.6187. The last closing price of the year was €12.21. On 31 December 2022 the Company’s market capitalization amounted to approximately €341 M [(1)].

7.1.2 Shareholder relations and financial communication

7.1.2.1 Relations with institutional investors, financial analysts and individual shareholders

The Company pays special attention to its shareholders, taking care of informing them regularly of developments in its activities, strategy, investments, results and outlook. This willingness reflects the provision and distribution of communication tools informing shareholders on the Company website (https://mcphy.com/fr/), the Universal Registration Document (incorporating the Annual Financial Statements, the management report and the corporate governance report), as well as the interim financial statements and a dedicated e-mail address.

The financial community and individual shareholders are also informed about Group activities through announcements made when results are published and when shareholders are invited to attend the annual general meeting.

The Company management team regularly meets with institutional investors and financial analysts at roadshows and conferences in France and Europe. In 2022, amongst other events, McPhy took part in the Oddo BHF Forum on 6 January, a roadshow on 9 March held by Kepler Cheuvreux, and contributed to the Jefferies Renewable Energy Conference on 25 May. Also, McPhy organized a site visit to inaugurate its new Grenoble plant in October of the same year. In the second part of the year, McPhy also met with institutional investors on 29 September as part of a virtual convention organized by the Royal Bank of Canada. It also took part in the “Hydrogen Huddle” virtual seminar by the UBS New York team on 17 November 2022. Financial publications are also presented via an investor webinar.

7.1.2.2 Share coverage

On 31 December 2022, the Company share was covered by eight sell-side analysts (Berenberg, Bryan Garnier, Gilbert Dupont, Kepler Cheuvreux, Oddo BHF, Panmure Gordon, Portzamparc and RBC Capital Markets). The coverage by six analysts is through sponsored research.

7.1.2.3 Provisional financial calendar 2023

Combined general meeting of shareholders	24 May 2023
First semester 2023 results	27 July 2023

7.1.2.4 Contacts

The Company financial communication reports to Group Financial Management.

- Tel: +33 (0)6 60 15 42 02
- Email: investors@mcphy.com

[1] Source: Euronext.

7.2 Shareholders

7.2.1 Capital structure and voting rights

7.2.1.1 Capital structure and voting rights over the last three fiscal years

The following changes occurred to the Company capital structure and voting rights over the last three fiscal years [2] [3]:

	At 31 December 2022				At 31 March 2022				At 31 March 2021			
	Number		Percentage		Number		Percentage		Number		Percentage	
	Shares	Votes	Shares	Votes	Shares	Votes	Shares	Votes	Shares	Votes	Shares	Votes
EDF Pulse Holding SAS	3,933,708	3,933,708	14.07%	13.99%	3,933,708	3,933,708	14.08%	14.08%	3,933,708	3,933,708	14.09%	14.08%
FCPI Fonds Ecotechnologies (1)	1,669,120	1,669,120	5.97%	5.94%	1,669,120	1,669,120	5.97%	5.98%	1,669,120	1,669,120	5.98%	5.98%
Chart International Holdings, Inc.	1,276,595	1,463,868	4.57%	5.21%	1,276,595	1,276,595	4.57%	4.57%	1,276,595	1,276,595	4.57%	4.57%
Technip Energies N.V	638,297	638,297	2.28%	2.27%	638,297	638,297	2.28%	2.29%	638,297	638,297	2.29%	2.29%
BlackRock Inc.	2,110,575	2,110,575	7.55%	7.51%	2,810,627	2,810,627	10.06%	10.06%	-	-	-	-
Treasury stock	70,482	-	0.25%	-	51,234	-	0.18%	-	21,223	-	0.08%	-
Other	18,260,318	18,301,987	65.31%	65.09%	17,567,514	17,602,091	62.86%	63.02%	20,376,497	20,411,423	72.99%	73.08%
Total	**27,959,095**	**28,117,555**	**100%**	**100%**	**27,947,095**	**27,930,438**	**100%**	**100%**	**27,915,440**	**27,929,143**	**100%**	**100%**

(1) Represented by Bpifrance Investissement SAS

[2] The last details are recorded on 31 December 2022 as foreseen by regulations. For reasons of consistency and comparison, the historical details for 2021 and 2020 are published on 31 March 2022 and 2021, as indicated in the 2021 Universal Registration Document.

[3] It is specified that:

- the table below indicates the elements to the best of the Company's knowledge (based on the share register, the reported crossings of thresholds – refer to paragraph 7.2.2 in this Document);
- in accordance with the law, shares registered in the Beneficiary's name for over two years are granted double voting rights;
- percentages (i) in terms of capital are calculated based on the equity in circulation and (ii) in terms of voting rights are calculated based on net voting rights on the date in question;
- the shares held by Chart International Holdings, Inc. are subject to a partial suspension of associated voting rights due to the threshold of 5% of voting rights been crossed and notified after the regulatory deadline. The number of rights suspended was calculated based on the theoretical gross voting rights (i.e. on all the shares to which the voting rights were attached, as well as those deprived of voting rights on 31 December 2022);
- treasury shares do not benefit from voting rights in the general meeting.

7.2.1.2 Share ownership structure on 31 December 2022 on a fully diluted basis

The table below shows the breakdown of the share ownership structure on a fully diluted basis [4] [5].

	Capital before dilution		Instruments and free shares	Capital after dilution		Theoretical voting rights		
	Shares	% of capital		Shares	% of capital	Before dilution	After dilution *(number)*	After dilution *(%)*
EDF Pulse Holding SAS	3,933,708	14.07%	-	3,933,708	13.96%	3,933,708	3,933,708	13.29%
FCPI Fonds Ecotechnologies (1)	1,669,120	5.97%	-	1,669,120	5.92%	1,669,120	1,669,120	5.64%
Chart International Holdings, Inc.	1,276,595	4.57%	-	1,276,595	4.53%	2,553,190	2,553,190	8.63%
Technip Energies N.V.	638,297	2.28%	-	638,297	2.27%	638,297	638,297	2.16%
BlackRock Inc. (2)	2,110,575	7.55%	-	2,110,575	7.46%	2,110,575	2,110,575	7.13%
Sub-total - Principal shareholders	**9,628,295**	**34.44%**	**-**	**9,628,295**	**34.14%**	**10,904,890**	**10,904,890**	**36.85%**
Luc Poyer	6,724	0.02%	-	6,724	0.02%	13,448	13,448	0.05%
Eléonore Joder	800	0.003%	-	800	0.003%	800	800	0.003%
Myriam Maestroni	850	0.003%	-	850	0.003%	850	850	0.003%
Jean-Marc Lechêne	800	0.003%	-	800	0.003%	800	800	0.003%
Jean-Baptiste Lucas	-	-	41,750	41,750	0.15%	-	41,750	0.14%
Employees	500	0.002%	279,030	279,530	0.99%	500	279,530	0.94%
Sub-total - Corporate officers and employees (3)	**9,674**	**0.03%**	**320,780**	**330,454**	**1.17%**	**16,398**	**337,178**	**1.14%**
Other shareholders	18,321,126	65.53%	-	18,321,126	64.79%	18,356,071	18,356,071	62.02%
Total - General	**27,959,095**	**100%**	**320,780**	**28,279,875**	**100%**	**29,277,359**	**29,598,139**	**100%**

(1) Represented by Bpifrance Investissement SAS.
(2) Since BlackRock, Inc. shares are held in bearer form, the number of shares held by BlackRock, Inc. is mentioned as at October 24, 2022 and stipulated in the last threshold crossing declaration received by the Company on the date of this document. Refer to paragraph 7.2.2 below
(3) The number of free shares taken as a reference is the number of target shares (i.e. on the basis of a payout rate of 100% provided for by the applicable plans). For further details (including the number of securities in the event of a maximum payout rate, i.e. 130%), please refer to paragraph 3.4.7.2.1 above.

7.2.2 Crossed thresholds

- Any shareholder acting alone or jointly who crosses either upwards or downwards one of the Company capital share ownership thresholds and/or voting rights thresholds foreseen by applicable laws and regulations, shall comply with the provisions of articles L. 233-7 and subsequent of the French Commercial Code and article 223-14 of the General Regulations of the Financial Markets Authority. The shareholder must inform the Company of the total number of shares, voting rights, and securities giving access to the capital held, as well as assimilated securities defined by article L. 233-9 of the French Commercial Code, within five trading days from the crossing, as per the conditions of notification and content foreseen by legal and regulatory requirements applicable to declarations of crossing legal thresholds. In the event of failure to comply with this obligation to declare, the shareholder shall be deprived of the voting rights associated to the shares exceeding the fraction that has not been correctly declared for all shareholder meetings held until a period of two years following the date of the correction [6].
- The Company articles of association contain no clauses imposing an obligation to declare a crossed threshold other than that required by law.

4 Meaning in the event of exercise of all financial instruments granting access to the Company's share capital (i.e options, BSA warrants, BSPCE warrants and free shares) in circulation on 31 December 2022. For further details on said instruments, refer to paragraph 3.4.7.1 of this Document.

5 It is specified that:
- the table below indicates the elements to the best of the Company's knowledge (based on the share register, the reported crossings of thresholds);
- percentages (i) in terms of capital are calculated based on the equity in circulation and (ii) in terms of voting rights are calculated based on theoretical voting rights (i.e. On the basis of all shares with attached voting rights and those deprived of voting rights on 31 December 2022;
- it uses an assumption of zero treasury shares.

6 On this matter, refer to the footnote 3 of this chapter 7 concerning the shares held by Chart International Holdings, Inc. and the partial suspension of its voting rights for late filing.

- Between 1 January 2022 and 31 March 2023, the Company was informed of the following crossed thresholds:

Filing date	Company crossing threshold	Nature of crossing	Nature of the operation	Date of crossing	Threshold(s) crossed	Number of shares held on date of declaration	% of capital held on date of declaration	Number of voting rights held on date of declaration	% of voting rights on date of declaration
09/03/2022	BlackRock Inc.	Upward	Share purchase	08/03/2022	10% of share capital and voting rights	2,810,627	10.06	2,810,627	10.04
06/07/2022	Caisse des dépôts et consignations	Upward	Receipt of shares (collateral)	30/06/2022	10% of share capital and voting rights	2,962,086	10.59	2,962,086	10.58
16/08/2022	Caisse des dépôts et consignations	Downward	Disposal of shares	12/08/2022	10% of share capital and voting rights	2,790,812	9.98	2,790,812	9.97
24/10/2022	BlackRock Inc.	Downward	Disposal of shares	21/10/2021	10% of share capital and voting rights	2,110,575	7.55	2,110,575	7.54
15/11/2022	Chart International Holdings, Inc.	Upward	Granted double voting rights	16/10/2022	5% of voting rights	1,276,595	4.57	2,553,190	8.72
21/03/2023	Caisse des Dépôts et Consignations (1)	Upward	Share purchase	15/03/2023	10% of share capital and voting rights	2,808,524	10.05	2,808,524	9.60

(1) As the date of the filing, Caisse des dépôts et consignations held McPhy shares through the intermediary of the companies Bpifrance Investissement SAS (see paragraph 7.2.1.1 of this Document), CDC Croissance (for 3.92% of the capital and 3.74% of voting rights, as part of its management activity) and CNP Assurances (0.16% of capital and 0.15% of voting rights, as collateral).

- At the time of this Document, the Company is not aware of other shareholder, except those indicated in paragraph 7.2.1 of this Document, who directly or indirectly holds, alone or jointly, over 5% of the Company's share capital or voting rights and is not represented on the Board.

7.2.3 Identification of bearer share owners

On 22 March 2023 subsequent to the Company's request to conduct a survey of Identifiable Bearer Shares (TPI) on its capital, the survey identified 62,855 shareholders holding more than 25,201,801 shares (representing 90.13% of total share capital, of whom 515 institutional shareholders holding 52.10% of the share capital).
This request is made under legislation in effect and article 10 of the Company articles of association, which allow it to request from Euroclear France any information required to identify the owners of bearer shares which immediately or over time grant voting rights in general meetings, as well as the quantity of shares or securities held be each of them, and where necessary, the restrictions that may be applied to such shares. The Company articles of association can be consulted online.

7.2.4 Employee stock ownership

On 31 December 2022 Group employees held 0,002% of the Company capital and 0,002% of the theoretical voting rights based on this capital (refer to paragraph 7.2.1.2 of this Document).

To facilitate the understanding of this Document, the information concerning long-term remuneration plans, including the history of allocation of subscription options or share purchase options, as well as the history of allocation of performance shares, are included in paragraph 3.4.7 of this Document.

7.2.5 Control of Company and shareholders' agreement

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

- **control.** No shareholder directly or indirectly has control of the Company under the terms of article L. 233-3 of the French Commercial Code nor a blocking minority at the Company shareholder general meetings. Therefore, there is no risks of abusive control over the Company by a minority or majority shareholder. Consequently, the Company has not implemented specific measures to avoid shareholder abuse in the exercise of their voting rights, while it is specified that the separation of the functions of Chairman of the Board and Chief Executive Officer is one measure to prevent such control being implemented abusively;
- **shareholders' agreement.** None. Please refer to paragraph 7.6 of this Document;
- **concerted actions.** None;
- **other agreements which if implemented could lead to a change of control.** None.

7.3 Dividends

Given the stage of the Company's development:

- no dividends have been distributed over the last three fiscal years; and
- It is not foreseen to initiate a dividend distribution policy in the short term. The Company will regularly re-evaluate the opportunity to pay a dividend, taking into account the general conditions of the economic climate, the conditions specific to its sector of activity, Group results, its financial position, shareholder interests, and all other factors deemed relevant.

7.4 Share capital

7.4.1 Share capital amount

Share capital on 31 December 2022

On 31 December 2022 the subscribed and fully paid-up capital of McPhy amounted to €3,355,091.40. It was divided into 27,959,095 ordinary shares of a single category, of a nominal unit value of €0.12, of which 1,318,624 were entitled to double voting rights. The total number of theoretical voting rights attached to existing shares amounted to 29,277,359. On 31 December 2022, given the treasury shares held by the Company and the suspended voting rights, the net total number of voting rights attached to shares in circulation amounted to 28,117,555.

We specify that 20,000 BSCPE warrants were exercised, giving rise to the issue of 20,000 new shares. The reconciliation between the number of shares in circulation at the start and end of the fiscal year is given in the consolidated statement of changes in shareholder equity (refer to paragraph 5.2.3 (note 3.3) of this Document).

Since this date, the Company share capital has not changed.

Securities giving access to share capital

In light of the 171,000 options (stock options, BSPCE warrants, BSA) and 149,780 free shares [7] allocated to certain employees and executive corporate officers of the Group, and not yet exercised or vested on 31 December 2022 (more details are provided in paragraph 3.4.7 of this Document), the maximum potential dilution of the Company share capital at this date was 1,14% (i.e. 320,780 new shares).

Pledges

To the best of its knowledge, the Company is not subject to any pledges concerning a significant portion of its capital.

7.4.2 Changes in share capital

Changes to the number of shares and shareholder capital over the last three fiscal years:

Year	Transactions	Number of shares created	Nominal share price *(in €)*	Total capital amount	Total number of securities *(in €)*
2020	Instruments exercised*	77,445	0.12	2,088,395.52	17,403,296
	Instruments exercised*	2,793,670	0.12	2,423,635.92	20,196,966
	Capital increase	7,659,574	0.12	3,342,784.80	27,856,540
2021	Instruments exercised*	82,555	0.12	3,352,691.40	27,939,095
2022	Instruments exercised*	20,000	0.12	3,355,091.40	27,959,095

* *i.e. exercise of BSA or BSCPE warrants and/or subscription options by their beneficiaries, giving rise to the issue of new McPhy shares.*

[7] Based on a "target" number of shares corresponding to a payout rate of 100%, as explained in paragraph 7.2.1.2 of this Document.

7.4.3 Authorized share capital

Authorizations and delegations in effect

The financial authorizations and delegations of authority to increase the capital granted by the shareholder general assembly to the Board of Directors in effect on the date of this Document are:

General meeting	Nature of authorization	Maximum (nominal) amount	Term and maturity	Use in 2022
Issue of shares, securities or transferable securities granting access to the capital				
OGM 17 June 2021, 23rd resolution	Issue with preferential subscription rights	Capital: €330,000 Debt securities: €20,000,000, up to the Aggregate Cap	26 months **16 August 2023**	None
OGM 17 June 2021, 26th resolution	Issue with no preferential subscription rights by private placement referred to in article L. 411-2 item 1 of the Financial & Monetary Code Maximum 10% discount on share issue price	Capital: €330,000 Debt securities: €20,000,000, up to the Aggregate Cap	26 months **16 August 2023**	None
OGM 19 May 2022, 23rd resolution	Issue with no preferential subscription rights by public offering Maximum discount of 5% Priority right (not mandatory)	Capital: €350,000 Debt securities: €20,000,000, up to the Aggregate Cap	26 months **18 July 2024**	None
OGM 19 May 2022, 24th resolution	Issue with no preferential subscription rights for beneficiaries meeting the determined characteristics (1) Maximum 5% discount	Capital: €350,000 Debt securities: €20,000,000, up to the Aggregate Cap	18 months **18 November 2023**	None
OGM 19 May 2022, 25th resolution	Determination of issue price, in a public offering with no preferential subscription rights Maximum 10% discount	10% of share capital (on date of issue, over a 12-month period)	26 months **18 July 2024**	None
OGM 19 May 2022, 26th resolution	Increase in the number of shares to issue in case of excessive demand for the issue referred to in the 23rd and 24th resolutions of the OGM of 22 May 2022	15% of initial issue up to the Aggregate Cap	26 months **18 July 2024**	None
OGM 19 May 2022, 27th resolution	Share capital increase by incorporation of bonuses, reserves, profits or other	€ 100,000, up to the Aggregate Cap	26 months **18 July 2024**	None
OGM 19 May 2022, 28th resolution	Issue to remunerate contributions in kind comprising capital securities or transferable securities granting access to the capital	10% of share capital (at time of issue) up to the Aggregate Cap	26 months **18 July 2024**	None
OGM 19 May 2022, 29th resolution	Issue with no preferential subscription rights to remunerate securities contributed in case of public offering of exchange initiated by the Company	Capital: €350,000 Debt securities: €20,000,000, up to the Aggregate Cap	26 months **18 July 2024**	None
OGM 19 May 2022, 31st resolution	Aggregate cap of issues likely to be completed by virtue of aforementioned delegations (“**Aggregate Cap**”)	Capital: €350,000 Debt securities: €20,000,000	-	-

Issue reserved for employees and/or corporate officers				
OGM 19 May 2022, 30th resolution	Capital increase to the benefit of employees and corporate officers with no preferential subscription rights for shareholders to the benefit of members of a Company savings plan	€30,148.56	26 months **18 July 2024**	None
OGM 19 May 2022, 32nd resolution	Allocation of free shares, new or existing, to the benefit of employees and corporate officers with no preferential subscription rights	0.5% of share capital, sub-cap at 0.15% for corporate officers	12 months **18 May 2023**	94,350 (target -100%)/0.34% of share capital (2)
Share repurchases and cancellations				
OGM 19 May 2022, 21st resolution	Company repurchase of its own shares	10% of share capital	18 months **18 November 2023**	Balance on 31 December 2022: 70,482 shares (0.25% of the share capital) (3)
OGM 19 May 2022, 22nd resolution	Reduction of share capital by cancellation of treasury shares	10% of share capital (per 24-month period)	18 months **18 November 2023**	None

(1) In accordance with article L. 225-138 of the French Commercial Code, the following categories of persons are concerned: (i) investment firms and investment funds (including but not limited to all FCPI, FCPR or FIP type funds) incorporated 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) incorporated in France or another countries, commonly investing in small caps or mid caps; (iii) groups or companies incorporated in France or other countries, with whom the Company intends to form or has formed partnerships with the aim (a) of developing solutions for the production, storage and distribution of hydrogen and (b) the industrial production of such solutions; (iv) industrial firms with a similar or complementary activity to that of McPhy; (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.

(2) Corresponding to 122,655 (in case of over-performance corresponding to a pay-out at 130%), or 0.44% of the share capital (as at the date of the OGM of 19 May 2022 and date of allocation by the Board meeting of 28 July 2022, comprising at that time 27,939,095 shares). For further details, please revert to paragraph 3.4.7.2.1 of this Document.

(3) Based on the share capital as at 31 December 2022 then comprising 27,959,095 shares.

Renewal of authorizations and delegations

The financial authorizations and delegations of authority to increase the share capital will be proposed for renewal at the shareholder general meeting of 24 May 2023 and will be presenting in the report of the Board of Director to said general meeting.

7.5 Share repurchase program

7.5.1 Treasury shares

Given (i) the balance of treasury shares on 31 December 2021 namely 58,422 shares and (ii) the 1,248,239 shares acquired and 1,236,179 shares sold in 2022 under the Liquidity Agreement, the balance of treasury shares held by the Company at year end amounted to 70,482 shares. On 31 December 2022, these shares with a nominal unit value of €0.12 represented 0.25% of the share capital. The book value of said treasury shares is indicated in paragraph 5.2 of this present document.

7.5.2 Share repurchase program in effect

Legal framework and characteristics of share repurchase programs in effect in 2022

Pursuant to the decision of the shareholder general meeting of 19 May 2022 (renewing the authorization granted previously by the shareholder general meeting of 7 January 2021), the Board was authorized, for a period of 18 months until 18 November 2023, to enable the Company to repurchase its own shares under the conditions and within the limits set out below. On 19 May 2022, the Board delegated all powers to the Chief Executive Officer to proceed with said share repurchases.

- Aims of the repurchase program: (i) 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); (ii) 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; (iii) conserve the shares acquired, sell, transfer or deliver them as payment or exchange in the context of external growth operations; (iv) cancel shares through a capital reduction; (v) conduct any market behavior authorized by the law or by the Financial Markets Authority and more generally, execute any other transaction compliant with applicable regulations in effect.
- Maximum portion of the capital to acquire, maximum number of shares, maximum purchase price and other limitations: in accordance with articles L. 22-10-62 and subsequent of the French Commercial Code, this repurchase is within the limit of 10% of the capital (adjusted where necessary to reflect later capital transactions)[8]. The unit purchase price may not exceed €60 per share (excluding fees and commissions) and the maximum amount of funds that may be allocated to the share repurchase program is set at €10 M. The shares acquired may be reassigned or traded under the conditions set by the Financial Markets Authority [(9)].

Liquidity agreement

On 1 February 2021 the Company entered into a liquidity agreement with Natixis ODDO BHF in accordance with the decision of the applicable Financial Markets Authority (the "**Liquidity Agreement**").

Transactions under the share repurchase programs active in 2022 [(10)]

Under the Liquidity Agreement, the following transactions were completed [(11)]:

- 1,248,239 shares were repurchased on the market at a weighted average price of €13.97; and
- 1,236,179 shares were sold on the market at a weighted average price of €13.88.

[8] Or 5% of the capital for a merger, split or capital contribution transaction.
[9] Cf. in particular in its position document DOC-2017-04, amended on 29 April 2021 entitles "Guide relating to trading by the issuers in their own shares and stabilization measures".
[10] The repurchase program between 1 January 2022 and 18 May 2022 then the repurchase program in effect since 19 May 2022 (and in effect at the time of production of this Document).
[11] All amounts are indicated excluding fees and commissions.

It is expressly stated that:

- no other repurchases were made by an investment services provider;
- transactions made by the Company in 2022 under its share repurchase programs were completed in cash without any open sale or purchase positions being adopted;
- the Company used no derivative products in its share repurchase programs.

7.5.3 Share repurchase program proposed for renewal

The share repurchase program proposed for renewal by the shareholder general meeting of 24 May 2023 will be presented in the report by the Board to said general meeting, it being specified that the related terms and conditions will be similar to those in effect to date (as described above).

7.5.4 Cancellation of shares

Pursuant to the decision of the shareholder general meeting of 19 May 2022 (renewing the authorization granted previously by the shareholder general meeting of 17 June 2021), the Board was authorized to cancel, in one or more operations, treasury shares acquired through the implementation of repurchase programs, up to 10% of the share capital per period of twenty-four (24) months and to make a corresponding reduction in the Company share capital by allocating the difference between the purchase price of the shares canceled and their book value to all available reserve items and bonus items. This authorization has not been used at the date of this Document.

7.6 Items likely to have an incidence in case of a takeover bid

The Company has not put in place any specific mechanisms.

- **Capital structure – direct or indirect holdings in the capital – shareholders' agreement.** Information concerning the share ownership of the Company (capital structure, crossed thresholds and control of the Company) is provided in paragraph 7.2 of this Document.
- **Statutory restrictions on the exercise of voting rights and share transfers or agreements reported to the Company.** No specific rules have been put in place by the Company, without prejudice to commitments between shareholders concerning the representation of the groups Chart Industries and Technip Energies on the Board, as described below.
- **Holders of securities conferring special control rights.** Shares held in registered form by the same shareholder for at least two years are entitles to double voting rights (refer to paragraph 8.2.1 of this Document).
- **Control mechanisms for possible employee shareholding scheme.** None.
- **Agreements between shareholders that may entail restrictions on transferring shares and exercising voting rights.** Since Chart Industries and Technip Energies group each acquired a stake in the Company capital on 15 October 2020 both groups are entitled to appoint a member of the Board of Directors, with corresponding voting commitments subscribed by EDF Pulse Croissance, the FCPI Fonds Ecotechnologies Fund and those groups in respect of the appointment and renewal of their respective representative at Board. This voting commitment of EDF Pulse Croissance, FCPI Fonds Ecotechnologies would end if the Memorandum of Understanding (MoU) signed by each group with the Company is terminated, or if over one third of the shares acquired in 2020 are disposed of (please also refer to section 8.4 of this Document).
- **Specific rules applicable to the appointment and replacement of directors and on the amendment of Company articles of association.** No specific rules have been put in place by the Company, without prejudice to voting commitments between shareholders concerning the representation of Chart and Technip Energies on the Board, as described above.
- **Powers of the Board, particularly in terms of share issue or repurchase.** The terms and conditions of the Company's repurchase of its own shares are given in sections 7.5.2 and 7.5.3 of this Document. It is specified that the option for the Board to repurchase shares or to use the delegations of authority conferred to it under the terms of applicable delegations (refer to section 7.4.3 of this chapter) during a takeover bid aimed at the Company shares is excluded by the general meeting.
- **Agreements likely to be amended or canceled in case of change of control of the Company.** Refer to section 8.4.2 of this Document.
- **Agreements foreseeing benefits to directors or employees in case of a takeover bid.** None.

In the course of its usual activities, the Company's activities involve the delivery of goods and services, research & development in certain sensitive sectors (energy supply, energy storage or renewable energy production). These activities may be subject to foreign investment control in France (under articles L. 151-3 and subsequent of the French Monetary and Financial Code) and consequently, certain transactions and crossed thresholds may be subject to notification or authorization by the applicable authorities.

CHAPTER

8

Additional information

8.1 General information about McPhy

8.1.1 Legal name and trading name

McPhy Energy.

8.1.2 Place and registration number of the Company

The Company is matriculated on the Register of Commerce and Companies of Grenoble, France with the registration number 502 205 917, APE code 72.12B, SIRET No. 502 205 917 00078 and NAF code 72.19Z.

Its legal entity identifier (LEI) is 969500W5X02DTT3BZS69.

8.1.3 Date and duration of incorporation

The Company was created on 6 December 2007 for a duration of 99 years with effect from its incorporation on 24 January 2008, unless otherwise extended or dissolved.

8.1.4 Registered office, legal form, governing law and website

The head office is located at 79, rue Général Mangin, 38100 Grenoble, France.

The Company is a limited liability company with a Board of Directors, governed under French law.

Phone: +33 (0)4 75 71 15 05

The Company website is https://mcphy.com/fr (1).

8.1.5 Company purpose (article 3 of the articles of association)

The purpose of the Company, in France, Germany, Italy and all other countries is to:

- design, analyze, develop, produce, distribute, install and maintain electrolyzers;
- design, analyze, develop, produce, distribute, install and maintain hydrogen refueling stations for mobility needs;
- deliver all services, support, maintenance, engineering and training for customers on products distributed by the Company;
- develop, acquire and register all patents, trade marks, licenses, processes that are directly or indirectly related to the purpose above, as well as their use, transfer or contribution;
- all of which directly or indirectly, by creating new companies and combinations, joint ventures, limited partnerships, subscriptions, purchases of securities or ownership rights;
- conclude mergers, alliances, associations through investment, acquisition of interest, rent or lease of all assets and other rights;

and generally, all commercial, industrial, movable asset, property and financial operations having a direct or indirect relation with the purpose above and all similar or related purposes likely to facilitate its extension or development.

8.1.6 Company fiscal year (article 6 of the articles of association)

The Company fiscal year lasts twelve months, starting on 1 January and ending on 31 December of each year.

[1] The information on this website is not part of this Document, except for the information included by reference to this Document.

8.2 Memorandum of Association and Articles of Association

8.2.1 Rights, privileges, and restrictions attached to shares

The share capital is divided into 27,959,095 shares all belonging to a single category.

Form of shares (article 10 of Articles of Association)

Fully paid-up shares are held in registered or bearer form at the shareholders choice under the terms and conditions foreseen by legal regulations in effect. The Company may apply the legislative and regulatory provisions of articles L. 228-2 and subsequent of the French Commercial Code concerning the identification of holders of bearer securities.

Rights and obligations attached to shares (articles 13 and 23 of 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. In this respect, it is specified that shares registered in the holder's name for at least two years are entitled to double voting rights in accordance with the regulations.

Modification of shareholder rights

None (other than those foreseen by the regulations in effect).

8.2.2 Clauses likely to affect the occurrence of change of control

The Company is not controlled under the terms of article L. 233-3 of the French Commercial Code. No provisions exist in the Company articles of association nor in the internal regulation of the Board of Directors that may delay, defer or prevent a takeover or change of control of the Company.

8.2.3 General meetings (articles 22, 23, 24 and 25 of Articles of Association)

Notice to convene and meetings (principal rules)

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. 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.

8.2.4 Changes in shareholder capital (article 8 of the Articles of Association)

The Company Articles of Association do not include any specific rules that derogate from ordinary law and article 8 of the Articles of Association refers to the terms and conditions determined by law and applicable regulations.

8.2.5 Board of Directors (article 14 of the Articles of Association)

The Company is administered by a Board featuring no less than three members and no more than eighteen, unless otherwise provided for by law. The term of office of directors shall be three (3) years. Expiry dates shall rotate so that membership of the Board is renewed in as equal fractions as possible. Therefore, on an exceptional basis, the ordinary general meeting may appoint one or more directors for a term of one or two years to introduce or maintain the rotation of director terms.

For further information on the powers, composition and functioning of the Board, refer to chapter 3 of this Document.

8.3 Publicly available documents

The Articles of Association, Shareholders' general meeting minutes, Company accounts and consolidated accounts, Statutory auditors reports and all documents that must be made available to shareholders may be consulted at the registered office or on the Company website (https://mcphy.com/fr/).

8.4 Major contracts

There are no major contracts other than (i) those described below which, due to their consideration or their purpose, are of a specific and exceptional nature and (ii) those concluded in the course of normal business activities, which may include commercial partnerships, purchasing agreements with suppliers or with customers, of a significant value and/or multi-year.

8.4.1 Partnerships with strategic shareholders

As part of their entry as shareholder in the Company capital, the EDF group (2018) as well as Chart Industries and Technip Energies groups (2020) signed industrial and commercial partnership with McPhy. In this respect, the following details are indicated:

- **EDF**. The Memorandum of Understanding signed on 15 June 2018 (and as subsequently amended) with EDF SA and Hynamics, for a period of five years, provides for a non-exclusive cooperation (in Europe, the United States and South-East Asia), including joint actions on the technical, commercial and R&D plan relating in particular to: (i) monitoring (on markets or regulations), (ii) commercial collaboration (with the sectors and markets identified) and (iii) industrial collaboration (such as a common R&D and engineering plan). Under the terms of this agreement, EDF, like the Company, has a right of termination, in particular in the event of a takeover of the Company;
- **Chart International Holdings, Inc**. The Memorandum of Understanding signed on 7 October 2020 for a renewable term of five years, foresees: (i) the presence of a representative from Chart Industries on the Board of the Company, (ii) the identification of customers for potential hydrogen applications, assessment of business models for a pilot deployment and joint investigation of options to develop projects concerning the production, storage, transportation and resupply of hydrogen and (iii) a reciprocal non-exclusive right of first refusal in case of new business opportunities;
- **Technip Energies N.V**. The Memorandum of Understanding signed on 7 October 2020 for a renewable term of five years, foresees: (i) the joint production and sale of hydrogen production systems by electrolysis for heavy industry, renewable energy storage applications and hydrogen distribution systems for major mobility projects worldwide (ii) a reciprocal non-exclusive right of first refusal in case of new business opportunities and (iii) the introduction of a collaboration committee focused on technical issues and R&D. It is specified that, in connection with this Memorandum of Understanding, a specific technological cooperation agreement relating to the joint development and use of technological tools was signed on February 18, 2022 between the Company and Technip Energies group. As of the date of this Document, there are on-going discussions regarding a possible early termination of said cooperation. For further information on this cooperation agreement, please also refer to paragraph 3.6 of this Document concerning agreements with related parties.

A further tripartite agreement between Chart Industries, Technip Energies and the Company was signed on the same day as the Memoranda of Understanding indicated above, to specify the respective roles of Chart and Technip Energies given their activities.

8.4.2 Agreements relating to the development of the XL program and Gigafactory in Belfort

BPI agreement. On 28 October 2022 McPhy entered into an agreement with Bpifrance to receive government aid for a maximum total amount of €114 M under the IPCEI H2 scheme. This agreement aims to support the Group in developing the XL program (which includes the construction of the associated Gigafactory in Belfort) by financing through a IPCEI scheme due to expire on 31 December 2026. The support includes (i) an initial installment of €28.5 M received in late 2022 and later installments through the reimbursement of eligible expenses, following the Group's satisfactory achievement of key phases (4, as defined in the contract) and (ii) a recovery mechanism (based on the ex-post comparison of cash flows and the final amount of financial support, starting on 30 July 2029). Under the terms of this agreement, Bpifrance enjoys the following rights: (i) prior authorization in case of transfer or concession of the means necessary to completing the program or the marketing of the related results; (ii) information in case of change of effective beneficiary (as defined by the French Monetary and Financial Code) of the Company, (iii) termination in case of direct or indirect takeover of the Company by a third party not fulfilling the conditions stipulated by the government or other public bodies as a contractual partner or customer of Bpifrance. For further information on this agreement, please also refer to paragraph 3.6 of this Document concerning agreements with related parties.

Maugis fund agreement. As part of the Group's installation in the Belfort region, on 14 September 2022 McPhy signed a financial support agreement for a maximum total amount of €10 M with Pristine SAS (trustee of the *Fonds de Revitalisation Industrielle* trust). This agreement foresees (i) an initial payment of €2.5 M received in late 2022 and later installments by the end of 2024, and (ii) a proportional recovery mechanism in the event jobs are not created or sustained on the site (no later than 31 December 2030).

8.4.3 Other agreements

Hype. On 7 December 2021 McPhy and Hype signed a partnership agreement. By virtue of this agreement, McPhy (i) subscribed to convertible bonds to the amount of €12 M (with a capitalized interest rate of 4.5% and a term of 9 years, except for early repayment or conversion) and (ii) signed supply contracts concerning two electrolyzers (2 MW and 4 MW) as well as two refueling stations (confirmed orders). By virtue of this agreement, (i) it is also agreed to sign a co-exclusive preferred partner agreement on the anticipated deployment by Hype of a minimum of 100 stations, 50% of which will be allocated to McPhy until 2026 as well as a partnership on the potential supply of electrolyzers (15 to 25 MW) (optional orders). The signature of these agreements may occur by the end of the first half-year of 2023; and (ii) technical and operational cooperation to jointly upgrade the stations supplied to Hype.

8.5 Licensing agreements

As of the date of this Document, there is no outstanding material license agreement other than the agreement entered into with Larsen & Toubro on March 23, 2023, through principal terms and conditions, relating to an industrial partnership as an exclusive license granted by the Company on its pressurized alkaline electrolysis technology for manufacturing electrolysers in India and marketing them in agreed territories (i.e. India, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Saudi Arabia, United Arab Emirates, Oman, Qatar, Kuwait, Bahrain and the South Asian Association). This partnership may also include right to use main McPhy trademarks. The long-form license agreement is in preparation as of the date of this Document. The signing of this long-form agreement could take place by the end of the first half of 2023.

8.6 Statutory Auditors

AUDIT EUREX

Represented by Guillaume Belin

Technosite Altéa, 196, rue Georges Charpak,
74100 Juvigny, France

Date of first appointment: shareholder general meeting of 27 February 2014

Term: appointment renewed on 10 April 2020, expiring at the shareholder general meeting held to approve the financial statements for the year ending 31 December 2025.

DELOITTE & ASSOCIÉS

Represented by Hélène De Bie

6, place de la Pyramide, 92908 Paris-La-Défense CEDEX, France

Date of first appointment: shareholder general meeting of 19 December 2013

Term: appointment renewed on 23 May 2019 expiring at the shareholder general meeting held to approve the financial statements for the year ending 31 December 2024.

No Statutory Auditor resigned or was removed during fiscal year 2022.

CHAPTER

9

Appendices

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9.1 Persons responsible and statements

9.1.1 Person responsible for the universal registration Document

Jean-Baptiste Lucas, Chief Executive Officer

9.1.2 Statement of the person responsible for the universal registration Document, including the annual financial report

"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 (referenced in the cross-reference table of this universal registration Document on page 261) provides a true and fair view of the business trends, results and financial position of the Company and all consolidated companies, as well as a description of the main risks and uncertainties to which they are exposed."

On 25 April 2023

Jean-Baptiste Lucas, Chief Executive Officer

9.1.3 Person responsible for financial information

Alexandre Brunet, Chief Financial Officer

9.2 Glossary

Electrolysis

Method used to generate electrochemical reactions by electrical activation. This process converts electrical energy into chemical energy. In the chemicals industry, it enables us to separate elements or synthesize chemical compounds. Electrolysis is used in numerous industrial processes such as the production of hydrogen by water electrolysis, the production of aluminum or chlorine, or even to galvanize objects by electroplating.

Electrolyzer

Machine used to perform electrolysis, to chemically decompose certain compounds (by melting or dissolving) under the action of an electrical current.

Hydride

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 of measurement for the quantity of gas, corresponding to the content of a volume of a cubic meter, for a gas in normal conditions of temperature and pressure (0°C and 1 bar absolute). It is a common unit of weight and measurement.

Fuel cell

A fuel cell is a battery where electricity is produced by the oxidization of a reducing agent (e.g. hydrogen) on an electrode, coupled with the reduction of an oxidizing agent such as the oxygen in air, on the other electrode.

Power to Gas

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

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.

9.3 Information is included for reference in 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:

- in respect of the fiscal year ending 31 December 2021, the Consolidated financial statements and Company financial statements, the reports of the Statutory Auditors and their special report on regulated agreements and commitments, as well as the management report are provided respectively in chapters 5.1, 5.2, 3.9 and 4 of the universal registration Document 2021 filed with the Financial Markets Authority (AMF) on 28 April 2022 under the No. D. 22-0381 and available for viewing on the Company website (https://mcphy.com/fr);
- in respect of the fiscal year ending 31 December 2020, the Consolidated financial statements and Company financial statements, the reports of the Statutory Auditors and their special report on regulated agreements and commitments, as well as the management report are provided respectively in chapters 7.1, 7.2, 18.1 à 18.3 of the universal registration Document 2020 filed with the Financial Markets Authority (AMF) on 30 April 2021 under the No. D. 21-0398 and available for viewing on the Company website (https://mcphy.com/fr).

The information of said universal registration Documents not included in this Document are either insignificant for investors, or referred to in another part of the universal registration Document.

The information provided on the websites referred to by the hypertext links in this Document is not part of the universal registration Document unless incorporated by reference. In this respect, such information has not been examined or approved by the AMF.

9.4 Concordance tables

9.4.1 Universal registration Document

This concordance table resumes the main sections stipulated by Appendices 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 containing the information relating to each of these sections.

Information		Chapter(s)/ Paragraph(s)	Page(s)
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1.4	Statement on information provided by a third party	N/A	N/A
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2	**PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS**		
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9.4.2 Annual 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.

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9.4.3 Management report

The concordance table below serves to identify information in this Universal Registration Document comprising the management report in accordance with articles L. 225-100 and subsequent, L. 22-10-34 and subsequent, L. 232-1, R. 225-105-2 and L. 225-211 item 2 of the French Commercial Code.

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9.4.4 Corporate governance report

The concordance table below serves to identify information in this Universal Registration Document comprising the Company Governance Report in accordance with articles L. 225-37 and subsequent, L. 22-10-8 and subsequent of the French Commercial Code.

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