

McPhy

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clean energy
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UNIVERSAL REGISTRATION
DOCUMENT 2020

(including the annual financial report)



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MCPHY ENERGY

Universal registration document 2020

(Including the Annual Financial Report)



This universal registration document was filed with the AMF on 30 April 2021 as the applicable authority under Regulation (EU) 2017/1129 without prior approval, in accordance with article 9 of said regulation.

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

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DISCLAIMER

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

The Universal Registration Document provides the consolidated financial statements for the Group, prepared according to IFRS accounting standards adopted by the European Union (the “**Annual Financial Report**”) for the fiscal years ending on 31 December 2019 and 31 December 2020.

Unless otherwise stipulated, the financial information relating to the Company indicated in the Universal Registration Document is taken from the Annual Financial Report. The Universal Registration Document contains forward-looking statements about the Group’s targets and development objectives. Such statements may in certain cases be identified by the use of the future or conditional tense, or by forward-looking words including but not limited to “considers”, “envisages”, “believes”, “targets”, “expects”, “intends”, “should”, “aims”, “estimates”, “wishes”, “may”, etc. or where necessary, the negative form of these same terms, as well as other variants or similar terms. The reader’s attention is drawn to the fact that these targets and development objectives depend on circumstances or facts, the occurrence or achievement of which are uncertain.

These targets and development objectives are not historical data and should not be interpreted as guarantees that the facts and data indicated will occur, that assumptions will be justified or that objectives will be reached. By their very nature, these objectives may not be achieved, and statements or information provided in the Universal Registration Document may be revealed to be factually incorrect. In no way does this bind the Company by any obligation to update said statements, subject to applicable regulations and especially the general regulations of the French Financial Markets Authority (the “**AMF**” *Autorité des marchés financiers*).

The Universal Registration Document contains information relating to Group activities, as well as the markets and industries in which it operates. Some information originates from sources outside the Company and has not been independently verified.

Investors are urged to pay careful attention to the risk factors described in section 3 “Risk factors” of the Universal Registration Document prior to making any investment decisions. The materialization of one or more of these risks could have an adverse effect on the Group’s activities, financial position, results, or targets. Furthermore, other risks not yet identified or considered as not material by the Company could have the same adverse effect and investors could lose all or part of their investment.



CONCORDANCE TABLES

Annual Financial Report

The concordance table below serves to identify information in the Universal Registration Document taken from the Annual Financial Report published by listed companies, in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the AMF general regulations:

No.	Information	Reference
1	Company financial statements	18.1.5
2	Consolidated financial statements	18.1.6
3	Statutory Auditors' report on the annual financial report	18.3.1
4	Statutory Auditors' report on the consolidated financial statements	18.3.2
5	Management report	See concordance table for management report
6	Statement by the person responsible for the management report	1.2
7	Statutory Auditors' fees	18.1.6 note 3.28

Management report

The concordance table below serves to identify information in the Universal Registration Document taken from the management report prepared by the Board of Directors as defined by articles L.225-100 and subsequent, L. 22-10-34 and subsequent, L. 232-1, R. 225-105-2, R.225-211 item 2 of the French Commercial Code.

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

Report on corporate governance

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

No.	Information	Reference
1	Compensation information	13
2	Governance information	14
3	Main characteristics of internal control and risk control procedures	14.5

1 PERSONS RESPONSIBLE

1.1 Person responsible for the Universal Registration Document



Laurent Carme
Chief Executive Officer
McPhy Energy
1115, route de Saint-Thomas
26190 La Motte - Fanjas France

1.2 Statement by the person responsible for the Universal Registration Document

“I hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated companies, and that the management report presents a true and fair view of the business trends, results and financial position of the Company and all consolidated companies, as well as a description of the main risks and uncertainties to which they are exposed.”

Laurent CARME
Chief Executive Officer

1.3 Person responsible for financial information



Emilie MASCHIO
Chief Financial Officer
McPhy Energy
1115, route de Saint-Thomas
26190 La Motte - Fanjas France

Phone: +33 (0)475 711 505
Email: emilie.maschio@mcphy.com

1.4 Statement relating to information provided by third parties

Not applicable.

1.5 Statement by applicable authority

Not applicable.

2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

2.1 Statutory Auditors

Statutory auditor:

SARL AUDIT EUREX

Philippe Truffier

Address or head office:

Technosite Altéa – 196, rue Georges Charpak – 74100 Juvigny

Date of first appointment: 27 February 2014

Duration: Term expires following the annual general meeting held to approve the financial statements for the year ending 31 December 2025.

DELOITTE & ASSOCIES

Hélène De Bie

Address or head office:

6, place de la Pyramide – 92908 Paris-La-Défense cedex

Date of first appointment: 19 December 2013

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

2.2 Statutory auditors having resigned or been removed

None

3 RISK FACTORS

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

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

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

The main objectives of this action are to:

- Generate a risk map from a risk aversion matrix (materiality and potentiality threshold) to identify the exposure to risk situations for each process and the associated levels of vulnerability;
- Define an improvement plan aiming to introduce or optimize existing measures, where necessary to correct malfunctions detected, and finally to raise the level of risk control.

An action plan aiming to improve existing measures has been developed. The risks identified are allocated by process or by type of risk, to a person responsible for organizing appropriate risk mitigation actions.

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

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

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

A further extraordinary risk factor specific to the impact of the Covid-19 pandemic has also been inserted, given the current context at the time of production of the Universal Registration Document.

Risk identification	Probability of occurrence	Potential impact	Criticality level
1. Risks related to the Company's strategy			
Risks associated with the market	High	High	High
Risks related to the Group's capacity to adapt to high growth	Medium	High	High
Risks related to the development of existing solutions or the emergence of new technologies potentially competing against McPhy solutions	High	Medium	High
2. Risks related to the Company's activity			
Risks related to changes in government policies and regulations	Medium	High	High
Risks associated with the production and use of McPhy products	Medium	Medium	Medium
Risks associated with the supply of components and fossil fuel energies	Low	Medium	Medium
3. Financial risks and market risks			
Liquidity risks	Low	Low	Low
Risks relating to uncertain supplementary financing	Low	Low	Low
4. Risks related to the Company's organization			
Risks associated with procurement from a limited number of suppliers of certain components of its products and production site equipment	High	High	High
Risks related to key employees	High	High	High
5. Regulatory and legal risks			
Risks related to the disclosure of its technology, manufacturing processes, know-how	Medium	High	High
Liability relating to products (accidents)	Low	High	Medium
Risks relating to patents and McPhy's dependence on third parties in terms of industrial property rights	Low	Medium	Medium
Risks relating to the regulatory environment applicable to hydrogen plants	Medium	Medium	Medium
Risks related to continuation of permissions for an ICPE site (classified site for environmental protection)	Low	Medium	Low

3.1 Risks related to the Company's strategy

3.1.1 Risks associated with the market

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

3.2 Risks related to the Company's activity

3.2.1 Risks related to changes in government policies and regulations

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

Furthermore, although their development outlook for the coming years is generally considered as strong, estimates concerning the levels potentially reached by renewable energy markets vary significantly and the

rapidity of their development remains uncertain in light of the possible changes in applicable government policies.

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

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

3.2.2 Risks associated with the production and use of McPhy products

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

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

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

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

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

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

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

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

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

3.3 Financial risks and market risks

3.3.1 Liquidity risks

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

Since the Group was created, it has funded its growth by extending its equity through successive capital issues (in particular with the acquisition of a stake by EDF Nouveaux Business Holding in June 2018, since become EDF Pulse Croissance Holding, and the 2020 investments by Chart Industries Inc. and Technip Energies B.V.), refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash, cash equivalents and financial investments amounted to €198 M at 31 December 2020; financial debt (excluding leases and long-term contracts) amounted to €5.1 M (including €4 M in Government-backed loans and €0.4 M of repayable advances).

Furthermore, to weather the Covid-19 health crisis, minimize impacts on cash flow and ensure its business continuity, the Group has implemented cost reduction programs and was able to defer employer social contributions to the amount of €0.5M, which was fully repaid within the fiscal year.

In May 2020, the Group secured three government-backed loans for an aggregate amount of €4 million, from the following lenders: Bpifrance (€2 million), BNP Paribas (€1 million), and Banque Populaire (€1 million).

Also, to strengthen its financial flexibility and secure access to further resources, on 10 April 2020 the Company renewed its equity financing line with Kepler Cheuvreux for a two-year term. Under this arrangement, Kepler Cheuvreux has agreed to subscribe to up to 3,500,000 shares in observance of the contractually-defined conditions.

Under the private placement on 14 October 2020, the Company raised €180 million (net of €11.1 M share issue costs, booked against the share premium). This amount provides the resources required to fund its development. Nonetheless, the Group's capacity to generate cash flow in the future to meet its needs is not certain and remains dependent on its capacity to develop and market its products and solutions.

The Group may be obliged to slow down its research and development activities and commercial activities, or even compromise its continuity of business. At the date of this Universal Registration Document, this risk remains limited.

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

3.3.2 Risks relating to uncertain supplementary financing

To date, McPhy has the necessary resources at its disposal to pursue its development and meet its needs. However, McPhy may need to raise further funds in the future, particularly in the event of postponement of its business plan, acquisition of other companies or to meet a market need not addressed at this time.

The Group's capacity to raise further funding will depend on the applicable financial, economic and contextual conditions, alongside other factors over which it has no or only limited control. In this respect, if the renewable energies market were to develop less rapidly or differently than foreseen, the appetite for investors in this field may shrink and McPhy may encounter difficulties in achieving its growth objectives or commercial objectives.

Moreover, the Group cannot guarantee that additional funds will be made available when it needs them and where applicable, that said funds be available at acceptable conditions.

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

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

Nonetheless, at the date of publication of this Universal Registration Document, the risk related to additional funding remains low.

3.4 Risks related to the Company's organization

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

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

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

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

3.4.2 Risks related to key employees

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

For example, installing McPhy solutions on a Client site requires the intervention of Group specialised teams. To do so, McPhy has set up a specialized engineering department along with a logistics and maintenance support system. Given their general expertise in industry, their knowledge of the Group's operational processes and their relationships with local partners, the departure of one or more of these persons making up these teams could have a significant unfavorable effect on the Group's growth, project development, financial position and results.



Also, if McPhy were not able to recruit sufficient qualified personnel, its pace of growth and future outlook may be affected.

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

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

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

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

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

3.5 Regulatory and legal risks

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

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

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

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

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

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

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



3.5.2 Liability relating to products (accidents)

Certain manufacturing processes might be the cause of accidents

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

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

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

In such a case, regulatory restrictions imposed on the Group could also be tightened. The tightening of regulatory requirements could take the form of increased financial guarantees, ICPE authorizations being more difficult to obtain and a significant increase in insurance premiums.

McPhy could also be held liable for design defects in a complex solution or a malfunction attributable to its interface with other systems. The malfunction of a solution could imply costs related to product recall, generate new development expenditure, and/or monopolize technical and financial resources. Such costs could have a significant impact on the Group's profitability and cash position. McPhy's commercial reputation could also be tarnished, leading to the loss of certain Clients and a significant reduction in its revenue.

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

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

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

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

McPhy may nonetheless be exonerated from liability if it can demonstrate that at the time of delivery of the product, the state of scientific and technical knowledge was insufficient to detect the existence of the defect or that the product defect is due to its compliance with legal or regulatory imperatives.

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

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

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

The protection afforded by patents or other industrial property rights is uncertain. McPhy may be unable to maintain appropriate protection of its industrial property rights and thereby lose any technological and

competitive benefit they offer. A portion of McPhy's activities depends on co-owned patents or licenses granted on patents owned by third parties.

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

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

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

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

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

3.5.4 Risks relating to the regulatory environment applicable to hydrogen plants

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

Existing regulations are rich and fragmented according to the activity carried out (production, transportation, or storage of hydrogen) and according to the type of application (stationary, mobile, and portable). It is therefore incumbent on the Group to identify European and National regulations applicable to each product developed for its business activity and to observe the requirements. McPhy may be unfavorably affected if a regulation were to be poorly identified or interpreted.

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

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

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

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

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

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

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

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

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

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

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

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

3.6 Risks related to the Covid-19 pandemic

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



On 19 March 2020, the Group published a memo to all its employees via social media and by e-mail directly to its Clients and partners, to inform them of the first measures taken. It also issued a press release on 30 March 2020, to inform all shareholders of the consequences of the crisis for the Group thus far. An amendment was inserted into the press release dated 29 April 2020 and in the amendment to the 2019 Universal Registration Document dated 14 October 2020.

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

As the situation may evolve rapidly and to ensure we are able to act effectively, business continuity plans have been implemented across all sites and are updated according to the changing situation in each country. At the date of writing, the production sites in France and Italy are operational with reinforced safety conditions.

Although the Company exhibits a certain resilience to the Covid-19 pandemic, uncertainties remain relating to decisions made by governments with rapid effect, such that in France, the lockdown measures enforced on 28 October 2020 or the nationwide curfew from 15 December 2020 onwards, do not allow the Group to assess with any degree of certainty the potential impact of this crisis on its activity and perspectives.

Given these uncertainties, in May 2020 the Company decided to take advantage of the business support available during the health crisis, in the form of three government-backed loans for an aggregate amount of €4 million, from the following lenders: Bpifrance (€2 million), BNP Paribas (€1 million), and Banque Populaire (€1 million).

In this uncertain context, risks have been identified in the execution of Group contracts, especially relating to a cascade effect that McPhy may suffer due to its suppliers. Possible delays depend on several factors, including:

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

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

At the time of writing, the Company has observed some delays in the expected incoming orders. Moreover, given the quarantine and isolation rules applicable around the world at the current time, we must accept the postponement of work needed to finalize certain projects under way on sites in countries at risk. In the short term, these delays could impact the Company's activities and/or generate delays in billing and/or settlement.

Subsequently, such delays have been observed on the Power-to-Gas application project in China's Hebei province. As a reminder, in June 2017 McPhy delivered 4 MW of hydrogen production equipment, used to transform surplus electricity generated by a 200 MW wind farm into zero-carbon hydrogen for storage. Work on site was initially scheduled for McPhy teams to finalize the project in January 2020, but was only finally completed in early 2021 due to the hygiene restrictions put in place. The payment of the last contractual installment of €1.3 M is conditional on the work being finalized. As McPhy found itself unable to complete this final phase in the 2020 fiscal year, its cash position was affected by the amount of the last installment, i.e. €1.3 M.

Nonetheless, the Company considers that at this time, the measures implemented have enabled it to continue its activities almost as normal and does not anticipate any further negative impacts on its day-to-day activities. Elsewhere, the Group is analyzing and closely monitoring each measure implemented by public authorities and institutions. The Group regularly assesses and updates the potential impacts of these announcements and measures, to ensure it effectively and rapidly adapts its measures to ensure business continuity and to protect employees accordingly.

It would also be possible for McPhy to benefit from European recovery programs, insofar that government policies seem to be oriented towards the energy transition, which could be beneficial for the development of hydrogen in France and Europe. To manage the potential demand from these actions, McPhy must be able to respond rapidly and deploy the financial and human resources required to succeed.

3.7 Insurance and risk cover

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

Policy	Insurer	Main features	Expiry
Industrial multi-risk	AVIVA	LMF building: €1.9 M Equipment: €3.4 M Merchandise: €1.5 M	Automatically renewed on 1st January
Civil liability	AIG	CL before delivery €10 M per claim CL after delivery €10 M per year Professional CL €10 M per year	Automatically renewed on 1st January
Civil liability aviation		CL during operations and after delivery €10 M per claim made as part of a project	October 27 2021 Possible renewal 2 months before expiry
Civil liability	AVIVA	CL environment €5 M per year	Automatically renewed on 1st January
Civil liability	AIG	CL for management with worldwide cover for civil and criminal defense: €3 M	Automatically renewed on 3rd August

The total amount of insurance premiums paid for all Group insurance policies amounted to €100 K in 2020 and €107 K in 2019.

4 COMPANY INFORMATION

4.1 Legal name and trading name

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

4.2 Place of matriculation and Company registration number

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

4.3 Date and duration of incorporation

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

4.4 Head office, legal form and governing law

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

Phone: +33 (0)475 711 505

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

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



5 OVERVIEW OF ACTIVITIES

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

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

As a designer, manufacturer, and integrator of hydrogen systems since 2008, McPhy operates three development, engineering, and production centers in Europe (France, Italy, and Germany). Its international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

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

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

5.1 Primary activities

McPhy delivers innovative, reliable, and competitive solutions (electrolyzers and charge stations) for high-growth markets concerning large-scale decarbonization of industry, mobility, and energy.

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

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



Historical McPhy site of La Motte-Fanjas.

- In Italy, the San Miniato site is active in the design and production of stacks¹, as well as the assembly and testing of electrolyzers. It offers an annual production capacity of up to 300 MW of electrolyzer equipment.



McPhy site in San Miniato, Italy.

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



McPhy site in Wildau, Germany.

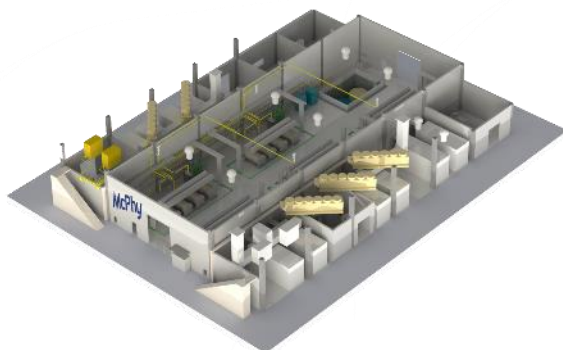
In total, the Group employs 110 people across these three countries, and one employee in China.

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

- The widest range of electrolyzers on the market, from 0.4 to 800 Nm³/h as standard. Beyond this, multi-MW designs are available by combining 4 MW core modules, enabling McPhy to deliver platforms from 20 to 100 MW and more;
- A range of stations to charge hydrogen-fueled electric vehicles, modular and flexible to handle larger vehicle fleets to enable McPhy to propose platforms capable of 20 kg to 800 kg / day and in the future 2000 kg / day.
- End-to-end presence on the hydrogen chain and the capacity to deliver turnkey projects, from production to storage and distribution;
- An organization that provides Client support in after-sales and maintenance;
- An ongoing innovation approach.

¹ Stack of cells where water is circulated to be separated into Hydrogen and Oxygen in the presence of electrodes and an electrically-conductive electrolyte solution. Each cell comprises an anode, a cathode, and a membrane to separate the gases. A stack can contain tens or even hundreds of cells.

5.1.1 On-site production by electrolysis



20 MW electrolysis platform

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

Today, over 95% of pure hydrogen production comes from steam methane reforming (SMR)² which consists in combining natural gas (principally methane) with steam to extract the “gray” hydrogen. This technique is fully mature and offers very competitive production costs. However, it is highly polluting, given the CO₂ emissions resulting from the process (the production of

one kilogram of hydrogen by SMR results in 10 kg of CO₂ emitted). In 2019, worldwide production of gray hydrogen represented 830 million tonnes of CO₂, around 2% of total global emissions.

The rest of hydrogen production consists of many other techniques, mainly used to extract hydrogen from water. In this field, electrolysis is the most frequently used technique, which consists in separating the hydrogen and oxygen molecules in water (H₂O) using electricity.

McPhy large capacity electrolysis systems amount to 44 MW³.

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

Given the electrolysis production capacities, this type of system was historically used by industrial firms with annual requirements below 500 Nm³/h: electronics, metal processing, glass processing, agri-food etc. For these users, on-site production is an alternative to buying hydrogen from distributors.

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

- The economic equation of electrolysis on site is different from buying from a distributor, as it consists in an investment (acquisition of the electrolyzer) then the operating costs of the electrolysis process. These operating costs are fully related to the cost of electricity required to power the electrolysis reaction. Depending on the performance of the electrolyzer, producing a kilogram of hydrogen by electrolysis consumes around 50 kWh of electricity. The cost of producing a kilogram of hydrogen is today around €5 (including equipment amortization). According to the US National Renewable Energy Laboratory, the development of renewable energy sources should enable the production cost to fall to around € 1.5 per kilo over the medium to long term. Compare these costs to the sale prices of distributors, which are strongly affected by the distances covered to deliver the hydrogen, somewhere between €5 and €50 per kilogram;
- On-site production provides security of hydrogen supply while avoiding the risk of dependency on distributors, as well as the risks involved in hydrogen transport and logistics;
- It can also improve safety on the production site, by avoid handling and storage of highly compressed gas;

² Steam methane reforming or SMR is currently the most frequently used process to produce hydrogen. It has the drawback of also producing carbon dioxide, which is a greenhouse gas. The production of hydrogen requires the separation of carbon molecules (methane etc.) in the presence of steam and heat. In practice, the reaction needs to be boosted using catalysts or burners.

³ Systems installed, in the process of installation or under development on 31 December 2020

- Lastly, the use of renewable energy sources, in addition to lowering the production cost per kg, can reduce or even neutralize CO₂ emissions involved in the production of hydrogen.

Progress in technology and lower costs now enable electrolysis to address industrial operator needs for large capacities (from 4,000 m³/h to 20,000 m³/h (20 MW to 100 MW), meaning that totally decarbonized hydrogen can be produced at competitive cost.

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

Electrolysis is a process using water (H₂O) as a raw material to produce gaseous hydrogen and oxygen using an electric current. This method was discovered at the end of the 18th century and was first used industrially in 1900. In 1939, the first electrolyzers generating 10,000 Nm³/h of hydrogen were installed; this capacity remains part of the one of the largest facilities in the world today.

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

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

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

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

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

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

Range of electrolyzers developed by McPhy

McPhy has developed the widest range of hydrogen electrolyzers. These electrolyzer modules offer capacities from a few tens of Nm³/h to over 800 Nm³/h. They deliver hydrogen directly at medium pressure (30 bar).

Small and medium capacity electrolyzers

McPhy offers a wide range of electrolyzers with a capacity below 100 Nm³ of hydrogen per hour. This electrolyzer range is mainly for the industrial market requiring on-site hydrogen production and is marketed under the PIEL brand.

Large capacity electrolyzers

McPhy designs, develops, and manufactures large-capacity modules from 100 Nm³/h to 800 Nm³/h as standard.

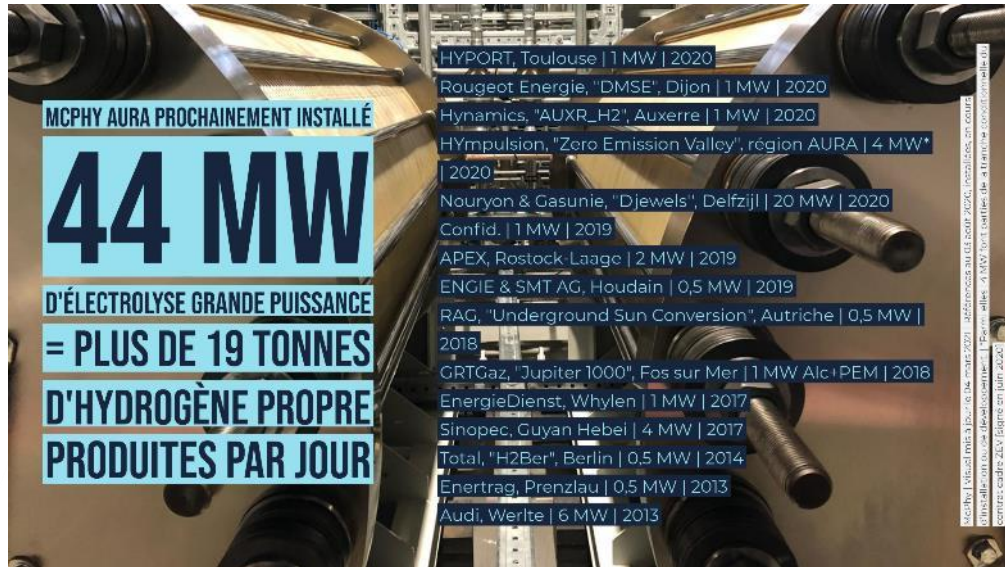


In April 2018, McPhy launched its Augmented McLyzer range, a multi-MW modular platform solution, able to cover capacities from 20 MW to 100 MW (4,000 to 20,000 Nm³/h), with a doubled production capacity from identical cell dimensions.

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

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

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



5.1.2 Hydrogen stations



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

McPhy proposes a wide range of hydrogen stations, delivering from 20 to 2000+ kg of hydrogen per day, dispensed at 350 and 700 bar. Compact and modular, these hydrogen refueling stations are able to fuel all types of mobility: captive fleets (utility vehicles, forklift trucks), public transportation (buses), heavy vehicles (trucks, waste collection trucks), city cars (private vehicles), and soon hydrogen-fueled trains.

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

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

McPhy operates 35 reference stations⁴.

⁴ Systems installed, in the process of installation or under development on 31 December 2020

Small- and medium-capacity stations

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

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

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

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

Large-capacity stations

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

From 200 kilos of hydrogen per day, at 350 or 700 bar, McFilling stations meet all your hydrogen mobility needs.

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

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

35 HYDROGEN STATIONS #CLEANMOBILITY

- Confid. | 2 HRS + 1 MW ELY | 2020
- Rougeot Energie, "DMSE", Dijon | 2 x McFilling 400-350/DP + 1 MW ELY | 2020
- Hynamics, Auxerre | 200 kg + ELY | 2020
- HYmpulsion, "Zero Emission Valley", AURA region | 5 x 200 kg DP* + 4 MW ELY | 2020
- Confid., France | 20 kg, IR connector | 2020
- Confid., Germany | 200 kg + ELY | 2020
- ENGIE & CNR, "Quai des Energies", Lyon | 100 kg + ELY | 2020
- Total, Le Mans | 20 kg | 2020
- H2 Mobility Deutschland, Berlin | 200 kg - 700 bar | 2019
- "EAS-Hymob", Normandie region | 8 x 20 kg, 6 stations with IR connector | 2019
- CC Touraine Vallée de l'Indre, Sorigny | 20 kg | 2019
- Semitan, "Navibus", Nantes | 5 kg | 2019
- ENGIE & SMT AG, Houdain | 200 kg (buses) + 0.5 MW ELY | 2019
- ENGIE, "MIN of Rungis", Paris | 20 kg | 2018
- Semitan, Nantes | 10 kg | 2018
- Riversimple, UK | 20 kg | 2018
- ENGIE Lab, Singapore | 20 kg | 2018
- CASC, "FaHyence", Sarreguemines | 40 kg + ELY | 2017
- Valence Romans Agglo, Valence | 20 kg | 2015
- ENGIE GNVert, "HyWay", Lyon | 20 kg | 2015
- City of Paris, Ivry | 20 kg | 2015
- Symbio, Grenoble | 5 kg | 2015

McPhy | Picture updated on 27 January 2021 | References on 03 August 2020, that are already operational, being installed or under development | Among them 2 HRS are conditional part of the ZEV framework contract (signed on 18 June 2020)

5.2 Presentation of McPhy target markets



The energy transition: a global challenge

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

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

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

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

- Preservation of our planet's resources,
- Reduction in CO₂ emissions,
- Improvement in air quality and reduction in particle emissions,
- Local energy independence, reconciling short- and medium-term needs,
- Local economic growth through decentralized energy production,
- Creation of community projects, involving all stakeholders of a territory.

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

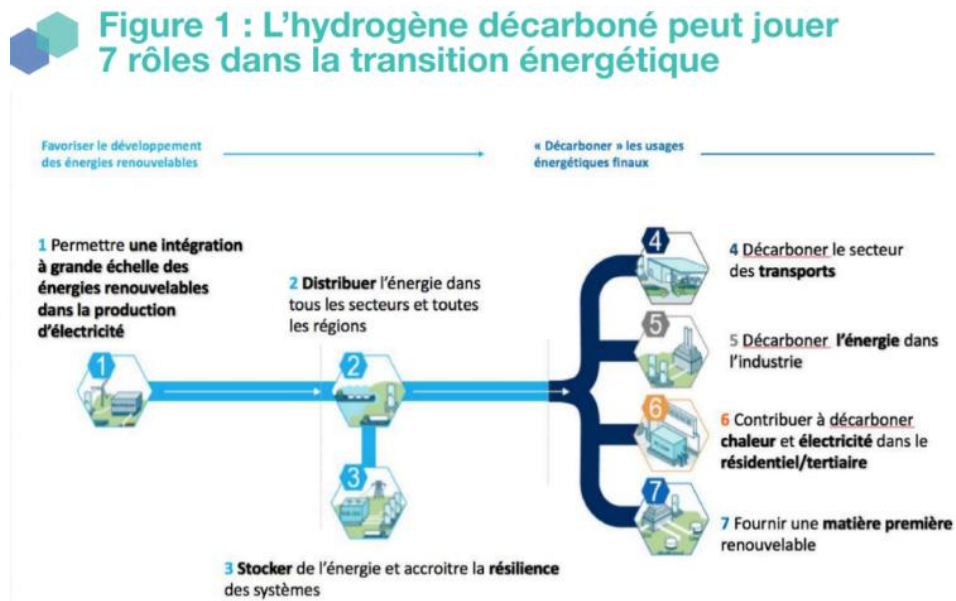
The "energy transition for green growth" aims to **decarbonize the energy mix and create new forms of value, by dramatically increasing the proportion of renewable energies used** and by introducing Smart Grids.

Hydrogen, an essential factor in a successful energy transition

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

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

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



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

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

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

Hydrogen generates **no polluting particle emissions nor carbon at the point of use**, thereby participating in the decarbonization of all areas of the economy, and facilitating the emergence of a more carbon-neutral social model. It has now been integrated into a growing number of government roadmaps, and through the development of international coalitions.

According to the Hydrogen Council⁵, hydrogen could represent up to 20% of the total final energy consumed in 2050 (“Hydrogen, Scaling Up” - November 2017) and **help reduce annual CO₂ emissions by 6 Gt**. The markets for hydrogen and its technologies could represent **\$2.5 trillion per year** and 30 million jobs worldwide.



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

Hydrogen Council “Scaling Up” report, November 2017

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

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

⁵ The Hydrogen Council is a global initiative bringing together over 80 leading international firms in energy, transport and industry, to share their vision and intentions for hydrogen as an accelerator of the energy transition. Together, these businesses generate revenue of €1,300 billion and employ 2.06 million people around the world.

5.2.1 The industry market

Hydrogen is widely used for its flexibility, its multi-sector applications and its energy efficiency. It is a strategic technology for the attractiveness and competitiveness of industrial firms. In total, the production of 70 million tonnes of “pure” hydrogen is responsible for the emission of 830 million tonnes of CO₂ into the atmosphere, the equivalent of the annual emissions of the UK and Indonesia. By replacing current carbon-intensive energies with zero-carbon hydrogen produced by electrolysis that is powered by renewable energy sources, industrial firms are entering a new low-carbon era.



DJEWELS | On a chemicals plant in Delfzijl, Netherlands: McPhy was elected to install the largest industrial zero-carbon hydrogen production unit in Europe. 20 MW, 3,000 tonnes of zero-carbon H₂ / year, 27,000 t.CO₂ avoided / year⁶

Industrial hydrogen market

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

Approximately 70 Mt of H₂/year are used in pure form, mainly in oil refining and ammonia production. The almost 45 Mt of H₂/year remaining are used in industry without prior separation from other gases.

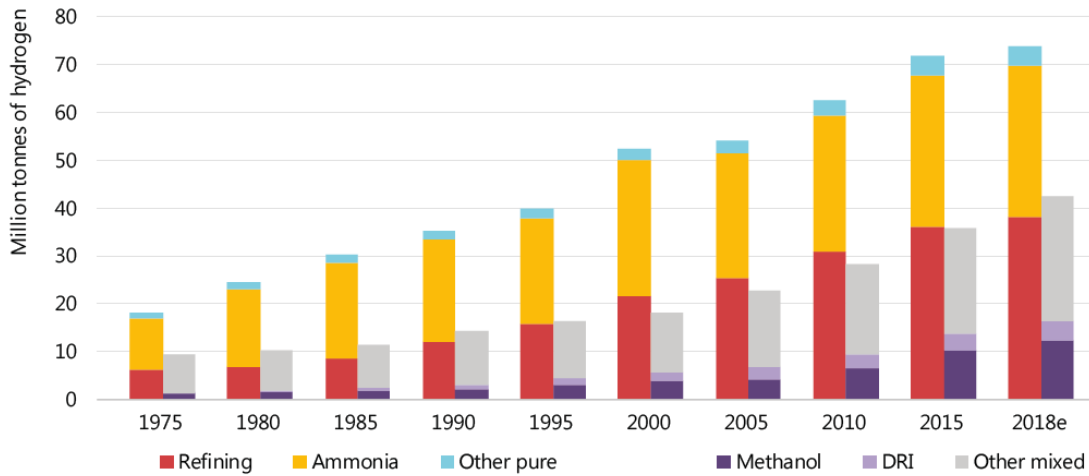
The industrial sectors consuming the most hydrogen are:

- **Oil refining** industries (33.2% of total demand for hydrogen, 54.6% of pure hydrogen production)
- **Ammonia production** (27.4% of total demand for hydrogen, 45% of pure hydrogen production)
- Together, these two sectors represent almost two thirds of current hydrogen consumption
- Closely followed by methanol production (10.4% of total hydrogen demand)
- And the metal / steel industry (3%) ⁷

⁶ Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hincio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds

⁷ Source: IEA “The future of hydrogen: Seizing today’s opportunities”, October 2019 | Data: <https://www.iea.org/reports/the-future-of-hydrogen> / p89 of report

Figure 1. Global annual demand for hydrogen since 1975



Source: IEA “The future of hydrogen: Seizing today’s opportunities”, October 2019

Issues

The current challenge is twofold: ensure the continuity of supply and service to meet the growing needs of industry, while dramatically reducing CO₂ emissions produced by the sector.

INCREASE IN DEMAND

According to the IEA report referred to above, industrial demand for hydrogen will rise in coming years with the following perspectives⁸:

- Refineries: +7%, to 41 million tonnes of H₂/year in 2030
- Chemicals industry +30%, from 44 Mt/year today to 57 Mt/year by 2030
- Steel / metal making: double the quantity required by 2030

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

REDUCING THE HYDROGEN CO₂ FOOTPRINT

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

The dependency of the hydrogen production process on natural gas and coal implies high CO₂ emissions:

- **10 tonnes of carbon dioxide produced for each tonne of hydrogen (tCO₂/t H₂)** produced using natural gas
- 12 t CO₂/t H₂ for hydrogen produced from petroleum products

⁸ source: IEA report October 2019 p90-91; Green Power Global report “Role of hydrogen for a low-carbon economy” March 2020 p10



- 19 t CO₂/t H₂ for hydrogen produced using coal.

In total, the production of 70 million tonnes of pure hydrogen is responsible for the emission of 830 million tonnes of CO₂ into the atmosphere, the equivalent of the annual emissions of the UK and Indonesia.⁹

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

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

McPhy market position and technology

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

Since then, McPhy has achieved fundamental **commercial and technological milestones** to prepare the way ahead, notably through its January 2020 appointment to supply the Djewels project, the **largest zero-carbon hydrogen production site** in Europe¹⁰, boasting a capacity of 20 MW (3,000 tonnes of hydrogen per year).

With 44 MW of high-power electrolysis as references¹¹, McPhy is truly a key player in the industrial hydrogen sector.

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

⁹ Source: IEA “The future of hydrogen: Seizing today’s opportunities”, October 2019 | p17

¹⁰ Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hincio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds

¹¹ Systems installed, in the process of installation or under development on 09 April 2020

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

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



Focus on on-site hydrogen production

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

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

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

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

The alkaline electrolysis process can produce hydrogen (and oxygen as a by-product) by creating an electro-chemical reaction between water and electricity. **This is the most proven process on the market and one of the least CO₂ generating.**

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

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



- Innovation: in 2018, McPhy introduced the **Augmented McLyzer** technology, a unique combination of 30 bar high pressure alkaline electrolysis by McPhy and advanced electrodes (high current density), specially designed for very large-capacity platforms (multi-MW).
- Alkaline electrolysis is currently the most proven and robust technology, acknowledged amongst market leaders as one of the most promising in terms of future developments.
- In January 2020, the Augmented McLyzer by McPhy technology was **selected to equip the largest zero-carbon production platform in Europe** with a capacity of 3,000 tonnes per year (20 MW); reduction in CO₂ emissions up to 27,000 tonnes a year, contributing to the decarbonization of the industrial sector¹².
- For light industry, McPhy has developed its “small line” **McLyzer** range and the **Piel** range of products

Key attributes of McPhy electrolysis process

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

Integration capacity for PEM technology

1 MW high-density stack

High energy efficiency

44 MW of high-power electrolysis equipment active¹³

Present on multi-MW markets

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

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

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

¹² Djewels project: thought up by Nouryon and Gasunie, two top rank industrial operators. Built in Delfzijl, Netherlands. With support from partners: McPhy, DeNora, Hinicio, BIO MCN, and financial backing from Europe via the Fuel Cell Hydrogen Joint Undertaking and Netherlands investment fund Waddenfonds

¹³ Systems installed, in the process of installation or under development on 31 December 2020

5.2.2 The mobility market

The transportation sector depends almost entirely on fossil fuels. It is responsible for over 20% of global CO₂ emissions. The International Energy Agency (IEA) foresees that CO₂ emissions will rise by approximately 35% by 2050 in the reference scenario, while the Paris Agreement scenario aiming to limit global temperature change to below 2°C aims to reduce said emissions by 40% by 2050¹⁴. In this context, hydrogen is a must as a zero-emission alternative fuel to significantly reduce air pollution in the transport sector, by eliminating pollutants and CO₂ emissions.



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

Just like electric vehicles, hydrogen-powered vehicles - which only emit a small quantity of water vapor, no CO₂ emissions or pollution - **contribute to decarbonizing the transport sector.**

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

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

All forms of transport are concerned

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

¹⁴ Hydrogen Council “Scaling up” report, November 2017, p30

Focus on how a hydrogen vehicle operates

A hydrogen vehicle is an electric vehicle fitted with a fuel cell which acts as a range extender. The fuel cell converts the hydrogen stored in a tank into electricity and can significantly increase the vehicle range compared to a fully electrical vehicle. Utility vehicles such as the Renault Kangoo ZE-H2 and buses like the Safran 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 Nexo¹⁵.

Hydrogen mobility market

According to the Hydrogen Council's prospective report "Hydrogen, scaling up" (November 2017), fuel cell and electric vehicles (FCEV) could represent up to **20% of vehicles on the road in 2050**. They would therefore contribute to over a **third of the CO₂ reduction required from the transport sector to meet the decarbonization objectives in the 2° scenario**¹⁶.

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

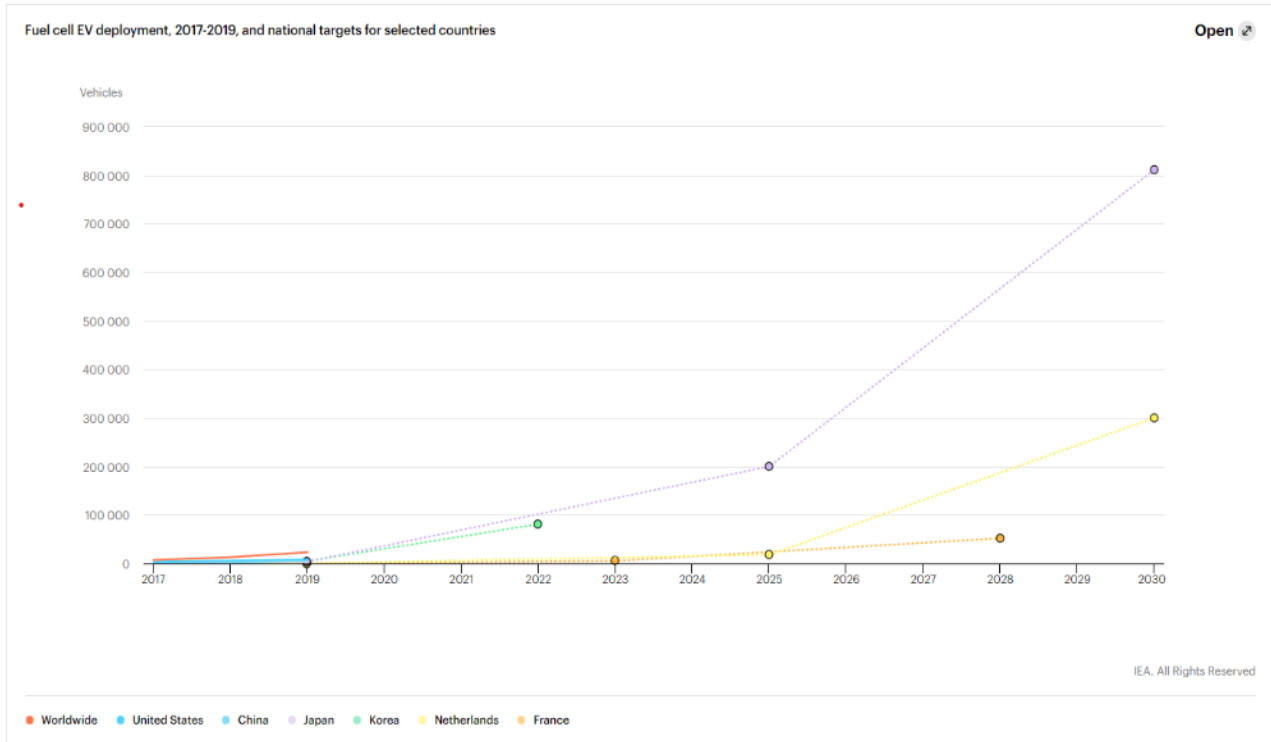
Today, hydrogen mobility in the world represents¹⁷:

- 470 hydrogen stations in operation
- 25,210 light vehicles on the road
- 4,300 buses
- 1,800 heavy goods vehicles

¹⁵ <https://www.h2-mobile.fr/actus/voiture-hydrogene-record-autonomie-hyundai-b-piccard/>

¹⁶ Hydrogen Council "Scaling up" report, November 2017, p38

¹⁷ IEA report <https://www.iea.org/reports/hydrogen>



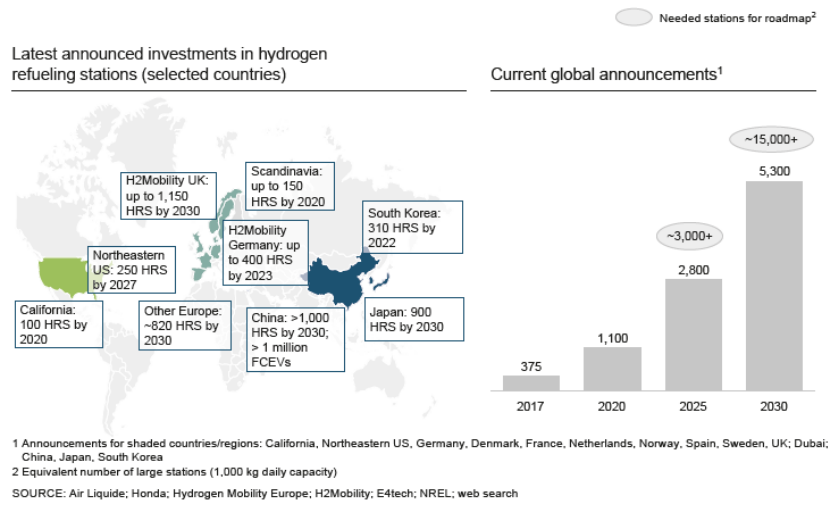
The outlook is impressive. Indeed, the Hydrogen Council¹⁸ foresees on a global scale:

	2030	2050
Light vehicles	10 to 15 million	400 million (25% of market share)
HGVs	500,000	5 million (25% market share)
Buses	-	15 million (25% market share)
Trains	-	20% of trains replaced will be replaced by hydrogen models
Tonnes of CO ₂ avoided	-	3.2 Gtonnes of CO ₂ avoided per year <i>(equivalent to 20 million barrels of oil)</i>

Note that to supply 10 to 15 million FCEV in 2030, it will be necessary to roll out 15,000 fueling stations to support the development of hydrogen mobility¹⁹.

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

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



Hydrogen Council, “Scaling Up” report, November 2017

¹⁸ Hydrogen Council “Scaling up” report, November 2017, p29

¹⁹ Hydrogen Council “Scaling up” report, November 2017, p39

Issues

On the hydrogen mobility market, the issues are fourfold:

SYNCHRONIZATION

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

MODULARITY

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

ZERO-CARBON HYDROGEN

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

DECARBONIZATION OF HEAVY GOODS TRANSPORT

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

McPhy market position and technology

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

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

To date, McPhy operates 35 hydrogen stations²⁰, adopting a strong position as a key partner in the deployment of hydrogen stations for zero-emission mobility.

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

- **Light mobility**
- Captive fleets

²⁰ Systems installed, in the process of installation or under development on 31 December 2020

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

To meet the issues of:

Flexibility and modularity ...

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

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

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

Genuine zero-emission mobility chain...

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

Decarbonization of heavy goods transport...

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

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

McPhy’s key advantages on the hydrogen mobility market

For light mobility: McFilling serial range of small, medium and large-capacity stations
At 350 and/or 700 bar

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

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

Zero-emission mobility: zero particles, zero CO₂, zero noise
Compact and modular

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

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

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

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



McFilling 20-350 hydrogen station in Sorigny

5.2.3 The energy market

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



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

To achieve the objective of the 2° scenario, CO₂ emissions must be reduced by a further 470 Gt (gigatonnes) by 2050²¹, which implies the **massive adoption of renewable energies and a predominant share for them in the global energy mix.**

According to the IEA report, **by 2040 renewable energy sources (wind, solar, hydroelectric) will represent over half of worldwide electricity production²².**

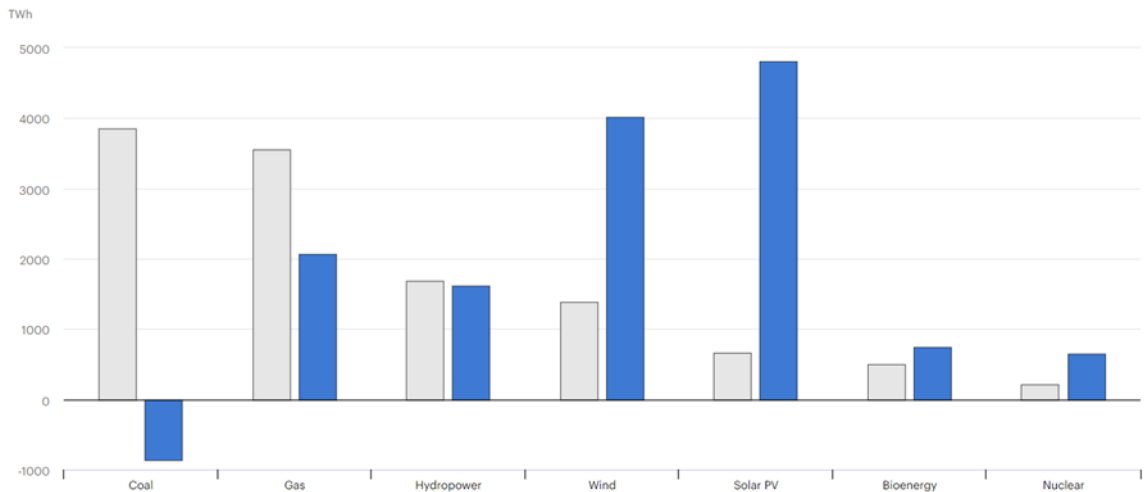
For example, **China** could raise the proportion of renewable energies in its energy consumption from 7% in 2015 to **67% in 2050**. In the European Union (EU), the proportion could rise from approximately 17% to **over 70%**²³.

²¹ IRENA report "Global Energy Transformation: a roadmap to 2050" published in 2018

²² Source: IEA "World Energy Outlook 2019", November 2019 | <https://www.iea.org/reports/world-energy-outlook-2019>

²³ IRENA report "Global Energy Transformation: a roadmap to 2050" published in 2018

Change in global electricity generation by source in the Stated Policies Scenario, 2000-2040



Source: IEA “World Energy Outlook 2020”, November 2020

Hydrogen energy market

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

The smoothing and storage of energy produced therefore appear as significant issues for grid operators. Hydrogen produced by electrolysis can offer a solution to this. Hydrogen can be used to bridge the gap:

- Hydrogen production from renewables in case of massive production surplus / dip in consumption (price of green electricity more attractive)
- Storage in form of strategic reserve
- Later reuse when demanded from grids in the form of hydrogen in networks (Power to Gas) or reconverted to electricity by a fuel cell process

Exhibit 22: Hydrogen storage bridges gaps in supply and demand

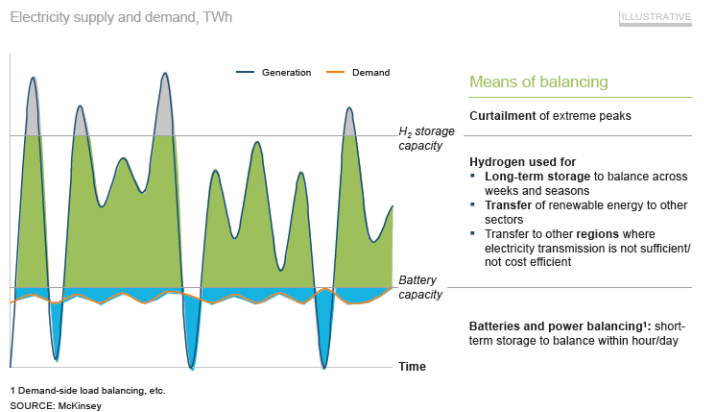


Diagram: Hydrogen Council “Scaling up” report,

November 2017, p59

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

According to the Hydrogen Council²⁴ (annual perspective, on worldwide scale):

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

Two approaches are possible:

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

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

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

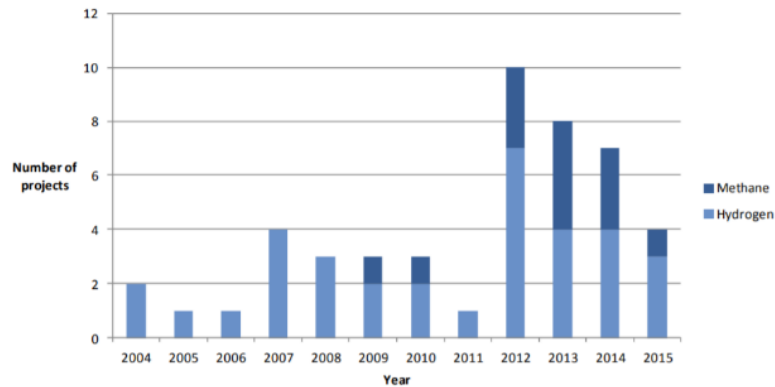


Figure 3 – Number of pilot and demonstration projects of power-to-gas launched worldwide in the past decade

ENEA Consulting “The Potential of Power to Gas”, January 2016

²⁴ Hydrogen Council “Scaling up” report, November 2017, p57

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

- 3 million km of gas pipelines across the world²⁵
- 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 required²⁶.

Potentiel de développement du Power-to-Gas

Source : Etude de l'ADEME portant sur l'hydrogène et la méthanation comme procédée de valorisation de l'électricité excédentaire



*Avec un taux de pénétration des énergies renouvelables électriques supérieur à 50% en 2050

GRHYD PtG project press pack

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

Issues

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

HIGH FLEXIBILITY

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

MASSIFICATION OF NEEDS

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

²⁵ IEA report “The Future of Hydrogen”, November 2019 | p182 and 76

²⁶ IEA report “The Future of Hydrogen”, November 2019 | p182

McPhy market position and technology

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

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

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

High flexibility...

The response dynamic of the McLyzer range is very fast (**from 0 to 100% o, under 30 seconds and from 100% to 0 in less than 5 seconds**), perfectly suited to power variations. Its robustness and durability have been demonstrated using data collected since 2014 on the “H₂Ber” Power to Gas project in Berlin.

Massification of needs (MW - GW)...

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

Key attributes of McPhy electrolysis range

Over 44 MW of high-power electrolysis equipment active (industry and energy sectors)

McLyzer: up to 800 Nm³/h as standard

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

Modular systems

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

High flexibility: perfectly adapts to variations in renewable energy sources

Participates in system services (primary and secondary reserves)

High energy efficiency

Economically competitive

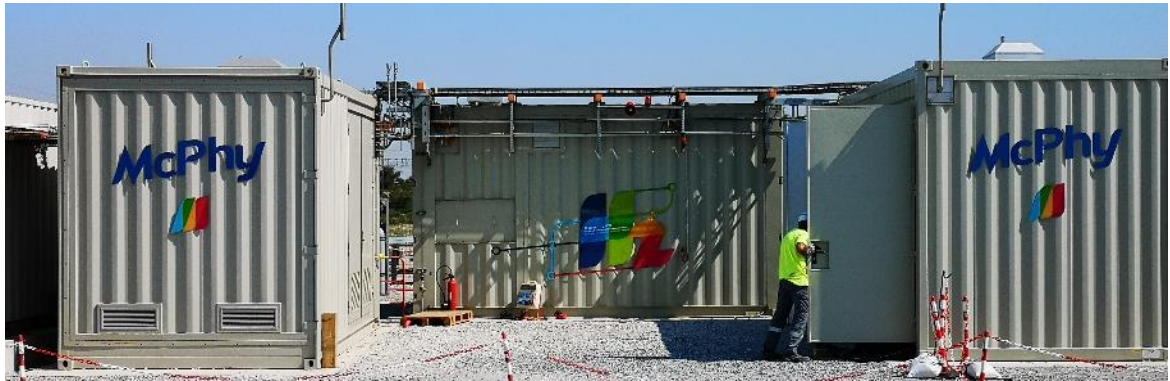
Reliability and robustness of mature technology

Ease of use and maintenance



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

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



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

5.3 Important events

2008

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

2009

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

2010

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

2011

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

2012

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

2013

- Integrated PIEL activities into the Group and commercial inauguration of electrolyzer product line for McPhy. Significant expansion of storage system range. Integrated units with electrolysis, proposal of hydrogen solutions
- Commissioned the OSSHY demonstrator comprising a 60 kW electrolyzer and 100 kg storage

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

2014

- Company IPO in March 2014, raising €32 M capital
- Production activities relocated to Italy in a new 5,000 m² facility
- Delivered and commissioned the first integrated production solution coupled with storage in the form of solid hydrogen for the Berlin Schönefeld service station

2015

- Initial commercial success on the Energy market
- Introduced the new McFilling[®] product line: charge stations for hydrogen mobility, took over 4 stations in France

2016

- Revenue rose sharply by +93% to €7.5 M
- Received 6 MW of orders on the Power to Gas market, including a 4 MW contract with the Hebei province in China.

2017

- Achieved €10 million revenue for the first time
- Delivered the INGRID project
- Capital increase of €4.5 M in the form of private placement

2018

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

2019

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

2020

- Capital issue, €180 M fund raising successful with historical and new strategic partners.
- Signature of two new industrial partnerships with Chart Industries and Technip Energy, on technical and business agreements.
- McPhy is included in the MSCI and SBF120 stock market indexes.
- McPhy is an active member of the National Hydrogen Council, the mission of which is to deploy France's national strategy in terms of hydrogen development.

5.4 Strategy and business model

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

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

The Group aims to figure amongst the top five European producers and distributors of green hydrogen equipment.

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

- Greater R&D effort to develop new generations of electrolyzers and stations enabling the Group to respond to large-scale project tenders (electrolyzers with 100 MW output and more, stations with in excess of 2 tonnes per day of distribution capacity), concerning high-capacity stacks, improved electricity consumption by electrolyzers or optimizing the storage of gas at stations;
- Focus on benchmark projects for the market, to confirm McPhy's technical credibility on scaled-up textbook cases: large-scale electrolysis plants, Power-to-Gas and Power-to-Power projects, intensive mobility projects for buses, trucks and trains, etc.
- Adaptation of product and service offerings to usage, through modular technology and the creation of strategic and technology partnerships to extend our Client offering (adjacent technologies, EPC proposals, service partnerships, etc.);
- An aggressive roadmap to reduce the costs of producing and distributing zero-carbon hydrogen, through economies of scale generated by product standardization, increased production capacity for electrolyzers and stations, and the creation of a panel of competitive suppliers.

The implementation of these actions will also lead the Group to propose services to operate and maintain stations, as well as to create other product lines (e.g. PEM electrolysis, SOEC, etc.).

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

- Direct sales: McPhy deals directly with some of its Clients, either through requests for proposals in competitive tenders, or via direct approach.
- Consortium: to submit bid responses to requests for quotations on large projects that involve multiple skills and resources, McPhy participates in consortia which combine several industrial firms and where necessary, research centers, and which can thereby propose a full range of skills for the project.



- Distributor network: McPhy's Italian subsidiary dedicated to small capacity electrolyzers uses a network of fifteen distributors around the world. These distributors account for a significant portion of the subsidiary's historical activity.

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

Consequently, McPhy attaches great importance to selecting its subcontractors.

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

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

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

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

In March 2018, the Group became a member of the Hydrogen Council. This unique global initiative aims to demonstrate the potential of hydrogen as a key solution to a successful energy transition. The members of the Hydrogen Council have stated their desire to intensify their investment in the development and marketing of hydrogen and fuel cells. In all, their investment is currently estimated at €1.4 billion per year²⁷. McPhy is working closely with worldwide groups on scaling up the hydrogen economy.

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

In October 2020, McPhy entered into two new industrial capital partnerships with Chart Industries and Technip Energies. The combined support from these new strategic partners, and from our historical strategic shareholders EDF Pulse Croissance Holding and the Ecotechnologies Fund represented by Bpifrance Investissements, as well all new and existing institutional investors, means that McPhy is ideally positioned to develop its industrial capacities, both financially and operationally. These new strategic partnerships with two worldwide leaders in their fields, offer McPhy significant potential complementarity, increased international exposure and the capacity to target large-scale projects. More than ever, the group is well positioned to ramp up its activities and ready to respond to the growing need for zero-carbon in industry, mobility and energy.

²⁷ How Hydrogen empowers the energy transition, Report of the Hydrogen Council, 2017

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

McPhy invests a significant portion of its revenue in Research and Innovation to continuously improve its products. R&D spending eligible for Research and Innovation tax credit amounted to €2.5 M in 2020, representing a significant part of Group spending.

Research and Development costs are reported in the charges for the fiscal year in which they are engaged. Tax credits are reported in “Other income from activity”. Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

<i>(en milliers d'euros)</i>	<u>2020</u>	<u>2019</u>
Dépenses de recherche et de développement	2 497	2 546
Crédit d'impôts recherche	(548)	(639)
Charges nettes	<u>1 949</u>	<u>1 907</u>

5.5.1 Industrial property

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

5.5.2 Patents

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

The Company’s strategy is to systematically submit priority patent applications in France. For other countries, the Company uses the ‘Patent Cooperation Treaty’ process, which enables it to register a patent in over 100 countries; the PCT application is done one year after the priority application. This PCT application is later transformed into national or regional filings to cover the country or groups of countries selected according to the desired geographical coverage.

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

5.5.2.1 Co-ownership




None

5.5.2.2 Sole ownership

A patent concerning hydrogen stations was applied for in 2019.

5.5.3 Trade marks

The Company has registered the following marks:

Trade mark	Type	Holder	Number	Date of filing	Classes
McPhy	French	McPhy Energy SA	16 4 273 985	23 May 2016	1 ; 6 ; 7 ; 9 ; 11 ; 37 ; 40 ; 42
McPhy	EU Extension, China, USA	McPhy Energy SA	1,342,150	22 Nov 2016	1 ; 6 ; 7 ; 9 ; 11 ; 37 ; 40 ; 42
McPhy	French	McPhy Energy SA	4 715 232	25 July 2012	1 ; 6 ; 7 ; 9 ; 11 ; 12 ; 35 ; 37 ; 39 ; 42
McLyzer	French	McPhy Energy SA	16 4 273 999	23 May 2016	7 ; 9 ; 11
McLyzer	French	McPhy Energy SA	15 4 175 232	21 April 2015	1 ; 7 ; 9 ; 11
McFuel	French	McPhy Energy SA	15 4 175 222	21 April 2015	1 ; 7 ; 9 ; 11
McStore	French	McPhy Energy SA	16 4 274 004	23 May 2016	1 ; 6 ; 7 ; 9 ; 11
McStore	French	McPhy Energy SA	15 4 175 244	21 April 2015	1 ; 7 ; 9 ; 11
McFilling	French	McPhy Energy SA	16 4 273 995	23 May 2016	6 ; 7 ; 9 ; 11
McFilling	French	McPhy Energy SA	15 4 211 591	22 September 2015	1 ; 7 ; 9 ; 11 ; 39
Driving clean energy forward	French	McPhy Energy SA	16 4 288 190	19 July 2016	37 ; 40 ; 42
	EU	McPhy Italia SRL	01 8 010 333	16 January 2019	7, 37, 42
	EU	McPhy Italia SRL	01 8 010 357	16 January 2019	7, 37, 42
	International	McPhy Italia SRL	1 487 024	15 July 2019	7, 37, 42

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

5.5.4 Domain names

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

5.5.5 Pledges of industrial property rights

None

5.6 Statement on competitive positioning

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

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

Hydrogenics

- This Canadian company specializes in designing and manufacturing electrolyzers, energy storage solutions and fuel cells.
- The company is listed on Nasdaq and was acquired in September 2019 by a joint venture created by Cummins Inc. and Air Liquide. Cummins Inc. owns 81% of the company (and Air Liquide owns 19%) and generated \$72 M in revenue in 2020 on its “New Power” segment (\$38 M in 2019).

ITM Power

- ITM Power is a UK firm which designs and builds electrolyzers as well as hydrogen storage solutions and fuel cells.
- The company is listed on the LSE and its revenue for the fiscal year ending 30 April 2020 was reported as £3.3 M (vs. £4.6 M on 30 April 2019).

Casale Group

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

Erredue

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

Elogen

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

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

NEL Hydrogen



- NEL Hydrogen is a Norwegian firm that supplies equipment generating hydrogen through water electrolysis for industrial applications, hydrogen stations and energy distribution systems. In April 2017, NEL announced its acquisition of US firm Proton-On-Site, a producer of PEM technology electrolyzers.
- The firm is listed on the Oslo stock exchange and reported revenue of NOK 651.9 million for 2020 (vs. NOK 569.7 million for 2019).

Peric Hydrogen Technologies

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

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

Ataway

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

HRS (Hydrogen Refueling Solutions)

- Formerly TSM, HRS was established in 2004 and was listed on the stock market in 2021.
- As of 31 December 2020, its installed base amounted to 34 stations.

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

Air liquide

- Air liquide is one of the leaders on the hydrogen market, with over 140 hydrogen stations installed around the world.
- The firm is part of the CAC40 index and employs over 64,500 people globally.

Linde

- Linde is another leader on the hydrogen market, with over 170 hydrogen stations installed around the world.
- The firm's headquarters are in Munich and it employs over 80,000 people globally.

Air Products

- Air Products is a leader on the US market with around 50 hydrogen stations installed.
- The firm has its headquarters in the USA and employs over 19,000 people globally.

NEL Hydrogen

See note on competition on the large electrolyzer market.

5.7 Investments

5.7.1 Main investments made

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



<i>(en milliers d'euros)</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Immobilisations incorporelles	115	83	16
Immobilisations corporelles	648	329	669
Total	<u>763</u>	<u>412</u>	<u>685</u>

2020 investments mainly concern the manufacture of an electrolyzer intended for lease, along with equipment and tools for €0.2 M.

5.7.2 Principal investments in progress or forthcoming

The principal investments for 2021 but not yet committed, should amount to approximately €2.5 M, 80% of which should enable the optimization of assembly on the San Miniato site in Italy.

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

None

5.7.4 Environmental questions

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

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

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

All new hires at McPhy must attend a Quality, Safety and Environment induction course.

Actions to prevent environmental risks are sustained at Group level, namely:

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

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

No provisions for risks and charges related to the environment were included in the consolidated balance sheet as at 31 December 2020 (as at 31 December 2019).

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

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

In 2020, on the La Motte-Fanjas site, the use of magnesium powder amounted to 0.6 tonnes vs. 0.25 tonnes in 2019. Note that this activity is tending to gradually disappear from McPhy activities, given the new strategic

orientations related to H2 product technology developments. Consequently, the quantities of potentially hazardous waste produced by this activity remain very small.

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

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

For equipment testing and commissioning, the Company uses neutral gases (nitrogen, argon, etc.) with physical and chemical properties that are not harmful to the environment.

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

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

The Company has entered into specific contracts with qualified services providers for waste removal and processing, in accordance with the standards and rules governing these categories. To limit its environmental impact, waste from McPhy activities is treated in priority by a recovery channel focusing on recycling or energy recovery. If it is not technically feasible to recover the waste, it is eliminated.

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

Examples of reuse:

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

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

The breakdown of waste by category is as follows:

<i>(en tonnes)</i>	<u>31/12/20</u>	<u>31/12/19</u>	<u>Var %</u>
Déchets dangereux valorisés	2,8	0,4	+ 591%
Déchets dangereux non valorisés	30,9	32,2	-4%
Déchets non dangereux valorisés	44,0	24,7	+ 78%
Déchets non dangereux non valorisés	10,0	3,4	+ 194%
Total des déchets produits	87,6	60,8	44%

In 2020, the volume of waste treated by the Group amounted to 87.6 tonnes, compared to 60.8 in 2019 (up 44%). The positive change in these volumes is related to occasional reorganizations of equipment storage areas on production sites.

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

No water is consumed in the industrial process, except during electrolysis tests on the and San Miniato (Italy) site. Nonetheless, the amounts consumed are not significant. For information, we estimate that approximately 10 liters of water are required for 1 kg of hydrogen generated by electrolysis during the tests. For the H2BER

project in Germany, hydrogen is produced using water invoiced to a partner, so it is not accounted for in Group consumption.

2020 was marked by an increase in the consumption of raw materials compared to 2019 (+50%). This rise is in line with the increased number of hydrogen production and distribution stations produced.

<i>(en tonnes)</i>	<u>2020</u>	<u>2019</u>	<u>Var %</u>
Matières premières ⁽¹⁾	5,0	3,3	+ 50%

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

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

Energy consumption is broken down as follows:

<i>(en %)</i>	<u>31/12/20</u>	<u>31/12/19</u>	<u>Var %</u>
Électricité, en MWh	732	724	+ 1%
Gaz, en MWh	60	72	-17%
Total en MWh	792	796	-1%

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

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

The total greenhouse gas emissions by the Group was calculated based on its consumption of electricity and natural gas. In 2020, the amount of GHG emissions amounted to 242 tonnes of CO₂-equivalent (vs. 192 tonnes in 2019). This increase in emissions is correlated to the sustained activity in 2020 on production sites.

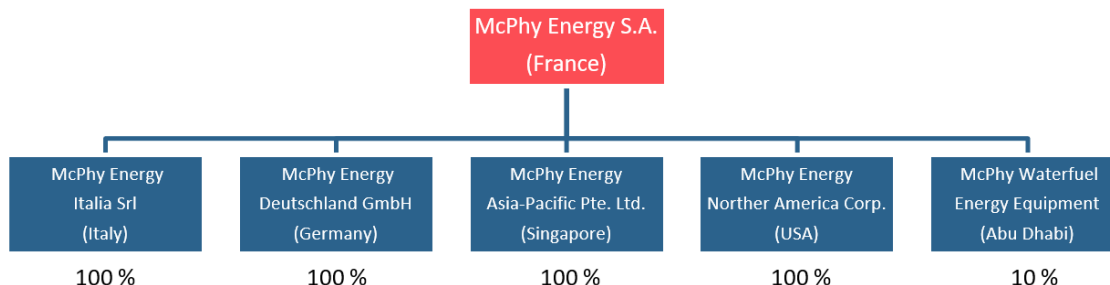
Given the nature of the Group's activities, the main causes of greenhouse gas emissions include the cycle of material and component procurement, the production cycle of equipment and the shipment cycle of finished products, especially exports, and official travel between sites.

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

6 ORGANIZATIONAL CHART

6.1 Organizational chart

The Group organizational structure as at 31 December 2020 is given below:



6.2 Presentation of principal Group companies

6.2.1 McPhy Energy S.A.

McPhy Energy, parent company of the Group, conducts its activity on sites in La Motte-Fanjas, Grenoble, and Paris. The La Motte-Fanjas site is the home of corporate headquarters and a platform for innovation, production, assembly and testing our hydrogen stations.

6.2.2 McPhy Energy Italia Srl

McPhy Energy has owned 100% of the share capital of this Italian company since 2012. It houses the Group’s main production plant, a 5,000 m² facility in San Miniato (PI). This site is active in designing and producing stacks, as well as electrolyzer assembly and testing. In 2020, the company generated revenue of €3.7 M. Net loss amounted to (€2.0 M) for the year. At the end of 2020, the company employed 30 people.

6.2.3 McPhy Energy Deutschland GmbH

McPhy Energy has fully owned this German company since 2011. Its head office is located in Wildau. In September 2013, this subsidiary acquired the large capacity electrolyzer activity of ENERTRAG HyTec GmbH. It is responsible for design and engineering for large capacity electrolyzers, from 500 kW to several MW. In 2020, it generated revenue of €3.4 M. Net loss amounted to (€1.4 M) for the year. At the end of 2020, the company employed 30 people.

6.2.4 McPhy Energy Northern America Corp.

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

6.2.5 McPhy Energy Asia Pacific Pte. Ltd.

McPhy Energy created this fully owned company based in Singapore in 2014. Its purpose is to market the Group’s products and services in the Asia-Pacific region. As at 31 December 2020, it employs one person in China.

6.2.6 Minority stakes

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

7 EXAMINATION OF FINANCIAL POSITION AND RESULTS

7.1 Financial position

7.1.1 Balance sheet elements and ratios

Net assets at 31 December 2020 amounted to €197.3 M, broken down as follows (in €M).

	<u>ASSETS</u>		<u>LIABILITIES</u>
Goodwill	2.5	Non-current liabilities	4.3
Non-current assets	4.3	Current liabilities	18.6
Current assets	15.6		
Cash and cash equivalents	197.7		

The net debt to equity ratio (gearing) is -96 % at 31 December 2020, compared to -61% at 31 December 2019, due to the surplus cash position.

7.2 Net income

7.2.1 Consolidated statement of income for 2020 and 2019

The following table sets out the main elements of the McPhy group consolidated income statement for the years ending 31 December 2019 and 2020.

<i>en M EUR</i>	2020	2019	Var. 2020 / 2019
Chiffre d'affaires	13,7	11,4	2,3
Projets subventionnés	0,2	3,0	(2,8)
CIR	0,5	0,6	(0,1)
Autres produits de l'activité	0,2	0,5	(0,3)
Produits des activités courantes	14,6	15,5	(0,9)
Consommations matières	(7,7)	(6,1)	(1,5)
Charges de personnel	(8,6)	(7,1)	(1,5)
Charges de personnel IFRS 2	(0,3)	(0,1)	(0,2)
Autres achats et charges externes	(5,6)	(5,9)	0,3
Impôts et taxes	(0,1)	(0,1)	(0,0)
EBITDA	(7,6)	(3,9)	(3,7)
Dotations aux amortissements	(1,2)	(1,5)	0,3
Dotations nettes aux provisions	0,0	(1,0)	1,1
Résultat opérationnel courant	(8,8)	(6,5)	(2,3)
Autres produits et charges	(0,2)	(0,1)	(0,2)
Résultat opérationnel	(9,0)	(6,5)	(2,5)
Coût de l'endettement financier net	(0,3)	0,4	(0,6)
Impôts sur les résultats	(0,1)	(0,1)	0,0
Résultat net de la période	(9,3)	(6,3)	(3,0)
Résultat net par action (en EUR)	(0,34)	(0,42)	0,08

7.2.2 Revenue

(en millions d'euros)

	2020	2019	Variation
Premier semestre	5,4	4,3	25%
Deuxième semestre	8,3	7,1	18%
Total	13,7	11,4	20%

The Group reported an increase of 20 % in revenue compared to 2019. This growth was driven by the taking and completion of a number of orders for electrolyzers and hydrogen production and distribution stations in France and abroad.

7.2.2.1 Breakdown of revenue by geographical region

<i>(en millions d'euros)</i>	2020		2019		Variation	
Europe	13,5	99%	10,0	88%	3,5	34%
Moyen Orient, Afrique	0,0	0%	0,1	1%	-0,1	-100%
Amériques	0,0	0%	0,1	1%	-0,1	-84%
Asie / Pacifique	0,2	1%	1,1	10%	-0,9	-85%
Total	13,7	100%	11,4	100%	2,3	20%

Revenue for the Europe region rose by 34% and represents almost all of 2020 revenue.

7.2.3 Operating income and net income

7.2.3.1 Current operating income

In 2020, the Group recorded revenue from current operations at €14.6 M; down -5% compared to 2019, explained mainly by the cancellation of the repayable advance for the Pushy project²⁸, which was recorded in the previous period to the amount of €3.0 M.

Income from ordinary activities is broken down between:

- Revenue: €13.7 M (+20 %)
- Other income: €0.9 M

Purchases consumed and external costs evolved in line with activity, but only saw a limited increase given the cost reduction measures implemented to ensure a continual improvement in competitiveness. The Group continued its research and innovation efforts, contributing an identical amount to 2019, of €2.5 M. Net of the tax credit effect, this spending remained stable between 2019 and 2020, amounting to €1.9 M.

To complete its industrial scaling up phase, the Group continued to reinforce its staffing levels, with net recruitment of 12 people over the year, which brings the total headcount at 31 December 2020 to 110 employees. The recruitment drive should continue in 2021.

Amortization and provisions fell by -21% in 2020, amounting to €1.2 M (vs. €1.5 M in 2019). Over half of the amount is related to IFRS16 restatements, which impacted the amortization for the period.

Given these elements, losses on current operating activities amounted to (€8.8 M) in 2020 compared to (€6.5 M) in 201, of which €3 M were recorded in revenue).

7.2.3.2 Net profit

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

The Group recorded €0.2 M in non-current operating expenses and almost €0.3 M in net financial costs.

Consolidated net income amounts to (€9.3 M) for 2020, compared to (€6.3 M) for 2019, making a net loss per share of (€0.34) compared to (€0.42) in 2019.

²⁸ This project aimed to develop two innovative technologies (OSSHY and LASHY) blending the production of hydrogen by water electrolysis and its storage in the form of hydrides.

7.2.4 Principal factors having an incidence on activity and income

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

Other aid is received in the form of subsidies or refundable advances. Over the fiscal years 2018, 2019 and 2020, the Group has received an aggregate amount of subsidies of €3.6 M (compared to €1.7 M over FY 2016, 2017 and 2018). This figure has risen as the Group received an advance payment of €2.3 M in 2020 from the FCH JU (Fuel Cells and Hydrogen Joint Undertaking) as part of the Djewels project.

The Group recognizes over 80% of its revenue using the percentage of completion method. The postponement of certain projects, on which the revenue and associated margin are recognized according to the degree of completion, has a clear impact on income.

7.3 Non-tax-deductible charges

The total amount for 2020 of non-tax-deductible charges as defined by point 4 of article 39 of the French General tax code is €12,762.

7.4 McPhy Energy five-year financial data

En €	Date de clôture	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20
	Capital social	1 134 972	1 285 150	1 753 597	2 079 102	3 342 785
	Nombre d'actions	9 458 100	10 709 580	14 613 307	17 325 851	27 856 540
	Chiffre d'affaires hors taxes	1 788 701	2 763 694	2 930 864	5 805 448	9 765 843
	Opérations et Résultats de l'exercice					
	Résultat net avant impôt, participation des salariés et dotations aux amortissements et provisions	-7 443 854	-7 643 477	-11 712 207	-5 523 267	-10 276 371
	Impôts sur les bénéfices	-919 169	-440 623	-764 228	-640 251	-547 923
	Participation des salariés	-	-	-	-	-
	Résultat après impôt, participation des salariés et dotations aux amortissements et provisions	-9 217 275	-7 077 192	-12 183 161	-5 407 976	-10 237 116
	Résultat par actions					
	Résultat après impôt, participation des salariés mais avant dotations aux amortissements et provisions	-0,69	-0,67	-0,75	-0,28	-0,35
	Résultat après impôt, participation des salariés et dotations aux amortissements et provisions	-0,97	-0,66	-0,83	-0,31	-0,37
	Dividende attribué à chaque action	-	-	-	-	-
	Personnel					
	Effectif	34	32	34	43	49
	Masse salariale	2 087 481	2 038 935	2 104 001	2 540 516	3 237 005
	Avantages sociaux	897 468	864 066	924 695	1 221 240	1 486 267

7.5 Payment terms

In accordance with the requirements of article L. 444-6-1 of the French Commercial Code, invoices issued, received and outstanding at the closing date of the fiscal year are broken down as follows:

Factures <u>reçues</u> non payées à la date de clôture de l'exercice						
	Non échu (à titre indicatif)	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total 1 jour et plus
(A) Tranches de retard de paiement						
Nombre de fournisseurs concernés	87					95
Montant total des factures concernées (TTC et K€)	398	385	13	10	71	479
Pourcentage du montant total des achats HT de l'exercice	2%	2%	0%	0%	0%	2%
(B) Factures exclues du (A) relatives à des dettes et créances litigieuses ou non comptabilisées						
Nombre de factures exclues	0					
Montant total des factures exclues	0					
(C) Délais de paiement de référence utilisés (contractuel ou délai légal - art. L 441-6 ou L 443-1 du code du commerce)						
Délais de paiement utilisés pour le calcul des retards de paiement	Délais légaux (soit 30 jours fin de mois) sauf si l'échéance indiquée sur la facture est plus avantageuse					

Factures <u>émises</u> non payées à la date de clôture de l'exercice						
	Non échu (à titre indicatif)	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total 1 jour et plus
(A) Tranches de retard de paiement						
Nombre de clients concernés	10					9
Montant total des factures concernées (TTC et K€)	762	1 452	19	4	53	1 529
Pourcentage du chiffre d'affaires TTC de l'exercice	7%	13%	0%	0%	0%	14%
(B) Factures exclues du (A) relatives à des dettes et créances litigieuses ou non comptabilisées						
Nombre de factures exclues	0					
factures exclues (TTC et K€)	0					
(C) Délais de paiement de référence utilisés (contractuel ou délai légal - art. L 441-6 ou L 443-1 du code du commerce)						
Délais de paiement utilisés pour le calcul des retards de paiement	Délais contractuels (échéance indiquée sur la facture)					

8 LIQUIDITY AND CAPITAL RESOURCES

See also note 3.7 to the consolidated financial statements for 2019 and 2020, drawn up as per IFRS standards (c.f. Section 18.1.6).

8.1 Group capital, liquidity, and sources of funding

The variation in financial structure is as follows:

EMPLOIS		RESSOURCES	
Besoin d'autofinancement	7,3	Augmentation de capital ⁽¹⁾	189,5
Investissements nets	0,5	Nouveaux emprunts	4,1
Remboursement d'emprunts	1,1		
Variation du BFR	0,0		
Trésorerie à la clôture	<u>197,7</u>	Trésorerie à l'ouverture	<u>13,0</u>
TOTAL	<u><u>206,6</u></u>	TOTAL	<u><u>206,6</u></u>

(1) Net of transaction costs: €168.8 M capital increase on 14 October 2020, €20.3 M exercise of share subscription warrants (of which €18.2 M under the Equity Line) and €0.4 M exercise of stock options and business creator share subscription warrants.

The Group's cash flow from operations (before cost of net financial debt and taxes) amounted to €7.3 M in 2020, a change of -€0.8M versus 2019.

WCR remained stable for the year.

In October 2020, McPhy made a capital increase by private placement of almost €180 M.

The Group made plant and machinery investment of €0.5 M, twice the amount for 2019.

The Group also took out new government-backed loans (Prêt Garanti Etat) to the amount of €4 M in H1 2020. Full repayment is due in the 2021 fiscal year.

Net liquidity amounts to €190.3 M at 31 December 2020 (compared to €10.1 M at 31 December 2019). Total debt of €7.4 M comprises €4.7 M of bank borrowing, €0.4 M of advances repayable according to conditions of success and €2.3 M of financial debt (hire purchase and lease contracts).

8.2 Cash flow

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

8.3 Information on borrowing conditions and finance structure

The Company's finance structure at 31 December 2020 is provided in note 3.9 to the consolidated financial statements, in section 18.1.6 of this Universal Registration Document.

8.4 Restrictions on use of capital

None

8.5 Future sources of finance required

See sections 3.3.1 and 3.1.2 of this Universal Registration Document.

9 REGULATORY ENVIRONMENT

As a designer, manufacturer, and integrator of hydrogen systems since 2008, McPhy operates three development, engineering, and production centers in Europe (France, Italy, and Germany):

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

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

The German office in Wildau specializes in large system engineering.

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

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

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

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

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

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

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

9.1 Territorial, economic, and social impact of activity

The geographical location of the Group's three sites, the regional university cities and associated industrial employment areas (Florence-Pise-Livorno in Tuscany for Italy, Berlin-Potsdam-Cottbus in Brandenburg for Germany, and Grenoble-Romans-Valence in Rhône-Alpes for France) is favorable to recruiting personnel with high technical and intellectual potential. Yet also, it strengthens the overall attractiveness of the Group, by providing its employees with an exceptional local life and potential career opportunities in the Group at similar conditions.



The Group's involvement in local and regional development where its sites are located is reflected in the following approaches:

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

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

9.2 Stakeholder relations

9.2.1 Employees

The Group strives to maintain ongoing dialog with its employees.

In normal circumstances, members of Management make a monthly presentation of Group results, strategy and outlook to all employees across all three production sites.

This communication could not take place in this form in 2020 due to the Covid-19 situation, travel and contact restrictions imposed by governments in response to the crisis.

"All-hands" meetings and presentations were organized, enabling the CEO to provide information to all employees and where possible, answer any questions raised.

The CEO also proposed individual meetings (in person or by video call) with employees to discuss relevant matters and sustain our bonds.

9.2.2 Professional bodies

McPhy is resolutely involved in the hydrogen ecosystem and actively participates in professional bodies, including:

- Worldwide: Hydrogen Council
- Europe: Hydrogen Europe
- National: France Hydrogène (ex-Afhypac) and the National Hydrogen Council (Conseil national de l'Hydrogène).

9.2.3 Partnerships and sponsoring

The Group has formed close relationships with public sector research bodies and multiple cooperative projects with academia and industrial operators in the sector, both in France and internationally.

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

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

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

This agreement marked a new era in McPhy's development. The additional financial resources and support from EDF has enabled the McPhy Group to accelerate its growth and bolster its business development.

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

9.3 Subcontracting and suppliers

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

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

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

- Waste management;
- Performance of certain services.

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

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

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

For electrolyzers, the main elements purchased and outsourced are:

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

9.4 Fair practices

The Group's business ethics code stipulates that it is prohibited to pay, offer, or accept to pay bribes on another's behalf or grant undue privileges to a public agent and/or a private individual in order to obtain favorable treatment or influence the outcome of negotiations in which the Group is interested. Such practices are unlawful in most countries and violate the international convention on fighting the corruption of foreign

public agents in force in many countries. If bribes are paid by an employee in the course of their professional activities, this person is exposed to criminal penalties and the potential termination of their employment.

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

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

10 TREND INFORMATION

10.1 Recent events since year end 31 December 2020

Throughout early 2021 the Company has pursued its strategy and intensified the ramping-up of its operations, deploying new teams and strengthening its organization and processes. These efforts will be sustained throughout 2021, with stronger industrial production resources, and a commercial scope extending internationally.

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

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

In China, McPhy's exposure to the Covid-19 pandemic has been limited to a Power-to-Gas application project in the Hebei province, where the final stage in the project is approaching completion.

In Europe, particularly in France and Italy where McPhy operates, measures have been taken to manage the Covid-19 situation and implement all government-imposed measures.

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

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

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

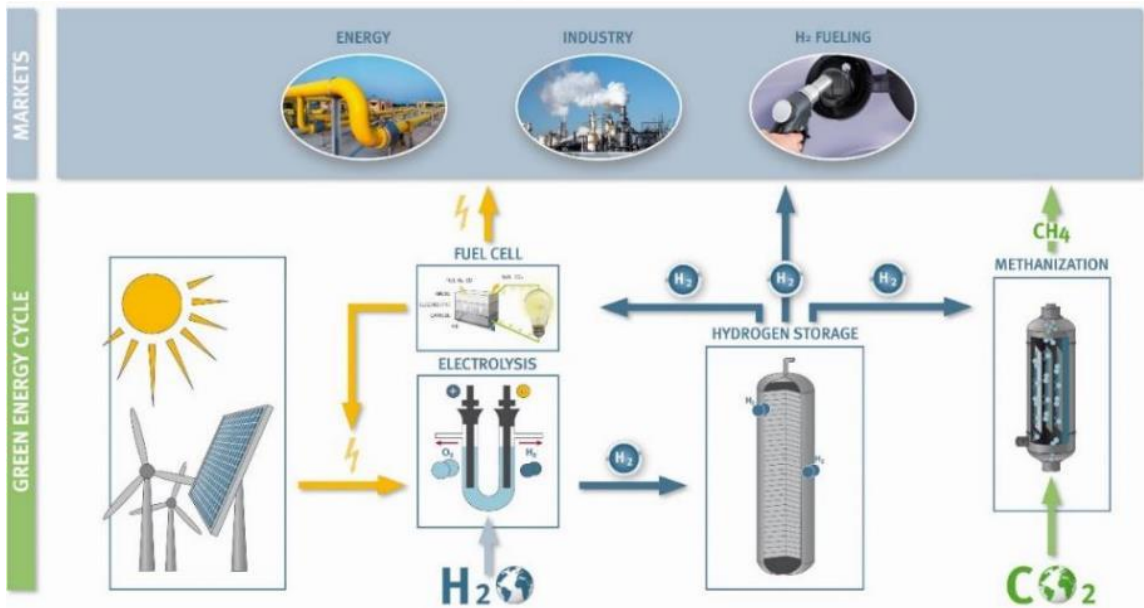
Whether the challenges are environmental, economic, or societal, those we are now facing together are huge and only a deep-seated energy transformation can rise to meet them. By relocating our energy supply sources and industrial capacities, the energy revolution will enable businesses to reconcile their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

The importance of the energy transition gained momentum again in the last quarter of 2020, when the French government decided to focus on the development of carbon-free hydrogen. To this end, two calls for tender were issued by the government concerning the development of the hydrogen sector. This issue follows on from the September 8th 2020 announcement of the French strategy to speed up the development of hydrogen.

"With overall public investment of over €7 billion by 2030, of which €2 Bn as part the economic stimulus package, France's strategy focuses on several core issues:

- *Environment: hydrogen offers multiple opportunities to decarbonize industry and transport, and to reduce their impacts on air quality and mobility;*
- *Economy: hydrogen offers the opportunity to establish an industrial sector and ecosystems which generate jobs;*
- *Energy independence: to reduce our dependence on hydrocarbon imports;*

- *Technology independence: to promote France's expertise in the global marketplace.*²⁹



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

²⁹ https://www.gouvernement.fr/sites/default/files/contenu/piece-jointe/2020/10/231020_-_cp_aap_hydrogene_vf_002.pdf

11 PROFIT FORECAST OR ESTIMATES

The Group does not provide profit forecasts or estimates.

12 ADMINISTRATIVE AND SUPERVISORY BODIES

12.1 Composition of administrative and supervisory bodies

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

12.1.1 Changes to administrative bodies

In the course of the capital increase announced on 14 October 2020, two new board members were appointed by the ordinary general meeting of 7 January 2021:

- appointment of Chart Industries Inc, represented by Mrs Jillian Evanko as a Director of the Company; and
- Appointment of Technip Energies B.V. represented by Mr Jean-Marc Aubry as a Director of the Company.

12.1.2 Membership of the Board of Directors

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

Name	Director Independent	Date of appointment / renewal ¹	Date of expiry of term	Audit committee	Appointments and Remuneration committee	Strategy and Development committee
Pascal MAUBERGER	No	<p><u>Director</u>: Board meeting of 21 May 2015 (transformation of Company)</p> <p>OGM of 26 July 2018 (renewal)</p> <p><u>CEO</u>: Board meeting of 21 May 2015 (transformation of Company)</p> <p><u>Chairman of the Board of Directors</u> Board meeting of 1st October 2019</p>	AGM for 2021 approving the accounts for year ending 31 December 2020			Member
Jillian EVANKO (Permanent representative of Chart Industries Inc.)	No	OGM of 7 January 2021	AGM for 2024 approving the accounts for year ending 31 December 2023			
Eléonore JODER	Yes	<p>Board meeting of 6 December 2018 (co-opting)</p> <p>OGM of 23 May 2019 (ratification)</p>	AGM for 2021 approving the accounts for year ending 31 December 2020	Chairman		
Laure MICHEL (Permanent representative of Bpifrance Investissement)	No	<p>Board meeting of 21 May 2015 (transformation of Company)</p> <p>OGM of 26 July 2018 (renewal)</p>	AGM for 2021 approving the accounts for year ending 31 December 2020	Member		Member
Myriam MAESTRONI	Yes	<p>Board meeting of 21 May 2015 (transformation of Company)</p> <p>OGM of 26 July 2018 (renewal)</p>	AGM for 2021 approving the accounts for year ending 31 December 2020		Member	Member
Christelle ROUILLÉ (Permanent representative of EDF Pulse Croissance Holding)	No	GM of 26 June 2018 (appointment)	AGM for 2021 approving the accounts for year ending 31 December 2020		Chairman	Member
Emmanuelle SALLES	No	GM of 26 June 2018 (appointment)	AGM for 2021 approving the accounts for year ending 31 December 2020	Member		
Jean-Marc Aubry (Permanent representative of Technip Energies B.V.)	No	OGM of 7 January 2021	AGM for 2024 approving the accounts for year ending 31 December 2023			
Léopold DEMIDDELEER	Yes	<p>Board meeting of 21 May 2015 (transformation of Company)</p> <p>OGM of 26 July 2018 (renewal)</p>	AGM for 2021 approving the accounts for year ending 31 December 2020			Chairman

Luc POYER	Yes	Board meeting of 21 May 2015 (transformation of Company) OGM of 26 July 2018 (renewal)	AGM for 2021 approving the accounts for year ending 31 December 2020	Member	Member
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Pascal MAUBERGER**Age:** 64 years**Nationality:** French**Quantity of McPhy shares owned:** 52

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

Subsequent to Laurent CARME assuming the duties of Chief Executive Officer (4 November 2019), Pascal MAUBERGER retains his role as Chairman of the Board of Directors.

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

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

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

Other positions and corporate offices held by Pascal MAUBERGER:

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

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

- Chief Executive Officer of the Company, expired on 4 November 2019.

In 2020, Pascal Mauberger attended 100% of Board of Directors meetings.

Jean-Marc AUBRY**Age:** 64 years**Nationality:** French**Quantity of McPhy shares owned (by Technip Energies B.V.):** 638.297

Permanent representative of Technip Energies B.V.

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

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

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

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

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

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

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

Léopold DEMIDDELEER

Age: 72 years

Nationality: French

Quantity of McPhy shares owned: N/A



Independent

4, avenue Léon Tombu, 1200 Brussels – Belgium

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

Mr. DEMIDDELEER holds a doctorate in chemical science from the Free University of Brussels (VUB), Belgium. Executive Director of New Business Development, Solvay S.A. From 2001 to 2013, founder of Corporate Venturing in the Solvay group, in 2013 he founded TechBridgeOne S.R.L. consulting business. He is an expert member of strategy and scientific committees of listed companies, capital-risk funds, start-ups, as well as strategy committees of research establishments such as Georgia Institute of Technology (Georgia Tech), and Manchester Business School in the UK (MIOIR-UK).

He is also a member of the Belgian Royal Academy, Technology and Society category, and Honorary President of the European Industrial Research Management Association (EIRMA).

Other positions and corporate offices held by Léopold Demiddeleer:

- Director of TechBridgeOne S.R.L.,
- Member of Strategy Committee, Hevatech S.A.S.,
- Member of Strategy Committee, ENERGO-Biogas,
- Member of Project Advisory Committee to the ATTRACT European program.

In 2020, Léopold Demiddeleer attended 100% of Board of Directors meetings.

Mrs Jillian EVANKO

Age: 43 years



Nationality: American

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



Permanent representative of Chart Industries Inc.

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

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

Mrs Evanko has been with Chart Industries, Inc. since 2017, first as Chief Financial Officer, then as Chief Executive Office since 2018.

Previously she was Executive Vice-President and Chief Financial Officer at Koch, BDT and Penske, a company owned by Truck-Lite Co. LLC. Mrs Evanko also spent from 2004 to 2016 at Dover Corporation where she fulfilled multiple key roles: Vice-President and CFO of Dover Fluids, CFO of Tulsa Winch Group, Director of financial planning and analysis at Dover Industrial Products, Group controller at Sargent MRO & Engine Group, Director of Finance and HR at Sargent.

Other positions and corporate offices held by Jillian Evanko:

- Chief Executive Officer and Director of Chart Industries Inc. since June 2018,
- Independent director of Alliant Energy and its affiliates since January 2019,
- Member of Board of Directors 2021-2022 of the not-for-profit organization National Association of Manufacturers.

Mrs. Eléonore JODER

Age: 52 years

Nationality: French

Quantity of McPhy shares owned: N/A



Independent

1 boulevard Malesherbes, 75008 Paris

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

As a graduate of ESC, INSEAD and IHEDN Business Schools, Eléonore Joder has worked in the energy sector for over 15 years. She is the Chief Financial & Administrative Officer for the Pisto group which she joined in 2012. Previously she was the CFO for listed groups Séchilienne-Sidec (Albioma) from 2009 to 2012 and Poweo from 2006 to 2009.

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

Other positions and corporate offices held by Eléonore Joder:

- Director of Gascogne group,

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

In 2020, Eléonore Joder attended 85% of Board of Directors meetings and 100% of Audit committee meetings.

Mrs. Myriam MAESTRONI

Age: 54 years

Nationality: French

Quantity of McPhy shares owned: N/A



Independent

67, boulevard Bessieres, 75017 PARIS

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

The energy sector has provided a passion and a varied career. When appointed as managing director of Dyneff/Agipn specializing in downstream and distribution of petroleum products in Spain, she participated in the deregulation of the national market. In 1996, she joined the Primagaz group to open its Iberian subsidiary. She was also Managing Director of Primagaz Spain until 2002, before pursuing her international career with SHV Holdings in the Netherlands. In 2003, she was appointed Director of Sales and Marketing at Primagaz France, where she became the Chief Executive in 2005. She initiated the energy advisory approach, aiming to transform the company into a “Designer and supplier of sustainable energy solutions”.

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

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

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

Other positions and corporate offices held by Myriam Maestroni

- President of the endowment e5t (“Energy, Energy Efficiency, Energy Savings and Territories: www.e5t.fr)
- Chairperson of SCI UMA
- Independent director of Boostheat,
- Co-president of MENE association (www.mene.org),
- Vice-President of ANVIE, national association for interdisciplinary promotion of research in human and social sciences in enterprise),
- Member of Management Board of KEDGE.

In 2020, Myriam Maestroni attended 100% of Board of Directors meetings and 100% of Appointments and Remuneration committee meetings.

Mrs. Laure MICHEL

Age: 48 years

Nationality: French

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



Permanent representative of Bpifrance Investissement

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

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

With degrees from the Pierre and Marie Curie university and Aix-Marseille graduate school of management, Laure Michel has gained 21 years of experience in private equity. Mrs. Michel started as a specialized Analyst in biotech start-ups. In 2000, she joined CDC Entreprises, where for 12 years she fulfilled several investor positions aiming to structure and bolster the French capital investment market. In 2004, Mrs. Michel was appointed as the CEO of the Sécant start-up investment fund, which she succeeded in restructuring and selling on the following year. In 2012, Laure Michel joined the innovation team of Bpifrance Investissement specializing in eco-technologies, as the Director of investment.

Other positions and corporate offices held by Laure Michel:

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

In 2020, Laure Michel attended 92% of Board of Directors meetings and 100% of Audit committee meetings.

Luc POYER

Age: 54 years

Nationality: French

Quantity of McPhy shares owned: 7.724



Independent

40 rue Philibert Delorme, 75017 Paris

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

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

Other positions and corporate offices held by Luc Poyer:

- Chairman of France Nouvelles Energies SAS;
- Member of the Steering committee of the Bilan Carbone association.

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

- Chairman of Uniper France SAS, expired 12 July 2019.
- Chairman of the Management board of EON France SAS, expired 1st January 2016.

In 2020, Luc Poyer attended 92% of Board of Directors meetings and 100% of Appointments and Remuneration committee meetings.

Mrs. Christelle ROUILLE

Age: 51 years

Nationality: French

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



Permanent representative of EDF Pulse Croissance Holding

EDF Nouveaux Business: 45, rue Kléber, 92300 LEVALLOIS-PERRET France

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

As a graduate of the ESSEC business school in Angers and Vienna University of Economics and Business (Wirtschaftsuniversität), Christelle Rouillé has worked in the EDF group for over 20 years. She started out in the International Division and joined the Sales division as a Key Account Manager.

In 2009, she joined EDF Energies Nouvelles, EDF group subsidiary responsible for renewable energies, where she first was Director of Partnerships then Director of Business Development Europe and Asia, for the Operation & Maintenance subsidiary of EDF Energies Nouvelles.

In September 2017, Mrs. Rouillé joined the newly created “Nouveau Business” entity of the EDF group, responsible for developing the group’s future and new activities, to transform them into growth drivers. She currently holds the position of Director of Strategy and Business coordination.

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

In 2020, Christelle Rouillé attended 92% of Board of Directors meetings and 100% of Appointments and Remuneration committee meetings.

Mrs. Emmanuelle SALLES**Age:** 41 years**Nationality:** French**Quantity of McPhy shares owned:** N/A

Director

22-30, avenue de Wagram, 75008 Paris

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

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

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

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

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

Other positions and corporate offices held by Emmanuelle Salles:

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

In 2020, Emmanuelle Salles attended 77% of Board of Directors meetings and 100% of Audit committee meetings.

12.1.3 Members of the Executive Committee

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

Laurent CARME

Laurent CARME became Chief Executive Officer of McPhy in November 2019.

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

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

In 2009, he joined Alstom Renewables, where he took over the Business Development division in Paris. Laurent Carme then moved to Barcelona where he was appointed as Vice President Wind Onshore Platform and then

Vice President Wind Engineering and Strategic Sourcing. During his time in Spain, he contributed his expertise to onshore and offshore product lines, and notably the development of products and cost-cutting projects.

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

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

Bertrand AMELOT



Bertrand AMELOT is the Chief Commercial Officer.

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

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

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

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

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

Other positions and corporate offices held:

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

Gilles CACHOT



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

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

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

He is a graduate of INSA Lyon and INSEAD.

Other positions and corporate offices held:

- Director of McPhy Deutschland GmbH.

Antoine RESSICAUD



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

Antoine supervises purchasing, supplies, production and industrial scale manufacturing. His brief is to define and apply the most demanding standards and processes for a leading-edge industry. He will ensure strategic and operational alignment with other Company departments. Antoine comes from a career in the energy sector, with several key management roles at Alstom-General Electric: Lean Management, Industrial Division, Purchasing Division. Beforehand, Antoine spent 12 years in the automotive industry with Valéo, primarily in the Industrial Division across France and Spain.

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

Mrs. Emilie MASCHIO



Emilie MASCHIO is the Chief Financial Officer.

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

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

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

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

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

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

Jean-René CAVAILLÉ



Jean-René Cavallé joined McPhy at the end of 2019. As the HRS Chief Technology Officer, he oversees the implementation of the technology strategy for McPhy's hydrogen stations. Jean-René is in charge of the stations' technological evolution and designing a range that meets the markets' expectations.

Jean-René began his career at Valéo Thermique Moteur as project manager for the installation of a production line in Mexico, before joining the ESSOR group as a productivity improvement consultant. After a spell at

Pechiney as Manager of continuous improvement, Jean-René was a senior consultant at ALTRAN for 8 years on topics related to product industrialization and the implementation of lean manufacturing policies. Jean-René continued his career with a Grenoble-based SME specializing in robotized special machines; before taking over the General Management of Vitherm, another Isère company specializing in exchangers for the oil industry.

Six years later, Jean-René left Vitherm to become Industrial Manager at Le bronze Alloys Group (metal processing) where he spent two years.

Jean-René is an ESTACA engineer with a further specialization in the conversion of Energy from the Arts & Métiers school.

Marco LUCCIOLI



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

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

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

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

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

Alexander PICCO



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

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

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

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

Michael WENSKE



Michael WENSKE is the Electrolyzer Chief Technology Officer.

He joined McPhy in 2013 when the Company took over the activities of Enertrag, Michael was its CEO.

Michael is a recognized expert in the electrolysis sector. He brings a long career with significant roles in key players such as Hydrogenics and ENERTRAG A.G.

Mrs Aurore GAUTHIER



Aurore Gauthier joined McPhy in 2015 as our Communications Manager.

Aurore is in charge of structuring communications in a context of rapid expansion for McPhy and technological, environmental, and social transformation on a global scale. Aurore began her career at a communications agency, where she worked for over eight years helping a diverse portfolio of Clients (including Résidences Trigano, BIOMET, Robuschi, and EMD management school) implement their communications strategies. She has overseen brand strategy and brand content projects and implemented operational communications plans on all forms of media and in a variety of sectors, such as agri-food, leisure, health, IT, as well as for public organizations and local authorities.

Aurore has a master’s in Marketing specializing in Communication from the IAE Grenoble management school.

Marc LEPELE



After working for McPhy for a number of years as a consultant, Marc Lepel  joined the group at the end of 2019 as our Chief Legal Counsel.

He manages McPhy’s legal strategy on a global level and is in charge of drafting and securing business transactions and contract management. As such, he contributes to both the day-to-day as well as the more complex transactions that occur during McPhy’s business activities, and acts as point of contact with McPhy’s outside law firm.

Marc is an expert in a wide range of areas of corporate law and has a solid 25 years of experience as a Legal Manager and later Legal Director - mainly in the energy sector - for multinationals like Alstom, ENGIE, Alcatel, Cegelec, and Vinci. He has worked on various turnkey projects in France and abroad (in Europe, China, Thailand, North Africa, and Latin America) in the fields of construction, energy, infrastructure, civil engineering, major structures, and telecommunications networks, and has managed cross-disciplinary teams in multicultural environments.

Marc has a master’s degree in corporate law.

Tantely RABEMANANTSOA



Tantely Rabemanantsoa joined McPhy in 2020 as QHSE Manager for France, before becoming the Group QHSE Manager.

Throughout his career, Tantely has developed a strong commitment to implementing a Safety Culture within companies whose core business is developing innovative solutions and reducing carbon emissions.

He began working at SUEZ, where he held several QHSE managerial positions for over 10 years, guiding all stakeholders through QHSE culture and policy on operational sites. His objective was to ensure that health and

safety features were integrated from the get-go during the design phase in order to provide installations that were safe and intuitive for future users. The aim was to ensure that health and safety features were integrated from the design phase in order to provide installations that were safe and intuitive for future users. He has also helped sites obtain certification in accordance with the ISO 9001, 14 001, 45 001 and 50 001 standards. His experience with cross-disciplinary and multicultural teams has given him a thorough grounding in international regulations.

Tantely has a degree in Chemistry and Biology and a master's in Industrial Risks from the IRIAF (Institute of Industrial, Insurance, and Financial Risk).

Mrs Anne DELPRAT



Anne Delprat joined McPhy in April 2021 as our HR Director. She oversees the global Human Resources function, sets out the HR strategy in line with the vision and requirements of Business, assists in deploying the HR roadmap and contributes to developing the McPhy culture. Anne started out as a headhunter for the European clothing branch of the Sara Lee group (DIM S.A.S.). After working on a media communications project on the employer brand, she became HR Manager for Playtex S.A.S.

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

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

The Group employs a team of 110 professionals with a variety of backgrounds and skills, which complement each other to drive McPhy's development objectives.

12.1.4 Statement concerning members of the Board of Directors

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

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

- has been convicted of fraud during the last five years;
- has been involved in a bankruptcy, receivership or liquidation proceedings;
- has been the subject of official public accusation and/or received a penalty from a statutory or regulatory authority;
- has been prevented by a court from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or direction of an issuer's affairs during the past five years.

12.2 Potential conflicts of interest and agreements

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



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

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

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

Moreover, in accordance with the provisions of articles L.225-185 and L.22-10-57 of the French Commercial Code, a portion of any shares acquired through the exercise of share subscription options or purchase of shares held by corporate officers, must be held in registered form until they cease to hold office. The terms and conditions of said options are set out in section 13.1 (table 8) of this Universal Registration Document.

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

All persons employed by the Group receive regular information on share trading rules and regulations, especially relating to precautions and obligations on possessing inside information and the black-out periods, during which any person with permanent or occasional access to inside information, including third parties acting on behalf or in the name of the Group, all persons discharging managerial responsibilities within the Group shall refrain from conducting transactions involving Company shares or associated derivative financial instruments.

By virtue of the terms of Article 19 of the MAR market abuse regulation, specified by article 223-22 A of the General Regulation of the AMF, company directors owning shares traded on a regulated market must declare all transactions involving Company shares to the AMF and to the Company, within three business days of their execution, if the total monetary value of transactions exceeds twenty thousand euro (€20,000) for the current calendar year. In accordance with the provisions of the General Regulation of the AMF³⁰, the Board of Directors of the Company must use its annual report to the ordinary general meeting of shareholders to indicate the transactions declared by Directors and persons considered as directors³¹ during the fiscal year.

In the table below, we have listed all declarations made by Directors in 2020:

³⁰ Article 223-26 of the General Regulation of the AMF.

³¹ At McPhy, "persons considered as Directors" are the members of the Executive Committee of the Company and of the Board of Directors.

Nom	Prénom	Fonction	Transaction	Nombre	PU	Déclaratio
CACHOT	GILLES	Directeur des Opérations	Exercice	-8 000	5,1000	30/07/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Exercice	-2 000	4,8400	09/07/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Exercice	-4 000	4,8400	09/07/2020
BPI France Investissement *		Administrateur	Souscription	340 425	23,5000	16/10/2020
MASCHIO	EMILIE	Directrice Administrative et Financière	Exercice	-3 100	5,1000	04/12/2020
MASCHIO	EMILIE	Directrice Administrative et Financière	Cession	3 100	34,4520	04/12/2020
CACHOT	GILLES	Directeur des Opérations	Exercice	-5 000	5,1000	04/12/2020
CACHOT	GILLES	Directeur des Opérations	Cession	5 000	35,3100	04/12/2020
MAUBERGER	PASCAL	Président	Exercice	-2 000	5,1000	04/12/2020
MAUBERGER	PASCAL	Président	Cession	2 000	35,2964	04/12/2020
POYER	LUC	Administrateur	Cession	2 000	35,0035	01/12/2020
MAUBERGER	PASCAL	Président	Exercice	-5 000	5,1000	04/12/2020
MAUBERGER	PASCAL	Président	Cession	2 500	33,1099	07/12/2020
MAUBERGER	PASCAL	Président	Cession	2 500	33,0091	07/12/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Exercice	-5 000	4,8400	07/12/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Cession	5 000	31,9600	07/12/2020
MAUBERGER	PASCAL	Président	Exercice	-5 000	5,1000	10/12/2020
MAUBERGER	PASCAL	Président	Cession	2 500	31,1675	10/12/2020
MAUBERGER	PASCAL	Président	Cession	2 500	31,1774	10/12/2020
MAUBERGER	PASCAL	Président	Exercice	-4 000	5,1000	10/12/2020
MAUBERGER	PASCAL	Président	Cession	2 000	29,6400	14/12/2020
MAUBERGER	PASCAL	Président	Cession	2 000	30,2500	14/12/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Exercice	-1 600	4,8400	15/12/2020
WENSKE	MICHAEL	Directeur des Opérations en Allemagne	Cession	1 600	30,8546	15/12/2020
POYER	LUC	Administrateur	Cession	1 000	33,5000	14/12/2020
CACHOT	GILLES	Directeur des Opérations	Exercice	-5 000	5,1000	23/12/2020
CACHOT	GILLES	Directeur des Opérations	Cession	5 000	32,8189	23/12/2020
POYER	LUC	Administrateur	Cession	1 000	33,9000	28/12/2020

*As the management company of the Ecotechnologies Fund, Bpifrance Investissement is granted a place on the Board of Directors of the Company. Its permanent representative is Mrs. Laure Michel. In this respect, Bpifrance Investissement declares that on 16 October 2020 it acquired 340,425 shares in the Company at a unit price of €23.50, outside trading platforms. This corresponds to the portion of BPI Investissement during the capital increase by private placement on 14 October 2020.

13 COMPENSATION AND BENEFITS

13.1 Compensation and commitments in favor of corporate officers

In accordance with applicable regulations in effect, notably the requirements of order No. 2019-1234 of 27 November 2019 on the compensation of corporate officers of listed company, published in accordance with law No. 2019-486 of 22 May 2019 (the PACTE law), this section was prepared with the participation of the Appointments and Remuneration Committee.

Compensation for corporate officers is presented as follows:

- A first sub-section (13.1.1) on the global policy on the compensation of corporate officers, which pursuant to article L.22-10-8 of the French Commercial Code shall be submitted for approval by the shareholders (*ex ante* vote) at the OGM of 17 June 2021;
- A second sub-section (13.1.2) on the elements of compensation and benefits paid or allocated during the 2020 fiscal year, which shall be submitted for approval by the shareholders (*ex post* vote), as well as (ii) the policy on the compensation of the Chief Executive Officer as determined by the Board of Directors on 28 April 2021, and which shall be submitted for approval by the shareholders (*ex ante* vote) at the OGM of 17 June 2021;
- A third sub-section (13.1.3) on the elements of compensation and benefits of all kinds allocated in respect of the 2021 fiscal year and which shall be submitted for approval by the shareholders (*ex ante* vote) at the OGM of 17 June 2021.

13.1.1 Policy on the compensation of corporate officers

The statements below constitute the compensation policy for corporate officers drawn up as per article L.22-10-8 of the French Commercial Code. This policy sets out all components of the compensation paid to McPhy corporate officers in respect of their duties and explains the process adopted to determine, distribute, revise, and implement the policy.

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

Each of these individual policies is submitted for approval by the shareholder OGM pursuant to article L. 22-10-8 of the French Commercial Code. The resolutions shall be presented alongside further developments as part of the report by the Board of Directors to the general meeting.

The compensation policy for 2021 has evolved from that applied to the 2020 fiscal year, in terms of the discussions and analysis undertaken by the Board of Directors on these matters during the 2020 fiscal year. The principal terms of the 2021 compensation policy are described below.

The compensation policy approved in year N applies to all persons occupying corporate office for year N. Moreover, in the event of their departure, or if a corporate officer is appointed between two shareholders' general meetings, their compensation is defined *pro rata temporis* by applying the compensation policy approved by the most recent general meeting.

Determination of the policy on the compensation of corporate officers

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

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

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

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

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

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

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

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

In this context, conflicts of interest are prevented in accordance with regulations in effect and the provisions of the internal regulations of the Board of Directors. In the event of real or potential conflicts of interest, each Director must inform the Board of the situation and take action accordingly, notably by refraining from voting on the points discussed or by not attending the Board meetings at which they would be in a situation of conflict of interest.

Events that may give rise to the use of this possibility of waiving the remuneration policy include but are not limited to exceptional external growth operations, a major change in strategy, or a particularly serious contextual event, or affecting the Company's situation.

General principles and objectives

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

- the policy must be simple;
- the policy must be an incentive for medium-term performance;
- the level of remuneration must be competitive to ensure that the Company attracts and retains talented individuals;



- there must be a balance between consideration of the Company's interest, the issues relating to the Company's strategy and the expectations of stakeholders.

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

The Appointments and Remuneration Committee is informed annually of the Group human resources policy. It develops and proposes to the Board of Directors a compensation policy that is consistent between the compensation of the chief executive officer and the provisions implemented for members of the Executive committee of the Company.

The compensation of corporate officers must be competitive in order to attract, motivate and retain the best talented individuals in the highest management roles of the Company. This compensation is assessed in whole, i.e. based on all constituent elements.

The Board of Directors has also determined the compensation policy for corporate officers with regard to the Company's interests, to ensure the long-term viability and growth of the Company and in consideration of the social and environmental issues surrounding its activity.

The compensation policy which aims to converge the interests of employees and of shareholders, and to strengthen their bonds with the company, is an essential factor in the global attractiveness of McPhy as an employer. As such, it is currently under review by the Appointments and Remuneration committee.

13.1.1.1 Policy on the compensation of directors

In accordance with the law, the maximum amount of compensation allocated to Directors is determined by the shareholder general meeting. The voted resolution remains valid until further decisions are issued by the general meeting.

The maximum overall amount to be allocated to members of the Board of Directors was set by the shareholder general meeting of 23 May 2020, at €100,000 for the 2020 fiscal year (thirteenth resolution). Within the limits defined by the shareholder general meeting, the Board of Directors shall determine, at the end of each year, the amount of compensation allocated to its members in respect of the year ended, and at the start of each year, the rules of distribution and the calculation methods used for the compensation allocated in respect of the new year.

Until the fiscal year ending 31 December 2019, only independent directors received remuneration, principally in respect of their missions accomplished when chairing a committee. Since the fiscal year ending 31 December 2019, the Chairman of the Board of Directors is also compensated for the execution of his office.

The Board of Directors meeting of 28 April 2021 revised the global budget allocated to directors upwards to €218,400 (excluding the compensation of the Chairman of the Board), of it being specified that approval of the new budget will be subject to vote by the forthcoming shareholders' general meeting.

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

The Board of Directors meeting of 8 April 2020 revised the mechanism of distribution of director compensation.



It comprises a fixed remuneration taking into account the specific missions associated with chairing an *ad hoc* Committee and a variable portion based on fixed amount for each meeting attended, which enables analysis of the effective participation of each director in the work of the Board, its Committees and working groups.

In respect of the 2020 fiscal year, performance of the function of director or member of a committee was compensated under the following terms:

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

Directors do not receive 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.

In the course of discussions held during the 2020 fiscal year and work completed in early 2021 on the compensation policy implemented by the Company, and as indicated previously, the Board of Directors intends to propose a change to the overall annual budget allocated to Directors, the maximum total sum becoming €218,400 (excluding the compensation of the Chairman of the Board of Directors).

The justifications for this choice are as follows:

- The amount of the overall budget and the portion allocated to each Director by the Board of Directors are below the average amounts of overall budgets and portions allocated to directors in companies with comparable characteristics to the Company;
- The Board of Directors intends to create several new sub-committees and the missions of Directors need to be addressed in this respect.

The distribution rules for the 2021 fiscal year are indicated in section 13.1.3.1.

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

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

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



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

The compensation of the Chairman of the Board of Directors in respect of the 2020 fiscal year comprises the following:

- Remuneration as part of the overall budget allocated to directors in respect of his mission as Chairman of the Board of Directors; and
- Remuneration in consideration of the support provided to the Chief Executive Officer and the Company under the support agreement signed on 30 December 2019 and renewed on 20 November 2020.

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

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

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

Starting in the 2021 fiscal year and assuming that the support agreement for Pascal Mauberger will not be renewed beyond 30 June 2021, the Board of Directors approved the following remuneration policy at its session on 28 April 2021.

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

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

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

- an annual fixed institutional remuneration in respect of their functions as Chairman of the Board of Directors, determined by the Board of Directors on the recommendation of the Appointments and Remuneration Committee; and/or
- where necessary, specific compensation in respect of specific missions carried out (research, external growth, or strategic partnerships) representing services delivered to the Company under the terms of an ad hoc agreement, it being specified that this compensation would be subject to the procedure on regulated agreements.

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

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

13.1.1.3 Policy on the compensation of the Chief Executive Officer

General principles

The Chief Executive Officer is appointed for an unlimited term.

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

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

The overall compensation of the Chief Executive Officer is determined after consideration of the remuneration received by Chief Executive Officers of McPhy's closest competitors. The panel and the comparison were provided by a consultancy firm specializing in corporate officer remuneration.

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

This provision applies to the following components of remuneration:

- Annual variable component (calculated partly based on quantitative criteria and partly based on quality criteria, as set out in section 13.1.2.3 for the fiscal year 2020 and in section 13.1.3.3 for 2021);
- Remuneration related to the allocation of specific financial instruments (e.g. (BSPCE, shares), the number of which is proposed by the Appointments and Remuneration Committee and approved by the Board of Directors.

a) Assumption of duties

If the Chief Executive Officer is appointed from outside the Group, the Board of Directors may follow the proposal of the Appointments and Remuneration Committee and decide whether to compensate the new Chief Executive Officer for all or part of the benefits they lose when leaving their former employer. In this case, the recruitment conditions aim to replicate the diversity of lost benefits with a comparable level of risk (variable component, medium-term remuneration in shares/warrants or cash).

b) During term

- Remuneration structure:

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

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

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

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

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

- Annual fixed remuneration:

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

- Level of complexity of missions and associated responsibilities, as the Chief Executive Officer is invested with the widest powers to act on behalf of the Company in all external relationships;
- Skills, experience and career path of the Chief Executive Officer. These elements are provided in a detailed presentation of the Chief Executive Officer in chapter 12;
- Market analysis and research base on the compensation packages of similar functions in comparable businesses.

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

- Annual variable remuneration:

The annual variable remuneration for 2020 is 35% of the target fixed sum, with activation from 70% achievement up to 130%. It therefore represents between 24.5% and 45.5% of the fixed sum, the maximum being earned by 100% achievement of targets. It is subject to varied and demanding performance criteria, both quantitative and quality-related. The criteria are reviewed regularly, in consideration of the Group's strategic objectives. The criteria are defined by the Board of Directors at the start of the year for the year ahead.

Therefore:

- 100% of the bonus is based if the objectives are reached;
- 130% of the bonus may be paid if the objectives are exceeded.

In respect of the 2021 fiscal year the target for the variable component will change from 35% to 50%, with the same activation threshold and cap, under the conditions described in section 13.1.3.3.

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

- the minimum level below which no variable compensation is paid;
- the amount of variable compensation due if each objective is met; and
- the quantitative assessment criteria for performance.

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

In accordance with the provisions of articles L.225-100 and L.22-10-34 of the French Commercial Code, the payment in year N of the annual variable remuneration for the N-1 fiscal year is subject to approval by the shareholder general meeting.

- Remuneration in shares or other financial instruments:

The Chief Executive Officer may also receive compensation in financial instruments (free shares or BSPCE warrants), the definitive acquisition of which is subject to performance conditions, it being specified that the determination of performance-related conditions will be discussed annually by the Board of Directors on the recommendation of the Appointments and Remuneration Committee.

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

Obligation incumbent on the Chief Executive Officer to hold shares:

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

- Other components of remuneration:

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

c) After expiry of term

The Chief Executive Officer shall receive a non-compete payment and unemployment insurance for corporate directors (GSC) (which includes director redundancy insurance).

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

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

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

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

In respect of the 2020 fiscal year, the remuneration of directors comprises a fixed amount, calculated proportionally for terms ending or starting during the year, distributed by the Board of Directors according to their effective attendance at Board meetings and their missions within Committees.

Table 3: Global remuneration of non-executive corporate officers

Non-executive corporate officers	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
	In respect of 2020 fiscal year	In 2020	In respect of 2019 fiscal year	In 2019
Léopold DEMIDDELEER	€17 K	€14 K	€15 K	€10 K

Myriam MAESTRONI	€22 K	€17 K	€15 K	€12 K
Luc POYER	€21 K	€17 K	€10 K	€10 K
Eléonore JODER	€20 K	€16 K	€18 K	€0 K
TOTAL	€81 K	€64 K	€58 K	€32 K

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

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

The items of compensation were determined in consideration of the missions entrusted to Mr. Mauberger as Chairman of the Board of Directors, notably that of supporting the new Chief Executive Officer in assuming his functions.

His annual compensation for 2020 was broken down as follows:

- remuneration to the amount of €36,000 as part of the overall budget allocated to directors in respect of his mission as Chairman of the Board of Directors; and
- remuneration in consideration of the support provided to the Chief Executive Officer and the Company under a support agreement. Concerning the aforementioned support agreement, Mr. Mauberger acts in an advisory capacity on behalf and at the request of the Company.

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

Compensation for these services has been set as follows: (i) a flat fee of €4,000 excl. tax for the period from 1st January 2020 to 30 June 2020, (ii) a flat fee of €2,000 excl. tax for the period from 1st July 2020 until 31 December 2020, and (iii) additional compensation of €10,000 subject to the achievement of certain targets.

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

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

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

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

Below is a summary table of components of remuneration of all kinds and any benefits in kind and other components of remuneration paid by the Company, or its participation, to Mr. Mauberger by virtue of his



functions as Chairman and Chief Executive Officer and as Chairman of the Board of Directors during the fiscal years ending on 31 December 2020 and 2019:

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

	Exercice 2020	Exercice 2019
M. Pascal MAUBERGER, <i>Président Directeur Général puis Président du Conseil d'administration</i>		
Rémunérations dues au titre de l'exercice (<i>détaillées au tableau 2</i>) (1)	82,000	230,358
Valorisation des options attribuées gratuitement	-	4,244
Valorisation des actions attribuées gratuitement	-	-
Total	82,000	234,602

(1) Compensation received by Pascal Mauberger firstly as Chief Executive Officer then as Chairman of the Board of Directors in respect of 2019 fiscal year

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

	Exercice 2020		Exercice 2019	
	Montants dus (4)	Montants versés (5)	Montants dus (4)	Montants versés (5)
M. Pascal MAUBERGER, <i>Président Directeur Général (jusque novembre 2019) puis Président du Conseil d'administration (2020)</i>				
Rémunération fixe (1)	36 000	36 000	165 000	165 000
Rémunération variable (1) (2)	-	-	32 769	-
Rémunérations exceptionnelle	-	-	-	-
Rémunération due au titre de la convention d'assistance (3)	46 000	46 000		
Indemnités départ à la retraite	-	-	28 227	28 227
Avantages en nature	-	-	4 362	4 362
Valorisation des options	-	-	4 244	
Total	82 000	82 000	234 602	197 589

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

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

compensation eligible for allocation to the Chairman and Chief Executive Officer of the Company by virtue of the 2019 fiscal year was set at €57,750.

(3) Support agreement described above.

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

Laurent Carme was appointed by the Board of Directors as the new Chief Executive Officer on 1st October 2019. He assumed his new functions on 4 November 2019 for an unlimited term.

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

On recommendation from the Appointments and Remuneration Committee, at its session of 9 March 2021 the Board of Directors approved the variable compensation of Laurent Carme for the 2020 fiscal year. The items of compensation were determined in consideration of the missions newly entrusted to Mr. Carme as Chief Executive Officer, this function now being separate from the Chairman of the Board of Directors, or specific services delivered in the course of exceptional projects (e.g. capital increase by the Company in October 2020).

- Fixed and variable compensation

The annual compensation for the Chief Executive Officer for 2020 comprises:

- a fixed annual gross amount of €220,000, and
- a variable amount set at 35% of the fixed annual compensation³².

In its session of 9 March 2021, on recommendation of the Appointments and Remuneration Committee, the Board of Directors decided to set the amount of variable compensation due to the Chief Executive Officer in respect of 2019-2020 at an amount of 183.262 euros, reflecting the partial achievement of these objectives and an exceptional payment relating to the successful capital increase in October 2020.

As a reminder, the payment of the variable compensation allocated to Laurent Carme by virtue of the 2020 fiscal year is subject to approval by the ordinary general meeting of said components of the Chief Executive Officer's remuneration under the conditions specified in articles L.225-100 II and L.22-10-34 of the French Commercial Code.

- Social security and insurance

Mr. Carme is entitled to the same personal health and life insurance, as well as the same death, disability and related benefits, life insurance, health insurance and pension benefits (statutory and personal) as McPhy management in France. Mr. Carme is covered by these benefits and pays the charges accordingly. The Company has also taken out civil liability insurance for directors, covering the role of Chief Executive Officer. Laurent Carme also benefits from the key-employee insurance which covered Pascal Mauberger prior to the separation of roles.

- Benefits in kind

³² This variable compensation is based on the achievement of objectives defined by the Appointments and Remuneration Committee on 24 February 2020. These objectives consist in quantity-related objectives relating to execution of the budget, the completion of a financing operation and quality-related objectives relating to management of the Company. Non-financial indicators relating to Group strategy and the level of achievement of quantifiable financial criteria have been defined but are not made public for reasons of confidentiality.

Aside the private use of a company vehicle, no other benefits in kind were received by Mr. Carme in 2020.

- Remuneration in shares or other financial instruments

On 5 June 2020, the Board of Directors of the Company decided to allocate 75,000 BSPCE warrants to Laurent Carme (**BSPCE 2020-1**). In accordance with the requirements of the plan, each BSPCE 2020-1 shall entitle the holder to subscribe to new shares with a nominal price of €0.12 at the unit price of €5.11³³.

In accordance with the requirements of the plan, Laurent Carme may exercise the BSPCE 2020-1 warrants granted to him under the following conditions:

- 60% of the BSPCE 2020-1 no earlier than 6 June 2022; and
- the remaining 40% of the BSPCE 2020-1 no earlier than 6 June 2023;

whereas the total of the BSPCE 2020-1 warrants must be exercised before the end of the fifth year following the grant, i.e. 5 June 2025 at midnight.

Exercise of the BSPCE 2020-1 warrants is subject to Laurent Carme remaining amongst Company personnel on the effective date of exercise of the warrants.

- Other components of remuneration

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

Below is a summary table of the components of remuneration of all kinds, benefits in kind and any other compensation paid by the Company to Laurent Carme in respect of the fiscal years 2019 and 2020.

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

	Exercice 2020	Exercice 2019
M. Laurent CARME, <i>Directeur Général</i>		
Rémunérations dues au titre de l'exercice (détaillées au tableau 2)	387 780	38 305
Valorisation des options attribuées gratuitement (1)	73 195	1 433
Valorisation des actions attribuées gratuitement	-	-
Total	460 975	39 738

(1) By virtue of the decision by the Board of Directors meetings on 10 December 2019 and 5 June 2020, 75,000 business creator share warrants (BSPCE 2019-1) and 75,000 business creator share warrants (BSPCE 2020-1) were allocated to Mr. Laurent Carme, respectively at unit price of €3.01 and €5.11 (corresponding to the average market price for the 20 last days preceding the decision to allocate). At 31 December 2020, the BSPCE were valued at €73.195 (as per IFRS 2).

³³ Insofar as necessary it is specified that (i) this amount corresponds to the average market price of the last twenty (20) trading sessions preceding the allocation of said BSPCE 2020-1 and that (ii) the Company has not made a capital increase within six months prior to said allocation.

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

	Exercice 2020		Exercice 2019	
	Montants dus	Montants versés	Montants dus	Montants versés
M. Laurent CARME, <i>Directeur Général</i>				
Rémunération fixe	220 000	220 000	37 667	37 667
Rémunération variable (1)	-	-	-	-
Rémunérations exceptionnelle (2)	-	150 000	-	-
Avantages en nature (3)	11 780	11 780	638	638
Valorisation des options	73 195	-	1 433	-
Total	304 975	381 780	39 738	38 305

(1) In light of the appointment of Laurent Carme in the later part of the fiscal year, the variable portion of his compensation for the 2019 fiscal year was calculated based on the achievement of the 2020 objectives and over a 14-month period, to be paid in 2021. This compensation is subject to approval by the ordinary general meeting of the components of the Chief Executive Officer's remuneration under the conditions specified in articles L.225-100-II and L.22-10-34 of the French Commercial Code.

(2) The exceptional compensation paid in 2020 reflects the decision of the Board of Directors on 14 December 2020 to reward the work done in the course of the €180 M capital increase achieved in October 2020.

(3) The benefits in kind received in 2020 correspond to the company vehicle.

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

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

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

- McPhy (parent company) and all direct subsidiaries located in Europe are included in the compensation ratio calculations, as this scope covers over 80% of Group payroll costs. For employees, the remuneration taken into account in the calculation is the Full Time-Equivalent (FTE) remuneration of permanent employees who have been continuously employed by the Company for two fiscal years. Amongst other items, it includes: (i) fixed basic salary, (ii) annual variable remuneration paid in year N in respect of year N-1, (iii) individual bonuses, (iv) profit-sharing paid in year N, (v) the valuation of BSA and BSPCE share warrants allocated during the year as per IFRS2 on the date of allocation, and (vi) benefits in kind;
- For corporate officers, the direct remuneration considered comprises fixed remuneration in respect of fiscal year N and variable components of remuneration relating to fiscal year N-1 and paid in year N. This includes: (i) fixed basic salary, (ii) annual variable remuneration paid in year N in respect of year N-1, (iii) the valuation of BSA and BSPCE share warrants allocated during the year as per IFRS2 on the date of allocation, (iv) long-term variable remuneration, (v) allocations of free shares during the year and (vi) benefits in kind.

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

Comparison of compensation levels of corporate executive officers with Group employees

Chief Executive Officer (1)	2016	2017	2018	2019	2020
Ratio to average compensation				505%	878%
Ratio to median compensation				628%	1186%

(1) Mr. Laurent Carme since 4 November 2019

Chairman & Chief Executive Officer (1)	2016	2017	2018	2019	2020
Ratio to average compensation	406%	384%	510%	395%	N/A
Ratio to median compensation	514%	498%	694%	491%	N/A

(1) Mr. Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 2009, date on which his employment contract was suspended. When the Company was transformed to a limited company with Board of Directors, Pascal Mauberger was appointed as a member of the Board of Directors and as Chairman and Chief Executive Officer of the Company on 21 May 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purposes of calculating the ratios, as was that of 2019.

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

(in thousands of euros)	2016	2017	2018	2019	2020
Chief Executive Officer (1)					
Compensation				40	531
Change in absolute figures				N/A	491
Change in %				N/A	1236%
Chairman & Chief Executive Officer (2)					
Compensation	222	216	260	235	N/A
Change in absolute figures	1	-6	-44	-25	N/A
Change in %	1%	-3%	20%	-10%	N/A
Average compensation of employees on FTE basis					
Compensation	4.6	4.6	5.1	5.1	5.0
Change in absolute figures	0.2	0.0	0.5	0.0	-0.1
Change in %	6%	1%	10%	1%	-1%
Net income from operations					

Net income from operations	-8.2	-6.7	-9.5	-6.3	-9, -3
Change in absolute figures	1.3	1.6	-2.9	3.3	-3.0
Change in %	14%	19%	-43%	34%	-49%

(1) Mr. Laurent Carme since 4 November 2019 and for the 2020 fiscal year; includes an exceptional bonus of €150 K.

(2) Mr. Pascal Mauberger was appointed as a member and Chairman of the Management Board at the Supervisory Board meeting of 30 June 2009, date on which his employment contract was suspended. When the Company was transformed to a limited company with Board of Directors, Pascal Mauberger was appointed as a member of the Board of Directors and as Chairman and Chief Executive Officer of the Company on 21 May 2015. The suspension of his employment contract was therefore continued. His 2015 compensation was annualized for the purposes of calculating the ratios, as was that of 2019.

13.1.3 Components of remuneration and benefits of all kinds allocated to corporate officers in respect of the 2021 fiscal year

13.1.3.1 Components of remuneration and benefits of all kinds allocated to directors in respect of the 2021 fiscal year

The amounts allocated to directors in respect of the 2021 fiscal year shall be determined in accordance with the principles set forth in the policy on the compensation of directors - see section 13.1.1.1 "Policy on the compensation of directors" and with the principles set out below.

Pursuant to the recommendations of the Appointments and Remuneration Committee on 20 April 2021, the Board of Directors of 28 April 2021 decided that an overall budget of €218,400 (excluding the remuneration of the Chairman of the Board of Directors) would be submitted for approval at the shareholder general meeting for the 2021 fiscal year.

The principles applied to directors' compensation are summarized below:

(in euros)	Fee	Per meeting ⁱ	Per mission ⁱⁱ	Total compensation ⁱⁱⁱ
Board of Directors				
Director ^{iv}	10.000	1.500	-	28.000
Audit committee				
Chairman	5.000	2.000	2.000	29.000
Member	2.500	1.000	1.000	14.500
Appointments and Remuneration Committee				
Chairman	5.000	1.600	1.600	24.200
Member	2.500	800	800	12.100

ⁱ Up to the annual limit of 12 meetings for the Board of Directors and 7 meetings for each of the committees.

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

ⁱⁱⁱ Total maximum remuneration for each office.

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

Where necessary, these amounts can be accumulated for all missions performed by directors. In this respect, the maximum remunerations that can be allocated are detailed below:

McPhy role	Maximum remuneration
Chair of Audit Committee	€57,000
Chair of Appointments and Remuneration Committee	€52,200
Member of two committees	€54,600
<i>Chair of Audit Committee and member of Appointments and Remuneration Committee</i>	€69,000
<i>Chair of Appointments and Remuneration Committee and member of Audit Committee</i>	€66,700

13.1.3.2 Components of remuneration and benefits of all kinds allocated to Pascal Mauberger, Chairman of the Board of Directors, in respect of the 2021 fiscal year

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

On recommendation from the Appointments and Remuneration Committee on 20 April 2021, at its session of 28 April 2021 the Board of Directors approved the compensation of the Chairman of the Board of Directors for the 2021 fiscal year.

His annual compensation for 2021 is broken down as follows:

- a fixed amount of €105,000, consistent with the missions entrusted to the Chairman of the Board of Directors, his experience and market practices, it being specified that the Chairman of the Board of Directors receives no remuneration in respect of his office as a Director,
- remuneration in consideration of the support provided to the Chief Executive Officer and the Company under a support agreement.

Concerning the aforementioned support agreement, Mr. Mauberger will act in an advisory capacity on behalf and at the request of the Company. He will act in support of and at the exclusive request of the Chief Executive Officer in certain areas, including Group strategy or investor relationships.

Compensation for these missions was determined as a monthly payment of €2,000 excl. tax from 1st January 2021 to 30 June 2021. This compensation was confirmed by an amendment to the support agreement signed on 30 December 2019, the amendment being signed on 17 December 2020. It received prior approval from the Board of Directors meeting on 14 December 2020. It is valid for a period of six (6) months with effect from the date of signature and may be extended.

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

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

13.1.3.3 Components of remuneration and benefits of all kinds allocated to Laurent Carme, Chief Executive Officer, in respect of the 2021 fiscal year

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

Fixed and variable compensation

On recommendation from the Appointments and Remuneration Committee, at its session of 28 April 2021 the Board of Directors approved the compensation of Laurent Carme for the 2021 fiscal year.

His annual compensation for 2021 comprises a fixed gross annual amount of €220,000 and a variable component representing 50 % of the fixed annual compensation of which is subject to quantitative and quality-related objectives. It is specified that up to 130 % of the bonus component may be paid if the objectives are exceeded (first reward level at 70% achievement of objectives).

This variable component is based on the achievement of objectives defined by the Appointments and Remuneration committee, which notably include objectives relating to EBIT, the order book and corporate social responsibility.

The performance requirements relate to:

- Quantified financial objectives (32%);
- Quantified operational objectives (28%);
- Quality-related objectives (40%).

The financial performance objectives are based on the budget receiving prior approval from the Board of Directors. The quality-related objectives are based on non-financial indicators, relating to the achievement of the strategic plan.

The performance criteria indicated above have been defined precisely but are not made public for reasons of confidentiality.

Compensation in shares

The Board of Directors meetings on 10 December 2019 and on 5 June 2020 examined the negotiations with Laurent Carme concerning his arrival in the Company and in this respect, 150,000 BSPCE warrants were allocated to him. Conditions of presence and validity periods shall be applicable to the exercise of said warrants, without performance conditions (refer to section 13.1.3.1).

Benefits in kind and other components of remuneration

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

- Supplementary death and disability benefits;
- Life and health insurance;
- Pension scheme (statutory and personal);
- Unemployment insurance for corporate directors (GSC) ;
- Civil liability for corporate officers; and
- Key-employee insurance.

Accounting values are given in table 2.



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

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

13.2 Other information concerning corporate officers

Pursuant to AMF position recommendation no. 2009-16, below is a table summarizing the agreements binding the corporate officers to the Company. This table also described the complementary pension schemes and other commitments made by the Company (table 11)

Dirigeants Mandataires Sociaux	Contrat de travail		Régime de retraite supplémentaire		Indemnités ou avantages dus ou susceptibles d'être dus à raison de la cessation ou du changement de fonctions		Indemnités relatives à une clause de non concurrence	
	OUI	NON	OUI	NON	OUI	NON	OUI	NON
M. Laurent CARME Directeur Général Début mandat : 04/11/2019 Durée indéterminée		x		x		x	x	
M. Pascal MAUBERGER Président Début mandat : 30/06/2009 Fin de mandat : AGO 31/12/20		x (1)		x		x		x

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

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

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

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

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

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

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

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

On the basis of proposals made by the Appointments and Remuneration committee, the Board of Directors initiated discussion on the introduction of an incentive program for key Group employees. This program may comprise free performance share plans, based on quantitative and quality-related criteria. Furthermore, the introduction of a PEE company savings plan is being examined. Specific resolutions on these matters will be submitted to approval by shareholders at the forthcoming general meeting on 17 June 2021.

At the time of publication of this Universal Registration Document, tables 6, 7 and 9 inserted as per AMF recommendation 2009-16 are not applicable.

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

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

Pan	BSA 2010-1	BSPCE 2010-1	BSPCE 2010-2	BSPCE 2010-3	BSPCE 2010-4	BSPCE 2012-1	BSPCE 2012-2	Option 2012-1	BSPCE 2012-3	BSPCE 2012-4	Option 2012-2	BSA 2012-1	BSPCE 2012-II-1	BSPCE 2012-II-2	Option 2012-II-1	BSPCE 2012-II-3	Option 2014-1	Option 2017-1	BSPCE 2017-1	BSPCE 2017-2	BSPCE 2019-1	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	TOTAL	
Date de l'Assemblée	06/06/10	03/06/10	03/06/10	03/06/10	03/06/10	16/05/12	16/05/12	16/05/12	16/05/12	16/05/12	16/05/12	20/12/12	20/12/12	20/12/12	20/12/12	20/12/12	27/02/14	18/05/17	18/05/17	18/05/17	23/05/19	23/05/19	23/05/19	20/05/20	20/05/20		
Date du Conseil d'administration	25/11/10	25/11/10	27/01/11	08/07/11	08/07/11	27/08/18	27/08/12	27/08/18	19/12/12	19/12/12	19/12/12	26/09/13	28/11/13	28/11/13	28/11/13	07/12/14	23/06/15	12/03/18	12/03/18	12/03/18	10/12/19	08/04/20	08/04/20	05/06/20	05/06/20		
Nombre total d'actions pouvant être souscrites ou achetées, dont le nombre pouvant être souscrit ou acheté par :	18 523	154 964	12 914	20 662	28 578	70 450	92 000	109 000	27 631	92 000	69 000	43 477	23 500	96 000	67 000	121 351	90 000	47 000	64 000	119 000	75 000	30 000	20 000	50 000	200 000	1 742 050	
Pascal MAUBERGER		103 309			19 052		57 000			57 000				40 000					32 000							308 361	
Laurent CARMÉ																					75 000					75 000	150 000
Léopold DEMMIDDELEER												31 000															31 000
Luc POYER	18 523											12 477															31 000
Point de départ d'exercice	15/01/12					27/08/13	27/08/13	27/08/13	19/12/13	19/12/13	19/12/13	26/09/14	01/01/14	01/01/14	01/01/14	07/02/14	24/06/17	13/03/20	13/03/20	13/03/20	13/03/20	11/10/21	09/04/22	09/04/22	06/06/22	06/06/22	
Date d'expiration	14/12/16					26/08/17	26/08/17	26/08/17	18/12/17	18/12/17	18/12/17	25/09/18	27/11/18	27/11/18	27/11/18	06/02/19	23/06/20	12/03/23	12/03/23	12/03/23	12/03/23	10/12/24	08/04/25	08/04/25	05/06/25	05/06/25	
Prix de souscription ou d'achat	4,88 €	4,88 €	4,88 €	4,88 €	4,88 €	3,91 €	3,91 €	3,91 €	3,91 €	3,91 €	3,91 €	4,88 €	4,88 €	4,88 €	4,88 €	4,88 €	5,78 €	4,84 €	5,10 €	5,10 €	3,01 €	4,55 €	4,55 €	5,11 €	5,11 €	5,11 €	
Modalités d'exercice	Exercible par tiers					Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible par tiers	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 25% à chaque date d'anniversaire	Exercible à hauteur de 40% au 24/06/17 et 60% au 24/06/19	Exercible à hauteur de 60% au 13/03/20 et 40% au 13/03/21	Exercible à hauteur de 60% au 12/03/18 et 40% au 12/03/19	Exercible à hauteur de 60% au 13/03/20 et 40% au 12/03/21	Exercible à hauteur de 60% au 11/12/21 et 40% au 09/04/22	Exercible à hauteur de 60% au 09/04/22 et 40% au 09/04/23	Exercible à hauteur de 60% au 09/04/22 et 40% au 06/06/22	Exercible à hauteur de 60% au 06/06/22 et 40% au 06/06/23	Exercible à hauteur de 60% au 06/06/22 et 40% au 06/06/23		
Nombre d'actions souscrites au 31/12/20	10 000	126 241	-	15 495	28 578	35 306	92 000	81 750	11 649	83 250	56 000	43 477	4 000	64 750	13 500	121 351	-	21 600	35 200	39 845	-	-	-	-	-	-	883 992
Nombre cumulé d'options et de bons annulés ou caduques	8 523	28 723	12 914	5 167	-	35 144	-	27 250	15 982	8 750	13 000	-	19 500	31 250	53 500	-	90 000	-	12 800	-	-	-	-	-	-	-	362 503
Nombre cumulé d'options et de bons restants au 31/12/20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25 400	16 000	79 155	75 000	30 000	20 000	50 000	200 000	495 555	

14 FUNCTIONS OF ADMINISTRATIVE BODIES

The Board of Directors sets the main orientations of the Company's business activities, monitors their implementation, and verifies the general operation of the Company. With the exception of powers expressly assigned to General Meetings of shareholders and within the limits of the company's purpose, it handles all matters involving the proper functioning of the Company and settles matters through its deliberations.

During the 2020 fiscal year, the Board of Directors met thirteen (13) times. The average duration of a session of the Board is approximately one and a half hours. The average attendance rate of the Board of Directors was 92%.

The main points covered during Board meetings were as follows:

- Session of 16 January 2020: acknowledgment of the emission of BSA warrants. 5 members present out of 8.
- Session of 10 March 2020: examination and approval of Company financial statements and Consolidated financial statements, proposal to allocate profits, proposal to book previous losses in the "issue premium" item, review of agreements affected by articles L.225-38 and subsequent of the French Commercial Code, decision on the engagement of the statutory auditors, discussions concerning the compensation of the CEO and the Chairman of the Board, approval of the management report integrating the report of the Board of Directors on corporate governance, discussions on resolutions to be proposed to the OGM, review of points for vigilance and recommendations of the Middlednext corporate governance code, discussion on the renewal of an Equity line. 8 members present out of 8.
- Session of 8 April 2020: approval of agenda and text of resolutions to be presented at the shareholder general meeting and of notice to attend said general meeting, approval of report of Board of Directors, global review of compensation of executive and non-executive corporate officers and group employees, adoption of BSPCE and BSA distribution plans and allocations, renewal of multi-year equity line financing. 8 members present out of 8.
- Session of 20 May 2020: review of new Equity Line financing, acknowledgment of capital increases resulting from the exercise of BSA warrants and draw-downs on the Equity line, introduction and publication of the share repurchase program approved by the shareholder general meeting, review of compensation policies approved by the shareholder general meeting, approval of the text of the press release concerning the voting results of the shareholder general meeting. 7 members present out of 8.
- Session of 5 June 2020: adoption of BSA and BSPCE warrant allocation plans. 6 members present out of 8.
- Session of 28 July 2020: approval of half-year accounts and financial statements, authorization given to the CEO in terms of deposits, advance payments and guarantees. 7 members present out of 8.
- Session of 17 September 2020: review of the capital increase project, acknowledgment of two successive capital increases and corresponding amendment to Company articles. 8 members present out of 8.
- Session of 4 October 2020: review of the capital increase project. 8 members present out of 8.
- Session of 8 October 2020: review of the advancement of the capital increase project, approval of Commitment Letters as necessary and power of signature allocated to CEO, approval of Memorandums of Understanding and Collaboration Agreements to be signed with Technip Energies B.V. and Chart International Holdings Inc., approval of launch of market survey and draft issue notes and amendments to the universal registration document 2019. 8 members present out of 8.
- Session of 13 October 2020: Launch of capital issue for a category of interested parties and approval of the press release text. 8 members present out of 8.



- Session of 13 October 2020: Execution of capital increase for a given category of interested parties, authorization given to CEO to sign a placement agreement and approval of the press release text. 8 members present out of 8.
- Session of 19 November 2020: presentation of Jillian Evanko and Jean-Marc Aubry, in their roles as the permanent representatives of Chart International Holdings Inc. and Technip Energies B.V respectively. Their appointment as Directors shall be proposed to the shareholder OGM at the time of notification to attend. 7 members present out of 8.
- Session of 14 December 2020: presentation and approval of 2021 budget, proposal to amend the support agreement between the Chairman of the Board and the Company, payment of exceptional bonuses following the successful issue, project to write off debts in favor of McPhy Energy Italia Srl and McPhy Energy Deutschland GmbH, reminder of best practices concerning inside information. 8 members present out of 8.

Since 7 January 2021, the Board of Directors comprises six female directors and four male directors. In this way the Company meets the requirements of Law no. 2011-103 of 27 January 2011 and the Middenext recommendations relating to a desirable balance between men and women in the membership of the Board of Directors.

The Board of Directors evaluates its own functioning and that of its Committees, to provide an assessment of the preparation and quality of their work. This self-assessment mainly concerns the membership of the Board, its functioning, the organization of meetings, access to information, agendas and work, the amounts and conditions of distribution of overall compensation and relationships between the Board and Executive Management. Similar questions are asked about the Committees. In 2020, the Board examined its own work with the assistance of an external consultant. Member comments were numerous, positive, and constructive. At the Board of Directors meeting on 28 April 2021, the Board discussed the conclusions of the report and identified several points for action.

The principle conclusions of the examination are as follows:

- (i) the Board has demonstrated resilience and initiative over the year;
 - (ii) the Board wishes to receive further clarification on its role as regards management and the main shareholders.
- and
- (iii) the Board of Directors will continue to advance its planning work on its composition and the administration of Director offices.

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

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

Lastly, pursuant to articles L.225-37-4 and L.22-10-10 of the French Commercial Code, the Board inspects and evaluates regulated and ordinary agreements. Concerning the latter, the Board seeks to assess at least annually if the agreements concerning current operations concluded under normal conditions do indeed satisfy applicable

conditions, pursuant to articles L.225-39 and L.22-10-12 of the French Commercial Code. This identification is mainly done by the Company Chief Financial Officer prior to review by the members of the Board of Directors. Persons directly or indirectly concerned by any of these agreements do not take part in its evaluation.

14.1 Expiry of terms of members of the Board of Directors

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

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

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

14.3 Specialized committees

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

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

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

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

The conditions for referral to each Committee are as follows:

- It covers all questions deemed part of the sphere of competence assigned by the Regulations of the Board of Directors and sets out its annual program;
- It may be referred to by the Chairman of the Board of Directors for any question included or planned to appear on the agenda of the Board of Directors;
- The Board of Directors and its Chairman may also refer to the Committee at any time concerning other questions involving its sphere of competence.

14.3.1 Strategy and Development committee

The purpose of Strategy and Development committee is to provide the Board of Directors with opinions on the principal strategic orientations for the Company and the Group, on the development policy and any other major strategic question addressed by the Board of Directors.

It is also tasked with analyzing and providing an opinion to the Board of Directors on questions submitted to the Committee concerning major investment opportunities, external growth, or disinvestment and disposal.

The Committee may be assisted by persons outside the Board of Directors, selected for their specific competences. The Chairman is a member of the Strategy and Development committee.

To date, the Strategic and Development Committee has six members (of whom three independent directors):

- Léopold DEMIDDELEER (Chair);
- Pascal MAUBERGER;
- Luc POYER;
- Myriam MAESTRONI;
- Laure MICHEL;
- Christelle ROUILLÉ.

The Strategy and Development committee meets according to the needs of the Company, on invitation by the Chair.

14.3.2 Appointments and Remuneration committee

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

- Christelle ROUILLÉ (Chair);
- Myriam MAESTRONI;
- Luc POYER.

The Appointments and Remuneration Committee meets at least once a year and as often as required, in particular prior to the Board of Directors meeting examining the compensation of the membership of the Executive Committee, or which approves the agenda for a general meeting scheduled to approve draft resolutions concerning questions arising in its sphere of competence.

It also meets prior to any decision to allocate stock options, business creator share subscription warrants (BSPCE), share subscription warrants (BSA) or the allocation of free shares to corporate officers or Group directors.

Also, it meets whenever necessary on invitation from its Chair, at its own initiative or at the request of the Chairman of the Board of Directors.

The Appointments and Remuneration Committee transmits its conclusions to the Board of Directors for validation.

The purpose of this Committee is to determine the compensation of Executive Committee members, the objectives and evaluation of the level of their achievement in relation to the payment of bonuses.

It may also issue advisory opinions on the compensation of the principal Group directors.

These recommendations concern all items of compensation: fixed components, benefits in kind included, variable components, severance packages, supplementary pension schemes and allocations of share subscription or purchase options, BSA, BSPCE or the allocation of free shares, whether these items be paid, allocated or covered by the Company, the company controlling it or a company it controls.

They also concern the balance of elements making up overall compensation and their conditions of allocation, notably in terms of performance.

Outside of the preparation and monitoring meetings, the Appointments and Remuneration committee met seventeen (17) times in 2020 with a 100% attendance rate, and addressed the following topics:



- Opinion expressed on four transitional employees / managers directly reporting to the Chief Executive Officer and with salary and benefits packages in excess of €100 K;
- Discussions on (i) the definition of a long-term profit-sharing policy for management and employees and (ii) processes for the assessment of the Board of Directors;
- Recruitment of a transitional HR Director;
- Definition of the variable remuneration objectives for the Chief Executive Officer;
- Assessment of the achievement of said objectives with a view to allocating the variable component of the Chief Executive Officer's compensation and that of Executive Officers;
- Exit interview with departing manager to understand their reasons and possible foresee changes to the new post;
- Presentation of the new McPhy organizational structure; and
- Support in obtaining the GSC unemployment insurance for the Chief Executive Officer.

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

14.3.3 Audit committee

The mission of the Audit committee is not divisible from that of the Board of Directors, which remains responsible for examining the parent company accounts and consolidated accounts.

The purpose of the Audit committee is to inform the Board of Directors on the conditions of approval of the accounts (schedule, principles, accounting options etc.), the choice of auditors, the organization, procedures and management systems implemented by the Company, the examination of significant risks, significant off-balance sheet commitments, and the Group scope of consolidation.

To complete its mission, the Audit committee is required to interview the Statutory Auditors and the CFO. It examines their fees and issues a decision on the conditions of renewal of the Auditors.

The Audit committee is responsible for monitoring the efficiency of internal control and risk management systems. Based on its work, the Audit committee considers that the Company, without being able to provide an absolute guarantee that risks may be fully eliminated, has implemented the appropriate measures to prevent and control its principal risks.

The Audit committee is invoked by the Chairman or by the Statutory Auditors of any event exposing the Group to a significant risk.

The Audit committee may request the completion of an internal or external audit on any matter it deems relevant to its mission. In this case, the Chair of the Committee informs the Board of Directors.

At the date of issue of this Universal Registration Document, the Audit committee has three members:

- Eléonore JODER (Chair);
- Emmanuelle SALLES;
- Laure MICHEL.

Excepting working meetings between the Chair of the Committee and Company teams, the Audit committee met four times in 2020 (100% attendance):

- Examination of company and consolidated accounts for the fiscal year ending 31 December 2019, financial information calendar, regulatory updates and issues,
- Review of interim accounts at 30 June 2020 and half-yearly activity report,
- Two reviews of internal control.

14.4 Statement on corporate governance

In terms of its development, the Company refers to the Middelnext corporate governance code for small and medium-sized listed companies as published in September 2016 (the “Middelnext Code”), insofar that the principles it contains are compatible with the organization, size, means and share ownership structure of the Company. This corporate governance code can be viewed (in French) on the Middelnext website at

https://www.middelnext.com/IMG/pdf/2016_codemiddelnext-pdf_version_finale.pdf (2009 version in English here: https://www.esi-group.com/sites/default/files/resource/financial_document/2254/corporate_governance_code_middelnext_eng.pdf)

The Company already complies with a certain number of recommendations made in the Code, as indicated in the table below.

Middelnext Code recommendations	Adopted
R 1: Director ethics	Yes
R 2: Conflicts of interest	Yes
R 3: Composition of the Board – Independent directors	Yes
R 4: Board member information	Yes
R 5: Board and committee meetings	Yes
R 6: Creation of committees	Yes
R 7: Introduction of Board Rules of Procedure	Yes
R 8: Choice of directors	Yes
R 9: Directors’ term of office	Yes ³⁴
R 10: Directors’ compensation	Yes
R 11: Introduction of Board evaluation	Yes
R 12: Shareholder relations	Yes
R 13: Definition and transparency of the compensation of corporate officers	Yes

³⁴ To initiate a process of staggered offices, an amendment to article 14 of the Company articles of association relating to director terms of office shall be proposed to the shareholders’ general meeting to be held on 17 June 2021 (“*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*”).

R 14: Preparation of succession of executive management	No ³⁵
R 15: Corporate officers and employment contracts	Yes
R 16: Golden handshakes	Yes
R 17: Complementary pension schemes	Yes
R 18: Stock options and free share allocations	Yes ³⁶
R 19: Review of points for vigilance	Yes

By virtue of the decisions dated 21 May 2015, the Board of Directors adopted a set of internal regulations, the purpose of which is to set out the rules and conditions of procedure for the Board of Directors and its Committees, in addition to applicable legal requirements and the Company's Articles of Association. It also recalls the obligations incumbent on members of the Board of Directors and its Committees. During the 2020 fiscal year, the Board of Directors initiated discussions on the adoption of a new version of its internal regulations, notably to (i) clarify the scopes of activity of the Chief Executive Officer, the Chairman of the Board of Directors and the Board of Directors, and (ii) clarify the rights, obligations and missions of directors, as well as (iii) to provide details of the missions of new and existing committees. At the date of this Universal Registration Document discussions are ongoing.

The Middenext Code also recommends that in observance of the regulations, the Board of Directors considers the opportunity to authorize the cumulation of an employment contract with the role of corporate officer.

The Company ensures that the members of the Board of Directors assess the functioning of the Board and the preparation of its work on an annual basis.

At 31 December 2020, the Board of Directors comprised eight (8) members of whom four (4) are independent directors. The members are:

- Mr. Pascal MAUBERGER (Chairman),
- Mrs. Eléonore JODER,
- Mrs. Myriam MAESTRONI,
- Bpifrance Investissements represented by Mrs. Laure MICHEL,
- EDF Pulse Croissance Holding represented by Mrs. Christelle ROUILLE,
- Mrs. Emmanuelle SALLES,
- Mr. Léopold DEMIDDELEER,
- Mr. Luc POYER.

The qualification of independent director is discussed annually by the Board of Directors during the meeting concerning the assessment of corporate governance; the last such meeting was held on 9 March 2021. Since

³⁵ The succession of executive management was a central concern for the Company in 2019. In this respect, it separated the functions of Chairman of the Board of Directors and Chief Executive Officer as from 4 November 2019. Given the current configuration of governance, the Board of Directors does not intend to address this issue next year.

³⁶ Of course, concerning the conditions of exercise and definitive allocation, no performance conditions are defined, but conditions of exercise relating to the continued presence of the recipient and validity periods are specified, in order to create a form of medium-term interest (i.e. Exercise period of five (5) years). Management shall also ensure the allocation is not reserved only for executive directors. For example, BSA 2020-1 and BSPCE 2020-1 share warrants have been allocated to 24 employees.

their appointment, Luc Poyer, Léopold Demiddeleer, Myriam Maestroni and Eléonore Joder meet the criteria of independence of the September 2016 edition of the Middlednext corporate governance code, these criteria being:

- they must not be a salaried employee or corporate officer of the Company or of a company in the Group, and must not have held such a position within the last five years;
- they must not be a significant client, supplier or banker of the Company or its Group, or a client, supplier or banker for whom the Company or its Group represents a significant share of its business;
- they must not be a reference shareholder of the company nor hold a significant percentage of voting rights;
- they must not have a close relationship or family ties with a corporate officer or reference shareholder;
- they must not have been an auditor of the company in the course of the previous six years.

14.5 Potential significant incidence on corporate governance

The term of membership of the Board of Directors expires at the annual general meeting held to approve the financial statements for the year ending 31 December 2020.

Proposals shall be made to renew their offices under the conditions set out in the explanatory statements provided in the report of the Board of Directors to the shareholder general meeting, it being specified that to initiate a process of staggering director terms of office, an amendment to article 14 of the Company article of association relating to director terms shall be submitted for approval by the shareholders' general meeting scheduled for 17 June 2021. This amendment is provided below: *"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."*

14.5.1 Definition of internal control

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

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

By contributing to prevent and control the risks of not achieving the objectives set by the Company, the internal control mechanism plays a key role in the oversight and steering of its activities.

Nonetheless, internal control cannot provide an absolute guarantee that these risks can be fully eliminated and that the Company's objectives can be achieved.

The internal control mechanism implemented by the McPhy Energy Group and described herein covers all operations conducted within the Group, both in the parent Company and subsidiaries included in the scope of consolidation.

14.5.2 Organization of internal control

The main bodies exerting internal control actions within McPhy Energy are:



Executive Committee: comprises the executive management. The committee covers all topics concerning the operation and functioning of Group companies, across all operational and financial aspects.

The Committee meets monthly and whenever this frequency is not compatible with the urgency of the topics needing to be addressed. Each member is responsible for internal control of their own department. A power of authority has been defined for Committee members, who may not commit to expenditure above a certain threshold on their own. Two signatures are required above the first threshold, with the potential requirement for the Chief Executive Officer to sign also for significant commitments.

Financial control and internal control: the missions of the financial controllers of each subsidiary are split between financial control and internal control. This function is assigned to the Chief Financial Officer.

Accounting and finance department: seven people work in this department which performs a dual mission of expert assessment and control. This control is conducted under the responsibility of the Chief Financial Officer.

The Company accounts and consolidated accounts are subject to annual audit by the Company's Statutory Auditors. The Auditors perform a limited examination after the first half year and for the annual closing they conduct a preliminary review which is completed by an audit of the accounts for the fiscal year. Any recommendations made by the Auditors are examined, implemented, and monitored by the Company.

Limitation of Chief Executive Officer powers: the provisions of article L.225-51-1 of the French Commercial Code enable the Board of Directors to choose between general management of the Company under the responsibility of the Board of Directors, either by the Chairman of the Board of Directors or by another natural person appointed by the Board and bearing the title of Chief Executive Officer. These two functions have been separate since 4 November 2019. During the 2020 fiscal year, the Board of Directors initiated discussion on adopting a new version of the internal regulations, which will notably include a list of decisions requiring approval from the Board of Directors prior to their execution by the Chief Executive Officer. At the date of this Universal Registration Document discussions are ongoing.

14.5.3 Internal information

Preparation and organization of Board of Directors work

A notification is addressed to each member of the Board of Directors no later than eight days prior to the meeting. All documents and information required for deliberation and decisions are provided to the Directors prior to the Board of Directors meetings.

Preparation and organization of Executive Committee work

The financial control of the Company is done monthly, consisting in analyzing "actual" figures for the month and cumulative total. The data are compared to the monthly budget forecasts and to the previous fiscal year. This control is done in each legal entity and on a consolidated level for the Group. Financial reporting is compared to interim consolidated accounting situations to rationalize any discrepancies and ensure the continuous improvement of financial information.

Monthly reports include quantified data, observations, and key performance indicator (KPI) measurements. Alongside the monthly monitoring of Group activities and its financial position, these reports serve to monitor

the status of investments made, the cash situation and analysis of corresponding cash flows, employee headcount, the order backlog, and the principal operating risks. In this way it constitutes a key internal control tool for our Group.

The reports are distributed to the Executive Committee (ExCom). The Committee analyzes the data for the period during its monthly meeting and decides on any corrective actions to implement as necessary.

Business ethics

The ethics applicable to all Group employees are formally set down in a Business ethics code.

The purpose of this code is to define the rules of conduct applicable to all employees in the course of their professional activities, and to all representatives, corporate officers, consultants and other service providers acting on behalf of the Group or any of its entities.

Whatever their hierarchical grade, in the course of their functions and responsibilities, each employee must apply the principles set out in the business ethics code. These principles are founded on the fair execution of their employment contract in good faith. Each person shall also ensure that the principles are applied in their team or by employees under their responsibility.

The Code covers several main themes:

- compliance with the law and regulations (competition, insider trading, bribery and corruption etc.);
- prevention of conflicts of interest;
- relationships with related parties, commitments to Clients, employees and the environment;
- protection of Group assets;
- financial transparency;
- importance of internal control;
- implementation of ethical principles and penalties for violation.

14.5.4 Control activities

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

The procedures implemented aim to:

- ensure that the execution of operations and management decisions as well as personnel conduct all fall within the framework defined by Executive Management, applicable laws and regulations in effect and the Company's internal regulations,
- verify that the information provided and communications to corporate bodies are reliable and faithfully reflect the activity and situation of the Company.

One of the main aims of internal control is to prevent and control risks resulting from the Company's activities and the risks of error or fraud, especially in accounting and finance. Like any control system, it aims to minimize the Company's exposure to risk but cannot in any way provide an absolute guarantee of non-occurrence of a given risk.

Aside the control activities concerning administrative and accounting processes existing in the Group, the primary control activities concerning operational processes concern Product control.



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

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

Periodical management reviews serve to regularly inform Company management of the achievement of objectives, the completion of actions undertaken to continuously improve services delivered and to ensure the overall effectiveness of the QMS.

The Quality department bases its work on the ISO 9001:2000 standard and on the Company's quality manual. This Quality manual describes the provisions applicable within the Company to ensure that the products delivered respect the standards of compliance. These provisions are based on a system of processes that are identified and defined by a document system containing procedures, instructions and operating methods which describe the functions and operations executed within the Company.

Given its size, the McPhy Group does not have a dedicated internal audit team. Internal control procedures are monitored by Financial Controllers and the Chief Financial Officer, who conducts any examination or investigation they deem necessary. The Audit committee also has an active role in terms of monitoring risk management measures.

Given the size of the Group, certain functions referred to below do not systematically have a dedicated organization and the duties are distributed between members of the Administrative and Financial Management depending on the specific skills required. The duties may be accumulated by the management members, in observance of the principle of segregation of duties.

Accounting: The objectives of accounting are to:

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

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

- Legal and regulatory requirements applicable in France,
- The Chart of Accounts given in regulation 2016-07 adopted by the French accounting standards authority (*Autorité des normes comptables - ANC*),



- European regulation no. 1606/2002 on international IAS/IFRS accounting standards,
- Later opinions and recommendations.

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

In 2016, the Company finalized the implementation of an ERP system (Navision) with the integration of all purchasing, sales, accounting, finance, production, and project management modules. The deployment of this ERP implies the revision of the administrative processes involved and the corresponding controls. It is planned to migrate to a more recent version in 2021 with the aim of harmonizing all ERP processes by defining a Group Core Model.

Financial control: the purpose of this function is to:

- Steer the development process of the medium-term plan, the budget and periodical forecast adjustments, and the definition of operating and financial objectives;
- Implement reporting and steering tools, as well as decision aids suited to a variety of levels of responsibility;
- Analyze differences between actual results and objectives, explain the causes and implement appropriate corrective measures;
- Ensure the accuracy of raw data and check the consistency of financial information system outputs.

Internal control: the purpose of internal control within the Company is to:

- Propose a risk control strategy by Executive Management and ensure its validation;
- Develop a map of organizational risks consistent with its strategy;
- Define a risk control plan based on the mapping;
- Steer and implement the internal control system (project management, leadership, coordination, communication etc.).

Treasury and finance: the purpose of this function is to:

- Monitor and control the currency risk;
- Ensure the confidentiality of secure payment procedures;
- Assign powers of signature to a limited number of people who alone are permitted to handle a limited list of financial transactions according to the thresholds and authorization procedures adopted.

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

Financial communication:

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

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



15 EMPLOYEES

15.1 Number and breakdown

Breakdown of employee headcount by geographical region:

	<u>31/12/20</u>	<u>31/12/19</u>
France	49	43
Etranger	61	55
	<u>110</u>	<u>98</u>

Breakdown of employees by category:

	<u>31/12/20</u>	<u>31/12/19</u>
Cadres	68	55
Agents de maitrise	10	13
Employés et ouvriers	32	30
	<u>110</u>	<u>98</u>

Breakdown of employees by gender and age:

	<u>31/12/20</u>	<u>31/12/19</u>	<u>Var %</u>
Dont moins de 25 ans	2	3	-33%
Entre 25 et 39 ans	47	37	27%
Entre 40 et 49 ans	16	16	0%
50 ans et plus	18	16	13%
Total Hommes	<u>83</u>	<u>72</u>	<u>15%</u>
Dont moins de 25 ans	5	4	25%
Entre 25 et 39 ans	15	14	7%
Entre 40 et 49 ans	3	3	0%
50 ans et plus	4	5	-20%
Total Femmes	<u>27</u>	<u>26</u>	<u>4%</u>
Dont moins de 25 ans	7	7	0%
Entre 25 et 39 ans	62	51	22%
Entre 40 et 49 ans	19	19	0%
50 ans et plus	22	21	5%
Total Groupe	<u>110</u>	<u>98</u>	<u>12%</u>

Churn

	<u>2020</u>	<u>2019</u>
Embauches	29	26
Départs	16	14

During the 2020 fiscal year:

- 16 employees left the Group, principally through resignations, amicable agreements or dismissals, with the expiration of four contracts and one retirement.
- 29 people joined the Group: 22 on permanent contracts, 1 on fixed-term contract and six on professional training contracts or apprenticeships.

15.2 Holdings and securities giving access to the capital, held by members of the Board of Directors and employees

Holdings and number of securities giving access to capital, held by members of the Board of Directors:

At 31 March 2021, direct and indirect holdings of the members of the Board of Directors are as follows:

Identité du mandataire social	Nombre d'actions	% du capital	% droits de vote
Pascal MAUBERGER	52	0,0%	0,0%
Luc POYER	7 724	0,0%	0,0%
EDF Nouveaux Business Holding	3 933 708	14,1%	14,1%
FCPR Ecotechnologies (société de gestion : BPIfrance Investissement)	1 669 120	6,0%	6,0%
Chart International Holdings, Inc.	1 276 595	4,6%	4,6%
Technip Energies B.V	638 297	2,3%	2,3%

The information concerning securities giving access to the capital (BSPCE, BSA and Options) allocated to corporate officers is given in Table 8 of section 13.1.

Holdings and number of securities given access to capital held by employees:

No employees directly hold shares in McPhy.

15.3 Profit-sharing and incentive agreements

None

15.4 Other corporate information

15.4.1 Compensation and trends

The table below shows the breakdown of the average monthly gross earnings (salary and bonuses) for men and women, in euro for 2019 and 2020 (excluding apprenticeships and professional training contracts, ignoring subsidiary McPhy Asia which retains one employee at 31 December 2019):

	31/12/20	31/12/19	Var %
Hommes	5 370	5 341	0,5%
Femmes	3 953	3 774	4,7%
Groupe	5 075	4 996	1,6%

The Company applies a system of individual salary reviews. Bonuses are of two types: individual and collective according to the achievement of annual quality-related and quantitative objectives.



In all subsidiaries, the employment contracts of permanent and fixed-term employees comply with the local employment law rules.

Currently, there is no group-wide compensation policy. In this domain, the policy remains local while observing a basic principle of pay parity between men and women with equal skills and positions.

Average salaries are above the legal minimum for all employee categories.

15.4.2 Organization of work

The Group observes all legal and contractual obligations applicable to working hours in all its subsidiaries. Working hours depend on the local context and the level of activity.

The Group has implemented measures to preserve quality of life for employees, notably a transfer to part-time employment for women with children.

Events relating to the global health crisis arising in the first quarter of 2020 led us to organize for all employees able to work from home to do so.

The global absenteeism level presented in the table below takes into account absences for sickness, maternity and paternity, as well as workplace accidents.

Taux d'absentéisme	2020	2019	Var pts
Absentéisme global	3,2%	3,0%	0,3
dont absentéisme de maladie	1,2%	1,5%	-0,4
dont absentéisme de maladie longue durée	0,8%	0,4%	0,4
dont absentéisme d'accident de travail	0,0%	0,2%	-0,2
dont absentéisme autre	1,2%	0,8%	0,4

15.4.3 Labor relations

Since its creation, McPhy has favored the development of labor relations founded on respect for staff representative bodies and constructive social dialog.

In France, the following collective bargaining agreements apply to McPhy employees:

- National collective convention of metallurgy engineers and management
- Collective convention for the metallurgy sector in the Drôme/ Ardèche area for non-management employees based in La Motte-Fanjas
- Collective convention for the metallurgy sector in the Isère area for non-management employees based in Grenoble.

The Group business ethics code clearly underlines the need to foster social dialog and to be attentive to employee concerns. The Group's advantage in this case is the relatively small size of its subsidiaries, which favors simple and frequent dialog between managers and employee teams on Company business and current projects.

The freedom of association and negotiation is a fundamental right that the Group is conscientious in respecting. The staff representative bodies and more generally employees are regularly consulted and informed about projects and changes that may occur in the life of all Group entities.

No collective agreement is in effect at this time.

15.4.4 Health and Safety

Group policy concerning the safety and protection of people addresses the following objectives:

- Ensure that McPhy products comply with applicable standards and regulations in effect;
- Ensure the safety of people active in the Company; and
- Ensure the protection of tangible and intangible Company assets.

Note that in late 2020, the site of San Miniato (Italy) achieved ISO 45001 certification for its occupational health and safety management system. This site will serve as a pilot to extend the certification across the Group.

Throughout its facilities, the Company applies high standards for its equipment and operations. It also ensures suitable training for its employees both in procedures intended to ensure product quality and in the safety requirements applicable to each work station.

The Company operates a network of Quality, Safety and Environment correspondents responsible for the implementation and homogenization of Group practices. Each Group entity has a QHSE manager.

2020 was marked by the Covid-19 health crisis across the world. This crisis severely impacted the organization of McPhy site activities and required the implementation of a Group-wide business continuity plan. The plan involved the following measures:

- Reinforced health and safety precautions and measures on all sites and during work on Client sites. Full personal and collective protective equipment was provided alongside these measures.
- The widespread adoption of working from home for those whose activities are compatible with these working conditions. Practical recommendations were provided to encourage a healthy balance between work life and personal life for the employees in question;
- Regular check-ins by Management with employees to discuss the health situation and organize updates to ensure compliance with all applicable regulations.

This business continuity plan enabled us to ensure a high level of safety while ensuring a full-time activity for all employees throughout 2020.

In the midst of this global pandemic, the Company deployed a number of internal crisis management systems. It also defined an action plan relating to Group employee travel, the conditions for travel, along with a review of insurance cover for employees in these situations.

Workplace accidents, frequency and severity, occupational illnesses

Accidents du travail, fréquence et gravité, maladies professionnelles	2020	2019	Var pts
Taux de fréquence ⁽¹⁾	0,00	22,7	-22,72
Taux de gravité ⁽²⁾	0,00	0,28	-0,28
Nombre de jours d'arrêt faisant suite à un accident du travail	0	50	-50,00
Nombre de maladies professionnelles reconnues	0	0	0,00

(1) Number of workplace accidents resulting in absence during the fiscal year, multiplied by 1,000,000 and divided by the total number of hours worked.

(2) Number of calendar days absent during the fiscal year due to workplace accidents, multiplied by 1,000, divided by the total number of hours worked.

15.4.5 Training

The Group organization implemented enables a flexible and scalable operation with shared resources and skills that are potentially mobile on a temporary or permanent basis. This is favored through the flexibility and versatility of employees (in engineering as in production), which have been extended through suitable training (whether technical, language skills, regulations etc.).

Within the Group, the annual appraisal is used to identify and manage training needs for all employees.

The Company implements its training policy with a long-term outlook, based on actions to strengthen collective and individual skills.

The training effort level is maintained above legal obligations.

The Group implements an international human resources policy as part of its efforts to aim for excellence. This ambition is dependent on both its capacity to develop a Group-wide policy and to implement it for each employee. Wherever they are located and whatever their occupation, the Group’s ambition is to the foster professional development and personal fulfillment of employees, especially through ongoing training.

Safety training courses are also dispensed internally, to train staff on the risks involved with using machines and hazardous operations. An on-site safety induction is conducted for all staff, especially when new hires take up their positions.

Training time is broken down as follows:

	<u>2020</u>	<u>2019</u>
Heures de formation	2 153	1 271
% de salarié ayant eu au moins une formation dans l'année	55%	37%

15.4.6 Equality of treatment

The diversity of employees and cultures represented across the Group is a tremendous asset. As part of its commitments as an employer, the Group is determined to offer its employees equal opportunities for recognition and career development whatever their origin, gender, and beliefs, and shall not tolerate any form of discrimination or harassment.

These principles must be applied to all recruitments of new staff by the Group.

For example, making derogatory remarks to another employee about their ethnic background, their gender, age, or religious beliefs, or adopting an undesirable behavior with sexual connotations is likely to constitute harassment and is prohibited within the Group.

The Group is conscious that differences are an asset, and therefore strives to implement a non-discriminatory policy and cultivate such differences, while ensuring equal treatment of all employees.

This equality of treatment is implemented through the following measures:

- Neutral and equitable recruitment process;
- Equality of access to training;
- Compensation based on skills, experience, level of responsibility, results and expertise in the position occupied.



The policy concerning employees with disabilities is based on the following measures:

- Retention of employees with disabilities;
- A commitment of non-discrimination to foster the recruitment of persons with disabilities for employment, work experience and work-study programs;
- The development of partnerships with the sheltered employment sector.

As an example, a work station in France was fully refurbished for a person newly afflicted by a disability.

The Group has implemented a proactive policy to combat discrimination of all kinds.

Non-discrimination is one of the Group's "principles and values". This principle is reported and regularly reaffirmed as an intangible principle in internal documents, particularly the business ethics code.

15.4.7 Promotion and observance of the International Labor Organization's Fundamental Conventions

The Company hereby declares that it strictly respects the freedom of association of its employees. The right of collective bargaining is exerted in its establishments in the framework specified by the French Labor Code.

Group activities take place in countries where a strict regulatory framework applies to these issues. The risk of any such practices occurring remains very limited.

Group activities take place in countries where a strict regulatory framework applies to the effective abolition of child labor.

The risk of any such practices occurring remains very limited.

16 MAIN SHAREHOLDERS

16.1 Breakdown of share capital and voting rights

16.1.1 Breakdown of share capital and voting rights in the Company at 31 March 2021

In accordance with the provisions of article L.233-13 of the French Commercial Code, we hereby provide the identity of shareholders owning more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights at general shareholder meetings. This information is valid at 31 March 2021.

Situation en capital et en droits de vote	31/03/2021			
	Nombre		Pourcentage	
	Actions	Voix	Actions	Voix
EDF Pulse Croissance Holding	3 933 708	3 933 708	14,1%	14,1%
FCPR Ecotechnologies (représenté par Bpifrance Investissement)	1 669 120	1 669 120	6,0%	6,0%
Chart International Holdings, Inc	1 276 595	1 276 595	4,6%	4,6%
Technip Energies B.V	638 297	638 297	2,3%	2,3%
Auto détention (1)	21 223	0	0,1%	0,0%
Autres	20 376 497	20 411 423	73,0%	73,1%
Total	27 915 440	27 929 143	100%	100%

As at 12 March 2021, 4.76 % of shares are managed in registered form.

At the last TPI (Bearer Share Identification) process on 12 March 2021, 19 % of the capital was held by natural persons and 81 % by institutional investors (source: Euroclear). The number of individual shareholders is estimated at 30.000.

Situation en capital et en droits de vote	31/03/2020			
	Nombre		Pourcentage	
	Actions	Voix	Actions	Voix
FCPR Ecotechnologies (représenté par Bpifrance Investissement)	1 328 695	1 328 695	7,5%	7,5%
EDF Pulse Croissance Holding	3 678 389	3 678 389	20,7%	20,7%
Auto détention (1)	20 374	0	0,1%	0,0%
Autres	12 704 342	12 746 938	71,6%	71,8%
Total	17 731 800	17 754 022	100%	100%

(1) Quote-part émetteur figurant au crédit du compte de liquidité

Situation en capital et en droits de vote	31/03/2019			
	Nombre		Pourcentage	
	Actions	Voix	Actions	Voix
BPI France	1 132 915	1 132 915	7,8%	7,7%
EDF Pulse Croissance Holding	3 137 250	3 137 250	21,5%	21,4%
Auto détention (1)	12 737	0	0,1%	0,0%
Autres	10 330 405	10 388 855	70,7%	70,9%
Total	14 613 307	14 659 020	100%	100%

(1) Quote-part émetteur figurant au crédit du compte de liquidité

At the time of issues of this Universal Registration Document, the Company is not aware of any other shareholder having direct or indirect control, whether individually or jointly, of over 5% of the share capital or the voting rights in the Company and who is not represented on the Board of Directors.

16.1.2 Breakdown of share capital and voting rights in the Company at 12 March 2021 on a fully diluted basis

The table below indicates, to the best of the Company's knowledge, the breakdown of voting rights in the Company at 31 March 2021, along with its potential breakdown on a fully diluted basis. This means in the event that all financial instruments giving access to the Company's capital still in circulation are exercised; in total the issue of 435,300 Company shares from the exercise of options, BSA and BSPCE allocated to certain employees and corporate officers of the Company.

Noms	Nombre d'actions existantes	%capital	Nombre d'instruments d'incentive et actions gratuites attribués	Nombre d'actions post exercice des instruments d'incentive et actions gratuites	%du capital post exercice des instruments d'incentive et actions gratuites	Droits de vote théoriques		
						Avant exercice des instruments d'incentive et actions gratuites	Post exercice des instruments d'incentive et actions gratuites	%post exercice des instruments d'incentive et actions gratuites
FCPR Ecotechnologies (BPI France Investissements)	1 669 120	5,98%	-	1 669 120	5,89%	1 669 120	1 669 120	5,88%
EDF Nouveaux Business Holding	3 933 708	14,09%	-	3 933 708	13,88%	3 933 708	3 933 708	13,87%
Chart International Holdings, Inc	1 276 595	4,57%	-	1 276 595	4,50%	1 276 595	1 276 595	4,50%
Technip Energies B.V	638 297	2,29%	-	638 297	2,25%	638 297	638 297	2,25%
Sous-total	7 517 720	26,93%	-	7 517 720	26,52%	7 517 720	7 517 720	26,50%
Autres actionnaires	20 380 264	73,01%	-	20 380 264	71,89%	20 384 691	20 384 691	71,87%
Pascal Mauberger	52	0,00%	4 000	4 052	0,01%	104	4 104	0,01%
Laurent Carme	-	0,00%	150 000	150 000	0,53%	-	150 000	0,53%
Luc Poyer	7 724	0,03%	-	7 724	0,03%	15 448	15 448	0,05%
Salariés	9 680	0,03%	281 300	290 980	1,03%	11 180	292 480	1,03%
Sous-total	20 397 720	73,07%	435 300	20 833 020	73,48%	20 411 423	20 846 723	73,50%
Total général	27 915 440	100,00%	435 300	28 350 740	100,00%	27 929 143	28 364 443	100,00%

16.1.3 Equity ownership thresholds

Under the terms of article L.233-7 of the French Commercial Code, any time the percentage of capital or voting rights held passes above or below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95%, the Company and the AMF Financial Markets Authority must be specifically notified and the information published on the AMF website.

A specific disclosure relating to the objectives pursued by the shareholder in question over the next six months must be provided to the AMF if the capital or voting rights held cross the thresholds of 10%, 15%, 20% and 25%.

The Company articles do not impose an obligation of disclosure concerning other thresholds of equity or voting rights control.

16.1.4 Crossed thresholds

Date of disclosure	Company crossing threshold	Nature of crossing	Nature of operation leading to crossing	Date of crossing	Thresh hold crossed	Number of Company shares held on date of disclosure	% of Company equity held on date of disclosure	Number of Company voting rights held on date of disclosure	% of Company voting rights held on date of disclosure
02.02. 2021	BlackRock, Inc	Upward ⁽¹⁾	Share purchase	01 Feb 2021	5% of share capital and voting rights	1,495,782 ⁽²⁾	5.37%	1,495,782	5.36%
01 Feb 2021	BlackRock, Inc	Downward	Disposal of shares	29.01. 2021	5% of share capital and voting rights	1,389,453	4.99%	1,389,453	4.98%
25.01. 2021	BlackRock, Inc	Upward	Share purchase	22 Jan 2021	5% of share capital and voting rights	1,475,064	5.30%	1,475,064	5.29%
14 Jan 2021	BlackRock, Inc	Downward	Disposal of shares	13 Jan 2021	5% of share capital and voting rights	1,380,466	4.96%	1,380,466	4.95%
13 Jan 2021	BlackRock, Inc	Upward	Share purchase	12 Jan 2021	5% of share capital and voting rights	1,397,981	5.02%	1,397,981	5.01%
22 June 2020	Caisse des dépôts et consignations	Downward ⁽³⁾	Disposal of shares	05 June 2020	10% of share capital and voting rights	1,848,926	9.93%	18,848,926	9.91

⁽¹⁾ The investment manager has the discretionary entitlement to exercise voting rights associated with the shares held, unless expressly requested by Clients to retain control of voting rights.

⁽²⁾ Of which (i) 184,560 MC PHY ENERGY shares considered by virtue of the provisions of article L. 233-9 I, 6° of the French Commercial Code through the conclusion of a securities lending agreement and (ii) 269,330 MC PHY ENERGY shares held as collateral.

⁽³⁾ Indirectly crossed threshold due to Bpifrance Investissement and CDC Croissance.

16.2 Shareholder voting rights

To date, the Company has not issued any preference shares conferring specific voting rights on holders.

Shareholder voting rights are equal to the number of shares held. Nonetheless, by virtue of the provisions of articles L.225-123 and L.22-10-46 of the French Commercial Code amended by article 7 of the Florange law no.

2014-384 of 29 March 2014, double voting rights are now in vigor in companies whose shares are traded on a regulated market.

16.3 Control of Company and concerted action

At the date of issue of this Universal Registration Document, no shareholder controls the Company, whether directly or indirectly, under the terms of article L.233-3 of the French Commercial Code.

Moreover, no shareholder holds a blocking minority in the shareholders' general meetings of the Company.

At this time, there is therefore no risk that the Company may be subject to abusive control by a minority or majority shareholder. Consequently, the Company has not implemented specific measures to avoid shareholder abuse in the exercise of their voting rights, while it is specified that the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer is one measure to prevent such control being implemented abusively.

To the best of the Company's knowledge, no concerted action or pact exists between shareholders.

16.4 Agreements likely to bring about a change of control

To the best of the Company's knowledge, no shareholder pact, concerted action, or agreement exists, the implementation of which subsequent to the date of this Universal Registration Document could bring about a change of control.

17 RELATED PARTY TRANSACTIONS

In the 2020 fiscal year, the Company did not record any transactions with associate companies or joint ventures.

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

17.1 Intra-group transactions

For further information, the reader is invited to refer to note 3.21 to the financial statements for the fiscal year ending 31 December 2020, in section 18.1.5 of this Universal Registration Document.

17.2 Significant holdings acquired in French companies

In the course of the 2020 fiscal year, the Company acquired no stakes or holdings in companies incorporated in France.

17.3 Cross-ownership

None

18 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, AND INCOME

18.1 Historical financial information

The tables below set out the key financial figures for the Group. These figures are taken from the Group consolidated financial statements as per IFRS standards and as audited by DELOITTE & ASSOCIES and SARL AUDIT EUREX. The Group consolidated financial statements for the fiscal year ending 31 December 2020 are provided at the end of this Universal Registration Document.

Pursuant to article 19 of EU regulation 2017/1129 of the European Parliament and Council of 14 June 2017, the following information is included for reference in this Universal Registration Document:

- Trends in the financial position and operating result between the 2017 and 2018 fiscal years presented in sections 9.1 and 9.2 of the registration document for the 2018 fiscal year, recorded by the AMF on 30 April 2019 under no. D.19-0449.
- Trends in the financial position and operating result between the 2018 and 2019 fiscal years presented in sections 7.1 and 7.2 of the universal registration document for the 2019 fiscal year, recorded by the AMF on 22 April 2020 under no. D.20-0334.
- The Company financial statements, consolidated financial statements and audit reports provided in sections 21.1 and 21.4 of the registration document for the 2018 fiscal year, recorded by the AMF on 30 April 2019 under no. D.19-0449.
- The Company financial statements, consolidated financial statements and corresponding audit reports provided in sections 18.1 to 18.3 of the universal registration document for the 2019 fiscal year, recorded by the AMF on 22 April 2020 under no. D.20-0334.

Sections of these documents not included here are not applicable to investors or are covered in another section of the Universal Registration Document.

18.1.1 Historical financial information audited for last three fiscal years and audit report

<i>(en milliers d'euros)</i>	2 020	2 019	2 018
COMPTE DE RESULTAT CONSOLIDE			
Chiffre d'affaires	13 694	11 387	7 950
Autres produits de l'activité	947	4 076	1 138
Produits des activités courantes	14 642	15 463	9 088
Résultat opérationnel courant	(8 786)	(6 484)	(9 392)
Résultat opérationnel	(9 022)	(6 548)	(9 438)
Résultat net	(9 340)	(6 255)	(9 538)
<i>Dont :</i>			
Part du Groupe	(9 340)	(6 255)	(9 538)
Intérêts minoritaires	-	-	-
Résultat par action (euros)	(0,34)	(0,42)	(0,75)
Résultat dilué par action (euros)	(0,34)	(0,42)	(0,75)
Nombre moyen d'actions	27 855 480	15 070 537	12 644 099

<i>(en milliers d'euros)</i>	2 020	2 019	2 018
BILAN CONSOLIDE			
Ecarts d'acquisition	2 487	2 487	2 487
Autres actifs non courants	4 360	3 358	3 043
Actifs courants	15 609	10 402	9 493
Disponibilités	197 674	12 995	14 895
TOTAL ACTIF	220 130	29 242	29 918
Capitaux propres - Part groupe	197 236	16 581	15 682
Intérêts minoritaires	-	-	-
Passifs non courants	4 290	3 118	6 217
Passifs courants	18 604	9 543	8 019
TOTAL PASSIF	220 130	29 242	29 918
<i>(en milliers d'euros)</i>	2 020	2 019	2 018
FLUX DE TRESORERIE			
Flux nets de trésorerie :			
- générés par activité opérationnelle	(7 333)	(7 495)	(7 015)
- liés aux opérations d'investissement	(455)	(160)	210
- liés aux opérations de financement	192 467	5 755	17 453
Variation de trésorerie	184 680	(1 900)	10 648
DIVIDENDES			
Dividende total	0	0	0
Dividende par action (euros)	0	0	0

18.1.2 Change of accounting reference data

None

18.1.3 Accounting standards

The accounting standards are presented for the Company financial statements in note 2 in section 18.1.5 and for the Consolidated financial statements in note 2 in section 18.1.6.

18.1.4 Change in accounting framework

None

18.1.5 Company financial statements

BALANCE SHEET - ASSETS

ACTIF (EUR)	NOTES	Brut	Amort & Prov.	31/12/2020 Net	31/12/2019 Net
ACTIF IMMOBILISE					
Autres immobilisations incorporelles	2.3.4 & 3.1	428 496	401 601	26 895	698
Immobilisations corporelles	2.3.5 & 3.1	5 119 214	4 382 864	736 350	532 688
Participations et créances rattachées	2.3.6 & 3.1	7 780 365	2 418 527	5 361 839	4 322 302
Autres immobilisations financières	3.1	275 144	0	275 144	162 812
TOTAL ACTIF IMMOBILISE		13 603 220	7 202 992	6 400 228	5 018 500
ACTIF CIRCULANT					
Stocks et en-cours	2.3.8 & 3.2.1	692 960	254 547	438 413	387 919
Avances et acomptes versés sur commandes	3.2.2	1 928 477	-	1 928 477	1 010 008
Clients et autres débiteurs	2.3.9 & 3.2.2	6 303 716	-	6 303 716	3 945 510
Autres créances	3.2.2	1 004 469	-	1 004 469	1 014 322
Valeurs mobilières de placement	2.3.10 & 3.2.3	33 008 574	-	33 008 574	3 004 250
Disponibilités	2.3.10 & 3.2.3	164 095 171	-	164 095 171	8 068 711
TOTAL ACTIF CIRCULANT		207 033 366	254 547	206 778 819	17 430 719
Comptes de régularisations actif	3.2.2	113 035	-	113 035	141 385
Ecart de conversion actif		149 250	-	149 250	7 537
TOTAL ACTIF		220 898 871	7 457 539	213 441 332	22 598 142

BALANCE SHEET - LIABILITIES

PASSIF (EUR)	NOTES	31/12/2020	31/12/2019
Capital social	3.3	3 342 785	2 079 102
Primes liées au capital	3.3	206 858 411	30 853 517
Réserve légale	3.3	333 832	207 910
Report à nouveau	3.3	-5 407 976	-12 183 161
Résultat net	3.3	-10 327 116	-5 407 976
CAPITAUX PROPRES		194 799 936	15 549 394
Autres fonds propres	2.3.11 & 3.4	437 147	371 624
Provisions pour risques et charges	2.3.12 & 3.5	977 012	688 283
Emprunts et dettes financières	2.3.14 & 3.6	4 683 711	1 014 553
Avances et acomptes reçus sur commandes	3.7	0	27 637
Fournisseurs et autres créditeurs	3.7	6 987 099	2 939 746
Dettes fiscales et sociales	3.7	2 133 922	1 343 587
Autres dettes	3.7	13 518	12 133
TOTAL DETTES		15 232 408	6 397 563
Comptes de régularisations passif	3.7	3 408 988	616 326
Ecart de conversion passif		0	34 859
TOTAL PASSIF		213 441 332	22 598 142

INCOME STATEMENT

EUR	NOTES	31/12/2020	31/12/2019
Vente de marchandises		97 738	53 573
Production vendue		9 668 105	5 751 875
Chiffres d'affaires	2.3.15 & 3.8	9 765 843	5 805 448
Production stockée		-77 480	-936
Production immobilisée		2 178	0
Subvention d'exploitation	2.3.16	177 691	3 017 797
Autres produits d'exploitation	3.10	852 488	812 902
Produits d'exploitation		10 720 720	9 635 212
Achats consommés		-2 766 972	-1 898 142
Autres achats et charges externes		-9 578 920	-7 575 615
Impôts et taxes		-99 057	-84 912
Charges de personnel	3.9	-4 723 273	-3 761 756
Dotation aux amortissements	3.1	-206 932	-258 295
Dotation aux dépréciations et provisions		-374 028	-409 786
Autres charges d'exploitation	3.10	-136 038	-32 616
Charges d'exploitation		-17 885 220	-14 021 121
RESULTAT D'EXPLOITATION		-7 164 500	-4 385 909
Produits financiers	3.11	116 835	506 208
Charges financières	3.11	-3 721 667	-2 032 304
RESULTAT FINANCIER		-3 604 832	-1 526 097
RESULTAT COURANT AVANT IMPOT		-10 769 332	-5 912 005
Produits exceptionnels	3.12	138 816	32 217
Charges exceptionnelles	3.12	-244 523	-168 438
RESULTAT EXCEPTIONNEL		-105 707	-136 221
Impôts sur les sociétés	2.3.17 & 3.13	547 923	640 251
RESULTAT NET		-10 327 116	-5 407 976

MCPHY ENERGY

APPENDIX TO COMPANY FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2020

1. ABOUT THE COMPANY

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

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

The registered office is listed as 1115, route de Saint Thomas – 26190 La Motte-Fanjas (France). The Company is listed on Compartment C of Euronext Paris.

The information provided in appendix to the company financial statements is an integral part of the financial statements of McPhy Energy at 31 December 2020, approved by the Board of Directors meeting of 9 March 2021.

In accordance with article L.222-3 of the general regulation of the AMF, McPhy Energy opted to defer by one year the obligation to issue its annual financial reports using a single electronic format as defined by European regulation no. 2019/815 of 17 December 2018.

1.1. Covid-19 situation

In the first half year and taking advantage of the Covid-19 business support measures, the Group received **€4 M** in State-guaranteed loans which will be fully repaid in 2021, and on 10 April 2020, it renewed its equity financing line for a two-year term, during which Kepler Cheuvreux has undertaken to subscribe to up to 3,500,000 shares to the extent made possible by the contractual conditions. At 31 December 2020, the contract was suspended and 2,000,000 shares have been created for a total amount of **€18.2 M**.

1.2. Highlights

McPhy Energy has been awarded increasingly significant projects in France and Europe, in line with the Group's strategy. Some notable cases:

- **Djewels³⁷ project, Netherlands:** McPhy was appointed by Nouryon and Gasunie, two major industrial players, to equip one of the largest zero-carbon hydrogen production plants in an industrial environment (20 MW in the center of a chemical industrial park) in Europe:

³⁷ <https://mcphy.com/fr/communiqués/hydrogene-industriel-projet-20-mw-aux-pays-bas/>

- **Zero Emission Valley³⁸ project, France:** Alongside Ataway and TSM-HRS, McPhy was selected by project leader Hymplusion to outfit the largest zero-emissions hydrogen mobility deployment project in France, and one of the most ambitious on the European level;
- **AUXR_H2³⁹ project, France:** McPhy was selected by Hynamics, the EDF Group's hydrogen-specialist subsidiary, to install a complete zero-carbon hydrogen solution to supply a fleet of buses;
- **Dijon Métropole Smart Energy⁴⁰ project, France:** McPhy was appointed by Rougeot Energie to equip two stations with a capacity of 400 kg of hydrogen per day each, coupled with a 1 MW electrolyzer;
- **Hyport⁴¹ project, France:** McPhy was selected by ENGIE Solutions to design, manufacture and integrate 1 MW of high-power electrolysis and two hydrogen stations in the immediate surroundings of the Toulouse Blagnac airport and major road arteries.

On 14 October 2020, McPhy successfully completed a €180 M capital increase with new and historical strategic shareholders, to fund global scale-up of zero-carbon hydrogen. The costs involved in the capital increase amounted to €11.1 M and have been booked against the issue premium.

Agreements were concomitantly signed with the two new strategic investors, Chart International Holdings, Inc., and Technip Energies B.V., setting up collaboration frameworks to unlock new commercial opportunities globally in numerous hydrogen domains.

1.3. Post-closing events

None

³⁸ <https://mcphy.com/fr/communiqués/zero-emission-valley-2/>

³⁹ <https://mcphy.com/fr/communiqués/hydrogene-zero-carbone/> - Ademe is a partner on this project. It received funding from Fuel Cells and Hydrogen 2 Joint Undertaking through the European Union "Horizon 2020" research and innovation program, under the subsidy agreement no. 77956.

⁴⁰ <https://mcphy.com/fr/communiqués/nouveau-contrat-mobilite-hydrogene/>

⁴¹ <https://mcphy.com/fr/communiqués/hyport/>

2. ACCOUNTING PRINCIPLES AND METHODS

The Company financial statements are prepared in Euros. Unless otherwise indicated, all amounts indicated in this appendix to the financial statements are given in Euros.

2.1. Accounting framework

The financial statements for the year ending 31 December 2020 have been prepared according to the accounting standards defined by the General chart of accounts set out in regulation no. 2016-07 adopted by the French accounting standards authority (*Autorité des normes comptables - ANC*) on 4 November 2016 and approved by decree on 26 December 2016.

Accounting conventions have been applied in observance of the principle of prudence, in line with the following basic assumptions:

- Principle of going concern,
- Consistent accounting methods between fiscal years,
- Independence of fiscal years

And in accordance with the general rules on the preparation and presentation of company financial statements.

The basic method used to recognize accounting items is the historical cost method.

Only information with significant importance is reported.

The assumption of going concern was adopted by the Board of Directors given the positive cash position of the Company at 31 December 2020 of €197.1 M.

In light of the commitments made at this time, the Company considers that it would be able to cover its forecast cash requirements for 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 choice of capitalizing research and development projects in progress,
- Equity interests and related receivables,
- The period of use of assets owned by the Company,
- Provisions for guarantees,
- Projected cash flow consumption,
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.



2.3. Valuation methods and rules

2.3.1. Currency conversion

Transactions in foreign currencies are converted at the exchange rate in effect at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities in currency are converted using the exchange rate on the closing date.

The Company subscribed to a “flexiterme” currency hedging solution for USD 2.8 million against EUR, from 1st December 2020 until 31 March 2023, at a guaranteed rate of 1.1765. This is part of an agreement involving a US supplier to enable it to cover its activity against fluctuations in the USD exchange rate.

2.3.2. Capital increase costs

Where necessary, capital increase costs are booked directly against the issue premium amount.

2.3.3. Research and Development

Development costs are recognized as intangible non-current assets only if the following six criteria are satisfied cumulatively:

1. Technical feasibility requirement to complete the development project,
2. Intention of the Company to complete the project,
3. Capacity of the Company to use this intangible asset,
4. Demonstration of the probable future economic benefits associated to the asset,
5. Availability of technical, financial, and other resources needed to complete the project and
6. Faithful valuation of development expenses.

Given their nature, where necessary these costs are recognized in the Company financial statements as intangible non-current assets. These costs are amortized on a linear basis according to their estimated economic lifetime.

Research and Development work done internally by McPhy Energy is not subject to capitalization on the closing date, as not all the criteria specified above were satisfied. Research and Development costs recognized as charges for the fiscal year amount to €2,497 K at 31 December 2020.

2.3.4. Other intangible non-current assets

Mainly comprise software and patents. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.3.5. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition (purchase price and related expenses) or their cost of production. They are not subject to revaluation.

Amortizations are calculated in linear mode according to their estimated useful life. Residual values are not taken into account, as their impact is not significant.

The main amortization periods used are as follows:



Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 10 years
General fixtures and fittings	3 to 20 years
Transportation equipment	5 years
Computer equipment, furniture, and office equipment	2 to 10 years

No borrowing interest has been activated, as the Company's debts are not directly assignable to assets separately.

2.3.6. Equity interests

Equity interests are recognized at their purchase value. A provision for impairment of financial non-current assets is made if the value in use of these interests is below the book value.

For equity interests, value in use is calculated using a multi-criteria approach, including the discounted cash flow method. These criteria are weighted by the effects of owning these interests in terms of strategy or synergy, in light of other interests owned.

Future cash flows derive from the five-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows. Cash flow forecasts are considered without taking account of non-engaged restructuring, investment for growth or the financial structure. Flows are discounted using a discount rate which in practice corresponds to the weighted average cost of capital determined by the Company after taxes. The terminal value is determined by discounting a normative flow, taking into account the discount rate used for the explicit time period and a perpetual growth rate.

The discount rates used at 31 December 2020 and 31 December 2019 to discount future cash flows are 11.8 % and 13.6% respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.03 % (0.12% in 2019)
- Market risk premium of 7.75 % (8.10 % in 2019)
- Specific risk premium of 1.47 % (1.80 % in 2019)
- Beta of 1.33 (1.15 in 2019)
- Perpetual growth rate of 1.85 % (1.9 % in 2019)

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 or legal environment or on the market where the Company operates, or where the asset is active;
- Market interest rates or other market yield rates have risen during the fiscal year and it is probable that rises will significantly impair the market value and/or value in use of the asset.

Internal indications:

- Existence of an indication of obsolescence or physical deterioration of an asset not foreseen in the amortization plan;
- Major changes in how the asset is used;
- Asset performance below projections;
- Significant drop in cash flows generated by the Company.

If there is an indication of impairment, an impairment test is carried out: the net book value of the non-current asset is compared to its current value.

The net book value of an amortizable non-current asset corresponds to its gross value net of accumulated amortizations and impairments.

The current value is an estimated value that is estimated using market information and the usefulness of the asset for the Company. It results from the comparison between the market value and the value in use. The current value corresponds to the amount that could be recovered at the date of closing, from the sale of the asset in a transaction executed at normal market conditions, less the costs of disposal.

2.3.8. Inventories

Inventories are valued using the weighted average cost method.

The gross value of goods and supplies includes the purchase price excluding tax, transport costs and related costs.

Work in progress is valued at production cost, including direct and indirect charges that can be incorporated according to the normal capacity of production facilities, excluding financial costs.

Where necessary, provisions for impairment are made on a case by case basis, after review by financial management and production management, if the net recoverable value is below the costs incurred to transport the inventories to the location and in their current state:

- Concerning raw materials, depending on their physical impairment or their risk of obsolescence,
- Concerning work in progress or finished products to take into account potential losses on markets or their risk of obsolescence.

2.3.9. Trade and other receivables

Trade receivables are recognized when ownership is transferred and at their face value.

A provision for impairment is recorded if the inventory value of receivable presents a risk in terms of its recoverability.

2.3.10. Marketable securities and liquidities



Marketable securities and liquidities include cash, very liquid short-term deposits which can be easily converted into a known amount of cash and which are subject to a significant risk of change in value. Bank overdraft facilities are recorded in borrowing and financial debt. These items are exclusively in Euros.

At 31 December 2020, €33 M is placed in term accounts with no-fee instant access:

Type of placement	Amount (€M)	Duration	Term	Gross actuarial rate	Planned withdrawal
Cash boost term account	5	2 years	19 Nov 2022	0.2000%	32 days notice
Progressive term account	3	5 years	05 Oct 2023	0.9167%	32 days notice
Progressive term account	5	5 years	29 July 2025	0.4044%	32 days notice
Energy transition term account	5	5 years	19 Nov 2025	0.3045%	32 days notice
Progressive term account	5	5 years	19 Nov 2025	0.3045%	32 days notice
Term deposit	10	8 years	08 Dec 2028	0.4974%	31 days notice
Total	33				

2.3.11. Equity equivalents

The Company benefits from advances whether interest-bearing or not, to facilitate the development and production studies for certain materials. These advances may be repaid, with or without interest, beyond a certain level of activity, from revenue generated by these developments. By virtue of article 441.16 of the General Chart of Accounts, these conditional advances are recorded in equity equivalents.

2.3.12. Provisions for risks and charges

The Company records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

The Company values provisions based on facts and circumstances relating to current obligations at the closing date, according to its experience in the field and to the best of its knowledge, after potentially obtaining legal advice from the Company legal team at the date of approval.

Contingent assets are not booked.

The Company records provisions for disputes (commercial, labor etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Machine sales come with one-year contractual guarantees.

2.3.13. Employee benefits

The actuarial risks of defined-benefit schemes are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits foreseen by the collective agreement and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate etc.).

The Company does not outsource the funding of its pension obligations.

The obligation is recognized as an off-balance sheet commitment.

2.3.14. Borrowing and financial debt

Borrowing and financial debt comprises bank loans, shareholder current accounts and bank overdrafts.

2.3.15. Recognition of revenue

Revenue is valued at the fair value of the consideration received or receivable.

Revenue includes sales of goods and merchandise, as well as various services associated with sales.

Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of ownership of the product or the performance of the service.

For long-term contracts, revenue is recognized using the percentage of completion method. It consists in recording the income from a business project or contract as the percentage of the contract that has been fulfilled increases, based on costs already incurred on the contract, in relation to the total amount of costs to incur on the project. On the balance sheet, this includes trade receivables, non-issued invoices, deferred income, and advance payments.

In the event that forecast on completion of the project is negative, a provision for loss on completion is booked regardless of the stage of completion, based on the best estimate of forecast results, including where necessary any rights to additional revenue or rights of recourse, insofar that they are probable and can be valued reliably. Provisions for losses on completion are recorded in the balance sheet liabilities.

2.3.16. Operating subsidies

Subsidies are recorded as income in proportion to the costs incurred. For this reason, future subsidies may be recognized when the allocation agreement is signed and that spending has occurred, even if the subsidies have not been received as yet.

2.3.17. Corporate taxation

The Company is subject to the ordinary tax system in terms of corporate taxation.

The “tax charges” item includes taxes applicable for the fiscal year net of any tax credits.

Tax liability

The tax liability is determined based on the final profit for the fiscal year, which may differ from the accounting profit, due to re-integrations and deductions of income and charges depending on the tax filing position and using the taxation rate in effect on the date of production of the financial information.

Research tax credit (CIR)

Industrial and commercial firms taxed on actual income and which invest in research and innovation may benefit from tax credits.

The tax credit is calculated per calendar year and is offset against the tax payable by the Company in respect of the year during which the research and innovation spending occurs. Unused tax credit can be deferred under the ordinary tax system over the next three years following its recognition. Given the Company’s SME status within the meaning of Community legislation, the reimbursement takes place in the year following recognition.

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

A NOTES TO THE BALANCE SHEET

3.1. Non-current assets

Variation in non-current assets in gross values:

(en euros)	A la clôture Au 31/12/19	Augmentation	Diminution	Autres variations	A la clôture Au 31/12/20
Brevets-licences-logiciels	400 313	2 303	-	-	402 616
Autres immobilisations incorporelles	-	25 880	-	-	25 880
Immobilisations incorporelles	400 313	28 183	-	-	428 496
Terrain et constructions	255 376	-	-	-	255 376
Matériel et Outillage	3 560 522	69 852	-258 165	-	3 372 209
Installations générales	873 836	18 285	-5 970	-	886 152
Matériel de transport	25 328	-	-	-	25 328
Matériel de bureau & informatique	169 783	53 864	-8 466	-	215 181
Mobilier	53 670	2 675	-	-	56 345
Autres immobilisation corporelles	-	308 622	-	-	308 622
Immobilisations corporelles	4 938 517	453 299	-272 601	-	5 119 214
Titres de participation	3 621 202	-	-	-	3 621 202
Créances rattachées à des participations	3 006 497	5 661 185	-4 508 519	-	4 159 163
Autres créances immobilisées	-	15 000	-	-	15 000
Actions propres (1)	119 213	4 419 381	-4 318 560	-	220 034
Autres titres immobilisés	160	-	-	-	160
Dépôts et cautionnement	43 839	311	-4 200	-	39 950
Immobilisations financières	6 790 912	10 095 877	-8 831 279	-	8 055 509
TOTAL	12 129 742	10 577 359	-9 103 880	-	13 603 219

⁽¹⁾ At 31 December 2020, securities held under the liquidity contract amounted to €36 K and cash to €184 K.

Variations in amortization and provisions are as follows:

(en euros)	A la clôture Au 31/12/19	Augmentation	Diminution	Autres variations	A la clôture Au 31/12/20
Brevets-licences-logiciels	399 615	1 986	-	-	401 601
Autres immobilisations incorporelles	-	-	-	-	-
Immobilisations incorporelles	399 615	1 986	-	-	401 601
Terrain et constructions	109 662	115 188	-	-	224 850
Matériel et Outillage	3 379 828	81 979	-247 062	-	3 214 745
Installations générales	638 661	60 296	-3 138	-	695 819
Matériel de transport	17 178	5 066	-	-	22 243
Matériel de bureau & informatique	128 005	32 808	-8 159	-	152 654
Mobilier	42 267	6 342	-	-	48 609
Autres immobilisation corporelles	90 227	-	-66 284	-	23 943
Immobilisations corporelles	4 405 828	301 678	-324 643	-	4 382 864
Titres de participation	146 202	-	-	-	146 202
Créances rattachées à des participations	2 159 194	154 332	-41 202	-	2 272 324
Actions propres (1)	400	-	-400	-	-
Immobilisations financières	2 305 797	154 332	-41 602	-	2 418 526
TOTAL	7 111 242	457 995	-366 244	-	7 202 992

3.2. Current assets

3.2.1. Inventories

	<u>31/12/20</u>	<u>31/12/19</u>
Stock de matières premières	237	5 301
Stock d'autres approvisionnements	416 977	386 353
Stock d'encours	153 622	131 117
Stock de produits Finis	122 124	268 220
Valeur Brute	692 960	790 991
Provisions pour dépréciations	-254 547	-403 072
Valeur Nette	438 413	387 919

3.2.2. Receivables

	<u>31/12/20</u>	<u>31/12/19</u>
Avances et acomptes versés sur commandes	1 928 477	1 010 008
Clients et comptes rattachés	6 303 716	3 945 510
Subventions à recevoir	137 294	136 456
Etats impôts et taxes	866 655	872 365
Personnel et comptes rattachés	-	0
Débiteurs divers	521	5 501
Charges constatées d'avance	113 035	141 385
Valeur Brute	9 349 697	6 111 224
Provisions	-	-
Valeur Nette	9 349 697	6 111 224

At 31 December, trade and other receivables will all mature within less than a year.

3.2.3. Cash and cash equivalents

	<u>31/12/20</u>	<u>31/12/19</u>
Dépôts à court terme	33 008 574	3 004 250
SICAV monétaires	-	-
Disponibilités et assimilés	164 095 171	8 068 711
Trésorerie active	197 103 744	11 072 961
Concours bancaires courants	-	-
Mobilisation de créance	-	-
Trésorerie passive	0	0
Trésorerie nette	197 103 744	11 072 961

3.3. Variation in equity

	Nombre d'actions	Capital	Primes liées au capital	Réserve légale	Report à nouveau	Résultat	Capitaux propres
Situation au 1er janvier 2019	14 613 307	1 753 597	31 217 502	174 979,56	-7 077 192	-12 183 161	13 885 726
Augmentation de capital	2 552 544	306305,28	6 585 564	-	-	-	6 891 869
Exercice de bons d'émission d'actions	160 000	19 200	617 000	-	-	-	636 200
Autres variations	-	-	-489 356	32 931	-	-	-456 425
Imputation des pertes antérieures	-	-	-7 077 192	-	7 077 192	-	-
Affectation du résultat de la période précédente	-	-	-	-	- 12 183 161	12 183 161	-
Résultat de la période	-	-	-	-	-	-5 407 976	-5 407 976
Situation au 31 décembre 2019	17 325 851	2 079 102	30 853 517	207 910,21	-12 183 161	-5 407 976	15 549 394
Augmentation de capital	7 659 574	919 149	179 080 840	-	-	-	179 999 989
Exercice d'options et BSPCE	77 445	9 293	380 060	-	-	-	389 354
Exercice de bons de souscription d'actions	2 793 670	335 240	20 002 490	-	-	-	20 337 731
Exercice de bons d'émission d'actions	-	-	1 000	-	-	-	1 000
Autres variations	-	-	-11 276 336	125 921	-	-	-11 150 415
Imputation des pertes antérieures	-	-	-12 183 161	-	12 183 161	-	-
Affectation du résultat de la période précédente	-	-	-	-	-5 407 976	5 407 976	-
Résultat de la période	-	-	-	-	-	-10 327 116	-10 327 116
Situation au 31 décembre 2020	27 856 540	3 342 785	206 858 411	333 832	-5 407 976	-10 327 116	194 799 936

3.4. Equity equivalents

The Company has two repayable advance contracts for a total amount of €437 K at 31 December 2020.

The fact that the repayable advance does not support the payment of annual interest is akin to the Company benefiting from a zero-interest loan, which is much more favorable than market conditions. The difference between the advance amount at historical cost and the amount of the advance discounted using an interest rate which the Company feels would be used at the date in question, is considered as a grant from the State. If subsidies are significant, they are spread over the estimated length of the projects financed by said subsidies.

In case of success, the conditions of repayment of conditional advances are determined by the financing provider on an individual case bases, depending on the results of the program financed. If the funded program is judged a failure, the cancellation of the receivable granted is recorded in "Subsidies, public funding and tax credits".

3.5. Provisions for risks and charges

	Soldes 31/12/2019	Dotations	Utilisations	Soldes 31/12/2020
Litiges	12 036	-	-12 036	-
Pertes à terminaison	227 487	-	-107 234	120 254
Autres risques et charges	448 760	441 301	-33 303	856 758
Provisions risques et charges	688 283	441 301	-152 573	977 012

3.6. Borrowing and financial debt

	31/12/2019	Emmissions	Remboursements	Transferts	31/12/2020
Emprunts auprès des établissements de crédits	1 014 553	4 000 000	-330 842	-	4 683 711
Comptes courants d'associés	-	-	-	-	-
Total emprunts et dettes financières	1 014 553	4 000 000	-330 842	0	4 683 711
		Total	< un an	entre un et cinq ans	> cinq ans
	2020	4 683 711	4 200 916	432 795	50 000
	2019	1 014 553	330 842	533 711	150 000

3.7. Trade and other payables

	31/12/20	31/12/19		
Avances et acomptes reçus sur commandes	-	27 637		
Dettes fournisseurs	6 987 099	2 939 746		
Dettes fiscales et sociales	2 133 922	1 343 587		
Dettes sur immobilisations	13 518	12 133		
Autres dettes	-	-		
Produits constatés d'avance	3 408 988	616 326		
TOTAL	12 543 527	4 939 429		
	Total	< un an	entre un et cinq ans	> cinq ans
2020	12 543 527	12 543 527	-	-
2019	4 939 429	4 939 429	-	-

B NOTES TO THE INCOME STATEMENT

3.8. Revenue

	<u>2020</u>		<u>2019</u>	
France	7 475 594	77%	5 191 569	89%
Reste de l'Union Européenne (hors France)	2 238 277	23%	609 850	11%
Reste du monde	51 973	1%	4 030	0%
Chiffre d'affaires	9 765 843	100%	5 805 448	100%

3.9. Payroll charges

	<u>2020</u>	<u>2019</u>
Salaires et traitements	3 237 005	2 540 516
Charges sociales	1 486 267	1 221 240
Charges de personnel	4 723 273	3 761 756

3.10. Other charges and other income from operating activities

Other income from operating activities amounts to €852 K of which €388 K is attributed to reversals of provisions, €355 K to transfer of charges (mainly intra-Group) and €110 K to royalty payments billed to subsidiaries.

3.11. Financial profit (loss)

	<u>2020</u>	<u>2019</u>
Produits de participations du groupe	38 592	40 795
Produits de placements	25 324	24 088
Produits intérêts / avances	5 977	434 841
Autres produits financiers	46 942	6 483
Produits financiers	116 835	506 208
Charges intérêts / emprunts	-31 441	-32 978
Charges intérêts / avances	0	(2 339)
Autres charges financières	-3 690 226	-1 996 987
Charges financières	-3 721 667	-2 032 304
Résultat Financier	-3 604 832	-1 526 097

Financial charges principally include a cancellation of receivables to the Italian subsidiary for an amount of €1.6 M and to the German subsidiary for an amount of €1.9 M.

3.12. Non-recurring profit (loss)

	<u>2020</u>	<u>2019</u>
Quote part subv investissement virée au compte de résultat	-	-
Produits de cession d'immobilisations	9 370	1
Autres produits exceptionnels	129 446	32 216
Produits exceptionnels	138 816	32 217
Valeur nette comptable des immobilisations cédées	-14 242	-111 981
Autres charges exceptionnelles	-230 280	-56 458
Charges exceptionnelles	-244 523	-168 438
Résultat Exceptionnel	-105 707	-136 221

Non-recurring profits principally reflect gains made on the liquidity agreement securities.

3.13. Corporate taxation

	<u>2020</u>	<u>2019</u>
Crédit impôt recherche	547 923	640 251
Autres crédits d'impôts	-	-
Impôt sur les société	547 923	640 251

The amount of tax losses carried forward amounts to €106.2 M at 31 December 2020 (€83.9 M at 31 December 2019). 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:

	<u>2020</u>	<u>2019</u>
Résultat courant avant impôt	-10 769 332	-5 912 005
Résultat exceptionnel	-105 707	-136 221
Résultat net avant impôt	-10 875 039	-6 048 227
Impôt sur les résultats	-	-
Crédits d'impôt	547 923	640 251
Résultat net	-10 327 116	-5 407 976

C OTHER INFORMATION

3.14. Table of subsidiaries and equity interests

(en milliers d'euros)	Valeur brute des titres	VNC des titres	Valeur brute Créances	VNC Créances	Titres et Créances rattachées	Quote-part de capital détenue	Capitaux propres hors résultat au 31 décembre 2020	résultat net 2020	Chiffre d'affaires 2020
McPhy Italia Sprl	2 400	2 400	1 105	1 105	3 505	100%	4 454	(2 026)	1 659
McPhy Deutschland GmbH	1 075	1 075	782	782	1 857	100%	2 157	(1 389)	2 727
McPhy Asia Pacific Pte. Ltd	62	-	1 676	-	-	100%	(1 340)	(232)	0
McPhy Northern America Corp.	80	-	596	-	-	100%	(541)	152	0
McPhy Waterfuel Energy Equipment LLC	4	-	-	-	-	10%	-	-	0
TOTAL	3 621	3 475	4 159	1 887	5 362				4 386

3.15. Headcount

	31/12/2020	31/12/2019
Cadres	34	31
Techniciens & agents de maîtrise	7	8
Employés et ouvriers	8	4
TOTAL	49	43

The weighted average headcount for 2020 is 46 employees (40 in 2019).

3.16. Executive committee compensation

Compensation and benefits of all kinds paid to members of the Executive Committee (8.3 people in 2020 and 5 in 2019) and of the Board of Directors is as follows:

	2020	2019
Rémunération dues au titre de l'exercice (1)	1 379 385	754 577
Rémunération en actions, options, etc....(2)	176 778	77 859
Rémunération des dirigeants	1 556 163	832 436

(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

Pension obligations to be received by retired employees are paid regularly to pension funds outside the Company and to the statutory organizations responsible for the service.

Company obligations relating to defined-benefit schemes (pension benefits) are present in an off-balance sheet commitment.

The cost of this benefit is determined using the projected unit credit method in accordance with CNC recommendation no. 2003-R01. The collective agreement applicable to the Company is the metallurgy sector collective bargaining agreement.

The main actuarial assumptions used in the calculation of pension benefits are given here:

	31 December 2020	31 December 2019
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (a)	0.7 %	0.9 %
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	2.5 % (Mgt), 2 % (Non-Mgt)	3 % (Mgt), 2.5 % (Non-Mgt)
Social contributions rate (b)	48 % (Mgt), 30 % (Non-Mgt)	46 % (Mgt), 37 % (Non-Mgt)
Mortality table	Insee 2013-2015	Insee 2013-2015
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 55 onwards	Rate between 12% and 99% up to age 55, then 100% from 55 onwards

Mgt: management, Non-Mgt: non-management.

(a) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.

(b) Excluding impact of temporary reduction schemes.

The average period at 31 December 2020 is approximately 23 years.

The amount of pension obligation at 31 December 2020 is €167 K (vs. €140 K at 31 December 2019). A 1% increase in the discount rate at 31 December 2020 (respectively a drop of 1%) has a positive effect of €40 K on the result for the year (respectively a negative effect of €24 K).

3.18. Share-based payments

The Company has allocated stock options (“Options”), share subscription warrants (“BSA”) or Business Creator share subscription warrants (“BSPCE”) to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	<u>Dates d'exercice</u>	<u>Prix d'exercice</u>	<u>Nombre attributaires</u>	<u>Instruments en circulation</u>	<u>Instruments exerçables</u>
<i>Assemblée Générale du 18/05/2017</i>					
Options 2017-1	Du 12/03/2018 au 12/03/2023	4,84	2	25 400	25 400
BSPCE 2017-1	Du 12/03/2018 au 12/03/2023	5,10	1	16 000	16 000
BSPCE 2017-2	Du 12/03/2018 au 12/03/2023	5,10	7	79 155	79 155
<i>Assemblée Générale du 23/05/2019</i>					
BSPCE 2019-1	Du 10/12/2019 au 10/12/2024	3,01	1	75 000	75 000
BSPCE 2019-2	Du 08/04/2020 au 08/04/2025	4,55	3	30 000	30 000
BSA 2019-1	Du 08/04/2020 au 08/04/2025	4,55	2	20 000	20 000
<i>Assemblée Générale du 20/05/2020</i>					
BSA 2020-1	Du 05/06/2020 au 05/06/2025	5,11	9	50 000	50 000
BSPCE 2020-1	Du 05/06/2020 au 05/06/2025	5,11	15	200 000	200 000
Solde au 31 décembre 2020			40	495 555	495 555

The table below reports activity in stock option, BSA and BSPCE plans:

	<u>Options et bons en circulation</u>	<u>Prix d'exercice moyen pondéré</u>
Solde au 1^{er} janvier 2019	208 000	5,03
Octrois	75 000	3,01
Annulations	(10 000)	-5,10
Exercices	-	-
Solde au 31 décembre 2019	273 000	4,48
Octrois	300 000	5,02
Annulations	-	-
Exercices	(77 445)	5,03
Solde au 31 décembre 2020	495 555	4,72

3.19. Leases

	Véhicule	Matériel et Outillage	Matériel de bureau & informatique	Brevets- licences- logiciels	Total
Valeur brute d'origine	18 115	1 799 328	91 231	314 336	2 223 010
Cumul des amortissements antérieurs	-9 560	-1 175 246	-77 177	-259 754	-1 521 737
Dotations de la période	-6 038	-210 172	-6 246	-44 060	-266 516
Amortissements cumulés	-15 598	-1 385 418	-83 423	-303 814	-1 788 253
Valeur nette	2 517	413 910	7 808	10 522	434 757
Cumul des redevances antérieures	19 281	1 492 865	92 806	296 864	1 901 816
Redevances de la période	8 388	161 711	7 112	50 265	227 476
Redevances cumulées	27 669	1 654 576	99 918	347 129	2 129 292
Redevances restant à payer					
- à un an au plus	3 495	161 711	8 890	11 963	186 059
- à plus d'un an et moins de cinq ans	0	67 380	0	0	67 380
- à plus de cinq ans	-	-	-	-	-
Redevances restant à payer	3 495	229 091	8 890	11 963	253 439
Option d'achat	18 154	3 800	750	0	22 704

3.20. Financial commitments

<i>(en milliers d'euros)</i>	2020	2019
Cautions et nantissements	4 810	800
Crédit bail	253	481
Bail commercial	793	923
Autres engagements donnés	-	-
Engagements donnés	5 856	2 204

The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, performance guarantee, etc.)

3.21. Related party transactions

<i>(en milliers d'euros)</i>	31 décembre 2020	Entreprises liées	Entreprise avec un lien de participation	31 décembre 2019
ACTIF IMMOBILISE				
Frais d'établissement	-	-	-	-
Autres immobilisations incorporelles	-	-	-	-
Immobilisations corporelles	-	-	-	-
Participations et créances rattachées	5 362	5 362	-	4 322
Autres immobilisations financières	-	-	-	-
TOTAL ACTIF IMMOBILISE	5 362	5 362	-	4 322
ACTIF CIRCULANT				
Stocks et en-cours	-	-	-	-
Avances et acomptes versés sur commandes	641	641	-	453
Clients et autres débiteurs	-	-	-	-
Autres créances	-	-	-	-
Valeurs mobilières de placement	-	-	-	-
Disponibilités	-	-	-	-
TOTAL ACTIF CIRCULANT	641	641	-	453
Comptes de régularisations actif	-	-	-	-
Ecart de convection actif	149	149	-	8
TOTAL ACTIF	6 152	6 152	-	4 783
Autres fonds propres	-	-	-	-
Provisions pour risques et charges	149	149	-	8
Emprunts et dettes financières	-	-	-	-
Avances et acomptes reçus sur commandes	-	-	-	-
Fournisseurs et autres créditeurs	-	-	-	-
Dettes fiscales et sociales	-	-	-	-
Autres dettes	-	-	-	-
TOTAL DETTES	149	149	-	8
Comptes de régularisations passif	-	-	-	-
Ecart de convection passif	-	-	-	32
TOTAL PASSIF	149	149	-	40

Related parties with whom transactions are completed include companies related directly or indirectly to McPhy Energy, and entities which directly or indirectly own an equity interest in the company.

These transactions are conducted at normal market conditions.

3.22. Financial risk objectives and management policy

3.22.1. Interest rate risk

The Company has taken out short and medium-term loans at variable rates, for a total amount of €4,684 K. If the interest rates were to vary by 100 base points up or down, the interest charge would incur a positive or negative impact of €8 K.

3.22.2. Currency risk

The Company subscribed to a “flexiterme” currency hedging solution for USD 2.8 million against EUR, from 1st December 2020 until 31 March 2023, at a guaranteed rate of 1.1765. This is part of an agreement involving a US supplier to enable it to cover its activity against fluctuations in the USD exchange rate.

3.22.3. Liquidity risk

Since the Company was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash and cash equivalents amount to €197.1 M at 31 December 2020 and financial payables amount to €4.7 M. The Company’s credit agreements do not contain default clauses (covenants).

The Company will continue to need financing to develop its activities until it reaches break-even point. However, the liquidity risk dropped sharply during the 2020 fiscal year, primarily due to the successful capital increase on 14 October 2020, which boosted our cash position and equity by €180 M.

3.22.4. Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned (see note 3.2.2).

3.23. Statutory Auditors’ fees

The fees paid to statutory auditors by the Group are presented in note 3.28 in the appendix to the consolidated financial statements.

*End of “MCPHY ENERGY | APPENDIX TO COMPANY FINANCIAL STATEMENTS | FISCAL YEAR ENDING 31
DECEMBER 2020”*

18.1.6 Consolidated financial statements

STATEMENT OF FINANCIAL POSITION

ACTIF (K EUR)	NOTES	31/12/2020	31/12/2019
Ecarts d'acquisition	3.1	2 487	2 487
Immobilisations incorporelles	3.1	177	157
Immobilisations corporelles	3.2	3 755	2 808
Autres actifs	3.3	340	316
Actifs d'impôts différés	3.4	87	77
ACTIFS NON COURANTS		6 847	5 845
Stocks	3.5	2 842	1 941
Clients et autres débiteurs	3.6	12 019	7 714
Actifs d'impôts exigibles	3.6	748	746
Actifs financiers	3.7	-	-
Trésorerie et équivalents de trésorerie	3.7	197 674	12 995
ACTIFS COURANTS		213 283	23 397
TOTAL ACTIFS		220 130	29 242
PASSIF (K EUR)	NOTES	31/12/2020	31/12/2019
Capital		3 343	2 079
Primes d'émission		206 858	30 854
Actions propres		(36)	(70)
Résultats accumulés non distribués		(12 929)	(16 281)
CAPITAUX PROPRES GROUPE		197 236	16 581
Intérêts minoritaires			
CAPITAUX PROPRES		197 236	16 581
Provisions - part à plus d'un an	3.8	1 218	756
Emprunts et dettes financières - part à plus d'un	3.9	2 463	1 784
Autres créditeurs	3.10	-	-
Passifs d'impôts différés	3.4	609	578
PASSIFS NON COURANTS		4 290	3 118
Provisions - part à moins d'un an	3.8	499	584
Emprunts et dettes financières échus à moins d'	3.9	4 919	1 088
Fournisseurs et autres créditeurs	3.10	6 027	4 881
Autres passifs courants	3.10	7 160	2 990
Impôt courant	3.10	-	-
PASSIFS COURANTS		18 604	9 543
TOTAL CAPITAUX PROPRES ET PASSIFS		220 130	29 242

L'annexe fait partie intégrante des états financiers consolidés.



STATEMENT OF COMPREHENSIVE INCOME

K EUR	NOTES	2020	2019
Chiffre d'affaires	3.12	13 694	11 387
Autres produits de l'activité	3.13	947	4 076
PRODUITS DES ACTIVITES COURANTES		14 642	15 463
Achats consommés		(7 711)	(5 787)
Variation des stocks de produits en cours et finis		353	(355)
Charges de personnel		(8 883)	(7 149)
Charges externes		(5 921)	(6 007)
Impôts et taxes		(101)	(89)
Dotations aux amortissements	3.15	(1 207)	(1 531)
Dotations aux provisions	3.15	43	(1 029)
RESULTAT OPERATIONNEL COURANT		(8 786)	(6 484)
Autres produits et charges opérationnels		(236)	(64)
RESULTAT OPERATIONNEL		(9 022)	(6 548)
Produits de trésorerie et équivalents		46	480
Coût de l'endettement financier brut		(298)	(110)
Coût de l'endettement financier net	3.16	(252)	370
Charge d'impôt sur le résultat	3.17	(66)	(77)
Quote-part du résultat net des sociétés mises en équivalence		-	-
Résultat net des activités ordinaires poursuivies		(9 340)	(6 255)
Résultat des activités abandonnées		-	-
RESULTAT NET DE LA PERIODE		(9 340)	(6 255)
Dont actionnaires de l'entité mère		(9 340)	(6 255)
Dont intérêts minoritaires		-	-
Résultat net par action - part du groupe	3.18	(0,34)	(0,42)
Résultat net dilué par action - part du groupe	3.18	(0,34)	(0,42)
RESULTAT NET DE LA PERIODE		(9 340)	(6 255)
Gains et pertes actuariels liés aux provisions pour retraite		4	(12)
Ecart de conversion		(24)	82
Impôts différés reconnus en capitaux propres		(1)	3
Autres éléments du résultat global		(22)	73
RESULTAT GLOBAL DE LA PERIODE		(9 362)	(6 182)

L'annexe fait partie intégrante des états financiers consolidés.

CONSOLIDATED STATEMENT OF CASH FLOW

K EUR	2020	2019
RESULTAT NET DE LA PERIODE	(9 340)	(6 255)
Dotations nettes aux amortissements & provisions	1 148	1 872
Autres produits et charges calculés	603	(3 545)
Plus et moins-values de cession	31	130
Quote-part de résultat liée aux sociétés mise en équivalence	-	-
CAPACITE D'AUTOFINANCEMENT APRES COUT DE L'ENDETTEMENT FINANCIER NET ET IMPOT	(7 557)	(7 799)
Coût de l'endettement financier net	174	(370)
Charge d'impôt	66	77
CAPACITE D'AUTOFINANCEMENT AVANT COUT DE L'ENDETTEMENT FINANCIER NET ET IMPOT	(7 318)	(8 093)
Impôts versés	(11)	(9)
Diminution (augmentation) des Stocks	(900)	222
Diminution (augmentation) des Clients	(2 679)	(1 119)
Diminution (augmentation) des Autres débiteurs	(1 740)	91
Augmentation (diminution) des Fournisseurs	1 146	715
Augmentation (diminution) des Autres créditeurs	4 170	697
FLUX NETS DE TRESORERIE GENERES PAR L'ACTIVITE OPERATIONNELLE	(7 333)	(7 495)
Acquisitions d'immobilisations incorporelles	(115)	(83)
Acquisitions d'immobilisations corporelles	(340)	(77)
Autres flux liés aux opérations d'investissement	0	0
Incidence variations de périmètres	-	-
FLUX NETS DE TRESORERIE LIES AUX OPERATIONS D'INVESTISSEMENTS	(455)	(160)
Sommes reçues augmentation de capital (net des frais d'augmentation de capital)	189 464	7 073
Encaissements liés aux nouveaux emprunts	4 072	-
Remboursements d'emprunts	(1 068)	(1 317)
FLUX NET DE TRESORERIE LIES AUX OPERATIONS DE FINANCEMENT	192 467	5 755
Incidence des variations de cours des devises		
VARIATION DE LA TRESORERIE NETTE	184 680	(1 900)
TRESORERIE A L'OUVERTURE	12 995	14 895
TRESORERIE A LA CLOTURE	197 674	12 995

L'annexe fait partie intégrante des états financiers consolidés.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

	Nombre d'actions	Capital	Primes liées au capital	Résultats accumulés non distribués	Actions propres	Ecart de conversion	Autres réserves	Capitaux propres part groupe	Intérêts minoritaires	Total Capitaux propres
Situation au 1^{er} janvier 2019	14 613 307	1 754	31 217	(18 013)	(68)	51	742	15 682	-	15 682
Imputation pertes antérieures	-	-	(7 077)	7 077	-	-	-	-	-	-
Augmentation de capital	2 552 544	306	6 097	33	-	-	-	6 436	-	6 436
Exercice de bons d'émission d'actions	160 000	19	617	-	-	-	-	636	-	636
Exercice de bons de souscription d'actions	-	-	-	-	-	-	-	-	-	-
Coût des paiements en actions	-	-	-	-	-	-	129	129	-	129
Autres variations	-	-	-	-	-	-	-	-	-	-
Autres éléments du résultat global	-	-	-	-	-	1	(37)	(36)	-	(36)
Résultat de la période	-	-	-	(6 255)	-	-	-	(6 255)	-	(6 255)
Variation des actions propres	-	-	-	-	(2)	-	(9)	(11)	-	(11)
Situation au 31 décembre 2019	17 325 851	2 079	30 853	(17 158)	(70)	52	825	16 581	-	16 581
Imputation pertes antérieures	-	-	(12 183)	12 183	-	-	-	-	-	-
Augmentation de capital	7 659 574	919	167 805	-	-	-	-	168 724	-	168 724
Exercice de bons de souscription d'actions	2 793 670	335	20 002	13	-	-	-	20 351	-	20 351
Exercice d'options et BSPCE	77 445	9	380	-	-	-	-	389	-	389
Exercice de bons d'émission d'actions	-	-	1	-	-	-	-	1	-	1
Coût des paiements en actions	-	-	-	-	-	-	253	253	-	253
Autres variations	-	-	-	-	-	-	125	125	-	125
Autres éléments du résultat global	-	-	-	-	-	98	(81)	17	-	17
Résultat de la période	-	-	-	(9 340)	-	-	-	(9 340)	-	(9 340)
Variation des actions propres	-	-	-	-	34	-	101	135	-	135
Situation au 31 décembre 2020	27 856 540	3 343	206 858	(14 302)	(36)	150	1 223	197 236	-	197 236

MCPHY ENERGY

APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2020

1. ABOUT THE COMPANY

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

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

The Company's registered office is listed as 1115, route de Saint Thomas – 26190 La Motte-Fanjas (France) and it is listed on Compartment C of Euronext Paris.

The information provided in appendix to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy Energy at 31 December 2020, approved by the Board of Directors meeting of 9 March 2021.

In accordance with article L.222-3 of the general regulation of the AMF, McPhy Energy opted to defer by one year the obligation to issue its annual financial reports using a single electronic format as defined by European regulation no. 2019/815 of 17 December 2018.

1.1. Covid-19 situation

In the first half year and taking advantage of the Covid-19 business support measures, McPhy received **€4 M** in State-guaranteed loans which will be fully repaid in 2021, and on 10 April 2020, it renewed its equity financing line for a two-year term, during which Kepler Cheuvreux has undertaken to subscribe to up to 3,500,000 shares to the extent made possible by the contractual conditions. At 31 December 2020, the contract was suspended and 2,000,000 shares have been created for a total amount of **€18.2 M**.

This severe health crisis has had multiple consequences. Orders planned for the first half year of 2020 were postponed to the second, some installation work on Client sites had to be postponed.

In China, McPhy was only able to complete the installation of a Power-to-Gas application project in the Hebei province in early 2021. As a reminder, in June 2017 McPhy Energy delivered 4 MW of hydrogen production equipment, used to transform surplus electricity generated by a 200 MW wind farm into zero-carbon hydrogen for storage⁴². Nonetheless, by prudence the provision for a receivable of €0.5 M has not been reversed for the time being, and will undoubtedly be so in the first half of 2021, once all stock options are exercised and the balance payment made. However, during the year the Group recorded a reversal of a receivable for HTEC for the amount of \$200 K provisioned in 2017, as the customer settled the account in January 2021.

⁴² See press release of 29 June 2017.

1.2. Highlights

2020 will remain marked by significant development for the whole hydrogen sector and more particularly in the life of the Company.

This year, McPhy has registered excellent progress in its commercial and industrial development. With an installed base or under construction of electrolyzers above 44 MW and 35 hydrogen stations, orders up 75% to €23 M and available cash of €198 M at 31 December 2020.

McPhy been awarded increasingly significant projects in France and Europe, in line with the Group's strategy. Some notable cases:

- **Djewels⁴³ project, Netherlands:** McPhy was appointed by Nouryon and Gasunie, two major industrial players, to equip one of the largest zero-carbon hydrogen production plants in an industrial environment (20 MW in the center of a chemical industrial park) in Europe;
- **Zero Emission Valley⁴⁴ project, France:** Alongside Ataway and TSM-HRS, McPhy was selected by project leader Hymplusion to outfit the largest zero-emissions hydrogen mobility deployment project in France, and one of the most ambitious on the European level;
- **AUXR_H2⁴⁵ project, France:** McPhy was selected by Hynamics, the EDF Group's hydrogen-specialist subsidiary, to install a complete zero-carbon hydrogen solution to supply a fleet of buses;
- **Dijon Métropole Smart Energy⁴⁶ project, France:** McPhy was appointed by Rougeot Energie to equip two stations with a capacity of 400 kg of hydrogen per day each, coupled with a 1 MW electrolyzer;
- **Hyport⁴⁷ project, France:** McPhy was selected by ENGIE Solutions to design, manufacture and integrate 1 MW of high-power electrolysis and two hydrogen stations in the immediate surroundings of the Toulouse Blagnac airport and major road arteries.

During the year McPhy also signed agreements concerning new significant projects in France, to deliver the mobility aspects of a zero-emission hydrogen ecosystem in Centre-Val de Loire⁴⁸.

This year also saw McPhy deploy several major projects, including:

- A 2 MW-capacity electrolysis platform with German clean tech engineering firm Apex Energy⁴⁹; and
- A hydrogen station in Le Mans with in partnership with Total⁵⁰.

⁴³ <https://mcphy.com/fr/communiqués/hydrogene-industriel-projet-20-mw-aux-pays-bas/>

⁴⁴ <https://mcphy.com/fr/communiqués/zero-emission-valley-2/>

⁴⁵ <https://mcphy.com/fr/communiqués/hydrogene-zero-carbone/> - Ademe is a partner on this project. It received funding from Fuel Cells and Hydrogen 2 Joint Undertaking through the European Union "Horizon 2020" research and innovation program, under the subsidy agreement no. 77956.

⁴⁶ <https://mcphy.com/fr/communiqués/nouveau-contrat-mobilite-hydrogene/>

⁴⁷ <https://mcphy.com/fr/communiqués/hyport/>

⁴⁸ <https://mcphy.com/fr/communiqués/projets-dans-la-mobilite-zero-emission/>

⁴⁹ <https://mcphy.com/fr/communiqués/2-mw-delectrolyse-en-allemagne/>

⁵⁰ <https://mcphy.com/fr/communiqués/inauguration-dune-station-hydrogene-au-mans/>

On 14 October 2020, McPhy successfully completed a €180 M⁵¹ capital increase with new and historical strategic shareholders, to fund global scale-up of zero-carbon hydrogen.

Agreements were concomitantly signed with the two new strategic investors, Chart International Holdings, Inc., and Technip Energies B.V., setting up collaboration frameworks to unlock new commercial opportunities globally in numerous hydrogen domains.

In late 2020 McPhy also joined two new prestigious stock market indexes. **SBF 120**, putting it amongst the top 120 stocks listed on Euronext Paris in term of both liquidity and market capitalization; and **MCSI World Small Cap**.

McPhy is a core player in France’s hydrogen development strategy, especially as it now sits on the National Hydrogen Council.

1.3. Post-closing events

None

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles

The consolidated financial statements were drawn up based on individual company financial statements for the period ending 31 December 2020.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, the principles of recognition, valuation and presentation used to prepare the consolidated financial statements are compliant with the standards and IFRS interpretations as adopted by the European Union at 31 December 2020, available on the European Commission website:

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

The accounting principles and methods used to prepare the consolidated financial statements comply with those used for the year ending 31 December 2019, except for the standards, amendments and IFRS interpretations endorsed by the European Union and applicable as of 1st January 2020:

The following standards, amendments and IFRS interpretations, mandatory at 31 December 2020, have not had significant impacts on the accounts:

Amendments to IAS 39, IFRS 7 and IFRS 9 - Reference interest rate reform
Amendments to IAS 1 and IAS 8 – Definition of ‘material’
Amendment to IFRS 16 – Covid-19-related rent concessions
Amendment to IFRS 17 – IFRS 17 amendment

⁵¹ In accordance with accounting rules, the costs of the transaction, totaling €11.1 M, have been reported net of share premiums.

Moreover, the Group has opted not to apply in advance the standards, amendments, and interpretations becoming mandatory on 1st January 2021 or later, as the Group is currently analyzing the potential impacts of their entry into effect.

These standards and amendments will be mandatory starting on 1st January 2021 or later.

The assumption of going concern was adopted by the Board of Directors given the positive cash position of the Company at 31 December 2020 of €198 M and the cash flow forecasts established.

In light of these items and the commitments made at this time, the Group considers that it will be able to cover at least its forecast cash requirements for the next 12 months.

2.2. Scope and methods of consolidation

The consolidated financial statements comprise the parent Company financial statements and those of companies under its control.

Fully consolidated companies

Entities are fully consolidated in the financial statements if the Group has a generally majority interest and has control. This rule is applied independently of the percentage of shareholding. The concept of control represents the power to direct an associate company's financial and operational policies, to obtain the benefits of its activities. The interests of minority shareholders are presented in the balance sheet and in the income statement, in a category separate from the Group share.

For a new acquisition, the assets, liabilities, and contingent liabilities of the subsidiary are recognized at their fair value on the date of acquisition. The income from subsidiaries acquired or disposed of during the fiscal year is included in the statement of comprehensive income respectively since the date of acquisition or until the date of disposal. The excess price paid over the proportionate share of the fair value of the assets, liabilities and contingent liabilities acquired is recognized as goodwill on the balance sheet assets. The excess proportionate share of the fair value of the assets, liabilities and contingent liabilities acquired on the cost of acquisition is immediately booked in the income statement.

Associate companies

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

2.3. Currency conversion

Functional currency and reporting currency

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

Transactions in currency

The activity of foreign subsidiaries included within the scope of consolidation is considered as an extension of the parent Company's activity. In this respect, the accounts of the subsidiaries are converted using the historical exchange rate method. Applying this method produces an effect similar to what would have been reported on the financial position and income if the consolidating Company had operated under its own name abroad. On

the closing date, monetary assets and liabilities in foreign currencies are converted into the functional currency at the exchange rate in effect on the closing date. Non-monetary items are converted at the historical exchange rate. All currency translation adjustments are recorded on the income statement.

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

<i>Exchange rate EUR against currencies</i>		<i>Average rate 2020</i>	<i>Average rate 2019</i>	<i>Closing date rate 2020</i>	<i>Closing date rate 2019</i>
<i>Singapore dollar</i>	<i>SGD</i>	<i>1.574</i>	<i>1.527</i>	<i>1.622</i>	<i>1.509</i>
<i>US dollar</i>	<i>USD</i>	<i>1.141</i>	<i>1.123</i>	<i>1.227</i>	<i>1.121</i>

2.4. Use of estimates

The preparation of financial statements requires that Management use estimates and reasonable assumptions, likely to impact the amounts relating to assets, liabilities, equity, income, and charges recognized in the accounts, as well as on the information provided in the appendix. These estimates are based on an assumption of going concern and are calculated according to the information available at the time of their production. The main estimates concern:

- The choice of capitalization of research and development projects in progress,
- Goodwill impairment tests,
- Capitalization of deferred tax assets on losses carried forward,
- The period of use of assets owned by the Company,
- Provisions for pension obligations,
- Provisions for guarantees,
- Projected cash flow consumption,
- Remaining costs to cover on projects where revenue is recognized according to the degree of completion.

Clarifications are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the definitive amounts may well be different than these estimates.

The estimates may be revised if the circumstances on which they were founded evolve or new information is obtained.

2.5. Segment reporting

Accounting standard IFRS 8 requires that operational segments are identified based on the internal reporting used by the Chief Operating Decision Maker in order to take decisions on the allocation of resources and the assessment of Group performance. McPhy Energy is organized internally to report to the Chief Executive Officer, the Chief Operating Decision Maker, based on Group-level consolidated information. Strategic decisions and performance measurements of activity are made monthly by the Executive Committee, which comprises the CEO

and executive directors, primarily by referring to the Group-level consolidated data. Consequently, McPhy Energy has only one identifiable operating segment for which the Group is able to publish information in accordance with IFRS 8.

	2020	2019
Annual revenue France	€8.5 M	€6.2 M
Annual revenue Rest of World	€5.2 M	€5.2 M

2.6. Valuation methods and rules

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

At the date of acquisition, goodwill corresponds to the difference between;

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

The acquisition price includes the estimated impact of any adjustments to the acquisition price, such as contingent considerations. Contingent considerations are determined by applying the criteria set out in the acquisition agreement (revenue, income etc.) to the most probable forecasts. They are reassessed at each of year, any variations are recorded as income after the date of acquisition (including within one year of the date of acquisition). If the impact is significant, they are discounted. If necessary, the effect of the accretion of debt recorded in liabilities is booked in the “Cost of net financial debt” item.

If the analysis of the attribution of the acquisition price is not finalized at the date of closing of the year of acquisition, provisional amounts are reported (especially for goodwill, if necessary). These amounts are adjusted retrospectively when the analysis is finalized, in accordance with the requirements of IFRS 3 amended, and no later than one year after the date of acquisition. Changes occurring after this date are stated on the income statement.

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

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

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

Goodwill is not amortized and is subject to an impairment test at each year end, and each time there are indications of loss in value (see section 2.6.6 Asset impairments).

2.6.2. Research and Development - Internal R&D work

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



According to IAS 38, development costs are recognized as intangible assets only if the following six criteria are satisfied cumulatively:

- technical feasibility required to complete the intangible asset with a view to its delivery or sale;
- intention to complete the intangible asset and use it or transfer it;
- the group is able of using or selling the intangible asset;
- the way in which the intangible asset will generate expected future economic benefits. Amongst other things, the entity must demonstrate the existence of a market for production using the intangible asset or for the intangible asset itself, or if it is used internally, its usefulness;
- the availability of technical, financial and other resources suited to complete the development and use or sell the intangible asset, and
- the Group’s capacity to reliably measure the outgoings attributable to the intangible asset during its development.

Research and Development work done internally by the Company and its subsidiaries is not subject to capitalization on the closing date, as not all the criteria specified above were satisfied. Research and Development costs are stated in the charges for the fiscal year in which they are recognized.

2.6.3. Other intangible non-current assets

Mainly comprise software and patents. Other intangible non-current assets acquired are stated in the balance sheet at their cost of acquisition, where necessary less accumulated amortization and accumulated impairment losses.

They are amortized on a linear basis according to their useful life (between 1 and 10 years).

2.6.4. Tangible non-current assets

Tangible non-current assets are valued at their cost of acquisition or their cost of production.

The required amortizations are calculated in linear mode according to the estimated useful life of the corresponding assets. Residual values are not taken into account, as their impact is judged not to be significant.

The main amortization periods used are as follows:

Buildings on non-freehold land	20 years
Industrial equipment and tooling, technical facilities	2 to 10 years
General fixtures and fittings	3 to 20 years
Transportation equipment	5 years
Computer equipment, furniture, and office equipment	2 to 10 years

Implementation of IAS 23 “Borrowing costs” has not led to the capitalization of interest, as the debt of Group companies is not directly attributable to distinct assets.

2.6.5. Lease agreements

Lease agreements as defined by IFRS 16 “Leases” are reported on the balance sheet, which results in the statement of:



- An asset corresponding to the right of use of the leased asset for the term of the agreement;
- A liability concerning the obligation of payment.

Lease agreements or assets with the following characteristics are not eligible for accounting treatment under IFRS 16:

- Agreements not exceeding twelve months, including economically attractive renewal options.
- Lease agreements with purchase options are excluded from this category.
- Asset that can be used alone (or with easily available resources), neither dependent nor strongly tied to other assets.
- Low replacement value of underlying asset on an absolute base (<€5 K new).

Valuation of right of use of assets

On the date of effect of a lease agreement, the right of use is valued at its cost and includes:

- the initial liability amount plus, where necessary, advance payments made to the lessor, net of any benefits received by the lessee if appropriate;
- where necessary, the initial indirect costs incurred by the lessor to conclude the agreement. These are marginal costs which would not have been incurred if the agreement had not been concluded;
- the estimated costs of repairing and retiring the leased asset as per the terms of the agreement. On the date of initial recognition of the right of use, the lessee adds to these costs the discounted amount of spending on repairs and/or retirement against a liability or a provision for return.

The right of use is amortized over the useful lifetime of the underlying assets (period of lease agreement).

Valuation of lease liability

When the agreement takes effect, the lease liability is stated at an amount equal to the discounted value of the lease payments over the period of the agreement.

The amounts taken into account as lease payments in the valuation of the liability are:

- fixed lease payments (including effectively fixed payments, in that even if they are to a degree variable in form, they are in effect unavoidable).
- variable lease payments indexed using the rate or index at the date of effect of the agreement;
- payments to be made by the lessee by virtue of a residual value guarantee;
- penalties to be paid in case a termination or non-renewal option is taken up, if the term of the agreement was determined under the assumption that the lessee would exercise it.

Interest charges for the fiscal year and variable payments not considered in the initial valuation of the liability, and incurred during the fiscal year in question, are stated in financial charges.

Moreover, the liability can be revalued in the following situations:

- revision of the lease period;
- modification due to the assessment of the reasonably certain (or not) character of exercising an option;
- re-estimation relative to residual value guarantees;

- revision of rates or indexes on which the lease payments are based when the lease payments need to be adjusted.

Types of capitalized lease agreements

- “Real estate asset” lease agreements

The Company has identified lease agreements within the meaning of the standard for office building leases and buildings specific to the Research and Development activity. The lease period corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement. This rate corresponds to the interest rate that the lessee would pay, at the start of the agreement, to borrow the funds required to acquire the asset, over a similar period, with a similar guarantee and economic environment. This rate was obtained by the Company bank and is specific to the purpose of financing, the amount of credit, type, and period of credit.

- “Other asset” lease agreements

The main lease agreements identified correspond to vehicles and an equipment lease agreement. The capitalization period of lease payments corresponds to the non-cancelable period of the agreement, while the agreements do not contain options to renew.

The discounting rate used to calculate the lease liability is determined for all assets, using the incremental borrowing rate on the date of effect of the agreement. (See “Real estate assets” section on the determination of the incremental borrowing rate).

Types of non-capitalized lease agreements

- Short-term lease agreements

These agreements are in effect for twelve months or less. For the Company, this mainly concerns agreements concerning the leasing of storage areas, for which there is a reciprocal termination option subject to a notice period of twelve months or less.

- Lease agreements concerning low-value assets

These agreements concern leases where the replacement value of assets is €5,000 or less. For the Company, this concerns agreements concerning leased printers or mobile phones.

2.6.6. Impairment of non-current assets

Impairments on goodwill, tangible and intangible assets

In accordance with IAS 36 - Impairment of Assets, the Group evaluates the recoverability of its long-term assets using the following process:

- For amortized tangible and intangible assets, the Group assesses if there is an indication of loss of value on these non-current assets at each year end. The indications are identified in relation to external or internal criteria, such as a change in technology or discontinuation of activity.



- For goodwill and non-amortized intangible assets, an impairment test is carried out at least once a year, and each time an indication of loss of value is detected. Goodwill is tested based on the cash-generating units (CGU) with which it is associated.

A CGU is a homogeneous set of assets, the continuous use of which generates cash inflows largely independent of cash flows generated by other groups of assets. The value in use of a CGU is determined by reference to the value of expected discounted future cash flows from these assets, under the economic assumptions and conditions of operation foreseen by the Company Executive Management. Given the Group's internal organization and the shared use of assets within the Group, a single CGU - cash generating unit - has been defined.

Where necessary, an impairment test is carried out by comparing the net book value of the CGU, including goodwill, with the recoverable value corresponding to the higher of the two following values: the fair value net of disposal costs, or the value in use. If the recoverable value of the CGU exceeds its book value, the CGU and the goodwill assigned to it must be considered as not being impaired. If the book value of the CGU exceeds its recoverable value, an impairment is recorded. In practice, impairment tests are done in relation to the value in use corresponding to the discounted value of expected cash flows generated through the use of this CGU.

Future cash flows derive from the five-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows. In accordance with the standard, cash flow forecasts are considered without taking into account non-engaged restructuring, investment for growth or the financial structure. Flows are discounted using a discount rate, which in practice corresponds to the weighted average cost of capital determined by the Company after taxes. The terminal value is determined by discounting a normative flow, taking into account the discount rate used for the explicit time period and a perpetual growth rate.

Impairments are in priority recorded against goodwill, then the other CGU assets, up to their recoverable value. Impairments recorded against goodwill are irreversible, except when they concern companies consolidated under the equity method. Impairments related to assets other than goodwill and companies accounted for using the equity method are restated in the income statement, when the updated tests lead to a recoverable value higher than their net book value.

2.6.7. Financial assets

The Group records a financial asset when it becomes a party to the contractual provisions of the financial instrument. The financial assets used by the Group include:

- Assets stated at fair value with any resultant gain or loss recognized in the income statement;
- Loans and receivables where the portion falling due after one year and more is discounted at the estimated financing rate of the consideration;
- Equity interests in non-consolidated companies.

The Group owns no derivative instruments at the closing dates of the two fiscal years presented.

Purchases and sales of financial assets are stated at the date of transaction.

Financial assets are divided into three categories:



- **Asset stated at their fair value with any gain or loss recognized in the income statement** are designated as such if they have been acquired with the intention of reselling them in the short term. At each year end, they are stated at their fair value and the variation in fair value is recognized in the income statement. Marketable securities and short-term cash deposits are classified in this category as current assets.
- **Assets available for sale** are retained for an undetermined period and are stated at their fair value, plus the transaction costs directly attributable to the acquisition. The asset is recorded at fair value on its date of entry into the balance sheet. Fair value is determined by referring to the agreed transaction price or by referring to market prices for comparable transactions. At each year end, the fair value is reviewed and the variation in fair value is recorded in equity. If the asset is sold or impaired, the fair value is transferred to the income statement. Other non-consolidated equity interests are classified in this category as non-current assets.
- **Assets held until maturity** are assets with fixed maturity dates, which the Company has acquired with the intention and capacity to conserve until maturity. They are recorded at amortized cost using the effective interest rate method.

Loans and receivables

This category includes receivables from non-consolidated equity investments, as well as operating loans and receivables.

When initially recorded, the loans and receivables are valued at their fair value plus transaction costs which are directly attributable. In practice, the fair value is close to their face value.

These financial assets and liabilities are reported on the balance sheet in current and non-current items depending on whether their maturity date is sooner or later than one year.

2.6.8. Inventories

Inventories of raw materials are recorded at the purchase price excluding tax, but including transportation costs, using the weighted average cost method. Work in progress is valued at production cost, including direct and indirect charges that can be incorporated according to the normal capacity of production facilities, excluding financial costs.

Where necessary, provisions for impairment are made on a case by case basis, after review by financial management and production management, if the net recoverable value is below the costs incurred to transport the inventories to the location and in their current state:

- concerning raw materials, depending on their physical impairment or their risk of obsolescence,
- concerning work in progress or finished products, to take into account potential losses on markets or their risk of obsolescence.

2.6.9. Receivables and other current assets

Trade and other receivables are current financial assets. They are initially recorded at fair value, plus transaction costs directly attributable to the issue of financial assets, which in general corresponds to their face value. At each year end, trade receivables and other current assets used in ordinary operations are reported at amortized costs net of impairments taking into account potential risks of non-recovery.

An estimate of the risk of non-recovery of receivables is done individually or based on seniority criteria at each year end, subsequently giving rise to the statement of an impairment. The risk of non-recovery is assessed in terms of various criteria, such as financial difficulties, disputes, or late payments.

2.6.10. Cash and cash equivalents



Cash and cash equivalents include cash, very liquid short-term deposits which can be easily converted into a known amount of cash and which are subject to a significant risk of change in value, and bank overdrafts. Overdrafts are stated as current liabilities on the balance sheet, in the short-term borrowing and financial debt class. Investments with an initial maturity beyond three months of the date of acquisition without the option of early exit are excluded from cash and cash equivalents on the statement of cash flow.

At 31 December 2020, €33 M is placed in term accounts with no-fee instant access. This is recorded as an asset in “Cash and cash equivalents” (Appendix 3.11).

2.6.11. Provisions for risks and charges

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Group records provisions as soon as current, legal or implicit obligations exist as a result of prior events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and that the amount of these outflows can be reliably estimated.

Provisions maturing in later than one year, or where the maturity is not fixed precisely are classed as “Non-current provisions”.

Contingent liabilities are not accounted for but are reported in the notes to the financial statements, unless the probability of resource outflow is very low, and the impact is not significant.

The Group 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 Group records provisions for disputes (commercial, labor etc.) for which an outflow of resources is probable and as soon as the amount of these outflows can be reliably estimated. The provisions are discounted if the impact of the discounting is significant.

Concerning the specific case of customer guarantees, machine sales come with one-year contractual guarantees.

If the forecast on completion shows a negative result, a provision for loss on completion is recorded independently of the progress on the project, according to the best estimation. Provisions for losses on completion are recorded in the balance sheet liabilities and immediately recognized in the income statement.

2.6.12. Borrowing and financial liabilities

Financial liabilities comprise bank borrowing, the “capital” part of financial lease agreements and debt instruments. Financial liabilities are initially valued at the fair value of the consideration received, net of transaction costs directly attributable to the transaction.

Conditional and repayable advances entering the scope of IAS 20 are initially recorded by analogy with IFRS 9, at their amortized cost calculated using the effective interest rate. Subsequent to the initial recognition, and if the impact is significant, interest-bearing advances are valued at amortized cost using the effective interest rate method.

The effective interest rate includes the contingent premium foreseen in the agreement and likely to be paid in case of reimbursement. In practice, determining the amount to record may need to take into account expected future revenue if the repayable advance agreements foresee indexing on the revenue generated by projects. Any

change in the forecast expected revenue at year end will lead to a change in the accrued amount and will give rise to a gain or loss recorded immediately in financial income.

If the funded program is judged a failure, the cancellation of the receivable granted is recorded in other income from operating activities.

2.6.13. Employee benefits

The IAS 19 standard distinguishes two schemes in terms of post-employment benefits.

Defined-contribution schemes (statutory and personal pension schemes) are recorded as expenses in the fiscal year when the services are delivered by employees. The Company's obligation is limited to the payment of contributions, so no liability is recorded on the balance sheet.

The actuarial risks of **defined-benefit schemes** are incumbent on the Company. The risks relate to pension obligations defined by the French Labor Code. The pension obligation is calculated using a forward-looking approach (projected unit method), which takes into account the conditions of calculation of benefits that employees will have acquired at the time of taking retirement, their end-of-career salary and actuarial parameters (discount rate, salary adjustment rate, turnover rate, mortality rate etc.).

The Group does not outsource the funding of its pension obligations.

The obligation is recorded on the balance sheet as a non-current liability, for the total amount of the obligation.

In accordance with IAS 19 amended, the cost of services delivered and the cost of financial services are stated in operational income. The Company has opted to immediately recognize all actuarial gains and losses as equity in other comprehensive income (OCI).

The impact of changing schemes is immediately recorded in the income statement. No changes occurred in the course of the fiscal years presented.

2.6.14. Share-based payments

In accordance with IFRS 2, benefits granted to certain employees with payment in the form of shares are stated at the fair value of the instruments granted.

This compensation may take the form of either instruments paid in shares, or instruments paid in cash.

Share purchase and subscription options are granted to executive management and certain key employees of the Company.

In accordance with IFRS 2 "Share-based payments", the stock options are stated at their date of granting.

The Company uses the Black & Scholes pricing model to value these instruments. This model takes into account the plan features (exercise price, exercise period), market data at the time of attribution (risk-free rate, volatility, expected dividends) and a behavioral assumption concerning the beneficiaries. Changes in value subsequent to the date of grant have no effect on this initial valuation.

The value of options mainly depends on their expected lifetime. This value is recorded in payroll charges on a linear basis between the date of grant and the maturity date (vesting period), with a direct consideration in equity.

2.6.15. Recognition of revenue

The Company recognizes its revenue according to IFRS 15.



Revenue is recorded upon satisfaction of the performance obligations, which generally corresponds to the date of transfer of control to the Client, especially for “standard” products.

For “complex” products, revenue is recognized using the percentage of completion method: revenue is recognized based on the costs incurred to date, in relation to total expected costs on completion.

2.6.16. Other income from operating activities

Other income from operating activities includes subsidy income.

In accordance with IA 20, subsidies are recorded as income in proportion to the costs incurred. Research tax credit (CIR) is also recorded in “Other income from operating activities” in the income statement.

2.6.17. Non-current operating income and charges

Other operating income and charges correspond to unusual items concerning income and expenses that are not usual in their frequency, nature, or amount, which the Company reports separately in its income statement to facilitate understanding of current operating performance. If they are significant, the amount and kind of these items are described in the note “Other operating income and charges”.

Operating income includes all income and expenses directly associated with Group activities, whether these income and expenses are recurring or result from occasional decisions or operations.

2.6.18. Financial profit (loss)

Financial profit or loss incorporate a part of the cost of net debt, mainly comprising financial charges for financing leases and interest paid on Group financing.

Other financial income and charges include accretion charges for non-current liabilities.

2.6.19. Corporate taxation

The “Corporate taxation” item on the income statement includes the tax liability and deferred taxes of consolidated companies when the tax bases are reported as revenue. Where necessary, the tax effects on items directly reported in equity are also reported in equity.

Tax liability

The tax liability corresponds to the tax payable to tax authorities for each consolidated company in its country or countries of operation. The Company has opted to report its Corporate value-added tax contribution (*Contribution sur la Valeur Ajoutée des Entreprises - CVAE*) in corporate taxation, as it considers that this contribution is determined based on an aggregate of the income statement.

Deferred taxes

Deferred taxes are recorded on the consolidated balance sheet and income statement and are a result of:

- the time difference between the recognition of income or expenses and its inclusion in the final profit of a later fiscal year;
- the time differences between the tax values and accounting values of balance sheet assets and liabilities;
- the restatements and eliminations imposed by consolidation and not reported in individual company financial statements;
- the capitalization of tax deficits.

Deferred tax assets relating to tax deficits are only recognized insofar that it is probable that a taxable profit will be available, to which these deductible time differences can be charged.

For reasons of prudence, the tax deficits of McPhy Energy and its subsidiaries are not capitalized at the closing date due to a lack of visibility about their being charged to future profits. This latent tax receivable will be offset against any future tax charge.

Deferred taxes are calculated at the taxation rate expected to be applied to the fiscal year during which the asset will be realized or the liability settled, based on the tax rates (and fiscal regulations) adopted or quasi-adopted at the closing date.

2.6.20. Research tax credit (CIR)

Industrial and commercial firms taxed on actual income and which invest in research may benefit from tax credits.

The tax credit is calculated per calendar year and is offset against the tax payable by the Company in respect of the year during which the research spending occurs. Unused tax credit can be deferred under the ordinary tax system over the next three years following its recognition. Any fraction unused at the expiry of this term is reimbursed to the Company. Given the Company's SME status within the meaning of Community legislation, the reimbursement takes place in the year following recognition.

2.6.21. Statement of cash flow

The statement of cash flow is prepared using the indirect method and individually presents cash flows from operating, investing, and financing activities.

Operating activities correspond to the primary income-generating activities of the entity and all other activities which do not meet the criteria of investing or financing. The Company has decided to report subsidies received in this category. The cash flows from operating activities are calculated by adjusting the net income by the variations in working capital requirement, items without a cash effect (amortization, impairment etc.), gains on disposals, and other income and expenses calculated.

The cash flows from investing activities are associated with non-current asset acquisitions, net of supplier liabilities on non-current assets, disposal of non-current assets and other investments.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity. Capital increases, new borrowings or repayment of borrowings are included in this category. The Company has also decided to report repayable advances in this category.

Increases in assets and liabilities without effect on the cash position are discarded. Therefore, assets financed using a finance lease agreement are not included in the investments for the fiscal year. The reduction of financial debt associated with leases is now included in loan repayments for the fiscal year.

2.6.22. Off-balance sheet commitments

Off-balance sheet commitments reported by the Group cover the following information about commitments made and received:

- personal guarantees (endorsements, deposits and guarantees),
- security interests (mortgages, pledges, guarantees),
- operating leases, purchase obligations and investment obligations,
- other commitments.

2.6.23. Net income per share

Net earnings per share is calculated by dividing the net income Group share attributable to ordinary shareholders, by the weighted average number of shares in circulation during the fiscal year.

Net diluted earnings per share is obtained by dividing the net income group share by the weighted average number of shares in circulation during the fiscal year for which the calculation is made, net of the maximum impact of the conversion of dilutive instruments into ordinary shares, using the share buyback method.

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

A NOTES TO THE BALANCE SHEET

3.1. Intangible non-current assets

<i>(en milliers d'euros)</i>	Ecart acquisition	Concessions Brevets licences	Autres	Total
Au 1er janvier 2019	2 487	817	-	3 304
Autres acquisitions	-	83	-	83
Cessions / virement interne	-	(1)	-	(1)
Autres variations	-	(17)	-	(17)
Au 31 décembre 2019	2 487	882	-	3 370
Autres acquisitions	-	89	27	116
Cessions / virement interne	-	-	-	-
Autres variations	-	(2)	-	(2)
Au 31 décembre 2020	2 487	969	27	3 485
Amortissements cumulés et dépréciations				
Au 1er janvier 2019	-	675	-	675
Amortissements de la période	-	91	-	91
Autres variations	-	(41)	-	(41)
Au 31 décembre 2019	-	725	-	725
Amortissements de la période	-	96	-	96
Autres variations	-	(2)	-	(2)
Au 31 décembre 2020	-	819	-	819
Valeurs nettes au 31 décembre 2019	2 487	157	-	2 644
Valeurs nettes au 31 décembre 2020	2 487	150	27	2 664

The discount rates used at 31 December 2020 and 31 December 2019 to discount future cash flows are 12.0 % and 13.1 % respectively. They are calculated based on the following main assumptions:

- Risk-free rate of 0.25 % (0.12 % in 2019)
- Market risk premium of 7.75 % (8.10 % in 2019)
- Specific risk premium of 1.47 % (1.80 % in 2019)
- Beta of 1.33 (1.15 in 2019)
- Perpetual growth rate of 1.80 % (1.9 % in 2019)

Operational assumptions (revenue, margins, cash flow projections) used to develop the impairment test correspond to the data prepared under the Business Plan reviewed by the Board of Directors in September 2020.

The impairment tests carried out for the fiscal year did not cause us to report an impairment.

Sensitivity analysis

An increase of 1% in the discount rate and a reduction of 0.5% in the perpetual growth rate would not alter the conclusions of the impairment test.

Nor would a 10% variation in the operational assumptions used to develop the business plan (revenue and margin) alter the conclusions of the impairment test.

3.2. Tangible non-current assets

<i>(en milliers d'euros)</i>	Terrain et constructions	Matériel et Outillage	Autres corporels	Total
Au 1er janvier 2019	519	6 895	1 738	9 152
Acquisitions	-	244	85	329
Contrats location	1 355	30	155	1 540
Cessions/virement interne	-	(254)	(10)	(264)
Au 31 décembre 2019	1 873	6 916	1 968	10 756
Acquisitions	7	199	442	648
Contrats location	916	38	-	954
Cessions/virement interne	-	(298)	(53)	(351)
Au 31 décembre 2020	2 796	6 855	2 357	12 007
Amortissements cumulés et dépréciations				
Au 1er janvier 2019	153	5 413	1 154	6 720
Amortissements de la période	32	525	190	747
Contrats location	473	20	72	565
Cessions	-	(98)	(12)	(110)
Dépréciations	-	10	15	25
Au 31 décembre 2019	658	5 870	1 419	7 947
Amortissements de la période	31	411	174	616
Amortissements contrats location	450	1	29	480
Cessions/virement interne	(378)	(348)	(66)	(792)
Au 31 décembre 2020	761	5 934	1 556	8 251
Valeurs nettes au 31 décembre 2019	1 215	1 046	548	2 808
Valeurs nettes au 31 décembre 2020	2 035	921	800	3 755

Non-current assets concerning finance leases and lease agreements included in the tangible non-current assets item are broken down as follows:

<i>(en milliers d'euros)</i>	<u>31/12/20</u>	<u>31/12/19</u>
Terrain et constructions	2 271	1 355
Matériel et outillage	1 867	1 829
Autres corporels	232	264
Valeurs brutes	4 370	3 448
Amortissements cumulés	(1 995)	(1 827)
Dépréciation immobilisations	-	-
Valeurs nettes	2 375	1 621

3.3. Other non-current financial assets

<i>(en milliers d'euros)</i>	<u>31/12/20</u>	<u>31/12/19</u>
Prêts, cautionnements et autres créances - non courants	340	316
Autres créances non courantes	-	-
Valeurs brutes	340	316
Provisions pour dépréciations	-	-
Valeurs nettes	340	316

Non-current loans, deposits, and other receivables mainly consist of security deposits paid by McPhy Energy and its subsidiaries to the owners of leased premises. Other non-current receivables are subsidy income to receive.

3.4. Deferred taxes

<i>(en milliers d'euros)</i>	Au bilan		Au compte de résultat	
	<u>31/12/20</u>	<u>31/12/19</u>	<u>31/12/20</u>	<u>31/12/19</u>
Déficits reportables	-	-	-	-
Différences fiscales temporelles	15	14	1	-
Retraitements de consolidation	72	62	10	21
Total impôts différés actifs	87	77	11	21
Différences fiscales temporelles	(539)	(476)	(63)	(64)
Retraitement IAS 32	-	-	-	-
Autres retraitements de consolidation	(70)	(101)	(2)	(25)
Total impôts différés passifs	(609)	(578)	(65)	(89)
Total impôts différés passifs (nets)	(522)	(501)	(54)	(68)

Pursuant to IAS 12, deferred tax assets and liabilities are compensated with the entity has a statutory right to offset current tax assets and liabilities, and if the deferred tax assets liabilities are of the type of taxation collected by the same tax authority. The amount of tax losses carried forward amounts to €125.7 M at 31 December 2020 (€100.2 M at 31 December 2019). For reasons of prudence, the Company did not report deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax charge.

3.5. Inventories

<i>(en milliers d'euros)</i>	<u>31/12/20</u>	<u>31/12/19</u>
Matières Premières et autres approvisionnements	2 316	1 716
En-cours de production et services	227	162
Produits Finis	659	589
Valeur Brute	3 202	2 467
Provisions	(361)	(527)
Valeur Nette	2 842	1 941

3.6. Receivables and other current assets

<i>(en milliers d'euros)</i>	<u>31/12/20</u>	<u>31/12/19</u>
Clients et comptes rattachés (1)	8 461	6 632
Etat et autres organismes (2)	2 388	1 502
Charges constatées d'avances	151	153
Divers (3)	2 519	1 023
Valeur Brute	13 519	9 310
Dépréciation (4)	(752)	(850)
Valeur Nette	12 768	8 460

- (1) The "Trade receivables and related accounts" item includes contract assets as per IFRS 15 for an amount of €5.5 M (including €1.2 M relating to the HEBEI project).
- (2) The "State and other bodies" item includes VAT receivables for an amount of €1.3 M and Research tax credit for an amount of €0.7 M.
- (3) The "Miscellaneous" item includes a matured receivable for an amount of €0.2 M which was paid in January 2021.
- (4) The "Impairment" item includes €0.5 M of provision made in 2019 as the contract asset for the Hebei project was subject to a 50% impairment.

Movements in provisions for impairment of trade receivables and other receivables are as follows:

<i>(en milliers d'euros)</i>	<u>Dépréciations individuelles</u>
Au 1^{er} janvier 2019	308
Dotations de l'exercice	562
Reprises (pertes sur créances irrécouvrables)	(20)
Reprises de provisions devenues sans objet	-
Variations de change	-
Au 31 décembre 2019	850
Dotations de l'exercice	85
Reprises (pertes sur créances irrécouvrables)	-
Reprises de provisions devenues sans objet	(171)
Variations de change	(12)
Au 31 décembre 2020	752

At 31 December, the maturity of trade and other receivables is summarized thus:

<i>(en milliers d'euros)</i>	Total	< un an	entre un et cinq ans	> cinq ans
2020	12 768	12 768		
2019	8 460	8 460		

3.7. Cash and cash equivalents

<i>(en milliers d'euros)</i>	<u>31/12/20</u>	<u>31/12/19</u>
Dépôts à court terme	197 671	12 992
Dépôts à vue		
Disponibilités et assimilés	3	3
Trésorerie et équivalents de trésorerie	197 674	12 995

Marketable securities are accounted for at their market value.

3.8. Provisions for risks and charges

<i>(en milliers d'euros)</i>	<u>Soldes 31/12/19</u>	<u>Dotations</u>	<u>Utilisations</u>	<u>Reprises non utilisées</u>	<u>Autres variations</u>	<u>Soldes 31/12/20</u>
Litiges	11	9	(12)	-		8
Pensions et départs en retraite	141	28	-	-	-	169
Autres risques et charges	1 187	510	(158)	-	-	1 539
Provisions risques et charges	1 340	547	(170)	-	-	1 717
Non-courant	756	503	(40)	-	-	1 220
Courant	584	44	(130)	-	-	497
Provisions risques et charges	1 340	547	(170)	-	-	1 717

3.9. Borrowing and financial debt

<i>(en milliers d'euros)</i>	31/12/2019	Emissions	Remboursement	Reclassement	31/12/2020
Emprunts bancaires	684	0		(201)	483
Avances remboursables	372	0	(7)	21	386
Dettes financières crédit bail	263	0		(189)	74
Contrats de location	465	941		114	1 520
Dettes financières non courantes	1 784	941	(7)	(255)	2 463
Emprunts bancaires	331	4 000	(331)	201	4 201
Avances remboursables	0	72		(21)	51
Dettes financières crédit bail	230	0	(230)	189	189
Contrats de location	527	570	(506)	(114)	477
Dettes financières courantes	1 088	4 642	(1 068)	255	4 918
Total emprunts et dettes financières	2 872	5 583	(1 075)	0	7 381

The schedule of repayment of borrowings and financial debt is given in note 3.25.

3.10. Trade and other payables

<i>(en milliers d'euros)</i>	31/12/20	31/12/19
Fournisseurs	6 027	4 881
Subventions	2 887	214
Dettes fiscales et sociales	3 585	2 150
Autres dettes	166	223
Passifs sur contrats	522	403
Fournisseurs et autres créditeurs	13 186	7 871

At 31 December, the maturity of trade and other payables is summarized thus:

<i>(en milliers d'euros)</i>	Total	< un an	entre un et cinq ans	> cinq ans
2020	13 187	13 187		
2019	7 871	7 871		

3.11. Financial instruments

All financial instruments are stated at fair value, calculated using quoted market prices on an active market for identical assets and liabilities (cash equivalents).

At 31 December 2020, €33 M is placed in term accounts with no-fee instant access. This is recorded as an asset in “Cash and cash equivalents”:

Type of placement	Amount (€M)	Duration	Term	Gross actuarial rate	Planned withdrawal
Cash boost term account	5	2 years	19 Nov 2022	0.2000%	32 days notice
Progressive term account	3	5 years	05 Oct 2023	0.9167%	32 days notice
Progressive term account	5	5 years	29 July 2025	0.4044%	32 days notice
Energy transition term account	5	5 years	19 Nov 2025	0.3045%	32 days notice
Progressive term account	5	5 years	19 Nov 2025	0.3045%	32 days notice
Term deposit	10	8 years	08 Dec 2028	0.4974%	31 days notice
Total	33				

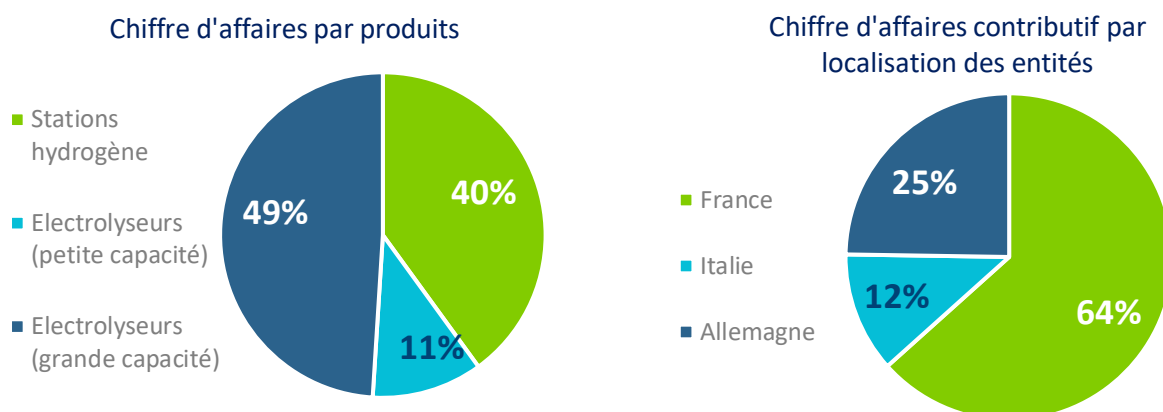
B NOTES TO THE INCOME STATEMENT

3.12. Revenue

2020 revenue amounts to €13,694 K, of which €8,466 K or 62% in France.

82% of revenue is generated on long-term contracts.

At 31 December 2020, the order backlog (i.e. orders not yet recognized as revenue) amounts to €15.2 M.



3.13. Other income from operating activities

(en milliers d'euros)

	2020	2019
Subventions	214	3 290
Crédit d'impôt recherche	548	640
Autres produits	185	146
Autres produits de l'activité	947	4 076

Subsidies are principally associated to the partial financing of demonstration programs by French and European bodies, and at 31 December 2019 include €3 M due to the cancellation of the repayable advance for the Pushy project.

3.14. Research and Development costs

Research and Development costs are reported in the charges for the fiscal year in which they are engaged. Tax credits are reported in "Other income from activity". Gross spending eligible for Research and Innovation tax credit reported in the income statement, is broken down as follows:

(en milliers d'euros)

	2020	2019
Dépenses de recherche et de développement	2 497	2 546
Crédit d'impôts recherche	(548)	(639)
Charges nettes	1 949	1 907

3.15. Amortization and provisions



<i>(en milliers d'euros)</i>	2020	2019
Immobilisations incorporelles	93	91
Immobilisations corporelles	1 098	1 310
Plus et moins valeurs sorties d'immobilisations	16	130
Dotations aux amortissements	1 207	1 531
Dotations aux provisions	563	1 199
Reprises de provisions	(540)	(195)
Dotations (nettes) opérationnelles courantes	1 230	2 535
Dotations / reprises non courantes	(66)	25
Plus et moins valeurs sorties d'immobilisations	-	-
Dotations (nettes) opérationnelles	1 164	2 560

3.16. Financial profit (loss)

<i>(en milliers d'euros)</i>	2020	2019
Produits de cession de VMP	26	0
Autres produits financiers	19	480
Produits financiers	46	480
Coût de l'endettement financier	(141)	(89)
Autres charges financières	(157)	(21)
Charges financières	(298)	(110)
Résultat financier	(252)	370

3.17. Corporate taxation

The tax charge stated results from the integration of:

<i>(en milliers d'euros)</i>	2020	2019
Impôt à payer au titre de l'exercice	(11)	(10)
Impôts différés	(54)	(67)
Charge d'impôts	(66)	(77)

The reconciliation between the corporate taxation reported on the consolidated income statement and the theoretical tax incurred based on the rate applicable in France is analyzed thus:

<i>(en milliers d'euros)</i>	2020	2019
Résultat avant impôt	(9 274)	(6 178)
Impôt calculé au taux applicable en France (1)	2 597	1 730
Déficits de l'exercice non activés	(5 882)	(2 031)
Effet des crédits d'impôts et des exonérations fiscales	3 353	179
Effet des différences de taux d'imposition	(23)	(9)
Effet des autres charges non déductibles et de l'utilisation de la méthode du report variable	(110)	54
Charge d'impôt sur le résultat	(66)	(77)

(1) 28% in 2019 and 2020

The amount of tax losses carried forward amounts to €125.7 M at 31 December 2020 (€100.2 M at 31 December 2019). For reasons of prudence, the Company did not report deferred tax assets for entities sustaining fiscal losses. This latent tax receivable may potentially be offset against any future tax charge.

3.18. Earnings per share

Net diluted earnings per share is obtained by dividing the net income group share by the weighted average number of shares, net of the maximum impact of the conversion of dilutive instruments into ordinary shares, using the share buyback method. Using this method, funds collected by potentially dilutive financial instruments are allocated to share buybacks at their market value. Dilution consists in the difference between the theoretical amount of shares to be bought back and the number of potentially dilutive options.

*(en unité à l'exception du résultat net exprimé
en milliers d'euros)*

	<u>2020</u>	<u>2019</u>
Nombre moyen pondéré d'actions en circulation	27 855 480	15 070 537
Effet dilutif des options	414 928	(91 086)
Nombre d'actions après effet des instruments dilutifs	<u>28 270 408</u>	<u>14 979 451</u>
Résultat net part du groupe	(9 340)	(6 255)
Résultat net de base par action	(0,34)	(0,42)
Résultat net dilué par action	(0,34)	(0,42)

The number of shares issued and fully paid-up at 31 December 2020 is 27,856,540 shares with a nominal unit value of €0.12. The reconciliation between the number of shares in circulation at the start and end of the fiscal year is stated in the consolidated statement of changes in shareholder equity.

C OTHER INFORMATION

3.19. Scope and methods of consolidation

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

Companies	Country	31 December 2019	31 December 2018	Notes
Fully consolidated companies				
McPhy Energy S.A.	France	Parent	Parent	Design, manufacture, and marketing
McPhy Energy Italia Sprl	Italy	100%	100%	Design, manufacture, and marketing
McPhy Energy Deutschland GmbH	Germany	100%	100%	Engineering and marketing
McPhy Energy Northern America Corp.	USA	100%	100%	Marketing
McPhy Energy Asia Pacific Pte. Ltd	Singapore	100%	100%	Marketing
Companies consolidated using the equity method				
McPhy Waterfuel Energy Equipment LLC	UAE	10%	10%	Marketing

3.20. Headcount

Headcount of McPhy Energy and its fully consolidated subsidiaries:

	<u>31/12/20</u>	<u>31/12/19</u>		<u>31/12/20</u>	<u>31/12/19</u>
Cadres	68	55	France	49	43
Techniciens & agents de maîtrise	10	13	Etranger	61	55
Employés et ouvriers	32	30			
Total	110	98		110	98

The weighted average headcount for 2020 is 104 employees (92 in 2019).

3.21. Compensation of administrative and supervisory bodies

The total amount of fixed and variable compensation, including benefits in kind, allocated for the 2020 and 2019 fiscal years to the Executive directors, as per IAS 24, respectively amounted to €1,939 K (11 people) and €1,142 K (7 people). An amount of €211 K in 2020 and €100 K in 2020 reflects a non-cash charge related to the allocation of BSPCE, BSA and subscription options benefits. An amount of €136 K in 2020 and €32 K in 2019 reflects the compensation of independent Directors (not included in the calculation of the number of people).

3.22. Pensions - Benefits due to employees

After retiring, Group employees receive pensions by virtue of pension schemes, in accordance with the laws and customs in the countries where the companies operate.

Group obligations are accounted for as provisions or contributions paid to independent pension funds and to statutory bodies responsible for the service.

Golden handshakes, which are stated as off-balance sheet commitments in the Company accounts, are stated in provisions in the consolidated financial statements. They only concern employees of McPhy Energy in France. No obligations under the meaning of IAS 19 has been identified and provisions for the Italian and German subsidiaries.

A comparison of the principal actuarial data used is given here:

	31 December 2020	31 December 2019
Departure age	67 (Mgt), 64 (Non-Mgt)	67 (Mgt), 64 (Non-Mgt)
Discount rate (a)	0.7 %	0.9 %
Collective bargaining agreement	Metallurgy, 2010 amendment	Metallurgy, 2010 amendment
Salary increase rate	2.5 % (Mgt), 2 % (Non-Mgt)	3 % (Mgt), 2.5 % (Non-Mgt)
Social contributions rate (b)	48 % (Mgt), 30 % (Non-Mgt)	46 % (Mgt), 37 % (Non-Mgt)
Mortality table	Insee 2013-2015	Insee 2013-2015
Probability of presence	Rate between 12% and 99% up to age 55, then 100% from 55 onwards	Rate between 12% and 99% up to age 55, then 100% from 55 onwards

Mgt: management, Non-Mgt: non-management.

(c) The discount rate was determined by reference to the yield rates of private AA-rated bonds at the closing date. Bonds with similar maturities to the obligations have been used.

(d) Excluding impact of temporary reduction schemes.

The average period at 31 December 2020 is approximately 23 years.

(en milliers d'euros)	Engagement global	Juste valeur du fonds	Engagement net
Solde au 1er janvier 2019	126	-	126
Coût services rendus	40		40
Coût financier	2		2
Indemnités versées	(40)		(40)
Impact sur le résultat consolidé	2	-	2
Ecarts actuariels	12		12
Impact autres éléments résultat global	12	-	12
Autres	-		-
Solde au 31 décembre 2019	140	-	139
Coût services rendus	44		44
Coût financier	1		1
Départs	(15)		(15)
Impact sur le résultat consolidé	30	-	30
Ecarts actuariels	(4)		(4)
Impact autres éléments résultat global	(4)	-	(4)
Autres	-		-
Solde au 31 décembre 2020	167	-	167

The Group considers that the actuarial assumptions used are appropriate and justified, but that modifications that may be made in the future could have an impact on the amount of commitments and the Group's income. A 1% increase in the discount rate at 31 December 2020 (respectively a drop of 1%) has a positive effect of €40 K on the result for the year (respectively a negative effect of €24 K).

Maturity of pension obligations:

- Within 5 years: €15 K
- Beyond 5 years: €152 K

3.23. Share-based payments

The Company has allocated stock options ("Options"), share subscription warrants ("BSA") or Business Creator share subscription warrants ("BSPCE") to some of its employees and executive directors. The impact of this allocation and the resulting commitments are summarized in the table below:

	Dates d'exercice	Prix d'exercice	Nombre attributaires	Instruments en circulation	Instruments exerçables
<i>Assemblée Générale du 18/05/2017</i>					
Options 2017-1	Du 12/03/2018 au 12/03/2023	4,84	2	25 400	25 400
BSPCE 2017-1	Du 12/03/2018 au 12/03/2023	5,10	1	16 000	16 000
BSPCE 2017-2	Du 12/03/2018 au 12/03/2023	5,10	7	79 155	79 155
<i>Assemblée Générale du 23/05/2019</i>					
BSPCE 2019-1	Du 10/12/2019 au 10/12/2024	3,01	1	75 000	75 000
BSPCE 2019-2	Du 08/04/2020 au 08/04/2025	4,55	3	30 000	30 000
BSA 2019-1	Du 08/04/2020 au 08/04/2025	4,55	2	20 000	20 000
<i>Assemblée Générale du 20/05/2020</i>					
BSA 2020-1	Du 05/06/2020 au 05/06/2025	5,11	9	50 000	50 000
BSPCE 2020-1	Du 05/06/2020 au 05/06/2025	5,11	15	200 000	200 000
Solde au 31 décembre 2020			40	495 555	495 555

The table below reports activity in stock option, BSA and BSPCE plans:

	Options et bons en circulation	Prix d'exercice moyen pondéré
Solde au 1^{er} janvier 2019	208 000	5,03
Octrois	75 000	3,01
Annulations	(10 000)	-5,10
Exercices	-	-
Solde au 31 décembre 2019	273 000	4,48
Octrois	300 000	5,02
Annulations	-	-
Exercices	(77 445)	5,03
Solde au 31 décembre 2020	495 555	4,72

3.24. Financial commitments

Off-balance sheet commitments given:

(en milliers d'euros)

	<u>2020</u>	<u>2019</u>
Cautions de contre-garantie sur marchés	-	-
Créances cédées non échues	-	-
Nantissements hypothèques et sûretés réelles	-	-
Avals, cautions et garanties données (1)	4 810	800
Autres engagements donnés	-	-
Total	4 810	800

(1) The commitments made primarily concern guarantees issued for projects (repayment of advance guarantee, performance guarantee, etc.)

Off-balance sheet commitments received (note 3.27.3)

3.25. Contractual obligations and commitments

(en milliers d'euros)

	<u>Montant total</u>	<u>A 1 an au plus</u>	<u>Entre 1 et 5 ans</u>	<u>A plus de 5 ans</u>
Avances remboursables	436	51	-	386
Emprunts bancaires	4 684	4 201	433	50
Obligations en matière de location - financement	2 260	666	1 379	215
Engagements comptabilisés au bilan	7 381	4 919	1 812	651

3.26. Related party transactions



Related parties with whom transactions are completed include companies related directly or indirectly to the McPhy Group, and entities which directly or indirectly own an equity interest in the Group.

These transactions are conducted at normal market conditions. The Group did not record any transactions falling under the scope of IAS 24 in the 2020 fiscal year.

3.27. Financial risk objectives and management policy

3.27.1. Interest rate risk

The Group has taken out short and medium-term loans at variable rates, for a total amount of €4,684 K. If the interest rates were to vary by 100 base points up or down, the interest charge would incur a positive or negative impact of €8 K.

3.27.2. Currency risk

The Group subscribed to a “flexiterme” currency hedging solution for USD 2.8 million against EUR, to hedge dollar purchases for US suppliers, from 1st December 2020 until 31 March 2023. This will enable the Group to buy equipment in the US at a guaranteed exchange rate of 1.1765. At 31 December 2020, the fair value of the derivative was recorded as €88 K in OCI and other payables, as required by IFRS 9.

3.27.3. Liquidity risk

Since the Group was created, it has funded its growth by extending its equity through successive capital issues, refinancing certain investments using leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing.

Cash, cash equivalents and financial investments amount to €198 M at 31 December 2020, and financial liabilities to an amount of €2.8 M (of which €4 M in Government-backed loans and €2.3 M related to finance leases and lease agreements). The Company’s credit agreements do not contain default clauses (covenants).

The Group will continue to need financing to develop its activities until it reaches break-even point. Its capacity to generate future cash flows to meet its funding requirements is not certain. However, the liquidity risk dropped sharply during the 2020 fiscal year, primarily due to the successful capital increase on 14 October 2020, which boosted our cash position and equity by €180 M.

3.27.4. Credit risk

Credit risk is based on cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to customer credit, mainly comprising unpaid receivables and transactions engaged.

The credit risk relating to cash, cash equivalents and current financial instruments, as well as Client credit exposures is considered to be adequately controlled by the Company as whenever risks are identified they are immediately provisioned (see note 3.6).

3.28. Fees paid by the Group to the statutory auditors and members of their networks



	Deloitte & Associés				Eurex			
	En milliers d'euros		En %		En milliers d'euros		En %	
	2020	2019	2020	2019	2020	2019	2020	2019
Honoraires d'Audit :								
Commissariat aux Comptes, certification, examen des comptes individuels et consolidés								
- Société mère	60	52	45%	48%	36	36	92%	90%
- Filiales intégrées globalement	30	27	23%	25%	-	-	-	-
Prestations directement liées à la mission CAC								
- Société mère	43	28	32%	26%	3	4	8%	10%
- Filiales intégrées globalement	-	-	-	-	-	-	-	-
Sous-total	133	107	100%	100%	39	40	100%	100%
Autres prestations :								
Juridique, fiscal, social	-	-	-	-	-	-	-	-
Autres	-	-	-	-	-	-	-	-
Sous-total	0	0	0%	0%	0	0	0%	0%
TOTAL	133	107	100%	100%	39	40	100%	100%

The statutory auditors' fees for services other than certification of accounts correspond to services closely associated with the execution of the audit or review of financial statements (especially in the context of the Issue note dated October 2020).

End of "MCPHY ENERGY | APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS | FISCAL YEAR ENDING 31 DECEMBER 2020"

18.2 Interim and other financial information

None

18.3 Audit of annual financial information

18.3.1 Statutory Auditors' report on the Company financial statements

Year ended 31 December 2020

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of MCPHY ENERGY,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying Company financial statements of MCPHY ENERGY for the year ended 31 December 2020.

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 2020 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 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.



It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the Company financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of revenue for long-term contracts

Risk identified

As indicated in Note 2.3.15 “Recognition of revenue” to the Company financial statements, revenue from long-term contracts, which amounted to €8.1 million for the year ended 31 December 2020, 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 increases, 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 prepared by project managers and regularly updated.

The significant degree of judgment required to recognise revenue, particularly costs at completion, led us to confirm the reliability of the budgetary processes implemented by Management and to consider the recognition of long-term contracts as a key audit matter.

Our response

To address the risk of revenue recognition on contracts using the percentage of completion method, we have performed the following procedures:

- assessed the design of the relevant controls for the recognition of contracts using the percentage of completion method and performed a walkthrough test;
- selected contracts to be tested based on criteria then by sampling, reconciled accounting information with budget monitoring, corroborated the degree of completion used for recognition, in particular by examining technical documentation, contracts, cost analyses and budgetary reviews;
- tested the substance of the costs actually incurred during the period for projects selected by statistical sampling using the cost breakdown.

Valuation of equity interests and related receivables

Risks identified

Equity interests and related receivables stated on the balance sheet as at 31 December 2020 for a net amount of €5.3 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 representing the amount the Company would agree to pay to obtain them if it had to acquire them.

As indicated in Note 2.3.6 “Equity interests” to the Company financial statements, the value in use is estimated by Management using the discounted cash flow method. These future cash flows are derived from the five-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cash flows.



Estimating the value in use of interests requires Management to exercise judgment, both in terms of future cash flow forecasts and rates used to discount these flows, along with the perpetual growth rate for the terminal value.

The competition and the economic environment faced by certain subsidiaries may cause a decline in their activity and a deterioration of operating income.

In this context, and due to uncertainties inherent to certain items, in particular the probability of realisation of the forecasts (in a pandemic context), we considered that the correct valuation of equity interests, related receivables and provisions for risks represented a key audit matter.

Our response

To address the risk relating to the valuation of equity interests and related receivables, we performed a critical review of the conditions for the implementation of impairment testing by the Company, notably by:

assessing the consistency of cash flow projections with the enterprise value used for the purposes of the capital increase performed during the year, with the latest Management estimates as presented to the Board of Directors and with our knowledge of the Group and its activity sector;

examining the reliability of the process used to draw up forecasts with regard to differences between past realisations and the corresponding budgets;

verifying, with assistance from our valuation department, the reasonableness of the rate used to discount future cash flows and the terminal cash flow with regard to the economic climate and observed practices of main players on the market where the Group operates.

In addition to the assessment of value in use for equity interests, our work also consisted in assessing the recoverable nature of the related receivables given the analyses performed on equity interests;

Lastly, we examined the adequacy and appropriateness of the information provided in Note 2.3.6 "Equity interests".

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 (code de commerce), 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 financial statements to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF General Regulations, the Company's Management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) with this format.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of MCPHY ENERGY by the Shareholders' Meetings of 27 February 2014 for SARL Audit Eurex and 19 December 2013 for Deloitte & Associés.

As at 31 December 2020, SARL Audit Eurex was in its 7th year of total uninterrupted engagement and Deloitte & Associés in its 8th year, both being in their 7th 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, 16 April 2021

The Statutory Auditors

SARL AUDIT EUREX

Deloitte & Associés

Philippe TRUFFIER

Hélène DE BIE

18.3.2 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2020

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of MCPHY ENERGY

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of MCPHY ENERGY for the year ended 31 December 2020.

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 2020 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 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance



in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenue on a percentage of completion basis for long-term contracts

Risk identified

As indicated in Note 2.6.15 “Recognition of revenue” to the consolidated financial statements, the Group applies IFRS 15 “Revenue from contracts with customers” and recognises a significant proportion of revenue (€11.3 million for fiscal year 2020) 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 budgetary estimates of costs at completion made by project managers. These estimates are updated regularly.

The significant degree of judgment required to recognise (for the costs of completion estimate) revenue and the associated margin for each long-term project in progress at the year end led us to confirm the reliability of the budgetary processes implemented by Management and the estimate of percentage completion and to consider the recognition of long-term contracts as a key audit matter.

Our response

To address the risk of accounting for contracts using the percentage of completion method, we have performed the following procedures:

- assessed the design of the relevant controls for the recognition of contracts using the percentage of completion method and performed a walkthrough test;
- selected contracts to be tested based on criteria then by sampling, reconciled accounting information with budget monitoring, corroborated the degree of completion used for recognition, in particular by examining technical documentation, contracts, cost analyses and budgetary reviews;
- tested the substance of the costs actually incurred during the period for projects selected by statistical sampling using the cost breakdown.
-

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 Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF General Regulations, the Company's Management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) with this format.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of MCPHY ENERGY by the Shareholders' Meetings of 27 February 2014 for SARL Audit Eurex and 19 December 2013 for Deloitte & Associés.

As at 31 December 2020, SARL Audit Eurex was in its 7th year of total uninterrupted engagement and Deloitte & Associés in its 8th year, both being in their 7th 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, 16 April 2021

The Statutory Auditors

SARL AUDIT EUREX

Deloitte & Associés

Philippe TRUFFIER

Hélène DE BIE

18.3.3 Special report of the Statutory Auditors on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on regulated agreements issued in French and it is provided solely for the convenience of English speaking users. This report 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 for 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 on regulated agreements.

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

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past fiscal year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures that 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 authorized during the year

Pursuant to article L.225-40 of the French Commercial Code, we have been advised of the following agreement that was subject to the prior approval of your Board of Directors.

Amendment to the agreement with Mr. Pascal Mauberger, Chairman of the Board of Directors

Nature and purpose:

Extension of the consulting role on behalf and at the request of McPhy Energy.

Terms and conditions:

As mentioned in the second part of this report, pursuant to an agreement signed on December 30, 2019, Mr. Pascal Mauberger is involved in certain activities, in particular establishing contact with investors or any other assistance requested by Mr. Laurent Carme, Chief Executive Officer.

On December 14, 2020, your Board of Directors authorized the extension of the agreement for a period of 6 months with an extension option, i.e. until June 30, 2021; the amendment to the agreement was signed on December 17, 2020.

Compensation for these services has been set at a flat monthly fee of €2,000 excl. tax for the period from January 1 to June 30, 2021.



Reasons justifying that the agreement is in the Company's interest:

Your Board of Directors considered that the extension of this agreement was justified by Mr. Pascal Mauberger's knowledge of the company and expertise, necessary for the managerial transition and planned financing operations.

AGREEMENTS PREVIOUSLY APPROVED BY SHAREHOLDERS' MEETING**Agreements approved during previous years with continuing effect during the year**

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Agreement with Mr. Pascal Mauberger, Chairman of the Board of Directors***Nature and purpose:***

Consulting role on behalf and at the request of McPhy Energy.

Terms and conditions:

Pascal Mauberger is involved in certain activities, in particular establishing contact with investors or any other assistance requested by Mr. Laurent Carme, Chief Executive Officer.

Compensation for these services has been set as follows: a flat monthly fee of €4,000 excl. tax for the period from January 1 to June 30, 2020, a flat monthly fee of €2,000 € excl. tax for the period from July 1 to December 31, 2020 and a success fee of €10,000, subject to the success of the share capital increase resulting in the arrival of new shareholders.

The amount recorded in expenses in 2020 for this agreement was €46,000 excluding tax.

This agreement, previously authorized by the Board of Directors on December 10, 2019, was signed on December 30, 2019 for a period of 12 months with an extension option; as mentioned in the first part of this report, this agreement was extended on December 17, 2020 for a period of 6 months.

Juvisy and Paris-La Défense, April 29, 2021

The Statutory Auditors

SARL AUDIT EUREX

Deloitte & Associés

Philippe TRUFFIER

Hélène DE BIE

18.3.4 Other information verified by the Statutory Auditors

None

18.4 Proforma financial information

Not applicable.

18.5 Dividend distribution policy

18.5.1 Dividends paid in the last three fiscal years

None

18.5.2 Dividend distribution policy

Given the stage of the Company's development, we do not foresee initiating a dividend distribution policy in the short term. The Company will regularly re-evaluate the opportunity to pay a dividend, taking into account the general conditions of the economic climate, the conditions specific to its sector of activity, Group results, its financial position, shareholder interests, and all other factors deemed relevant.

18.6 Legal and arbitration proceedings

At the date of issue of this Universal Registration Document, there are no governmental, legal or arbitration proceedings in progress, including any procedures of which the Company is aware to be suspended, or threatening the Company, likely to have or which over the last twelve months has had significant effects on the Company's financial position, activity or income.

18.7 Significant changes in the financial or commercial position

None

19 SUPPLEMENTARY INFORMATION

19.1 Share capital

19.1.1 Amount of share capital

The number of ordinary single-category shares issued and fully paid-up at 31 December 2020 is 27,856,540 shares with a nominal unit value of €0.12.

The reconciliation between the number of shares in circulation at the start and end of the fiscal year is stated in the consolidated Statement of Changes in Shareholder Equity (section 18.1.6 of the Universal Registration Document).

19.1.2 Non-equity securities

None

19.1.3 Treasury shares and buybacks

At 31 March 2021, the Company's treasury share account contained 21,223 of its own shares under the liquidity contract implemented in favor of the liquidity of its securities, via an investment service provider acting independently.

19.1.4 Securities giving access to share capital

All securities giving access to Company capital in circulation at 31 December 2020 are stated below:

Date de l'Assemblée	18/05/17	18/05/17	18/05/17	23/05/19	23/05/19	23/05/19	20/05/20	20/05/20	TOTAL
Date du Directoire	12/03/18	12/03/18	12/03/18	10/12/19	08/04/20	08/04/20	05/06/20	05/06/20	
Plan	Options 2017-1	BSPCE 2017-1	BSPCE 2017-2	BSPCE 2019-1	BSPCE 2019-2	BSA 2019-1	BSA 2020-1	BSPCE 2020-1	
Nombre total d'actions pouvant être souscrites ou achetées (à l'origine)	57 000	64 000	119 000	75 000	30 000	20 000	50 000	200 000	1 056 328
Point de départ d'exercice	13/03/20	12/03/18	13/03/20	11/12/21	09/04/22	09/04/22	06/06/22	06/06/22	
Date d'expiration	12/03/23	12/03/23	12/03/23	10/12/24	08/04/25	08/04/25	05/06/25	05/06/25	
Prix de souscription ou d'achat	4,84 €	5,10 €	5,10 €	3,01 €	4,55 €	4,55 €	5,11 €	5,11 €	
Modalités d'exercice	Exerçable à hauteur de 60% au 13/03/20 et 40% au 13/03/21	Exerçable à hauteur de 60% au 12/03/18 et 40% au 12/03/19	Exerçable à hauteur de 60% au 13/03/20 et 40% au 12/03/21	Exerçable à hauteur de 60% au 11/12/21 et 40% au 11/12/22	Exerçable à hauteur de 60% au 09/04/22 et 40% au 09/04/23	Exerçable à hauteur de 60% au 09/04/22 et 40% au 09/04/23	Exerçable à hauteur de 60% au 06/06/22 et 40% au 06/06/23	Exerçable à hauteur de 60% au 06/06/22 et 40% au 06/06/23	
Nombre d'actions souscrites ou achetées au 31/12/20	21 600	35 200	39 845	-	-	-	-	-	343 723
Nombre cumulé d'options et de bons annulés ou caduques	10 000	12 800	-	-	-	-	-	-	217 050
Nombre cumulé d'options et de bons restants au 31/12/20	25 400	16 000	79 155	75 000	30 000	20 000	50 000	200 000	495 555

At 31 December 2020, the full exercise of all instruments giving access to capital in circulation would enable the subscription of a total of 495,555 new shares, thereby generating a dilution of approximately 1.8% of the capital existing at this time.

19.1.5 Authorized capital

The summary table below indicates the ongoing delegations of authority at the date of this Universal Registration Document, granted by the Shareholder general meeting to the Board of Directors with respect to capital increases:

Date of authorization	Body	Beneficiary	Purpose	Amount	Duration	Use during fiscal year
20 May 2020 15th resolution	EGM	Board of Directors	Delegation of authority to reduce the share capital by cancellation of treasury shares under the terms of article L.22-10-63 of the French Commercial Code	10% of share capital	24 months with effect from the date of the extraordinary shareholder meeting, ending on 19 May 2022	None
20 May 2020 16th resolution	EGM	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities with preferential subscription rights by public offering	Maximum of €1,320,000 nominal and €20,000,000 for debt securities ⁽¹⁾	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 17th resolution	EGM	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities without preferential subscription rights by public offering	Maximum of €1,320,000 nominal and €20,000,000 for debt securities ⁽¹⁾	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 18th resolution	EGM	Board of Directors	Authorization to grant in case of issue without preferential subscription rights to set, within the limit of 10% of the capital, the issue price in the conditions laid down by the shareholders' general meeting	Cap of 17th resolution of OGM of 20 May 2020	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 19th resolution	EGM	Board of Directors	Delegation of authority to the Board of Directors to increase share capital via a share issue without preferential subscription rights in favor of categories of persons ⁵² meeting specified characteristics within the meaning of Article L.225-138 of the French Commercial Code	Maximum €1,320,000 nominal and €20,000,000 for debt securities ⁽¹⁾	18 months with effect from the date of the extraordinary shareholder meeting, ending on 19 November 2021	€919,149 nominal (7,659,574 shares)

⁵² Category of persons: (i) investment firms and investment funds (including but not limited to all FCPI, FCPR or FIP type funds) registered in France or another countries investing in the energy, chemicals and clean-tech sectors; (ii) investment firms and investment funds (including but not limited to all FCPI, FCPR or FIP type funds) registered in France or another countries, commonly investing in small caps or mid caps; (iii) groups or companies registered in France or other countries, with whom the Company intends to form or has formed partnerships with the aim (x) of developing solutions for the production, storage and distribution of hydrogen and (y) the industrial production of such solutions; (iv) industrial firms with a similar or complementary activity to that of the Company; (v) natural persons desiring to invest in a company to benefit from tax reductions; and (vi) companies commonly investing in small and medium-sized businesses to enable their shareholders or partners to benefit from tax reductions.

20 May 2020 20th resolution	EGM	Board of Directors	Delegation of authority to Board of Directors to increase the share capital through a capital increase without preferential subscription rights via private placement	Maximum €1,320,000 nominal and €20,000,000 for debt securities ⁽¹⁾	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None ⁽⁴⁾
20 May 2020 21st resolution	EGM	Board of Directors	Delegation of authority granted to the Board of Directors to issue shares and/or transferable securities giving access to new Company shares, <u>without preferential subscription rights to the benefit of a nominated person</u> (i.e. Kepler Cheuvreux)	Maximum € 300.000 nominal	18 months with effect from the date of the extraordinary shareholder meeting, ending on 19 November 2021	€240,000 nominal (2,000,000 shares)
20 May 2020 22nd resolution	EGM	Board of Directors	Delegation of authority to issue ordinary shares and/or transferable securities giving access to Company capital, to remunerate <u>contributions in kind</u> granted to the Company and consisting of equity securities or securities giving access to the share capital	Maximum 10% of the capital ⁽¹⁾	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 23rd resolution	EGM	Board of Directors	Delegation of authority to increase the number of shares to issue in case of capital increase <u>with or without preferential subscription rights</u>	Maximum 15% of the initial issue ⁽¹⁾⁽²⁾	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None
20 May 2020 25th resolution	EGM	Board of Directors	Delegation of authority to issue BSPCE share warrants <u>without preferential subscription rights in favor of a category of persons</u> ⁵³	200,000 shares (and not more than 5% of the fully diluted share capital) ⁽³⁾	18 months with effect from the date of the extraordinary shareholder meeting, ending on 19 November 2021	200,000 shares
20 May 2020 26th resolution	EGM	Board of Directors	Delegation of authority to issue BSA share warrants <u>without preferential subscription rights in favor of a category of persons</u> ⁵⁴	50,000 shares (and not more than 5% of the fully diluted share capital) ⁽³⁾	18 months with effect from the date of the extraordinary shareholder meeting, ending on 19 November 2021	50.000 shares
23 May 2019 19th resolution	EGM	Board of Directors	Capital increase by <u>incorporation of bonuses, reserves, profits or other</u>	Maximum €100,000	26 months with effect from the date of the extraordinary shareholder meeting, ending on 19 July 2022	None

⁵³ (i) Company employees, (ii) Company executive officers subject to the employee tax regime, and (iii) members of the Board of Directors of the Company.

⁵⁴ (I) Non-French members of the Board of Directors without the status of employee or corporate officer subject to the employee tax regime of the Company or its subsidiaries; (ii) all persons associated with the Company or one of its subsidiaries under a service or consulting agreement; (iii) all employees of foreign subsidiaries of the Company.

						meeting, ending on 22 July 2021
23 May 2019						
20th resolution	EGM	Board of Directors	Increase via issue without preferential subscription rights in the event of a public exchange offer	Maximum of €2,250,000 for capital increases and maximum of €75,000,000 for debt securities	26 months with effect from the date of the extraordinary shareholder meeting, ending on 22 July 2021	None
23 May 2019						
23rd resolution	EGM	Board of Directors	Delegation of authority to proceed with the issue of new or existing free shares without preferential subscription rights for shareholders to the benefit of a category of persons	60,000 shares	38 months with effect from the date of the extraordinary shareholder meeting, ending on 22 July 2022	None

(1) The aggregate nominal cap referred to in the 24th resolution of the extraordinary general meeting of 20 May 2020 is €1,518,000 for shares and €20,000,000 for debt securities.

(2) This approval concerns capital increases proposed based on the 16th, 17th, 19th, 20th and 22nd resolutions.

(3) It is also specified that the total number of shares referred to above resulting from the exercise of these financial instruments is fixed subject to the number of shares to issue, with a view to preserving the rights of holders of securities giving access to the Company's capital.

(4) Note that the delegation of authority granted by the 17th resolution of the ordinary and extraordinary general meeting of 26 June 2018 was used, prior to the adoption of the 20th resolution of the ordinary and extraordinary general meeting of 20 May 2020, for a nominal amount of €120,000 (1,000,000 shares) under the equity line, following the approval of the Board of Directors meeting of 8 April 2020.

In accordance with the deliberations of 23 May 2019 and 20 May 2020, the shareholders' general meeting delegated to the Company's Board of Directors full authority to issue a maximum number of:

- 125,000 business creator share subscription warrants (BSPCE 2019), 80,000 share subscription warrants (BSA 2019) and 60,000 free shares (AGM 2019), it being specified that these issues may not represent in excess of 5% of the fully-diluted share capital; and
- 200,000 business creator share subscription warrants (BSPCE 2020) and 50,000 share subscription warrants (BSA 2020), it being specified that these issues may not represent in excess of 5% of the fully-diluted share capital.

In light of these delegations of authority:

- The Board of Directors meeting of 10 December 2019 allocated 75,000 BSPCE 2019 to the Chief Executive Officer, the exercise of which is subject to certain conditions (including the effective presence of the beneficiary);
- The Board of Directors meeting of 8 April 2020 allocated 30,000 BSPCE 2019 and 20,000 BSA 2019 to certain management members of the Group, the exercise of which is subject to certain conditions (including the effective presence of the beneficiary);
- The Board of Directors meeting of 5 June 2020 allocated 200,000 BSPCE 2020 and 50,000 BSA 2020 to certain management members of the Group, the exercise of which is subject to certain conditions (including the effective presence of the beneficiary).

On 14 April 2020 the Company announced the renewal of an Equity line financing arrangement with Kepler Cheuvreux. The transaction was conducted on the basis of (i) the delegation of authority granted by the 21st resolution of the mixed general meeting of 26 June 2018, to the limit of 1,000,000 shares, and (ii) the delegation of authority granted by the 21st resolution of the mixed general meeting of 20 May 2020.

In accordance with the terms of the agreement with Kepler Cheuvreux, the latter committed to subscribing to a maximum of 3,500,000 shares (illustratively representing a share issue of €18.3 M⁵⁵ at its own initiative, for a maximum term of 24 months, subject to satisfaction of contractual conditions).

Under the Operation announced to the market on 14 October 2020, McPhy decided to suspend the use of this Equity line agreement.

To the best knowledge of the Company, there are no purchase or sale options or other commitments concerning Company shares to the benefit of shareholders of the Company or granted by them.

The report of the Board of Directors to the general meeting will include a summary table of delegations of authority to be proposed to the shareholders' general meeting of 17 June 2021 relating to capital increases.

19.1.6 Company capital subject to options or conditional or unconditional agreement to put the capital under option

To the best knowledge of the Company, there are no purchase or sale options or other commitments concerning Company shares to the benefit of shareholders of the Company or granted by them.

19.1.7 Changes in shareholder equity

The table below provides the changes in shareholder equity over the last three fiscal years:

	Nombre d'actions	Nominal actions	Capital social
Situation au 1er janvier 2018	10 709 580		1 285 150
Exercice de BSPCE	131 477	0,12 €	15 777
Exercice de bons d'émission d'actions	635 000	0,12 €	76 200
Emission d'actions nouvelles (placement privé)	3 137 250	0,12 €	376 470
Situation au 31 décembre 2018	14 613 307		1 753 597
Exercice de bons d'émission d'actions	160 000	0,12 €	19 200
Emission d'actions nouvelles (placement privé)	2 552 544	0,12 €	306 305
Situation au 31 décembre 2019	17 325 851		2 079 102
Exercice d'options et BSPCE	77 445	0,12 €	9 293
Exercice de bons de souscription d'actions	2 793 670	0,12 €	335 240
Augmentation de capital	7 659 574	0,12 €	919 149
Situation au 31 décembre 2020	27 856 540		3 342 785

19.1.8 Items likely to have an incidence in case of a takeover bid

Items potentially having an incidence in case of a takeover bid for the Company capital:

- financial delegations and authorizations in effect at the date of this Universal Registration Document have been granted to the Board of Directors by the Company shareholders' general meetings (refer to the table in

⁵⁵ Based on the closing share price on 9 April 2020 (€5.23).

section 19.1.5 of this Universal Registration Document), according to which the Board may issue, up to the limits defined by the general meeting in question, securities giving immediate or future access to the Company's capital, with or without preferential subscription rights for its shareholders; and

- the Company Articles of Association do not foresee the possibility of waiving the introduction of a double voting right when it is granted to fully paid-up shares and for which proof is provided of registration in the name of the same shareholder for at least two years, as well as registered shares allocated to a shareholder in case of capital increase by incorporating reserves, profits or issue premiums, in respect of existing shares on which they enjoy this right.

19.1.9 Company shares given as collateral

To the best knowledge of the Company and at the date of this Universal Registration Document, no Company shares were involved in pledges, given as collateral or guarantee.

19.2 Memorandum of Association and Articles of Association

The internal regulations of the Board of Directors of the Company valid at 21 May 2015 are published on the Company's website. Furthermore, several modifications to the articles of association shall be subject to vote at the general meeting called for 17 June 2021 and the modifications shall be described in the report of the Board of Directors to the general meeting.

19.2.1 Rights, privileges, and restrictions attached to shares

19.2.1.1 Form of shares (Article 10 of Articles of Association)

Fully paid-up shares are registered or bearer shares, according to the shareholder's choice, under the conditions established by applicable legal provisions.

The company may apply the legislative and regulatory provisions of articles L.228-2 and subsequent of the French Commercial Code concerning the identification of holders of bearer securities.

19.2.1.2 Right and obligations attached to shares (Articles 13 and 23 of Articles of Association)

With regard to ownership of the corporate assets, sharing of profits and the liquidation surplus, each share entitles its owner to an amount in proportion to the number of existing shares. Except for cases where the law stipulates otherwise, each share carries the right to one vote at shareholders' general meetings.

All shareholders are entitled to be informed of the Company's operations and to receive certain corporate documents at the appropriate times and under the conditions foreseen by the law and regulations.

Shareholders are liable for losses only up to the amount of their capital contributions. Rights and obligations attached to shares are transferred with the shares whosoever owns them. Share ownership automatically binds shareholders to the Articles of Association and the decisions of the shareholders' meetings.

The voting rights attached to shares are proportional to the capital they represent, unless in cases where the law stipulates otherwise.



19.2.1.3 Modification of shareholder rights

Insofar that the Articles of Association do not include a specific provision, any modification of shareholder rights attached to shares is subject to legal provisions.

19.2.2 Clauses likely to affect the occurrence of change of control

No clauses in the Articles of Association are likely delay, defer or prevent the change of control of the Company.

19.2.3 Shareholders' general meetings (Articles 22, 23, 24 and 25 of the Articles of Association - extracts)

Notifications and meetings

The meetings are convened by the Board of Directors or failing this, by the Statutory Auditors or by any other person authorized to do so. During the liquidation phase, general meetings are notified by the liquidators.

General meetings are held at the registered office or any location indicated in the convening notification.

General meetings are convened under the conditions and within the time limits specified by legal and regulatory requirements.

If the shareholders' general meeting is not able to proceed as the quorum requirement is not met, a second meeting and where necessary a second postponed meeting are notified under the same conditions as the first and the notification uses the date and the same agenda as the first.

Agenda

The agenda is approved by the issuer of the convening notification.

The shareholders' meeting may only examine the points on the agenda. However, it may in any circumstances remove one or more Directors.

One or more shareholders representing the legally required portion of capital may, in accordance with legal conditions and time limits, require the inclusion of points or draft resolutions on the agenda.

Admission to meetings - powers

Each shareholder is entitled to attend shareholders' general meetings and participate in the discussions, in person or by proxy, whatever the number they own, on presentation of proof of identity and of share ownership, in the form of a nominative registration in their name, or a certificate from an authorized financial intermediary holding the account, stating that their shares have been placed in a blocked account, preventing their sale up to date of the shareholder meeting.

These formalities must be completed no later than midnight Paris time, two business days before the date of the meeting.

Subject to observance of the provisions on shareholder identification, a non-resident intermediary suitably registered as a shareholder on behalf of a share owner may represent the latter at general meetings or forward to the Company the vote or proxy of a share owner for meetings, by virtue of a general appointment on share management.

Any shareholder may be represented under the applicable legal conditions.

Any shareholder may submit a postal vote using the appropriate form completed and sent to the Company in observance of legal and regulatory conditions; this form must be in the Company's possession three days before

the date of the meeting to be included. Electronic voting forms may be received by the Company until the day before the general meeting, no later than 3.00 pm Paris time.

Any shareholder may also attend general meetings by video call or any means of telecommunication under legal and regulatory conditions and which will be indicated in the notice to convene for the meeting.

The validity, quorum conditions and majority requirements for ordinary, extraordinary, and special shareholder meetings are set out in articles 23, 24 and 25 of the Company Articles of Association. Pending the update of the Company Articles of Association to ensure compliance with applicable legal requirements, the majority rules applicable to ordinary, extraordinary, and special general meetings as from 19 July 2019 shall be those set out by French law No. 2019-744 of 19 July 2019 on the simplification, clarification, and update of Company law, which stipulates that majorities required for adoption of decisions are now determined based on the votes expressed and no longer on the votes of shareholders present (and considered to be so) or represented. Therefore, the votes expressed do not include those attached to the shares for which the shareholder did not take part in the vote, refrained from voting, or made a blank or null and void vote.

19.2.4 Changes to share capital (Article 8 of Articles of Association)

The Company Articles of Association do not include any particular rules that derogate from ordinary law.

20 MAJOR CONTRACTS

Major contracts for the Company over the last two years other than those concluded in the normal course of business are as follows:

20.1 Financing agreements

None

20.2 Cooperation agreements

20.2.1 Technology partnership with De Nora

In February 2015 McPhy signed a joint development agreement with De Nora, Italian multinational leader in electrochemical technologies and services.

The agreement has enabled McPhy to equip its new generation of alkaline electrolyzers with advanced electrode packages. The new machines destined for the Industry and Energy markets are twice as compact, more responsive and offer a longer useful lifetime, along with vastly improved technical and economic performance.

De Nora helps contribute to improving the performance of alkaline electrolysis technologies through its patented high-performance electrodes. The alliance of McPhy and De Nora technologies will deliver more competitive and more flexible hydrogen production equipment to industrial and energy supplier Clients.

20.2.2 Industrial and commercial partnership with EDF

In June 2018, McPhy formed an industrial and commercial partnership with world leader in low-carbon energies EDF, to develop zero-carbon hydrogen in France and around the world. The additional financial resources and support from the EDF group will help McPhy speed up its expansion, ramp up its business development and win new markets. This non-exclusive partnership is now live and has produced tangible results in the form of joint bids on tenders for bus stations involving several hundred kg/day with electrolyzers and platforms to supply hydrogen trains and waterway transports with over 1 tonne per day.

20.2.3 Industrial and commercial partnership with Chart International Holding Inc.

In October 2020, McPhy signed an agreement creating an industrial and commercial partnership with Chart Industries, Inc., a world-leading manufacturer of liquefaction and cryogenic equipment for multiple applications on energy and industrial gas markets, including hydrogen. Through this partnership and the additional financial resources provided by Chart Industries, Inc., McPhy intends to fund the global scale-up of its production capacities, finance research and innovation with the focus on electrolyzers and high-capacity hydrogen stations, replenish its working capital and fund its operating costs.

20.2.4 Industrial and commercial partnership with Technip Energies B.V

In October 2020 McPhy also signed an agreement creating an industrial and commercial partnership with Technip Energies B.V, subsidiary of TechnipFMC and an international leader in engineering, supply of equipment, construction and installation for the global energy industry. Its proprietary hydrogen technologies have been installed in 270 hydrogen production plants around the world. Through this partnership and the additional financial resources provided by Technip Energies B.V, McPhy intends to fund the global scale-up of its production



capacities, finance research and innovation with the focus on electrolyzers and high-capacity hydrogen stations, replenish its working capital and fund its operating costs.

20.3 Client contracts

20.3.1 Zero Emission Valley project⁵⁶

On 18 June 2020, McPhy signed an agreement to create a consortium with Ataway and TSM, to submit a proposal for the Zero Emission Valley project, which was awarded the contract. The three consortium members will design, supply and install 14 hydrogen stations out of the 19 to be built, including five already confirmed. Under the agreement, nine stations and several additional electrolyzers will be installed to produce zero-carbon hydrogen on the site.

20.3.2 AUXR_H2 project⁵⁷

On 16 July 2020, McPhy was selected by Hynamics, an EDF Group subsidiary specializing in hydrogen, to design, build and install a hydrogen station with a capacity to produce 200 kg of clean hydrogen a day. The station will be interfaced with a McLyzer electrolyzer capable of producing over 400 kg of zero-carbon hydrogen a day. This project is base in Auxerre as part of a complete chain of zero-carbon hydrogen produced on site to supply a fleet of buses.

20.3.3 Dijon project⁵⁸

On 28 July 2020, McPhy signed an agreement with Rougeot Energie SAS to build a hydrogen station in the north of Dijon. Under this agreement McPhy will be responsible for manufacturing equipment, implementing quality control of mechanical interfaces for on-site installation, the supply and assembly of equipment and machinery through to final completion, including station testing and commissioning.

20.3.4 Hyport project⁵⁹

On 31 July 2020, McPhy signed an agreement with GNVert for the installation of a renewable hydrogen station in the immediate surroundings of an airport by Hyport. In this case, McPhy will supply, install and commission the station for industrial operations.

20.4 Licensing agreements

No licensing agreements are currently in effect.

⁵⁶ <https://mcphy.com/fr/communiqués/zero-emission-valley-2/>

⁵⁷ <https://mcphy.com/fr/communiqués/hydrogene-zero-carbone/> - Ademe is a partner on this project. It received funding from Fuel Cells and Hydrogen 2 Joint Undertaking through the European Union "Horizon 2020" research and innovation program, under the subsidy agreement no. 77956.

⁵⁸ <https://mcphy.com/en/achievements/hydrogen-mobility-en/dijon-metropole-smart-energhy-dmse/>

⁵⁹ <https://mcphy.com/fr/communiqués/hyport/>

21 PUBLICLY AVAILABLE DOCUMENTS

Throughout the validity period of this Universal Registration Document, all legal documents concerning the Company and which must be made available to shareholders in accordance with the applicable regulations, can be viewed at the Company's registered office at 1115 Route de Saint-Thomas – 26190 La Motte-Fanjas, France.

Furthermore, a certain amount of financial information concerning the Group is available on the website www.mcphy.com. The documents required by article R.22-10-23 of the French Commercial Code may also be viewed on the Company website as from the 21st day preceding the annual general meeting.

22 DESCRIPTION OF THE SHARE REPURCHASE PROGRAM

22.1 Description of the share repurchase program currently in effect

In accordance with the requirements of article L.225-211 of the French Commercial Code, we report on the Company's repurchase transactions of its own shares.

Purpose of the 2021 share repurchase program

Pursuant to the decision of the Shareholders' general meeting of 7 January 2021, the Board of Directors was authorized to enable the Company to buy back its own shares, notably in order to:

- allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in accordance with the code of ethics recognized by the French Financial Markets Authority (AMF);
- allocate or sell shares to employees or Directors of the Company and related companies as defined by law, in particular in the context of employee savings plans, share purchase options, free share allocations, employee share ownership transactions or any form of compensation in shares as defined by the law;
- conserve the shares acquired, sell, transfer or deliver them as payment or exchange in the context of external growth operations;
- cancel shares through a capital reduction, it being specified that the resolution authorizing the Board of Directors to reduce the share capital was also adopted by said general meeting (see below);
- conduct any market behavior authorized by the law or by the Financial Markets Authority and more generally, execute any other transaction compliant with applicable regulations in effect.

Under the liquidity agreement:

- with broker Gilbert Dupont taking effect on 1st October 2018 (start of business) and ending 29 January 2021 (end of business); and
- With Natixis ODDO BHF, taking effect on 1st February 2021 (start of business),

The results of Company share trading by Gilbert Dupont and Natixis ODDO BHF on behalf of the Company, between 1st April 2020 and 31 March 2021 are as follows:



	Aggregate gross flows ⁽¹⁾		Open positions at 31 March 2021 ⁽¹⁾			
	Purchases ⁽³⁾	Sales ⁽³⁾	Open call positions		Open put positions	
Number of shares	356,120	355,271	Calls bought	Forward purchases	Puts sold	Forward sales
Maximum average maturity			None	None	None	None
Average transaction price	18.13	17.02				
Average exercise price	None	None	None	None	None	None
Amounts ⁽⁴⁾	6,455,543	6,048,272				

(1) Aggregate gross flows including cash purchases and sales as well as option and forward transactions exercised or expired.

(2) Open positions include non-expired forward sales and purchases as well as non-exercised sale and purchase options.

(3) The period concerned started on 1st April 2020 and ended on 31 March 2021.

(4) Amounts are indicated exclusive of fees and commissions.

Other purchases made by an investment services provider:

None

Maximum portion of capital to acquire for 2021, maximum number, maximum purchase price and other limits:

By virtue of article L.22-10-62 of the French Commercial Code, the number of shares acquirable under this authorization may not exceed ten per cent (10%) of the total number of shares comprising the Company share capital, where this limit will apply to an amount of share capital that will be adjusted as necessary to take into account transactions affecting the share capital subsequent to the relevant Shareholders’ general meeting.

Moreover, the number of shares acquired by the Company with a view to their conservation or later delivery as payment or exchange as part of a merger, split, or contribution to creating a company shall not exceed 5% of the share capital.

The unit purchase price shall not exceed €15 per share (excluding fees and commissions) and the maximum amount of funds available for commitment to the share repurchase program shall be fixed at €15,000,000.

Shares acquired may be reassigned or traded under conditions set by the AMF, notably in its position document DOC-2017-04 entitled “Guide relating to trading by the issuers in their own shares and stabilization measures”.

Given the 21,223 treasury shares, representing 0.08 % of the total capital, the Company may not repurchase more than 9.92 % of the existing shares, i.e. 2,770,321 shares at the date of 31 March 2021,

Canceled shares

By virtue of the 15th resolution of the general meeting of 20 May 2020, Shareholders authorized the Board of Directors in accordance with article L. 22-10-62 of the French Commercial Code to cancel, on its own initiative,



in one or several phases, Company shares that it holds following the implementation of share repurchase programs, up to the limit of 10% of the total number of shares making up the share capital per period of twenty-four (24) months, and to correspondingly reduce the share capital by stating the difference between the purchase value of the canceled shares and their book value against all available reserve or premium accounts.

This authorization was granted for a period of eighteen (18) months with effect from the general meeting of 20 May 2020, with the effect of voiding, from this date onward, any other previous delegation for the same purpose.

22.2 Description of the share repurchase program submitted to approval by shareholders at the forthcoming general meeting on 17 June 2021

No description of the share repurchase program will be proposed for shareholders to vote on at the forthcoming general meeting on 17 June 2021, as the current program was approved on 7 January 2021.

23 PROVISIONAL FINANCIAL CALENDAR

Mixed general meeting of shareholders	17 June 2021
H1 2021 results	27 July 2021
Annual revenue 2021	25 January 2022
2021 results	8 March 2022

Press releases are distributed after market closing.

Appendix 1 - GLOSSARY

Electrolysis: Method used to generate electrochemical reactions by electrical activation. This process converts electrical energy into chemical energy. In the chemicals industry, it enables us to separate elements or synthesize chemical compounds. Electrolysis is used in numerous industrial processes such as the production of hydrogen by water electrolysis, the production of aluminum or chlorine, or even to galvanize objects by electroplating.

Electrolyzer: machine used to perform electrolysis, to chemically decompose certain compounds (by melting or dissolving) under the action of an electrical current.

Hydride: A chemical compound containing hydrogen and other elements. Originally, the term "hydride" was strictly reserved for metallic compounds, but the definition has been extended to include compounds where hydrogen has a direct link with another element, where hydrogen is the electronegative element.

Nm³: The normal cubic meter is a unit measurement of quantity of gas, corresponding to the content of a volume of a cubic meter, for a gas in normal conditions of temperature and pressure (0°C and 1 bar absolute). It is a common unit of weight and measurement.

Fuel cell: A fuel cell is a battery where electricity is produced by the oxidization of a reducing agent (e.g. hydrogen) on an electrode, coupled with the reduction of an oxidizing agent such as the oxygen in air, on the other electrode.

Power-to-Gas: A technology used to convert energy into gas fuel; chemical process by which the electricity (primarily of renewable origin) is transformed into hydrogen via water electrolysis. The hydrogen generated can be injected into natural gas networks, in observance of standards defining the maximum proportion of "pure" injectable hydrogen. When it reacts with carbon dioxide, this hydrogen can also be used to produce methane (via the Sabatier reaction), which can also be injected into natural gas networks in limitless quantities.

Power-to-Power: A technology used to convert energy into energy; chemical process by which the electricity (primarily of renewable origin) is transformed into hydrogen via water electrolysis. The hydrogen is converted back into electrical energy by fuel cells.

Stack: stack of cells where water is circulated to be separated into hydrogen and oxygen in the presence of electrodes and an electrically conductive electrolyte solution. Each cell comprises an anode, a cathode, and a membrane to separate the gases. A stack can contain tens or even hundreds of cells.

Pumped-storage hydroelectric plant (STEP): Also called a pumped-storage hydropower plant, these are onshore, offshore, or underground stations comprising two vertically separated water reservoirs. The water in the downstream reservoir is pumped to the upstream reservoir (often during off-peak periods) to then descend by gravity and turn a turbine propeller to generate 'stored' electricity.

Steam methane reforming: Hydrogen production process based on the separation of carbon molecules (methane etc.) in the presence of steam and heat. This process is the most commonly used in industry. In certain facilities, a yield of between 40 to 45% is achieved. The major drawback is that it produces carbon dioxide, a greenhouse gas. In practice, the reaction needs to be boosted using catalysts or burners.



This Universal Registration Document has been filed on April 30, 2021 with the French financial markets authority (Autorité des Marchés Financiers - AMF), the competent authority within the meaning of Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of the said regulation. The Universal Registration Document may be used for the purpose of a public offer of securities or the admission of securities to trading on a regulated market if it is supplemented by a securities note and securities note and, where applicable a summary and all amendments to the Universal Registration Document approved in accordance with Regulation (EU) 2017/1129. The whole thus formed is approved by the AMF in accordance with Regulation (EU) 2017/1129

Disclaimer

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