

# MCPHY ENERGY

## First-Half Financial Report

June 30, 2023



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**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS (€K)</b>	<b>NOTES</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
Goodwill	<u>3.1</u>	2,487	2,487
Intangible non-current assets	<u>3.1</u>	8,146	7,601
Tangible non-current assets	<u>3.2</u>	27,058	18,051
Other assets		13,166	12,857
Deferred tax assets	3.3	66	66
<b>NON-CURRENT ASSETS</b>		<b>50,923</b>	<b>41,064</b>
Inventories	<u>3.4</u>	14,819	12,015
Trade and other receivables	<u>3.5</u>	21,231	19,118
Tax assets due		1,436	1,101
Cash and cash equivalents	<u>3.6</u>	96,968	135,463
<b>CURRENT ASSETS</b>		<b>134,454</b>	<b>167,697</b>
<b>TOTAL ASSETS</b>		<b>185,377</b>	<b>208,761</b>

  

<b>LIABILITIES (€K)</b>	<b>NOTES</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
Capital		3,356	3,355
Issue premiums		171,255	191,621
Treasury shares		(1,088)	(895)
Accumulated retained earnings		(61,993)	(59,151)
<b>GROUP EQUITY</b>		<b>111,529</b>	<b>134,930</b>
Minority interests		-	-
<b>TOTAL EQUITY</b>		<b>111,529</b>	<b>134,930</b>
Investment subsidies		2,500	2,500
Borrowings and financial debt maturing > 1 year	3.8	4,842	4,505
Provisions > 1 year	3.7	7,269	2,482
Deferred tax liabilities	3.3	685	688
Other payables		-	-
<b>NON-CURRENT LIABILITIES</b>		<b>15,296</b>	<b>10,175</b>
Borrowings and financial debt maturing < 1 year	<u>3.8</u>	1,680	1,552
Provisions < 1 year	<u>3.7</u>	2,910	5,651
Trade and other payables	<u>3.9</u>	14,549	18,222
Other current liabilities	3.9	39,413	38,230
<b>CURRENT LIABILITIES</b>		<b>58,552</b>	<b>63,656</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>185,377</b>	<b>208,761</b>

**STATEMENT OF COMPREHENSIVE INCOME**

€K	NOTES	06/30/2023	06/30/2022	12/31/2022
Revenue	<u>3.10</u>	7,032	5,214	16,062
Other income from operating activities	<u>3.11</u>	690	534	1,882
<b>INCOME FROM CURRENT OPERATIONS</b>		<b>7,722</b>	<b>5,748</b>	<b>17,943</b>
Goods consumed		(6,221)	(5,147)	(16,025)
Change in stocks of finished products, work in progress		1,000	(44)	125
Payroll charges		(11,193)	(7,892)	(17,654)
External charges		(12,815)	(9,622)	(21,038)
Taxes and duties		(83)	(97)	(190)
Amortization	<u>3.12</u>	(1,162)	(667)	(1,774)
Depreciation and provisions	<u>3.12</u>	(2,094)	(1,640)	222
Other operating income and expenses		-	-	-
<b>Current operating income</b>		<b>(24,845)</b>	<b>(19,360)</b>	<b>(38,390)</b>
Other operating income and charges		(8)	(477)	(57)
<b>Operating income</b>		<b>(24,853)</b>	<b>(19,837)</b>	<b>(38,447)</b>
Other financial income and expenses		1,541	302	701
Cost of gross financial debt		(187)	(98)	(314)
<b>Cost of net financial debt</b>		<b>1,354</b>	<b>204</b>	<b>388</b>
Corporate tax	<u>3.13</u>	(7)	(38)	(97)
Income from equity affiliates		-	-	-
<b>Net income from ordinary activities</b>		<b>(23,506)</b>	<b>(19,671)</b>	<b>(38,157)</b>
Income from activities held for sale or discontinued		-	-	-
<b>Net income for year</b>		<b>(23,506)</b>	<b>(19,671)</b>	<b>(38,157)</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

€K	06/30/2023	06/30/2022	12/31/2022
Net income for year	(23,506)	(19,671)	(38,157)
Depreciation, amortization, and impairment	3,218	1,812	1,285
Other income and expenses	349	292	698
Gains (losses) on disposals	-	(160)	248
<b>CASH FLOW AFTER COST OF NET DEBT AND TAXES</b>	<b>(19,939)</b>	<b>(17,726)</b>	<b>(35,926)</b>
Cost of net financial debt	144	(261)	312
Tax expense (income)	(328)	38	(1,003)
<b>CASH FLOW BEFORE COST OF NET DEBT AND TAXES</b>	<b>(20,123)</b>	<b>(17,948)</b>	<b>(36,617)</b>
Taxes paid (tax credits)	(10)	(6)	684
Reduction (increase) in inventories	(2,796)	(1,897)	(7,764)
Reduction (increase) in clients	(2,990)	(4,242)	(1,127)
Reduction (increase) in other receivables	546	(3,517)	(5,358)
Increase (reduction) in trade payables	(5,627)	3,390	8,626
Increase (reduction) in other payables	2,746	4,357	(2,156)
Operating subsidies received	(1,565)	-	26,853
<b>NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(29,819)</b>	<b>(19,862)</b>	<b>(16,859)</b>
Acquisition of intangible non-current assets	(1,014)	(1,890)	(4,081)
Acquisition of tangible non-current assets	(6,631)	(1,183)	(9,008)
Acquisition of financial non-current assets	(309)	(12,000)	(12,435)
Investment subsidies received	-	-	2,500
<b>NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(7,954)</b>	<b>(15,073)</b>	<b>(23,024)</b>
Capital increase sums received	20	95	95
Net disposal (acquisition) of treasury shares	-	-	-
Proceeds drawn from new borrowings	36	-	(0)
Repayment of borrowings	(839)	(499)	(1,744)
<b>NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(782)</b>	<b>(404)</b>	<b>(1,649)</b>
Effect of changes in exchange rates	61	-	(162)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(38,495)</b>	<b>(35,339)</b>	<b>(41,693)</b>
<b>CASH AND CASH EQUIVALENTS AT START OF YEAR</b>	<b>135,463</b>	<b>177,155</b>	<b>177,155</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>96,968</b>	<b>141,815</b>	<b>135,463</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY**

	Number of shares	Capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation adjustments	Other reserves	Equity - Group share	Minority interests	Total Equity
<b>Situation at January 1st, 2022</b>	<b>27,939,095</b>	<b>3,353</b>	<b>201,855</b>	<b>(32,467)</b>	<b>(1,237)</b>	<b>127</b>	<b>980</b>	<b>172,611</b>	<b>-</b>	<b>172,611</b>
Recognition of prior losses			(10,327)	10,327				-		-
Capital increase								-		-
Share issue warrants exercised								-		-
Options & BSPCE	20,000	2	93					95		95
Share subscription warrants exercised								-		-
Cost of payments in shares							698	698		698
Other variations						(105)	156	51		51
Other comprehensive income						(148)	55	(93)		(93)
Net income (loss) for year				(38,157)				(38,157)		(38,157)
Variation in equity					342		(617)	(275)		(275)
<b>Situation at December 31, 2022</b>	<b>27,959,095</b>	<b>3,355</b>	<b>191,621</b>	<b>(60,297)</b>	<b>(895)</b>	<b>(126)</b>	<b>1,272</b>	<b>134,930</b>	<b>-</b>	<b>134,930</b>
Recognition of prior losses			(20,386)	20,386				-		-
Capital increase								-		-
Share issue warrants exercised								-		-
Options & BSPCE	4,000	0	20					20		20
Share subscription warrants exercised								-		-
Cost of payments in shares							349	349		349
Other variations						9		9		9
Other comprehensive income						57		57		57
Net income (loss) for year				(23,506)				(23,506)		(23,506)
Variation in equity					(193)		(139)	(331)		(331)
<b>Situation at June 30, 2023</b>	<b>27,963,095</b>	<b>3,356</b>	<b>171,255</b>	<b>(63,417)</b>	<b>(1,088)</b>	<b>(60)</b>	<b>1,482</b>	<b>111,529</b>	<b>-</b>	<b>111,529</b>

## HALF-YEAR FINANCIAL INFORMATION AT JUNE 30, 2023

### 1. ABOUT THE COMPANY

McPhy Energy is a limited company incorporated under French law, created in 2007 (hereafter the “**Company**”). As a specialist in hydrogen production and distribution equipment, McPhy Energy S.A. and its subsidiaries (hereafter the “**Group**” or “**McPhy**”) contributes to the global development of low-carbon hydrogen as a solution for the energy transition in the industry, mobility, and energy sectors.

As a designer, manufacturer, and integrator of hydrogen systems, McPhy operates three development, engineering, and production centers in Europe (France, Italy, and Germany), as well as a Gigafactory under construction in Belfort. The group’s international subsidiaries provide a broad commercial scope for its innovative hydrogen solutions.

The Company’s registered office is listed as 79, rue Général Mangin, 38100 Grenoble (France) and is listed on Compartment B of Euronext Paris.

The information provided in appendix to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy at June 30, 2023, approved by the Board of Directors meeting of July 27, 2023.

#### 1.1. Highlights for the period

2023 first-half revenue totaled €7.0 million, within the expected range of €6 to 8 million announced in April. It represents growth of 35% compared with the data published for the first half of 2022 and, remains stable compared with the 2022 figures restated for the takeover of two older generation stations. Although solid, the Group’s performance was nevertheless impacted by the postponement of the CEOG contract, one of the largest projects in which McPhy is a stakeholder. However, during the semester, the Group benefited from the contribution of contracts whose implementation has now begun, such as VEO-ArcelorMittal and HYPE.

Sales are divided between the supply of electrolyzers, either large capacity McLyzer or from the Piel range (59%), and the supply of stations (41%).

The semester’s commercial momentum is illustrated by the first two major contracts won by McPhy in the industrial sector:

- McPhy is a stakeholder in an ambitious low-carbon steel project with ArcelorMittal and VEO, with the construction of an electrolysis pilot plant in Eisenhüttenstadt, Germany, in collaboration with the Brandenburg Technical University. McPhy will supply two McLyzer electrolyzers with an output of 1 MW each and will perform a 5-year service contract,
- McPhy is also involved in a “green metal” project with the Plansee Group. McPhy will supply a McLyzer 800-30 electrolyzer that will be installed on Plansee’s Reutte site in Austria and will also provide long-term equipment maintenance services.

Furthermore, the Group has signed an agreement with Indian conglomerate L&T whereby McPhy has granted an exclusive license for its pressurized alkaline electrolyzer technology for the manufacture of electrolyzers. L&T is planning to build a large-scale (Gigawatt) electrolyzer manufacturing plant in India based on McPhy’s technology to serve the needs of Indian domestic market, as well as selected geographical areas<sup>1</sup>. This partnership enables McPhy expansion beyond the European market, notably in India, a high-potential market whose low-carbon hydrogen production capacity should reach at least 5 million tons a year by 2030.

Finally, these new references resulted in €10.9 million in firm orders in the first half of 2023, taking the backlog to €33.4 million at June 30, 2023, an increase of 9% vs. December 31, 2022.

<sup>1</sup> As well as India, the license currently also covers Gulf Cooperation Council countries (Saudi Arabia, UAE, Oman, Qatar, Kuwait, Bahrain) and South Asian Association for Regional Cooperation countries (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives).

## 1.2. Post-closing events

- Within the framework of the Djewels green hydrogen project, McPhy has signed a contract to supply Augmented McLyzer electrolyzers to the Delfzijl site in the Netherlands. The latter, with a capacity of 20 MW will be built by Technip Energies and operated by HyCC (which owns 100% of Djewels B.V.). With an annual production capacity of 3,000 tons of green hydrogen from renewable power and water, this is a large-scale and innovative project whose other stakeholder companies include Gasunie, DeNora and Hincio.
- Based on the information the Group is currently aware of, the CEOG project, which concerns the construction of the Western Guiana Power Plant, could resume shortly. However, the actual restart of the project should take several months.
- McPhy has also partnered with Dyneff to commission the first hydrogen refueling station on a highway in France. This new reference allows McPhy to position itself at the forefront of the nascent highway hydrogen mobility market, which is set to expand under the European Commission's Repower EU plan.



## 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 on June 30, 2023.

The condensed half-year consolidated financial statements were prepared in compliance with the IAS 34 “Interim Financial Reporting” standard.

These financial statements do not include all the information required for an end-of-year closure, but rather a selection of explanatory notes, and must be read in comparison to the Group's consolidated financial statements to December 31, 2022.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 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 available on the European Commission website: [https://ec.europa.eu/commission/index\\_en](https://ec.europa.eu/commission/index_en).

### 2.2. Scope and methods of consolidation

The consolidated financial statements comprise the parent Company financial statements and those of companies under its control. The group consolidation scope only comprises fully consolidated companies, as the Company acting as the consolidating entity holds a controlling majority stake (see note 3.15 in this report).

### 2.3. Currency conversion

#### Functional currency and reporting currency

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

#### Transactions in currency

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

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

Exchange rate EUR against currencies		Average rate S1-2023	Average rate S1-2022	Closing date rate 06/30/23	Closing date rate 06/30/22
Singapore dollar	SGD	1.444	1.557	1.473	1.456
US dollar	USD	1.081	1.152	1.087	1.048

## 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,
- 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.

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 Company. McPhy Energy has only one identifiable operating segment for which the Group is able to publish information in accordance with IFRS 8.

## 2.6. Research and Development

Intangible assets and research costs are recognized as charges for the fiscal year in which they are incurred, in accordance with standard IAS 38.

Research and Development work done internally by the Company and its subsidiaries is subject to capitalization on the closing date, if all the standard criteria are satisfied. Otherwise or if all the standard criteria are not satisfied, Research and Development costs are stated in the charges for the fiscal year in which they are recognized.

In respect of the first half-year 2023, capitalized research and development costs amounted to €0.6 million, compared to €1.4 million for the same period in 2022.

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

#### A NOTES TO THE BALANCE SHEET

##### 3.1. Intangible non-current assets

In thousands of euros	Goodwill	Concessions, patents, licenses	Capitalized	Other	Total
<b>Gross value</b>					
<b>At December 31, 2022</b>	<b>2,487</b>	<b>1,400</b>	<b>6,208</b>	<b>1,031</b>	<b>11,126</b>
Other acquisitions	-	128	553	333	1,014
Disposals / internal transfers	-	-	-	-	-
Other variations	-	121	-	(513)	(391)
<b>At June 30, 2023</b>	<b>2,487</b>	<b>1,649</b>	<b>6,761</b>	<b>851</b>	<b>11,749</b>
<b>Accumulated amortizations and impairments</b>					
<b>At December 31, 2022</b>	-	<b>1,038</b>	-	-	<b>1,038</b>
Amortization for fiscal year	-	78	-	-	78
Other variations	-	-	-	-	-
<b>At June 30, 2023</b>	-	<b>1,116</b>	-	-	<b>1,116</b>
<b>Net values at December 31, 2022</b>	<b>2,487</b>	<b>363</b>	<b>6,208</b>	<b>1,031</b>	<b>10,089</b>
<b>Net values at June 30, 2023</b>	<b>2,487</b>	<b>534</b>	<b>6,761</b>	<b>851</b>	<b>10,633</b>

The goodwill is not amortized and is subjected to an impairment test at the end of each fiscal year.

The Company has not identified any indication of loss in value at June 30, 2023.

##### 3.2. Tangible non-current assets

In thousands of euros	Land and buildings	Plant and machinery	Other tangible	Total
<b>Gross value</b>				
<b>At December 31, 2022</b>	<b>8,581</b>	<b>4,469</b>	<b>12,363</b>	<b>25,413</b>
Acquisitions	1,122	187	7,277	8,586
Lease agreements	599	-	(25)	574
Disposals / internal transfers	280	(4)	88	365
<b>At June 30, 2023</b>	<b>10,583</b>	<b>4,652</b>	<b>19,703</b>	<b>34,938</b>
<b>Accumulated amortizations and impairments</b>				
<b>At December 31, 2022</b>	<b>1,821</b>	<b>3,724</b>	<b>1,816</b>	<b>7,361</b>
Amortization for fiscal year	186	146	114	446
Amortization of lease agreements	74	84	(55)	104
Disposals / internal transfers	-	(4)	(27)	(31)
<b>At June 30, 2023</b>	<b>2,081</b>	<b>3,951</b>	<b>1,848</b>	<b>7,880</b>
<b>Net values at December 31, 2022</b>	<b>6,761</b>	<b>744</b>	<b>10,547</b>	<b>18,051</b>
<b>Net values at June 30, 2023</b>	<b>8,502</b>	<b>701</b>	<b>17,855</b>	<b>27,058</b>

Acquisitions of other tangible non-current assets incorporate amounts recorded as assets under construction, for the construction of the electrolyzer Gigafactory, in this case €5.4 million taking the total to €14 million on one hand, and for the development of test resources in the San Miniato plant on the other hand.

### 3.3. Deferred taxes

In thousands of euros	12/31/2022	Impact on reserves	Impact on OCI	Impact on net income	06/30/2023
Provisions for pensions - retirement benefits	42	-	-	-	42
Other social payments (IDA)	15	-	-	-	15
Currency translation adjustments	(41)	-	-	-	(41)
Lease agreements	50	-	-	0	50
<b>Deferred taxes - assets</b>	<b>66</b>			<b>0</b>	<b>66</b>
Other social payments (IDP)	(665)	-	-	-	(665)
Lease agreements	(231)	-	-	4	(20)
<b>Deferred taxes - liabilities</b>	<b>(688)</b>			<b>4</b>	<b>(685)</b>

The assessment of the Group leads to refrain from activating loss carry-forward, in France as in foreign countries.

### 3.4. Inventories

In thousands of euros	06/30/2023	12/31/2022
Raw materials, supplies and other purchasing	13,357	11,449
Stocks - Work in progress	1,199	201
Stocks - finished and intermediate products	551	550
<b>Gross value</b>	<b>15,107</b>	<b>12,200</b>
Provisions	287	184
<b>Net value</b>	<b>14,819</b>	<b>12,015</b>

### 3.5. Trade and other receivables

In thousands of euros	06/30/2023	12/31/2022
Trade receivables and related accounts	12,619	9,661
State and other bodies	3,681	4,921
Deferred charges	680	361
Various	4,465	4,421
<b>Gross value</b>	<b>21,445</b>	<b>19,363</b>
<b>Provisions</b>	<b>(213)</b>	<b>(246)</b>
<b>Net value</b>	<b>21,232</b>	<b>19,118</b>

The "Trade receivables and related accounts" item comprises:

- Trade receivables amounting to €6,121 K, whose risk analysis did not reveal any additional depreciation to be recognized,
- Contract assets by application of IFRS 15, to the amount of €6,496.

The "Various" item mainly includes advance payments made to suppliers to the amount of €3,553 K.

### 3.6. Cash and cash equivalents

In thousands of euros	06/30/2023	12/31/2022
Short-term deposits	96,629	135,365
Demand deposits	-	-
Liquidities and equivalent	339	98
<b>Gross value</b>	<b>96,968</b>	<b>135,463</b>

### 3.7. Provisions for risks and charges

In thousands of euros	12/31/2022	Provisions	Uses	Unused reversals	Other variations	06/30/2023
Disputes	-	-	-	-	-	-
Pensions and retirement benefits	418	83	-	-	(10)	492
Other risks and charges	5,665	3,241	(1,223)	(400)	-	7,283
Provisions for guarantees	2,050	516	(162)	-	-	2,404
<b>Provisions for risks and charges</b>	<b>8,133</b>	<b>3,840</b>	<b>(1,785)</b>	<b>-</b>	<b>(10)</b>	<b>10,179</b>
<b>Non-current</b>	<b>2,482</b>	<b>3,371</b>	<b>(1,274)</b>	<b>(400)</b>	<b>3,089</b>	<b>7,269</b>
<b>Current</b>	<b>5,651</b>	<b>469</b>	<b>(111)</b>	<b>-</b>	<b>(3,099)</b>	<b>2,910</b>
	<b>8,133</b>	<b>3,840</b>	<b>(1,385)</b>	<b>(400)</b>	<b>(10)</b>	<b>10,179</b>

Over the period, in terms of provisions for other risks and charges, a net provision of €1,618K was recorded, of which €913 K as losses on completion and commitments on current contracts, as well as €704 K related to the technical guarantee on its installed base of electrolyzers (net of the unused reversal of €400 K).

### 3.8. Borrowing and financial debt

In thousands of euros	12/31/2022	Issues	Repaid	Reclassified	06/30/2023
<b>Bank borrowing</b>	<b>730</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>680</b>
<b>Other borrowing and assimilated liabilities - non-current</b>	<b>195</b>	<b>37</b>	<b>(0)</b>	<b>-</b>	<b>232</b>
<b>Lease agreements</b>	<b>3,580</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>3,931</b>
<b>Non-current financial debt</b>	<b>4,505</b>	<b>37</b>	<b>(0)</b>	<b>301</b>	<b>4,842</b>
<b>Bank borrowing</b>	<b>125</b>	<b>-</b>	<b>(75)</b>	<b>50</b>	<b>100</b>
<b>Other borrowing and assimilated liabilities - current</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>
<b>Lease agreements</b>	<b>1,376</b>	<b>1,124</b>	<b>(620)</b>	<b>(351)</b>	<b>1,529</b>
<b>Current financial debt</b>	<b>1,552</b>	<b>1,124</b>	<b>(695)</b>	<b>(301)</b>	<b>1,680</b>

### 3.9. Other current liabilities

In thousands of euros	06/30/2023	12/31/2022
Subsidies	29,797	30,784
Tax and employee-related liabilities	4,734	4,502
Other payables	590	489
Deferred income on contracts	3,292	2,455
Deferred income on license agreement	1,000	-
<b>Other current liabilities</b>	<b>39,413</b>	<b>38,230</b>

"Subsidies" item includes €25.3m from the first payment by Bpifrance under the European IPCEI scheme for the Belfort electrolyser Gigafactory, less the portion recognized as a deduction from eligible expenses incurred in 2022 and in the first half of 2023.

## B NOTES TO THE INCOME STATEMENT

### 3.10. Revenue

Revenue at June 30, 2023 amounted to €7,032 K, compared with €5,214 on June 30, 2022.

The distribution of the revenue by geographical area presented below reflects the country of the client billed and is in thousands of euros.

<i>(in thousands of euros)</i>	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>12/31/2022</b>
Annual revenue- FRANCE	2,908	2,745	7,346
Annual revenue - GERMANY	2,321	966	5,748
Annual revenue - ITALY	1,803	1,502	2,967
<b>Revenue</b>	<b>7,032</b>	<b>5,214</b>	<b>16,062</b>

### 3.11. Other income from operating activities

In thousands of euros	<b>06/30/2023</b>	<b>12/31/2022</b>
Operating subsidies	300	40
Other CIR tax credits not classified as tax income or expense	335	400
Other income	50	89
Extraordinary income from previous years	5	5
<b>Other income from operating activities</b>	<b>690</b>	<b>534</b>

### 3.12. Amortization and provisions

<i>In thousands of euros</i>	<b>06/30/2023</b>	<b>12/31/2022</b>
Prov amort. & deprec. intangible non-current	78	65
Prov amort & deprec. tangible non-current	1,084	761
Gains (losses) from asset retirements	-	(160)
<b>Amortization</b>	<b>1,162</b>	<b>667</b>
<b>Provisions</b>	<b>3,936</b>	<b>3,331</b>
<b>Reversals of provisions</b>	<b>(1,842)</b>	<b>(1,691)</b>
<b>Net recurring operational provisions</b>	<b>3,257</b>	<b>2,306</b>

### 3.13. Expected effective tax rate for the year and integrated

The company does not expect to incur a significant tax expense for fiscal year 2023, considering ordinary tax losses carried forward in France and abroad.

### 3.14. Earnings per share

At June 30, 2023, earnings per share amounted to (€0.84), compared with (€0.71) as at June 30, 2022.

	<b>06/30/2023</b>	<b>06/30/2022</b>
Weighted average number of shares in circulation	27,859,593	27,892,107
Dilutive effect of options	90,913	355,070
Number of shares after effect of dilutive instruments	27,950,506	28,247,177
<b>Net earnings - Group share (in thousands of euros)</b>	<b>(23,506)</b>	<b>(19,671)</b>
<b>Earnings per share (€)</b>	<b>(0.84)</b>	<b>(0.71)</b>

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.

## C OTHER INFORMATION

### 3.15. Scope and methods of consolidation

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

Companies	Country	06/30/23	06/30/22	Notes
<b>Fully consolidated companies</b>				
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

### 3.16. Headcount

The headcount of the Company and its fully consolidated subsidiaries totals 232 people at June 30, 2023 compared to 178 people at June 30, 2022.

### 3.17. Related party transactions

There were no significant transactions with related parties during the period.

Please also refer to Section 4 of the Interim Management Report below.

## HALF-YEARLY ACTIVITY REPORT

### 1. HIGHLIGHTS AND ACTIVITY

The semester's commercial momentum is illustrated by the first two major contracts won by McPhy in the industrial sector:

- McPhy is a stakeholder in an ambitious low-carbon steel project with ArcelorMittal and VEO, with the construction of an electrolysis pilot plant in Eisenhüttenstadt, Germany, in collaboration with the Brandenburg Technical University. McPhy will supply two McLyzer electrolyzers with an output of 1 MW each and will perform a 5-year service contract,
- McPhy is also involved in a "green metal" project with the Plansee Group. McPhy will supply a McLyzer 800-30 electrolyzer that will be installed on Plansee's Reutte site in Austria and will also provide long-term equipment maintenance services.

Furthermore, the Group has signed an agreement with Indian conglomerate L&T whereby McPhy has granted an exclusive license for its pressurized alkaline electrolyzer technology for the manufacture of electrolyzers. L&T is planning to build a large-scale (Gigawatt) electrolyzer plant in India based on McPhy's technology to serve the needs of Indian domestic market, as well as selected geographical areas<sup>2</sup>. This partnership enables McPhy expansion beyond the European market, notably in India, a high-potential market whose low-carbon hydrogen production capacity should reach at least 5 million tons a year by 2030.

Finally, these new references resulted in €10.9 million in firm orders in the first half of 2023, taking the backlog to €33.4 million at June 30, 2023, an increase of 9% vs. December 31, 2022.

### 2. POST-CLOSING EVENTS

- Within the framework of the Djewels green hydrogen project, McPhy has signed a contract to supply Augmented McLyzer electrolyzers to the Delfzijl site in the Netherlands. The latter, with a capacity of 20 MW will be built by Technip Energies and operated by HyCC (which owns 100% of Djewels B.V.). With an annual production capacity of 3,000 tons of green hydrogen from renewable power and water, this is a large-scale and innovative project whose other stakeholder companies include Gasunie, DeNora and Hincio.
- Based on the information the Group is currently aware of, the CEOG project, which concerns the construction of the Western Guiana Power Plant, could resume shortly. However, the actual restart of the project should take several months.
- McPhy has also partnered with Dyneff to commission the first hydrogen refueling station on a highway in France. This new reference allows McPhy to position itself at the forefront of the nascent highway hydrogen mobility market, which is set to expand under the European Commission's Repower EU plan.

<sup>2</sup> As well as India, the license currently also covers Gulf Cooperation Council countries (Saudi Arabia, UAE, Oman, Qatar, Kuwait, Bahrain) and South Asian Association for Regional Cooperation countries (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives).



### 3. COMMENTS ON THE CONSOLIDATED QUANTIFIED DATA

<i>IFRS standards - in €M</i>	S1 2023	S1 2022	Reminder of 2022 figures
Revenue	7.0	5.2	16.1
Other income	0.7	0.5	1.9
<b>Income from current operations</b>	<b>7.7</b>	<b>5.7</b>	<b>17.9</b>
Goods consumed	(5.2)	(5.2)	(15.9)
Payroll charges	(11.2)	(7.9)	(17.7)
External charges	(12.9)	(9.7)	(21.1)
Allocations to amortizations and provisions	(3.3)	(2.3)	(1.6)
<b>Current operating income</b>	<b>(24.8)</b>	<b>(19.4)</b>	<b>(38.4)</b>
Other non-recurring income and charges	0.0	(0.5)	0.4
Financial profit (loss)	1.4	0.2	(0.0)
Tax charge on income	(0.0)	(0.0)	(0.1)
<b>Net profit</b>	<b>(23.5)</b>	<b>(19.7)</b>	<b>(38.2)</b>

### 3.1. Commercial activity

2023 first-half revenue totaled €7.0 million, within the expected range of €6 to 8 million announced in April. It represents growth of 35% compared with the data published for the first half of 2022 and, remains stable compared with the 2022 figures restated for the takeover of two older generation stations. Although solid, the Group's performance was nevertheless impacted by the postponement of the CEOG contract, one of the largest projects in which McPhy is a stakeholder. However, during the semester, the Group benefited from the contribution of contracts whose implementation has now begun, such as VEO-ArcelorMittal and HYPE.

#### Geographical distribution of revenue

<i>(in thousands of €)</i>	<b>S1-23</b>		<b>S1-22</b>		<b>2022</b>	
Europe	4,837	93%	4,822	93%	12,562	96%
Middle East, Africa	27	1%	69	1%	122	1%
Americas	113	1%	52	1%	73	1%
Asia / Pacific	237	5%	271	5%	373	3%
<b>Total</b>	<b>5,214</b>	<b>100%</b>	<b>5,212</b>	<b>100%</b>	<b>13,130</b>	<b>100%</b>

### 3.2. Consolidated results

In the first half of 2023, the Group pursued its strategy of commercial and industrial development. This led to a rise in current expenses linked to innovation and R&D expenditure on the one hand, and engineering resources for project and services on the other.

Within this context, personnel expenses increased by 42%, reflecting the recruitment of 30 new employees during the semester (and 54 over the past 12 months), bringing the workforce to 232 employees at June 30, 2023. Other external expenses amounted to €12.9 million in H1 2023, primarily to strengthen the Group's industrial and technical expertise.

As a result, EBITDA came to €(21.6) million, compared with €(17.1) million in the first half of 2022. The Operating Result was €(24.8) million, while the Financial Result improved substantially to €1.4 million thanks to the favorable impact of interest rate rises on cash investments. The Net Result was €(23.5) million in the first half of 2023 compared with €(19.7) million for the same period in 2022.

Net cash consumption was €(38.5) million in the first half of 2023, impacted by investments relating to the construction of the Gigafactory, and the increase in working capital requirements associated with the growth of the Company's activity. At June 30, 2023, McPhy had a cash position of €97.0 million, compared to €135.5 million at December 31, 2022, and thus has the financial leeway to continue implementing its projects.

### 3.3. Outlook

Given its backlog and the time it takes to implement projects due to their size and complexity, McPhy anticipates double-digit annual revenue growth in 2023.

The Group will continue its industrial investments, in particular the construction of its Gigafactory in Belfort for an estimated amount of €20 million in 2023, whose commissioning is still scheduled for the first half of 2024.

### 3.4. Other elements

Net assets at June 30, 2023 amount to €152.6 million, broken down as follows (*in € million*):

<u>ASSETS</u>	
Goodwill	2.5
Other non-current assets	48.4
Current assets	37.5
Cash and cash equivalents	97.0
<u>LIABILITIES</u>	
Non-current liabilities	(15.3)
Current liabilities	(58.6)
<b>NET ASSETS</b>	<b>111.5</b>

How cash has changed in the composition of the asset can be summarized as follows (*in € million*):

<u>Cash position as at January 1st, 2023</u>	
	<b>135.5</b>
<u>USES</u>	
Cash flow from operations	(19.9)
Increase in working capital requirement	(8.3)
Operating subsidies received	(1.6)
Net investment	(8.0)
Loan repayments	(0.8)
<u>RESOURCES</u>	
Capital increase	0.0
New borrowing	0.0
<b>Cash position at closing on June 30, 2022</b>	<b>97.0</b>

## 4. RELATED PARTY TRANSACTIONS

There were no material transactions with related parties during the period.

However, it should be noted that:

- the collaboration contract between EDF, Hynamics and McPhy Energy relating to the performance of tests for the experimental validation of an electrolyzer for industrial use at the EDF R&D Lab les Renardières site (under an agreement dated June 24, 2022, and as amended by addenda dated January 2, 2023 and February 7, 2023), which was due to expire on June 30, 2023, has been extended (by addendum dated July 5, 2023) to July 31, 2023;
- the technical assistance contract between Technip Energies France and McPhy Energy Deutschland relating to the commissioning of an electrolyzer (under an agreement dated December 22, 2022) expired during the 1st half of 2023 (end of February 2023).

Finally, as mentioned in the post-closing event section, McPhy already concluded early July 2023 the commercial agreements related to Djewels project, to which Technip Energies was a party (co-supplier)<sup>3</sup>.

<sup>3</sup> It is reported that at this date, Technip Energies N.V., the parent company of the Technip Energies group, had ceased its duties as a director within the Company (since June 1<sup>st</sup>, 2023). At the date of this report, discussions are ongoing between the Group and Technip Energies regarding their partnership and related agreements (as described in the Company's 2022 universal Registration Document (Section 8.4 – Material Contrats)).

## 5. RISKS AND UNCERTAINTIES

Except for the risks indicated in the "Risk factors" chapter of the 2022 Universal Registration Document filed with the AMF, Management has not identified the appearance of new risks over this semester.

## PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

### 1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Jean-Baptiste Lucas, Chief Executive Officer

### 2. DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the summary financial statements for the half-year ended 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 half-year financial report presents a true and fair view of significant events occurring during the first six months of the fiscal year, their impact on the accounts, the main related-party transactions, and that it describes the main risks and uncertainties for the remaining six months of the fiscal year.

July 27, 2023

Jean-Baptiste Lucas  
CEO



## REPORT OF THE STATUTORY AUDITORS CONCERNING THE HALF-YEAR FINANCIAL DATA

### Statutory Auditors' review report on the half-year financial information

*This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of Article L. 451- 1- 2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of McPhy Energy, for the period from January 1, 2023 to June 30, 2023,
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### 1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

### 2. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

July 27, 2023

The Statutory Auditors

SARL AUDIT EUREX  
Guillaume Belin

DELOITTE & ASSOCIES  
Hélène De Bie