

AS AT 31 DECEMBER 2022

GREEN HYDROGEN PRODUCER

Lhyfe

FOR INDUSTRY AND MOBILITY



Lhyfe

Public limited company (*société anonyme*) with capital of €479,004.48

Registered office: 1 ter mail Pablo Picasso, 44000 Nantes, France

850 415 290 RCS Nantes

Universal Registration Document

Including the annual financial report

Fiscal Year 2022



The universal registration document was approved on 25 April 2023 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF approves this document after checking that the information it contains is complete, consistent and comprehensible. The universal registration document has the following approval number: R.23-017.

Such approval should not be considered as a favourable opinion on the issuer that is the subject of the universal registration document.

The universal registration document may be used for the purpose of offering financial securities to the public or for the admission of financial securities to trading on a regulated market if completed by a Securities Note and, where applicable, a summary and its supplement(s). The group then formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

It is valid until 24 April 2024 and, during this period and at the latest at the same time as the transaction note and under the conditions of Articles 10 and 23 of Regulation (EU) 2017/1129, shall be supplemented by a supplement to the universal registration document in case of significant new facts or material errors or inaccuracies.

DISCLAIMER

By accepting this document, you acknowledge, and agree to be bound by, the following statements. This document is a translation of Lhyfe's document d'enregistrement universel dated 21 April 2022 (the "Universal Registration Document"). The Universal Registration Document, in its

*original French version, is publicly available at www.amf-france.org. This translation (the “**Translation**”) is provided for your convenience only and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part for any purpose. This Translation has not been prepared for use in connection with any offering of securities. It does not contain all of the information that an offering document would contain.*

IN THE EVENT OF ANY AMBIGUITY OR CONFLICT BETWEEN THE CORRESPONDING STATEMENTS OR OTHER ITEMS CONTAINED HEREIN, THE FRENCH LANGUAGE UNIVERSAL REGISTRATION DOCUMENT SHALL PREVAIL.

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Copies of this universal registration document are available free of charge from the Company (as this term is defined below) at 1 ter mail Pablo Picasso, 44000 Nantes, France, as well as in electronic version on the website of the French Autorité des marchés financiers (www.amf-france.org) and on the Company’s website (www.lhyfe.com).

General Remarks

Definitions

In this universal registration document, unless otherwise stated:

- **“Lhyfe”** or the **“Company”** means Lhyfe, a French public limited company (*société anonyme*) whose registered office is located at 1 ter mail Pablo Picasso, 44000 Nantes, France, registered with the Nantes Trade and Companies Register under number 850 415 290;
- **“Group”** means the Company and its consolidated subsidiaries;
- **“IFRS Financial Statements”** means the annual consolidated financial statements prepared by the Company for the year ended 31 December 2022, prepared in accordance with the IFRS accounting standards, as adopted by the European Union;
- **“Annual Financial Statements”** means the annual financial statements prepared by the Company for the year ended 31 December 2022, prepared in accordance with the French accounting standards;
- **“Universal Registration Document”** means this universal registration document approved by the AMF.

The Universal Registration Document is drawn up in accordance with Appendix I of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.

Forward-looking statements

The Universal Registration Document contains guidance on the Company's prospects and development strategy. These indications are sometimes identified by the use of the future, conditional or forward-looking terms such as “consider”, “envisage”, “think”, “have an objective”, “expect”, “understand”, “should”, “aim”, “estimate”, “believe”, “wish”, “may”, or, where applicable, the negative form of the same terms, or any other similar variant or expression. Such information is not historical data and should not be interpreted as a guarantee that the facts or data will occur. This information is based on data, assumptions and estimates considered reasonable by the Company. They are subject to change as a result of uncertainties related to, in particular, the technological, economic, financial, competitive and regulatory environment. Such information is mentioned in various paragraphs of the Universal Registration Document and contains data relating to the intentions, estimates and objectives of the Company, including the Company's markets, products, strategy, commercial deployment, growth, results, financial position and cash flow of the Company. The forward-looking information referred to in the Universal Registration Document are made only on the date hereof, unless stated otherwise. Except as required by applicable law or regulation (including Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the Company undertakes no obligation to publish updates to the forward-looking information contained in the Universal Registration Document to reflect changes affecting the Company's targets or with respect to events, conditions or circumstances on which the forward-looking information contained in the Universal Registration Document is based. The Company operates in an environment characterised by

strong and constantly changing competition. Therefore, it cannot anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or even to what extent the realization of a risk or a combination of risks could lead to significantly different results than those mentioned in any forward-looking information, bearing in mind that none of this forward-looking information constitutes a guarantee of actual results.

Market and competition information

The Universal Registration Document contains, in particular in Chapter 5 “Business Overview”, information relating to the business conducted by the Company and its competitive position. Certain information contained in the Universal Registration Document is publicly available information that the Company considers to be reliable, but which has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods to collect, analyse or calculate data on the business segments would obtain the same results. Given a particularly active technological and competitive environment, this information may be inaccurate or no longer up-to-date. As a result, our business may change differently from that described in the Universal Registration Document. The Company undertakes no obligation to publish updates of this information, except in the context of any legislative or regulatory obligation applicable to it, and in particular Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

Risk factors

Investors are encouraged to carefully read the risk factors set out in Chapter 3 “Risk Factors” of the Universal Registration Document before making any investment decision. Should any or all of these risks materialise, they could have a negative impact on the Company’s activity, results, financial position, profits or outlook. In addition, other risks that are neither identified nor considered material by the Company on the date hereof could also have an adverse impact.

Rounding

Certain numerical data (including data expressed in thousands or millions) and percentages presented in the Universal Registration Document have been rounded. Where applicable, the totals shown in the Universal Registration Document may differ slightly from those that would have been obtained by adding the exact (unrounded) values of these numerical data.

TABLE OF CONTENTS

	Page
1 RESPONSIBLE PERSONS, THIRD-PARTY INFORMATION, EXPERT REPORTS AND APPROVAL OF THE COMPETENT AUTHORITY	9
1.1 Person responsible for the Registration Document	9
1.2 Certificate of the responsible person	9
1.3 Expert report and declaration of interests	9
1.4 Information from third parties	9
1.5 Declaration relating to the Registration Document	9
2 STATUTORY AUDITORS	10
2.1 Statutory Auditors	10
2.2 Information on statutory auditors who have resigned, been removed or not been reappointed	10
3 RISK FACTORS	11
3.1 Risks related to the hydrogen market	13
3.2 Risks related to the Group's business model	19
3.3 Project Risks	23
3.4 Operational risks	27
3.5 Financial risks	32
4 INFORMATION ABOUT THE ISSUER	39
4.1 Company's corporate name and trade name	39
4.2 Place and registration number of the Company and legal entity identifier (LEI)	39
4.3 Date of incorporation and term of the Company	39
4.4 Registered office of the Company, legal form, laws governing its activities	39
5 BUSINESS OVERVIEW	40
5.1 General presentation	40
5.2 Lhyfe, a very well positioned player to implement an ambitious strategy	43
5.3 Market overview: decarbonise the industry and mobility with green hydrogen	49
5.4 Lhyfe is a producer of green hydrogen	64
5.5 A vertical and integrated business model	75
5.6 Operational and technical excellence	88
5.7 Organisational structure	101

5.8 Competition	104
5.9 Intellectual property	106
5.10 Investments	108
5.11 Environmental impact	110
6 ORGANISATIONAL STRUCTURE.....	116
6.1 Legal organisation chart	116
6.2 Subsidiaries.....	116
7 REVIEW OF FINANCIAL POSITION AND EARNINGS.....	117
7.1 Financial position	117
7.2 Comments on changes in activity and earnings during the years ended 31 December 2021, 2020 and 2019.....	122
8 CASH AND CAPITAL	131
8.1 Information on equity, cash and net financial debt	131
8.2 Cash flow.....	140
8.3 Financing needs and financing structure	142
8.4 Restriction on the use of capital	143
8.5 Sources of funding needed in the future to honour investment commitments.....	143
8.6 New financing received since the end of the year ended 31 December 2021	143
9 REGULATORY ENVIRONMENT	145
9.1 Challenges of the regulatory package specific to the hydrogen market – definition of "renewable" hydrogen	145
9.2 Recent contributions to French regulations on hydrogen.....	149
9.3 The regulations relating to the installations operated by the Group	151
9.4 Regulations on the transport of dangerous goods	153
10 INFORMATION ON TRENDS	156
10.1 Commercial <i>pipeline</i> of Group projects.....	156
10.2 Objectives.....	159
11 PROFIT FORECASTS OR ESTIMATES.....	162
12 ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT	163
12.1 Composition of the administrative bodies and general management.....	163
12.2 Conflicts of interest in administrative and management bodies	173
13 REMUNERATIONS AND BENEFITS	175

13.1	Remuneration of directors and corporate officers	175
13.2	Amounts provisioned by the Company for the purpose of payment of pensions, pensions and other benefits to corporate officers.....	188
14	FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES	189
14.1	Terms of office of the members of the administrative and management bodies	189
14.2	Information on contracts binding the members of the administrative and management bodies and the Company or one of its subsidiaries.....	189
14.3	Committees of the Board of Directors	189
14.4	Declaration on corporate governance	193
14.5	Potential significant impact on governance.....	194
15	EMPLOYEES	195
15.1	Number of employees and breakdown by function.....	195
15.2	Equity interests and stock options of agents.....	197
15.3	Participation of employees in the capital of the Company	198
16	MAIN SHAREHOLDERS.....	202
16.1	Distribution of capital and voting rights on the date of approval of the Registration Document	202
16.2	Voting rights of the main shareholders.....	202
16.3	Control of the Company	203
16.4	Agreements that may result in a change of control.....	203
17	RELATED PARTY TRANSACTIONS	204
17.1	Related party agreements.....	204
17.2	Special reports of statutory auditors on regulated agreements.....	204
18	FINANCIAL INFORMATION ON THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS	206
18.1	Historical financial information	206
18.2	Interim and other financial information.....	206
18.3	Audit of historical annual financial information	206
18.4	Pro forma financial information	218
18.5	Dividend distribution policy	218
18.6	Legal and arbitration proceedings.....	219
18.7	Material change in the issuer's financial position	219
19	ADDITIONAL INFORMATION.....	220

19.1 Share capital	220
19.2 Incorporation and Articles of Association	230
20 MATERIAL CONTRACTS	241
21 DOCUMENTS AVAILABLE.....	242
22 TABLE OF CORRESPONDENCES	243

1 RESPONSIBLE PERSONS, THIRD-PARTY INFORMATION, EXPERT REPORTS AND APPROVAL OF THE COMPETENT AUTHORITY

1.1 Person responsible for the Universal Registration Document

Matthieu Guesné, Chairman and Chief Executive Officer of the Company.

1.2 Certificate of the responsible person

“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 scope.”

Done in Nantes,
on 25 April 2023

Matthieu Guesné
Chairman and Chief Executive Officer of the Company

1.3 Expert report and declaration of interests

Not applicable.

1.4 Information from third parties

Not applicable.

1.5 Declaration relating to the Universal Registration Document

The Universal Registration Document has been approved by the Autorité des marchés financiers (the “AMF”), as the competent authority under Regulation (EU) 2017/1129.

The AMF approves this Universal Registration Document only as meeting the standards in terms of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.

Such approval should not be considered as a favourable opinion on the issuer that is the subject of the Universal Registration Document.

2 STATUTORY AUDITORS

2.1 Statutory Auditors

Baker Tilly Strego SAS

Represented by Vincent Pierre

4 rue Papiau de la Verrie, 49000 Angers, France

Member of the Regional Company of Statutory Auditors of Angers

Appointed in the Articles of Association of the Company on 10 April 2019 for a term of six financial years, that is until the general meeting called to approve the financial statements for the financial year ended 31 December 2024.

Deloitte & Associés

Represented by Guillaume Radigue

6 place de la Pyramide, 92908 Paris La Défense Cedex, France

Member of the Regional Company of Statutory Auditors of Versailles and the Centre region

Appointed by the general meeting of 21 December 2021 for a term of six financial years, that is until the general meeting called to approve the financial statements for the financial year ended 31 December 2026.

2.2 Information on statutory auditors who have resigned, been removed or not been reappointed

Not applicable.

3 RISK FACTORS

Investors are encouraged to consider all of the information contained in the Universal Registration Document, including the risk factors described in this section before deciding to subscribe for the Company's shares. As part of the preparation of the Universal Registration Document, the Company has conducted a review of risks and the risks present in this section are those, as at the date of the Universal Registration Document, which it considers, given its current stage of development, whose potential materialisation is likely to have a material adverse effect on the Company, its business, its financial position, its results, its development or its prospects and which are important for investment decision making.

However, the Company draws the attention of investors to the fact that, pursuant to Article 16 of Regulation (EU) 2017/1129 and the recommendations of the European Securities and Markets Authority (ESMA), only those risks which are specific to the Company and which are most significant are mentioned. The list presented in this section is therefore not exhaustive and other risks, specific to the economic sector in which the Company operates, any listed company, or any company or currently unknown or considered unlikely, as at the date of the Universal Registration Document, to have a material adverse effect on the Company, its business, prospects, financial position, results and development, may exist or may occur.

The table below shows the main risks identified by the Company, divided into five categories, it being specified that within each of them, the risk factors are presented in descending order of criticality according to the Company's assessment as at the date of the Universal Registration Document. The table indicates, for each of these risks, on the date of approval of the Universal Registration Document, the probability of their occurrence and their negative impact on the Group, taking into account the actions and control measures put in place by the Company. The probability of occurrence is assessed on three levels ("low", "moderate", "high") and the extent of their negative impact on four levels ("low", "moderate", "high", "critical").

Ref.	Risk factors	Probability	Negative impact
3.1. Risks related to the hydrogen market			
3.1.1	Risk related to regulations and their evolution	High	Critical
3.1.2	Risk of competition from other hydrogen producers	High	Moderate
3.1.3	Risk related to the emerging nature of the market for green hydrogen and the development of its ecosystem	Moderate	High
3.1.4	Risk related to the development of different uses of hydrogen and competition from other energies	Low	High
3.1.5	Risk of an industrial accident involving hydrogen	Low	High
3.2 Risks related to the Group's business model			
3.2.1	Risk related to the availability of strategic equipment	High	Critical
3.2.2	Risk related to the novelty of the offshore hydrogen production technology	High	Critical
3.2.3	Risk related to the maturity of the Company	Moderate	Critical

Ref.	Risk factors	Probability	Negative impact
3.2.4	Risk related to the Group's ability to complete its growth strategy	Moderate	High
3.2.5	Risk related to presence of co-shareholders in certain projects	Moderate	High
3.3 Project Risks			
3.3.1	Risk related to the Group's ability to source renewable electricity	Low	Critical
3.3.2	Risk related to the development of long and complex projects	Moderate	High
3.3.3	Risk related to securing hydrogen sales contracts	Moderate	Moderate
3.3.4	Risk related to the extent of the leverage effect in the event of default on the financing of the Group's projects	Low	High
3.3.5	Risk related to the use of service providers during the construction of projects	Moderate	Low
3.3.6	Risk related to obtaining and maintaining the necessary permits for Group projects	Low	Moderate
3.4 Operational risks			
3.4.1	IT infrastructure risk	Moderate	Critical
3.4.2	Risk related to the difficulty of insuring certain risks	Moderate	Critical
3.4.3	Risk related to the Group's liability in the event of an accident	Low	Critical
3.4.4	Risk of divergence between the supply price of renewable electricity and the sale price of hydrogen	Moderate	Moderate
3.4.5	Counterparty risk	Low	High
3.4.6	Risk related to the operating problems of the Group's production facilities	Low	High
3.4.7	Key person risk	Low	High
3.4.8	Covid-19 pandemic risk	Low	Moderate
3.4.9	Intellectual property risk	Low	Moderate
3.4.10	Risk related to climate change and extreme weather events	Low	Moderate
3.5 Financial risks			
3.5.1	Risk related to the need to find future financing for the Group	Moderate	Critical
3.5.2	Risk related to the Group's ability to issue bank guarantees	Moderate	High
3.5.3	Interest rate risk on the Group's future financing	Moderate	Moderate
3.5.4	Risk related to access to grants and public policy developments	Low	High

Ref.	Risk factors	Probability	Negative impact
3.5.5	Risk related to financial covenants in project financing	Low	High
3.5.6	Transfer pricing risk between the different Group entities	Low	Moderate
3.5.7	Liquidity risk	Low	Low

3.1 Risks related to the hydrogen market

3.1.1 Risk related to regulations and its evolution

The Group's hydrogen production, transport and sales activities, including the purchase of electricity needed for production, are subject to numerous regulations in all countries in which the Group operates. The main regulations applicable to the Group are described in Chapter 9 "Regulatory Environment" of the Universal Registration Document.

The regulations relating to the construction and operation of hydrogen production units, as flammable and potentially explosive gases, are relatively well-established. The same applies to the regulations relating to the transport of hydrogen by truck, which will be the main mode of transport used by the Group to bring hydrogen from its production units to the refuelling stations in "mobility" applications. However, despite the compliance measures put in place, the Group remains exposed to a risk that a breach, including by third-party subcontractors (such as carriers for example), which could result in fines, of temporary or definitive prohibitions may occur, or that its permits and authorisations may be challenged. In addition, these regulations may change and become more demanding.

As regards the specific regulation on the market arising from the production, transport, distribution and sale of hydrogen and access to renewable energy sources – mainly electricity, to produce this hydrogen, the situation is different. Indeed, the main risk is linked to the evolutionary nature of this regulation (even if the risks related to its compliance, as mentioned in the paragraph above remain current). The directives, regulations, laws and other regulatory acts which form this whole are being drawn up, at the level of the European Union and its Member States, with the announced objective of facilitating the development of this market in the context of the energy transition. Each of the authorities likely to participate in this preparation is progressing at its own pace and in a way that is not necessarily coordinated with others.

The regulatory framework relating to the market for hydrogen deals with many subjects, including mainly:

- determining what hydrogen is "renewable" in relation to "low-carbon" hydrogen and "carbon" hydrogen;
- the determination of certification schemes that will allow to prove the nature of this hydrogen, through voluntary certification schemes approved by the European Commission for renewable hydrogen as Renewable Fuels of Non Biological Origin (RFNBO) according to the Delegated Act to Directive (EU) 2018/2001 or certification schemes that will be defined at national level and will allow to prove the carbon content of low-carbon hydrogen;

- the nature and access to the various means of financial assistance (including tax and/or tariffs) granted by the European Union, the Member States and their local authorities to any player on the hydrogen market – from the producer to the user, including research & development, the equipment manufacturer and the builder of facilities, to facilitate the development of the market, with differences depending on the nature of the hydrogen produced and/or used;
- access to renewable energy sources, and mainly electricity;
- the physical, legal and financial conditions of direct connection to renewable electricity production sites;
- the guarantee of origin mechanism for electricity purchased from renewable electricity generators and/or passing through the grid;
- access and use of transport infrastructure (gas pipeline) and distribution infrastructure;
- the degree of separation, whether mandatory or not, of the production, transmission, distribution and sale of hydrogen (as for electricity and gas);
- the regulatory framework applicable to invitations to tender for the construction and operation of production units, by public but also private actors; and
- for users, the possibility of easily changing suppliers, benefiting from preferential regulated tariffs, long contracts or any other incentives (including through penalties in case of use of the “bad” hydrogen) for the use of hydrogen.

One of the key issues is the definition and method of certification of the nature of hydrogen – “renewable”, “low carbon” or “carbon” (to use the terms currently used in French regulations), as the access to other measures facilitating the development of the market can be very widely conditional on such certification. In the European Union, the definition of renewable hydrogen was agreed in February 2023 in the delegated acts to Directive (EU) 2018/2001. The definition of low-carbon hydrogen should be set out in the Hydrogen & Decarbonized Gas Package, which should be adopted at the end of the first half of 2023. The transposition of these texts at Member State level will take place from the second half of 2023 and during 2024.

Depending on the countries in which the Group develops its activities and the nature of the projects it develops, the hydrogen produced by the Group could be qualified as “renewable” or sometimes only “low-carbon”. The consequences of this qualification from a regulatory point of view are mentioned above.

The question of the definition and categorization of hydrogen is only one of the regulatory challenges which the Group faces even if it is important. Even if all stakeholders, and in particular the various authorities at the source of this regulatory framework, show a willingness to promote the development of the renewable hydrogen market, it is still possible that certain aspects of the regulatory landscape may not be favourable to the Group and its activities. The Group therefore monitors developments in this regulatory framework with the utmost care.

3.1.2 Risk of competition from other hydrogen producers

The Group believes that it has a technological advance in the production of onshore hydrogen (see paragraph 5.6.3 “Industrial know-how demonstrated in the industrial onshore green hydrogen production” of the Universal Registration Document) and offshore hydrogen (see paragraph 5.6.4 “A consistent advance in the production of green hydrogen via offshore wind” of the Universal Registration Document).

However, despite this technological advance, the Group could in certain markets be exposed to competition on the part of:

- other producers of green hydrogen, already present or willing to become active in this market, which could develop more efficient and/or cheaper technologies;
- electricity producers who have more commercial, financial, technical or human resources than those of the Group and, in the case of renewable electricity producers, direct access to that resource; and
- gas producers already established on the carbonated hydrogen market.

A description of the Group’s competitive environment can be found in Section 5.8 “Competition” of the Universal Registration Document.

The pressure imposed by this competition could force the Group to limit its sales prices and reduce its margins, to reduce its development plan, or to significantly increase its research and development budget, thereby jeopardising its ability to generate the expected profitability within the envisaged time frames.

The future success of the Group will therefore depend on its ability to (i) maintain its technological advancement, (ii) improve the performance, power, efficiency and reliability of its technology and facilities, (iii) adapt quickly to the competitive environment (particularly in terms of cost competitiveness) and (iv) implement its ambitious industrial and commercial development plan (refer to paragraph 5.2.3 “Strategy: fast and massive deployment of green hydrogen production sites” of the Universal Registration Document).

3.1.3 Risk related to the emerging nature of the market for green hydrogen and the development of its ecosystem

The Group is a producer and supplier of hydrogen produced from renewable electricity (green hydrogen) intended for the use of industry and land, sea and river mobility. The activities of the Group are detailed in Sections 5.4 “Lhyfe is a producer of green hydrogen”, 5.5 “A vertical and integrated business model” and 5.6 “Operational and technical excellence” of the Universal Registration Document.

Many governments, international organisations, other public and private actors are hoping to develop the ability of hydrogen to contribute very significantly to the fight against global warming. However, while these hopes appear to be justified, the current contribution of hydrogen to the fight against global warming remains extremely limited. Thus, while certain market forecasts estimate that global demand for hydrogen, all

sectors included, could reach 530 million tonnes by 2050¹, it represented only 94 million tonnes in 2021² and is essentially made up of grey hydrogen produced for conventional industrial applications (directly for the production of hydrocarbons, ammonia, chemicals and methanol or as fuel for the production of steel, glass and electronic components), at a high cost, both financial and in terms of CO₂ emissions.

The hydrogen market, and more particularly that of hydrogen produced from renewable electricity on which the Group is positioned, is therefore an emerging market, the volumes of which remain limited to date. Its growth can be slowed down by many factors.

One of the key steps in the development of this market is the further reduction in the cost price of green hydrogen, so that it becomes equivalent or lower than that of grey hydrogen and other sources of energy for which it could substitute (the notions of “green hydrogen” and “grey hydrogen” are defined in paragraph 5.3.1 “Green hydrogen: a pillar of decarbonisation” of the Universal Registration Document). One of the key factors in reducing this cost is, for hydrogen produced by water electrolysis, the reduction in the cost of electrolyzers. The cost is expected to decrease with the growth in production of the number of electrolyzers, thanks to economies of scale and technical progress, replicating the phenomenon observed on turbines, wind turbine blades and solar panels. One obstacle to this favourable development is that it requires the establishment of a virtuous circle: increasing demand for electrolyzers leading to an increase in production, leading to a reduction in cost, giving rise to demand, etc. However, there is no guarantee that this virtuous circle can be easily started and, more specifically, that public policies will enable it to be successful for wind and solar power. Even if this is the case, there is no guarantee that this can occur in the geographic markets in which the Group is or will be present and in a schedule compatible with its financing resources. On the other hand, there is no guarantee that the expected economies of scale and technical progress will materialise, or at the very least materialize within a reasonable period of time.

Another key factor for hydrogen producers from renewable electricity like the Group is the development and access to this electricity. While the number of wind and solar farms has grown rapidly in recent years, it is generally considered that this rate of growth will have to increase substantially in order to achieve the CO₂ production reduction targets – and, eventually, the carbon neutrality – of the European Union (and of countries outside the European Union). For example, for the production of its green hydrogen the Group is competing with other renewable electricity users who also seek to replace CO₂-generating energy sources, while increasing the supply of renewable electricity may not be sufficient to satisfy demand. Furthermore, as the Group favours direct connection to the wind or solar farm (rather than withdrawal from the electrical grid) it is necessary, on the one hand, that its hydrogen production sites are close to those of renewable electricity, and on the other hand that they are close to the areas where their production is consumed, in order to limit the transport cost of hydrogen which represents a

¹ International Energy Agency, *Global Hydrogen Review*, October 2021

² International Energy Agency, *Global Hydrogen Review*, September 2022

significant part of its cost price. Thus, insufficient or slow development of renewable sources of electricity could slow the development of the Group.

The development of the hydrogen market also requires the establishment of a complex ecosystem to date, largely non-existent, and whose main elements are:

- the sources of financing necessary for the construction of production, transport, distribution and delivery tools. These sources may be public (grants, repayable advances, regulated tariffs or other favourable contractual arrangements, such as compensation supplements), or private (venture capital, private equity, financial markets). Hydrogen market players could compete with other players in renewable energy, and in the fight against global warming more generally, for access to these financings.
- favourable regulations and, more generally, favourable public policies. The European Union and its Member States have all announced their intention, and began to implement the necessary measures, to support the development of the hydrogen market in this way (for more details on these public policies, refer to paragraphs 5.3.2 “Green hydrogen at the heart of national decarbonation strategies” and 5.3.3 “Green hydrogen support schemes to compensate for additional production costs compared to grey hydrogen” of the Universal Registration Document). However, this may take time, or not give the expected results or favour ecosystem players other than the Group; and
- implementation and access to storage, transport, distribution and delivery infrastructure for hydrogen. In this way, hydrogen will compete with natural gas for access to the gas network, when the latter is technically compatible with hydrogen transport. In some cases, it may be necessary to build a dedicated network – with the costs and times that this represents. For mobility applications, which is one of the Group’s areas of activity, hydrogen refuelling stations will need to be built and powered. Furthermore, the construction of this infrastructure represents a significant investment, without those who will be called upon to finance it having any certainty as to its use or the timeframe for the return on their investment, since the hydrogen market is still developing. The Group’s development does not directly depend on the development of storage, pipeline and distribution capacity, but the hydrogen sector as a whole is dependent on it and a delay in development could therefore have an indirect impact on the Group. By contrast, with regard to refuelling stations, the impact concerns mobility projects and there can thus be no guarantee that these will be deployed within a timeframe compatible with the Group’s ambitions or in the geographical areas in which the Group will be established.

Thus, even if there is a strong consensus among governments to implement the measures necessary to develop this ecosystem, and the interest of many private actors and financial markets to finance it, said ecosystem is still today at an embryonic stage, and the measures and actions taken by all these different actors have not yet demonstrated their effectiveness.

If the production price of hydrogen does not decrease or does not decrease quickly enough, if the Group could not access renewable electricity at competitive prices, or if

any of the components of this ecosystem did not develop quickly or not at all, the prospects for the development of the entire hydrogen sector, and therefore those of the Group, would be significantly impacted.

3.1.4 Risk related to the development of different uses of hydrogen and competition from other energies

The uses of hydrogen in the fields of industry and mobility, which are those targeted by the Group, could develop less rapidly or differently than the Group currently foresees.

For the industry segment, the main markets for hydrogen produced by the Group are found in the heavy industry using hydrogen (i) for its chemical properties as a raw material in their production cycle, particularly in the sectors of ammonia or fertilizer production or certain other uses in chemistry and (ii) as fuel replacing fossil fuel for the production of steel, glass, cement or electronic components.

If, in certain industrial sectors, hydrogen is already used (for example chemistry), the use of hydrogen in other industrial sectors (for example steel or glass) is conditional upon the adaptation of heavy industrial processes to this energy and the development of related technologies. Technical barriers to the use of hydrogen in these sectors could prove impossible or too costly to lift, which would significantly reduce the demand for hydrogen for this market segment.

For the mobility segment, the hydrogen produced by the Group will be intended to supply vehicle refuelling stations to enable the recharging of all types of hydrogen vehicles, and mainly heavy vehicles, or fleets of specific vehicles, such as construction equipment or forklift trucks.

Pending the development of refuelling stations offering hydrogen and hydrogen cars, alternatives to fuels such as electric cars can be imposed as a benchmark in the individual mobility market. The current significant development of industrial capacity and a fleet of electric vehicles (in 2022, almost one out of five cars sold in France was electric³) and charging stations (more than 82,000 electric vehicle charging points in France at the end of 2022⁴) could reduce the prospect of growth in hydrogen demand for the mobility sector.

In addition, the costs of installing a hydrogen refuelling station are higher than those associated with the installation of a petrol station. These costs could be a brake on the installation of hydrogen refuelling stations preventing the development of the hydrogen mobility market and thus reducing the attractiveness of hydrogen vehicles.

More generally, notwithstanding the strong pressure to reduce the use of CO₂ fossil fuels, they still remain less expensive than hydrogen and still represent strong competition.

The growth in the use of hydrogen, and thus of the volumes of hydrogen produced, is one of the key components of improving the cost structure of hydrogen, particularly

³ Baromètre Avere-France, 6 January 2023

⁴ Baromètre Avere-France, 10 January 2023

⁵ Les Echos, *The Brussels plan to make hydrogen "take off" in Europe*, 8 July 2020

renewable (see the risk factor 3.1.1 “Risk linked to the emerging nature of the hydrogen market and the development of its ecosystem” above). If this growth was lower than expected, or did not occur, the competitiveness of hydrogen in relation to other energy sources, and therefore the Group’s growth prospects, would be highly impacted.

3.1.5 Risk of an industrial accident involving hydrogen

The Group operates in a sector of activity involving industrial risks related to hydrogen production and storage sites, as well as the transport of this energy. The applicable regulations are described in Chapter 9 “Regulatory environment” of the Universal Registration Document,

As with any fuel, hydrogen can ignite and/or explode in the event of a leak. The equipment used by the Group must therefore be designed with safety elements that limit the risk of an industrial accident, which could cause serious or even fatal injuries.

Even if, as of the date of the Universal Registration Document, the Group has not suffered such an accident, its occurrence could result in an extended interruption of the operation of the production or service equipment, or a partial or total destruction of the facility and cause serious consequences for third parties and their property and the Company’s personnel and property. In addition, the occurrence of one of these risks could trigger an investigation against the Group, which may result in the need to adopt corrective measures, administrative or criminal penalties and the payment of significant damages, including bodily injury (see paragraph 3.4.3 “Group liability risk in the event of an accident”). In addition, the Group may not be insured for these costs (see paragraph 3.4.2 “Risk related to the difficulty of insuring certain risks”). Such an accident would ultimately impact the Group’s image and reputation.

More generally, any such accident occurring on a facility relating to hydrogen, whether belonging to the Group or a third party, could lead to a deterioration of the image of the hydrogen sector, which could hinder its expected development, as well as a reinforcement of legal or regulatory constraints. This could include an increase in financial guarantees to be provided, a significant increase in insurance premiums, an increase in the requirements to be complied with, difficulties in obtaining or maintaining facility permits classified for environmental protection or other administrative authorisations, or difficulties in obtaining land.

3.2 Risks related to the Group’s business model

3.2.1 Risk related to the availability of strategic equipment

The Group’s hydrogen production facilities use strategic equipment, for which there can only be a limited number of suppliers in the world, who themselves use very advanced manufacturing processes and specific tools, which may limit the availability of such equipment.

For example, the electrolyzers, compressors and containers used by the Group are distributed only by a limited number of suppliers worldwide and with times, which, to date, are still significant. The Group intends to anticipate the supply of these strategic equipment to some of its suppliers and also seeks to negotiate partnerships enabling it to secure its supply with its main suppliers.

However, it may not be achieved depending on the market environment and competitive conditions. It could therefore be exposed to shortages, process drifts, breaks in production chains, defective design of certain equipment essential to the Group's activity, export bans on the part of these suppliers, refusals to supply certain suppliers, or have to obtain supplies at prices higher than the market in an oligopolistic context or at rising prices in the current inflationary context. As of the date of the Universal Registration Document, the supply times for certain strategic equipment such as electrolyzers, compressors and containers are particularly long, obliging the Group to anticipate its purchases and thus impacting its working capital requirement.

The Group may also be required to replace one of its strategic suppliers in the event of a failure by a supplier to provide equipment in a timely manner and meeting the Group's quality, quantity or cost conditions. In this situation, it would then have a limited number of other solutions and this could require product adaptations and cause disruptions and delays in the construction of the Group's hydrogen production sites. Furthermore, as the development of hydrogen uses leads to a multiplication of demand, suppliers may not be able to cope with this demand, which could lead to an increase in the supply prices and delays of certain strategic equipment. This uncertainty as to the supply prices and delays is likely to hinder the development or profitability of the Group's projects.

Thus, the evolution of the purchase prices of certain strategic equipment necessary for the design and construction of the Group's hydrogen production sites could lead to significant variations in the cost of the projects and not be fully compensated by a corresponding increase in the sale price of hydrogen produced by the Group.

To limit this risk, the Group has set up collaboration agreements with certain suppliers which would allow it to benefit, under certain conditions, from privileged access to this equipment.

Furthermore, on certain international markets in which the Group intends to operate, the cost of supplying certain products, in particular due to customs duties, import charges or transport costs, could be such that it could be considered a significant barrier or lead to a significant variation in cost prices that limit its development possibilities.

The strategic equipment supply difficulties described above are likely to create a risk for the development of the Group's projects and could therefore significantly affect the Group's development prospects.

3.2.2 Risk related to the novelty of the offshore hydrogen production technology

The Group is involved in several research projects aimed at developing the offshore green hydrogen production technologies described in paragraph 5.6.4 "A significant advance in the production of green hydrogen via offshore wind" of the Universal Registration Document.

The Group estimates that it has a real technological advance on this market compared to potential competitors, with a first experimental plant, which was inaugurated in September 2022 (for more details on this project, please refer to paragraph 5.6.4 "A significant advance in the production of green hydrogen via offshore wind" of the Universal Registration Document). However, these are research projects that could prove

to be more complicated than anticipated, or even fail. Large-scale deployment of offshore hydrogen production may also prove impossible, or at higher costs than expected.

If the Group were ultimately to abandon the development of offshore hydrogen production projects, this could impact its long-term development prospects.

3.2.3 Risk related to the maturity of the Company

The Company was created in April 2019 and therefore has only approximately four years of existence on the date of the Universal Registration Document. It carries on an industrial and project development activity, but has a limited track record compared to its ambitions in France and abroad : (i) only one active industrial project in operation at the date of the Universal Registration Document, the production plant of Bouin inaugurated in September 2021 and (ii) two projects under construction in Bretagne and Occitanie and (iii) a pilot hydrogen production unit at sea inaugurated in September 2022. For more details on the Group's onshore projects, see section 5.4.4 "Unique industrial expertise in the industry" of the Universal Registration Document and for more details on the development of offshore production technologies, see section 5.6.4 "A significant advance in the production of green hydrogen via offshore wind" of the Universal Registration Document.

Thus, there is no guarantee that the Group will be able to deploy the skills it has acquired in larger projects and outside its historical business area.

This risk of lack of perspective is all the more important, since the Group relies mainly on its ability to use and reproduce the experience and successes acquired on its first smaller projects.

For the financial year ended 31 December 2022, consolidated revenues amounted to €570k, with a net loss of €(25,819)k.

3.2.4 Risk related to the Group's ability to complete its growth strategy

The Group expects a strong growth in its business, which is expected to result in the gain of new customers, the deployment of many hydrogen production sites and a significant increase in its turnover (refer to paragraph 5.2.3 "Strategy: fast and massive deployment of the green hydrogen production sites" of the Universal Registration Document). The absorption of such growth depends, in part, on its ability to anticipate and manage this growth efficiently, in particular by recruiting and integrating dedicated personnel and by making the necessary technological investments. To this end, the Group shall in particular:

- implement an ambitious industrial and commercial development programme, both in France and abroad;
- anticipate the expenses related to this growth as well as the associated financing needs;
- anticipate the demand for hydrogen produced and the revenue it is likely to generate;
- recruit, train, manage, motivate and retain a growing number of employees;

- increase its operational capabilities, including the capabilities of its IT, financial, administrative and, more generally, management systems, and in particular its administrative and operational procedures and controls.

As part of its development strategy set out in paragraph 5.2.3 “Strategy: fast and massive deployment of green hydrogen production sites” of the Universal Registration Document, the Group will need to recruit a significant additional number of personnel, which could strongly commit its internal resources. For example, the Group recruited nearly 100 employees during 2022, bringing the total to 149 employees at the end of 2022 compared to 57 employees at the end of 2021.

Given its degree of maturity, it is possible that the Group may encounter difficulties in recruiting and integrating these new profiles, which implies the transmission to these new profiles of the Group’s know-how and corporate culture, therefore it may not be able to produce the internal resources necessary for this integration while ensuring quality in developing and monitoring its projects. In addition, these recruitments will require a reinforcement of the Group’s management control teams and procedures which may not change as quickly as the recruitments made. In such a case, the reliability of the management control data could be impacted.

In addition, delayed or abnormally slow development of the Group’s industrial, commercial, technological or equipment installation resources in relation to the expected development of the use of hydrogen could reduce its ability to meet future demand, and thus encourage its potential customers to turn to other hydrogen producers.

3.2.5 Risk related to presence of co-shareholders in certain projects

In accordance with its strategy detailed in paragraph 5.2 “Lhyfe, a very well positioned player to implement an ambitious strategy” of the Universal Registration Document, the Group intends to retain full ownership of the project companies (Special Purpose Vehicle).

However, as part of its development strategy, the Group may need to join forces with partners and share ownership in certain project companies, resulting in a majority stake or, in some cases, a minority stake. The success of such a project company depends primarily on its ability to generate dividends or profits and on the ability of the parties to maintain good relations.

A disagreement between the partners that could lead to a deadlock or significant difficulties in the management of the project company could result in a financial loss for the Group or delay the development of the project for which the company was formed.

In addition, if the Group would not manage to obtain a majority stake and would only have a minority stake, its ability to direct the development of these structures in accordance with its objectives would be restricted, which could affect its investment.

Difficulties with the Group’s co-shareholders in the project companies could delay or compromise the development of the projects concerned or even affect the sustainability of the Group’s presence in the country or region in question and hinder the implementation of its strategy.

3.3 Project Risks

3.3.1 Risk related to the Group's ability to source renewable electricity

The Group produces its green hydrogen from renewable electricity, which it obtains either, when possible, from a direct connection to a renewable electricity production site (particularly wind or solar), or via the electricity grid and the purchase of guarantees of origin.

As indicated in Section 5.1 "General presentation" of the Universal Registration Document, the business development teams apply a commercial approach consisting, simultaneously, (i) on the one hand, of identifying and analysing potential energy sources through a connection to a renewable energy source (wind, solar, hydroelectric, etc.) and with nearby catchment areas and (ii) on the other hand, of approaching potential customers within the identified catchment area.

The Group could nevertheless decide to establish itself in an area where the possibilities of sourcing renewable energy would be limited or where it would have only limited access, due to competition from other players or because the producer prefers to sell its renewable electricity via the grid. If the Group were unable to source sufficient renewable electricity by direct connection, it could also resort to purchases of renewable electricity from the grid with guarantees of origin. If this is not possible or too costly, it would be obliged to reduce its production of hydrogen labelled as renewable, which would reduce what it regards as a competitive advantage over producers of hydrogen labelled as low-carbon and could impact on its ability to access certain public funding or favourable regulatory mechanisms.

3.3.2 Risk related to the development of long and complex projects

The Group's commercial pipeline consists of several dozen projects for which a number of stages remain to be completed over the next few months/years before the production facilities are actually built and become operational. For more details on the commercial pipeline, please refer to Section 10.1 "Commercial pipeline of Group projects" in the Universal Registration Document.

The Group devotes significant time to the development of its projects, in particular for (i) initial exploration and identification of sites, (ii) obtaining administrative permits and authorisations and conducting environmental studies (see paragraph 3.3.6 "Risk related to obtaining and maintaining the necessary permits for Group projects" below), (iii) securing the supply of renewable electricity, through a direct connection to a production site or the purchase of certificates of origin (see paragraph 3.3.1 "Risk related to the Group's ability to source renewable electricity" below), and (iv) securing contracts for the sale of hydrogen produced (see paragraph 3.3.3 "Risk related to securing hydrogen sales contracts" below).

The Group also allocates financial resources to these activities, which increase as projects progress in their development stages.

Some of these projects may not succeed. Indeed, the difficulties encountered by the Group during the project development phases are likely to result in delays or additional costs that could make projects less competitive than initially planned. In some cases,

this could lead to the postponement or abandonment of the project and result in the loss of development costs incurred.

Furthermore, the implementation of a project could require financing. The Group may encounter difficulties in obtaining the desired conditions in its financing with the consequence of insufficient profitability or the inability to generate expected return on investments, which could call into question the viability of a project and lead to its abandonment (see risk factor 3.5.1 “Risk related to the need to find future financing for the Group” below).

According to the countries, the Group receives subsidies from public entities in the context of public support policies. Applications are reviewed on a case-by-case basis by organisations to determine the feasibility of the underlying project. Aids or grants are the subject of a contract between the Group and the public entity and are systematically subject to objective criteria such as the relevance of the project throughout the contract concluded or compliance with certain elements of profitability. If the Group were to accept a refusal in its request for aid, this could also call into question the viability of a project and lead to its abandonment.

Finally, the projects in which the Group expects to participate are almost always awarded via invitations to tender, to which several competitors respond. These could be larger and have more resources than the Group, a better track record, a local presence that could work in their favour (refer to the risk factor presented in paragraph 3.1.2 “Risk of competition of other hydrogen producers”). In this case, the Group’s chances of success would be reduced.

3.3.3 Risk related to securing hydrogen sales contracts

The value and viability of the Group’s projects depends on its ability to sell the hydrogen produced by the projects concerned under contracts with solvent counterparties and at appropriate prices.

If the Group fails to secure contracts for the sale of hydrogen on sufficiently favourable terms, it may not succeed in securing the financing of these projects or could only obtain financing under disadvantageous conditions.

Furthermore, the Group may not be able to renew or negotiate new contracts for the sale of hydrogen after the expiry of the initial contracts or may not be able to negotiate sales prices under subsequent contracts on terms equivalent to those of the initial contracts.

3.3.4 Risk related to the extent of the leverage effect in the event of default on the financing of the Group’s projects

As part of the financing of its projects, the Group may use a significant leverage effect to limit its equity capital contribution. The financing of projects which may be implemented by the Group could involve a significant use of debt at the level of project companies (SPVs) or holding companies (HoldCos).

If a project company, or its holding company, were to fail to meet its payment obligations under its financing agreements (for example, due to an unforeseen event or a deterioration of its financial situation) or fail to comply with certain minimum debt

service coverage ratios, such default could render the project debt immediately due. In the absence of a waiver or a restructuring agreement on the part of the lenders, the lenders may be entitled to seize the assets or securities pledged as collateral (including the Group's interest in the subsidiary that holds the facility).

In addition, the failure of a project company or a holding company to repay its indebtedness could affect its ability to pay dividends to the Group, pay costs and interest and repay intra-group loans and make any other cash distribution, as the defaulting entity is generally prohibited from distributing cash. This would likely result in a loss of confidence by the Group's customers, lenders or contractors, which would adversely affect the Group's access to other sources of financing for its projects.

Finally, in the event of the insolvency, liquidation or reorganisation of one of the project companies, creditors (including suppliers, creditors and tax authorities) may be entitled to the full payment of their claims from the income generated by the facilities, before the Group is authorised to receive any distribution from this project. Where there is indebtedness for a given project, the lenders could request the cancellation of the term of the debt and seize any assets pledged as collateral; the Group may then lose its stake in the relevant project companies.

3.3.5 Risk related to the use of service providers during the construction of projects

The Group uses various contractors for the construction of its projects, as further described in paragraph 5.5.3(b) "Design, engineering, procurement and construction" of the Universal Registration Document, including subcontractors working on site, in addition to the suppliers of strategic equipments.

If the Group's service providers (or their subcontractors) do not fulfil their obligations, provide services that do not meet the Group's quality standards, encounter financial difficulties or fail to comply with the laws and regulations in force, particularly with regard to compliance with health, safety and environmental rules, the Group may suffer damage to its reputation, in addition to being exposed to risks of significant criminal sanctions or civil liability. The Group's ability to obtain compensation from its subcontractors may be limited by their financial solvency or contractual limitations of liability and the guarantees granted by such subcontractors or their affiliates may not fully cover the losses suffered by the Group.

In particular, delays in commissioning could significantly impact the Group's results, and beyond a certain date, hydrogen sales contracts could be terminated due to non-compliance with their deadlines for the commissioning of the facilities.

Furthermore, Group contractors may be required to make requests to cover additional construction costs, which may increase the investment initially planned and thus affect the profitability assumptions provided for at the initial investment. In the event of disagreement as to the responsibilities inherent in the assumption of these additional construction costs, with regard to the contractual stipulations, the Group may be required to deal with amicable resolution procedures, resolution by an expert group, arbitration, or legal disputes, which may lead to judgements leading to the assumption by the Group's subsidiaries of the additional construction costs exceeding the

contractually planned budget and thus potentially affecting the amount of the investments and the return on investment of the project concerned.

Finally, the growth of the hydrogen industry, intense competition and the strict contractual requirements of the Group can limit the availability of a sufficient number of service providers to ensure responses to tenders at prices and conditions that meet the Group's expectations.

3.3.6 Risk related to obtaining and maintaining the necessary permits for Group projects

Current regulations in France and the European Union require an authorisation for facilities classified for the protection of the environment (*installations classées pour la protection de l'environnement*) ("ICPE") for any hydrogen manufacturing system if the quantity of hydrogen likely to be present on site is greater than 1,000 kg. This authorisation is binding and requires compliance with the conditions prescribed by prefectural order by the facility hosting the hydrogen production station. The duration of such authorisation varies between 9 and 12 months.

For smaller facilities, and for which the quantity of hydrogen likely to be present on site is greater than 100 kg but less than 1,000 kg, only a reporting scheme shall apply. In this context, the establishment hosting the hydrogen production facilities must then comply with the general requirements corresponding to the ICPE section applicable to its facilities, defined by decree.

The Group's first production site located in Bouin is currently subject to the reporting scheme. The Group is therefore subject to strict requirements concerning the operation of ICPE, the integration of ICPE in the landscape, prevention of air pollution, protection of water resources and aquatic environments, waste, prevention of noise and vibrations, prevention of technological risks, monitoring of emissions and their effects.

In the event of non-compliance with the obligations resulting from the maintenance of an authorisation under the ICPE, the liability of the Company or a Group company may be incurred and penalties may be payable by the Company or the relevant Group company. The said authorisation could also be revoked, which would stop the Group's construction or operation of the project.

Compliance with the applicable requirements and, more generally, the Group's responsibilities imposes regular operating expenses on the part of the Group.

The development of the Group's activity could require an increase in the authorisation thresholds for the quantities produced, stored or used – this is what is expected to occur shortly at the Bouin site with the planned increase in production capacity to 1 tonne of hydrogen per day in 2024. The initiatives for obtaining the relevant authorisations were in progress on the date of the Universal Registration Document. Similarly, any transfer to another ICPE location may require a request for authorization.

Additional permits and authorisations, such as building permits, clearance permits, environmental permits or exceptions to the prohibition of destruction of protected species and their habitats may also be required depending on the configuration of each facility.

Similar regulations and obligations are applicable to Group projects abroad.

Consequently, if the Group does not obtain the permits, authorisations or licences necessary for the construction and/or operation of its facilities, it may be forced to delay or even cancel the deployment of certain projects. Moreover, if it fails to comply with them, or ensure the compliance of its facilities, the applicable provisions may be sanctioned by the authorities and may be subject to administrative sanctions (warning, deposit of sums of money, suspension of activity, administrative fine, if applicable subject to penalty) or criminal penalties. The Group could also be impacted by the increase in costs resulting from the compliance of its sites and/or the implementation of measures to offset the financial sanctions suffered.

The permits, authorisations or licences, obtained and necessary for the construction and/or operation of the Group's facilities may also be the subject of legal proceedings, in particular brought by local residents, competitors of the Group or associations, which may in particular argue before the courts the degradation of landscapes, disturbances or noise nuisances, or damage to the environment, particularly if these facilities are developed in connection with wind farms, which are usually the subject of numerous appeals. Although the Group's projects have not been the subject of such recourse on the date of the Universal Registration Document, their occurrence could result in the extension of the time frames related to the projects deployed by the Group or their cancellation.

3.4 Operational risks

3.4.1 IT infrastructure risk

The Group's activity is based on the quality and reliability of its IT infrastructure, which integrates information systems, telecommunications systems, remote control systems, industrial controllers, proprietary algorithms (particularly for the purposes of its artificial intelligence technology) as well as complex data processing systems.

The Group may experience failures, interruptions and other disruptions to its information systems and networks, from a wide range of sources, including internal fraud, cyberattacks, viruses, malware and ransomware, data theft or algorithms, or remote electronic intrusions, failures in its electrical or telecommunications infrastructure, or similar events or disturbances.

Disruptions to the Group's IT systems, as well as, to a lesser extent, those of the service providers used by the Group, could seriously disrupt the Group's business and operational activities as well as the administrative management of the Group. Such a situation could also lead to loss of service for customers and create significant constraints and expenses in order to correct security flaws or system damage, particularly if the Group is not able to become aware of these malfunctions from their origin.

In particular, a failure in the remote monitoring and control system (focused on the availability, activity and efficiency of the facility, its management, operational monitoring, health and safety and compliance with environmental laws and regulations) could affect the Group's image and reputation, result in loss of revenue, non-compliance

with contractual obligations and give rise to penalties or damages to be paid by the Group.

In addition, a breach of the Group's IT security protocols or cyber-attacks (phishing attack, intrusion into information systems, etc.) could lead to a personal data breach within the meaning of the applicable regulations or could lead to the theft of sensitive data, exposing the Group to the risk of administrative, criminal or financial sanctions, and a significant loss of confidence in the security of its information systems on the part of customers but also by suppliers and subcontractors.

3.4.2 Risk related to the difficulty of insuring certain risks

In carrying out its activities in the development and operation of projects of hydrogen production facilities, the Group seeks to protect itself, through the use of insurance policies, against damage and incidents that may occur and affect a facility.

The Group may encounter difficulties in securing its assets under acceptable conditions consistent with its risk management policy. In particular:

- with regard to industrial projects, which will be installed near industrial sites, the Group may not be insured against all potential risks and, in the event of a major industrial accident, its liability may exceed the maximum coverage offered by its civil liability insurance; and
- with regard to offshore hydrogen production projects, the Group may encounter difficulties in ensuring adequate assurance due to the novelty and complexity of this type of project (for a description of the Group's offshore hydrogen production projects, refer to paragraph 5.6.4 "A significant advance in the production of green hydrogen via offshore wind" of the Universal Registration Document).

3.4.3 Group liability risk in the event of an accident

The Group's facilities could be the cause of potentially significant accidents. In the event of a malfunction of a production unit, particularly integrated in a larger and complex industrial complex or on a sensitive site or zone, or following a human fault or error, the Group may be held liable due to the resulting bodily injury, material or immaterial damage.

Furthermore, the involvement of several companies (for example, of subcontractors for the construction or of suppliers of electrolyzers or compression solutions) on the same work site or production site exposes the Group to the actions of third parties which could give rise to operating incidents or accidents due, for example, to the clumsiness of a worker on the site, or the penetration of a malicious third party within the work site.

In fact, despite the implementation of procedures to ensure the safety of its facilities and the risk prevention mechanisms put in place by the Group, the occurrence of an operating incident could have a serious impact on the safety of persons and the activity of the Group and of the Group's client on whose site the Group's facility is built. Such a risk could also result in a prolonged interruption of the operation of the production equipment, or the partial or total destruction of the Group's or the customer's facility and lead to serious consequences for the Group's personnel and assets and its customers. If the Group's production units were to be installed in or near highly regulated industrial sites (Seveso-type sites), the Group will be exposed not only to the risks

specific to said site, but any incident on the Group's facility that would have an impact on such sites could have even more serious consequences.

The variety of sectors of activity, geographical areas and working environments in which the Group may evolve will require ongoing vigilance in terms of occupational health and safety. In particular, the activities relating to the construction, installation, operation and maintenance of the Group's facilities are exposed, during the works and installation phases of the facilities, as well as during the operating phase, to risks of misconduct or manipulation likely to cause serious or fatal injuries, the destruction of assets, facilities and equipment, as well as an interruption of operation.

In addition, the occurrence of one of these risks could trigger the initiation of an investigation against the Group, which may result in the need to adopt corrective measures, administrative or criminal penalties and the payment of significant damages, including bodily injury.

3.4.4 Risk of divergence between the supply price of renewable electricity and the sale price of hydrogen

The profitability of a Group project is directly linked to the Group's ability to source renewable electricity at an acceptable cost and to sell the hydrogen that the site produces at a sufficient price to guarantee this profitability.

Renewable electricity purchase agreements for Mobility projects are in principle concluded for a period of 3 to 15 years, at fixed or indexed prices. Contracts for the sale of hydrogen are in principle concluded for a period of 3 to 5 years, at fixed or indexed prices, with or without the possibility of transferring the change in the cost of electricity to the purchaser ("pass through"). Thus, while the Group can initially try to ensure that the price of the electricity it pays is consistent with that of the hydrogen it sells, compared to the expected profitability of the project, this will no longer necessarily be the case when it has to renew its electricity purchase contract. The Group is thus exposed to the volatility of electricity prices, which may result from many factors, including global electricity production, changes in demand, speculation or new regulations.

The Group seeks to reduce this risk: (i) on Mobility projects, by implementing a portfolio of diversified customers for each of the production sites dedicated to mobility for which agreements will be concluded over a period varying in principle from 3 to 5 years (as it is already the case in Bouin), with a renewal of these agreements expected to be staggered over time, (ii) on Industry projects, by backing the project with a main industrial customer who in principle makes a contractual commitment for a 15-year period. By virtue of this positioning, the Group hopes to develop a resilient and highly visible business model, albeit with no guarantee that it will be able to achieve this fully for each project and that it will not be exposed to divergences between the purchase price of renewable electricity and the selling price of hydrogen, which would have a negative impact on the profitability of the relevant projects and (iii) generally by diversifying its electricity supply.

3.4.5 Counterparty risk

Counterparty risk is the risk that a party to a contract with the Group will breach its contractual obligations resulting in a financial loss for the Group.

For its production sites, the Group must supply itself with renewable electricity under supply contracts generally concluded with private counterparties. For the Bouin site, the Group receives its energy in the framework of a supply contract signed with Vendée Energie.

The Group's current and future hydrogen production will be sold under contracts for the sale of hydrogen concluded with public counterparties (States, local authorities, or companies controlled by the States), hydrogen distribution companies, industrialists or other private purchasers.

The financial performance of the Group's facilities depends on the Group's regular performance of their contractual obligations under contracts for the supply of renewable electricity or the sale of hydrogen.

More generally, the Group is exposed to the risk of non-performance by the Group's counterparties of their obligations under contracts for the supply of renewable electricity or the sale of hydrogen and/or late payment by the said counterparties.

3.4.6 Risk related to the operating problems of the Group's production facilities

The Group's economic performance is directly linked to the performance of the Group's facilities. In order to control the performance of these facilities without depending on third parties, the Group manages all the dimensions of their operation (preventive and curative maintenance, day-to-day activities, management of parts stock, etc.). This approach also makes it possible to master the training and skills of stakeholders and contribute to the protection of the Group's know-how. As such, the Group relies on some of its suppliers to carry out part of the maintenance of its facilities, particularly during the first years of operation.

If the Group generally ensures the training and competence of technicians and designs its hydrogen plants to limit as much as possible any technical incident, it remains exposed to the risks inherent in an industrial activity. The operation of these facilities, even when it is controlled remotely, requires occasional human intervention. Their operation may be affected by failures or failure of certain components or equipment, resulting in a decrease in performance, including availability.

Such failures may result in the wear and tear of a component or equipment or the negligence of an employee or subcontractor (human error, lack of maintenance, or even deliberate sabotage). This type of incident or human error could render a facility unavailable for a potentially long period (up to several months in serious cases), and also result in penalties.

Furthermore, any hazard in the performance of a Group plant, in terms of the quantity of hydrogen produced or the quality of the hydrogen produced (i.e. purity), constitutes a risk for the Group resulting in an allocation of additional costs and likely to result in direct economic repercussions.

In addition, any unexpected, prolonged failure, particularly in the event of forced outages or interruptions or unplanned investment expenses, could lead to a decrease in project profitability.

An unscheduled interruption in the operation of the Group's facilities will generally result in an increase in operating costs as well as an inability to honour deliveries, resulting in a reduction in the Group's revenue generated by the sale of reduced quantities of hydrogen. An interruption could also result in the payment of penalties, or even the termination of a contract, and could lead to the early repayment of the financing of the corresponding project.

The risk is currently particularly concentrated at the Bouin site, the Group's only significant production site in operation at the date of the Universal Registration Document. Any prolonged interruption of production at this site would therefore have even more serious consequences.

3.4.7 Key person risk

The Group's success is largely based on the quality and involvement of its management team and in particular its founder and current Chairman and Chief Executive Officer, Matthieu Guesné. In the event of an accident or departure of the Company or a member of its management team, the Company may not be able to replace him promptly or find an adequate replacement, which could affect its operational performance and ability to develop and implement its business plan.

3.4.8 Covid-19 pandemic risk

The context of the Covid-19 pandemic, the World Health Organization's recommendations and government measures in countries around the world to limit the spread of the virus have had an impact on the economy in general and the Group's activities in particular.

The health crisis delayed the construction of the Bouin plant, now in operation, and the progress of some projects under development. The travel restrictions that have made it difficult to prospect and develop business in many countries impacted the Group's activities insofar as the Group was not able, during this period, to identify new geographical areas to develop its network, as such prospecting requires a physical presence.

The pandemic has also resulted in a supply chain crisis and the Group is subject to the risks related to late delivery on its sites, which delay the start of operation. This delays the sale of hydrogen and therefore the recording of revenue, but also impacts, insofar as the costs related to the work site continue to run during this period, the profitability of the project.

To date, no supplementary impact linked to the Covid-19 pandemic has been noted.

3.4.9 Intellectual property risk

The Group has chosen to protect its intellectual property through preventive measures to prevent the leakage or theft of its trade secrets, inventions, know-how, algorithms and via the deposit of Soleau envelopes to date certain concepts and to prove the prior art of the Group's innovation against a competitor which seeks to use these to be proven

[refer to paragraph 5.9.1 “Protection of know-how” of the Universal Registration Document].

This method of protection, less costly than the filing of patents, does not offer the same degree of protection against leaks or thefts, or, above all, against the development of competing intellectual property elements, in parallel and legitimately, by third parties. In this way, the Soleau envelopes do allow infringement or the annulment of a third-party patent. Moreover, the mechanism of Soleau envelopes only works for France, so that the Group is unprotected outside of it. Not only could the Group lose what it considers to be the advantage represented by its intellectual property, but third parties could successfully maintain that the Group’s intellectual property encroaches on their own and therefore prohibit or limit its use by the Group.

3.4.10 Risk related to climate change and extreme weather events

Risks related to climate change or extreme weather events could affect the Group’s facilities and operations. To the extent that climate change causes variations in temperature, wind resources and weather conditions or increases the intensity or frequency of extreme weather events, it may adversely affect the Group’s facilities and operations. In addition, extreme weather events may cause damage to the Group’s facilities or lead to increased downtime or increased operating and maintenance costs.

3.5 Financial risks

3.5.1 Risk related to the need to find future financing for the Group

The Group operates a business that is consumed with capital and requires significant financing and refinancing through the use of equity and external debt.

The Group’s annual cash requirements have so far been assured through tools such as bank borrowing, capital increases, issuance of convertible bonds and conditional grants and advances.

The majority of the Group’s financings are and shall be deployed at the level of project companies (“SPV” or “Special Purpose Vehicle”) or holding companies (HoldCo). The Company itself must also find significant sources of funding, notably in order to finance its upstream project development activities and the equity which it must contribute to the projects. Moreover, these projects take a long time to develop and entail an investment phase which lasts for several months, during which, the income does not allow costs to be covered, notably financing costs.

As at 31 December 2022, the Group’s financial debt amounted to €22.4 million, including €12.2 million in convertible bonds and €3.9 million in bank debt. On the same date, the portion due within one year of financial liabilities was €3.0 million, the portion due in one to five years was €11.5 million, and the portion due in more than five years was €7.9 million [refer to Note 3.8 to the IFRS Financial Statements presented in paragraph 18.1.1 “IFRS consolidated financial statements for the year ended 31 December 2022” of the Universal Registration Document].

The Group could face difficulties in locating the financing necessary for the development of its projects due to factors inherent to the Group, such as its perceived risk, but also external factors, such as the absence of any decline in the green hydrogen

sector, new banking regulations or a drastic reduction in supply of credit. In this respect, although the Group has not to date been refused financing by external financiers, the financing particularities specific to a particular geographic sector could lead to more or less long periods of time to obtain the financing necessary for its development.

In the same way, the Group could witness a downturn in its capacity for obtaining financing for its medium- and long-term projects, if investors who have provided financing for the projects in the past do not guarantee it similar conditions, notably in terms of leverage, maturity or credit costs, to those observed for previous projects. This could lead to an increase in the Group's medium- and long-term financing cost.

The Group's ability to raise additional funds will thus depend on financial and economic conditions, as well as other factors, over which it has no control or limited control.

Furthermore, if a project does not generate enough revenue to repay the various financings obtained, this could lead to the occurrence of an event of default or the activation of security interests by the counterparties.

In addition, the Group cannot guarantee that additional funds will be made available to it when it needs it and, if applicable, that such funds will be available on acceptable terms.

If the necessary funds were not available, the Group may have to limit or postpone the deployment of its production capacities, depriving it of access to new markets, or limiting the development of new projects.

In addition, to the extent that the Company raises capital through the issuance of new shares or other financial instruments that may give entitlement to a share of the Company's capital in the future, the stake held by its shareholders may be diluted. On the date of the Universal Registration Document:

- the Company has issued the "OCA LB2" and "OCA LB2 Bis" convertible bonds described in paragraph 19.1.4 "Securities giving access to the Company's capital" of the Universal Registration Document, the dilutive impact of which of the full conversion cannot be calculated on the date of the Universal Registration Document, to the extent that this will depend on the respective market value of the LB2 and LB2 Bis convertible bonds at the time of their conversion, it nevertheless being recalled that these two bonds are not intended to be converted into shares except in the event of a default;
- the general meeting of 14 April 2022 granted to the Board of Directors several delegations of authority to increase the capital as described in section 19.1.5 "Acquisition rights and/or obligations attached to issued but unpaid capital and commitments to increase capital" of the Universal Registration Document and which have not been used as at the date of the Universal Registration Document.

3.5.2 Risk related to the Group's ability to issue bank guarantees

As part of the development of its projects, the Group is required to request the issuance of bank guarantees that may be required in the calls for tenders, to which the Group responds, or by its counterparties in particular in the context of electricity purchase contracts and contracts for the sale of hydrogen.

The Group may encounter difficulties in obtaining these bank guarantees, particularly due to its stage of development and the uncertainties related to the novelty of the hydrogen sector.

If the Group were unable to obtain the issuance of the bank guarantees it requests, it may not be able to respond to certain calls for tenders, which would adversely affect the Group's development prospects, or not be able to finalise the conclusion of electricity purchase contracts and hydrogen sales contracts, which would have an impact on the Group's financial situation and its earnings.

3.5.3 Interest rate risk on the Group's future financing

As the Group pursues a strategy aimed at developing and operating its assets over the long term, project financing is and will be put in place to finance these assets.

The indebtedness of the Group's project companies will be recognised in the consolidated financial statements of the Company, the results of which may, in the future, be affected by positive or negative interest rate changes, particularly in the current context of rising interest rates.

In addition, if the Group were to choose in the future to enter into variable rate financing without dedicated hedging transforming variable-rate debt into a fixed rate, or if the hedge was not effective, an interest rate increase would result in an increase in financing costs likely to reduce the profitability of the uncovered projects and thus limit the Group's development potential.

3.5.4 Risk related to access to grants and public policy developments

The hydrogen sector is currently favoured by public policies supporting decarbonised energy (refer to paragraph 5.3.3 "Green hydrogen support schemes to compensate for additional production costs compared to grey hydrogen" of the Universal Registration Document). In this respect, at European level, Horizon 2050 plans for an investment ranging from €180 to €470 billion until 2050⁵ and in France, as part of the Recovery Plan and the National Strategy for Decarbonized Hydrogen, public support of €7.2 billion is planned until 2030 (including an additional €1.9 billion announced in November 2021)⁶. All national strategies to support renewable (or even low-carbon in some countries such as France) hydrogen are being reviewed in Europe, in the light of the regulatory provisions that are gradually being adopted at European level.

Furthermore, Ordinance no. 2021-167 of 17 February 2021 on hydrogen (the "**Hydrogen Ordinance**") introduced in France a framework for supporting the production of decarbonised hydrogen targeting in particular the production of renewable hydrogen by

⁵ Les Echos, *The Brussels plan to make hydrogen "take off" in Europe*, 8 July 2020

⁶ National strategy for the development of decarbonised hydrogen in France, Press kit, 8 September 2020

electrolysis of water. This support, for a maximum period of 20 years, shall be evidenced by operating aid or a combination of financial aid for investment and operating aid. The implementing decree has not been published to date. However, the report to the President of the Republic on the Hydrogen Ordinance refers to the establishment of such a support mechanism for renewable or low carbon hydrogen production processes, particularly by water electrolysis. This support mechanism for the production of low-carbon hydrogen should be the subject of a national call for tenders in May 2023.

As at 31 December 2022, the Group obtained a total of €21,438k in grants and €5,850k of repayable advances on which a respective total of €7,262k and €1,609k have already been collected on that date (refer to paragraph 8.1.2(e) “Financing by grants and repayable advances” of the Universal Registration Document summarising the repayable advances and grants obtained).

However, existing public policies could be changed or even reversed, due to a law or a regulatory or administrative regulation which seeks to favour certain traditional sources of energy or alternative renewable energy sources or because of budget constraints entailing a reduction in public funds available for the implementation of such policies which support decarbonised solutions, including hydrogen.

Each country has a different hydrogen-related support policy. The absence of grants or changes in their volume in the countries in which the Group intends to operate could in some cases hinder or reduce the interest of an international development of its activities.

3.5.5 Risk related to financial covenants in project financing

The Group has entered into several financing agreements through the Company or its subsidiaries, the provisions of which may vary or become binding.

Generally, financing contracts could provide for financial covenants to be respected, or a commitment not to distribute dividends in the context of the project concerned.

If a case of non-compliance with a covenant occurs, the Group could in particular be exposed to the early repayment of the project’s debt with an adverse impact on the Group’s ability to obtain financing and the cost of its future financing. In addition, the fact that we or one of our subsidiaries encounters significant financial difficulties could result in the activation of the cross-default clauses in certain financing agreements and thus result in simultaneous defaults on several projects at the project company level. If the Company does not obtain a waiver of lenders or a restructuring agreement on their part, the lenders may be entitled to seize the assets or securities pledged as collateral (including the Group’s interest in the subsidiary that holds the facility).

On 31 December 2022, the Group’s financing agreements did not contain any financial covenants and all the non-financial covenants contained therein were observed by the Group (see paragraph 8.1.2(b) “Convertible debt financing” of the Universal Registration Document). As of the date of the Universal Registration Document, the Group does not anticipate any particular difficulties regarding compliance with the covenants in the coming months. If the Company failed to observe these covenants, however, this could result in a material adverse effect on the Group’s business, financial condition, reputation, results and prospects.

3.5.6 Transfer pricing risk between the different Group entities

As of the date of the Universal Registration Document, the Group is based in several countries (France, Germany, Belgium, the Netherlands, Denmark, Sweden, Finland, Spain, United Kingdom, Canada, etc.) and is thus exposed to potential changes in tax regulations in all the countries in which it operates.

In particular, the Group is working to implement a transfer pricing policy related to the various international subsidiaries, between development companies (DevCos), holding companies (HoldCos), project companies (SPVs) and the Company. This policy will require transparency to the tax authorities regarding the re-invoicing of costs incurred as well as the margins applied. If the Group were to undergo a tax audit leading to a different interpretation of the tax authorities or the introduction of tax reassessment procedures in the event of a proven breach under the intra-group measures in place of transfer pricing, this could not only result in charges associated with tax litigation or possible administrative fines but also a reputational risk in the given jurisdiction.

The impact of these risks could increase the tax burden to which the Group is subject and thus have an adverse effect on the Group's effective tax rate.

3.5.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its cash requirements based on its available resources.

On the date of the Universal Registration Document, considering:

- the Group's cash and cash equivalents at 31 December 2022 amounting to €144.5 million;
- the repayment schedule of its financial debt which totalled €22.4 million on 31 December 2022 (the portion related to rental debts amounting to €3.8 million);
- its firm investment commitments amounting to €47.1 million, described in paragraph 5.10.2 "Investments in progress" of the Universal Registration Document; and
- the anticipated level of activity over the next few months,

the Group has conducted a review of its liquidity risk and considers that it will be able to meet its obligations over the next 12 months. Thus, the Company would be able to meet its commitments in terms of cash requirements.

Beyond the liquidity horizon, the Group will continue to have significant financing needs for the development of its activities. Its ability to generate cash flows equivalent to its needs in the future is not certain (see paragraph 3.5.1 "Risks related to the need to find future financing for the Group" above).

3.6 Internal control and risk management procedures

The internal control system is based on the following main players:

- General Management: the Chairman and Chief Executive Officer is responsible at all levels for managing the internal control system. He is also in charge of the

development, operation and management of internal control systems, and must ensure that these various stages are implemented;

- the Audit Committee is responsible for examining and evaluating, if necessary, internal control procedures, particularly those concerning financial information, thus contributing to the preparation of the Group's consolidated annual financial statements;
- the Administrative and Financial Department defines the Group's accounting rules and methods, the main financial processes, as well as the reporting tools, in order to exercise control over day-to-day activities; and
- the Legal Department is the guarantor of the Group's compliance and steers risk management.

Due to the size of the Group and the proximity of management to the operational staff, the involvement of the General Management and the operational managers is strong and is based on the following key points:

- clearly established areas of responsibility;
- principle of delegation and supervision;
- separation of tasks between authorisation, control, recording and payment functions;
- distinction between operators who initiate transactions and those responsible for validating, monitoring or settling them;
- detection controls at all levels, whether purely financial or more technical (intrusions, computer security, fraud, etc.).

With a view to continuous improvement, the internal control system is continually enriched through organisational changes and the introduction or updating of internal policies and procedures. Since its creation, the Administrative and Financial Department has thus established and implemented various procedures relating in particular to:

- the purchasing process, including all operations from the issuing of the need to the related disbursement;
- the customer invoicing process;
- the management of expense accounts;
- the budget process.

All of these procedures are available and accessible to all of the Company's staff and new employees are made aware of their existence and importance.

In addition, the team is assisted by experts specialised in their field:

- recognised accounting firms in each country where the Group operates, which produce the financial statements of the Group's companies in accordance with local accounting standards and prepare tax returns;

- an accounting firm that produces the consolidated financial statements according to IFRS.

4 INFORMATION ABOUT THE ISSUER

4.1 Company's corporate name and trade name

The Company's corporate name is: "Lhyfe".

The Company's business name is: "Lhyfe".

4.2 Place and registration number of the Company and legal entity identifier (LEI)

The Company is registered in the Nantes Trade and Companies Register under number 850 415 290.

The Company's legal entity identifier (LEI) is 969500RTYSRSTZAJCG7.

4.3 Date of incorporation and term of the Company

The Company was incorporated on 10 April 2019 for a term of 99 years from its registration with the Trade and Companies Register, that is until 28 April 2118, unless it is extended or wound up early.

4.4 Registered office of the Company, legal form, laws governing its activities

On the date of the Universal Registration Document, the Company is incorporated in the form of a *société anonyme* (public limited company) governed by French law. The Company was incorporated in the form of a *société par actions simplifiée* (simplified joint-stock company), then transformed into a *société anonyme à conseil d'administration* (limited liability company with a Board of Directors) by unanimous decision of the shareholders dated 3 March 2022.

The registered office of the Company is located at 1 ter mail Pablo Picasso, 44000 Nantes, France.

Its branches (secondary establishments) are located:

- 17 rue Laponneraye, 37000 Tours, France ;
- 32 rue du Champ du Pardon, 76000 Rouen, France.

The Company's contact details are as follows:

Telephone: +33 (0)2 21 65 01 11

Email: contact@lhyfe.com

Internet site: www.lhyfe.com

It is specified that the information on the Company's website does not form part of the Universal Registration Document.

5 BUSINESS OVERVIEW

5.1 General presentation

Hydrogen is in the process of becoming one of the pillars of the ecological transition, but it can only be a major pillar if it is completely decarbonised, given that 98% of hydrogen consumed to date is produced from fossil energy (mainly “grey” hydrogen).

Lhyfe intends to be the key player in this necessary evolution of the sector thanks to proven know-how in the field of the production of a green hydrogen, based on the water electrolysis process. The “green” character results from an electrolysis made from electricity from a renewable energy source through, where possible, a direct (off-grid) connection of the electrolyser to the renewable energy source.

Started as a project in 2017 by Matthieu Guesné, director of the CEA (*Commissariat à l'énergie atomique et aux énergies alternatives*) Tech Pays de la Loire and Brittany at the time, which took shape with the creation of the Company in April 2019, the Group is a producer of green hydrogen which commissioned its first operational industrial site in the last quarter 2021 and thus made its first deliveries of green hydrogen. Located in Bouin (Vendée), this unique site in the world, conceived in less than 2 years, has a current production capacity of up to 300 kg/day which, thanks to a modular structure that can be adapted easily to increasing demand, will be increased to 1 tonne/day early 2024.

The Group addresses two priority markets, which are among the largest emitters of greenhouse gases: (i) the heavy mobility sector (trucks, buses, trains and in the long term, maritime and air transport) as well as (ii) the industry sector, among which chemistry (production of ammonia, methanol, etc.), steel production and glass production are priority targets. For the mobility sector, Lhyfe intends to develop a coverage of the territory with decentralised onshore production sites intended to address a user catchment area located within a radius of 100 to 200 km, distance from which the cost of transporting hydrogen could limit the competitiveness of this energy. For the industry, the Group plans to set up production units directly at the industrial client's site concerned. The industrial client will be the main customer of the site but the Group plans to oversize the equipment to supply other nearby mobility uses. Finally, the Group also plans to position certain units at locations chosen for their proximity to the future European hydrogen backbone, thus enabling it to address a multiplicity of varied customers, delivered through these infrastructures once deployed.

The Group operates on an integrated develop, build, own and operate model, mastering the necessary skills for each of the underlying activities (development, design, marketing, maintenance and operation) ensuring it full control of each of these stages, from prospecting to the delivery of green hydrogen to end customers. The Group thus aims at having control over all of its production sites. This positioning should enable it to develop a resilient and highly visible business model, based exclusively on the sale of green hydrogen through (i) a portfolio of diversified customers for each of the production sites dedicated to mobility, for which the agreements will be concluded over a period varying in principle from 3 to 5 years (as is already the case in Bouin), with a renewal of these contracts, expected in staggered fashion over time and (ii) a main

industrial customer for the projects dedicated to industrial sites and for which the customer will contractually commit in principle for a 15-year period.

The Group's profile is thus fairly close to that of independent power producers (IPP) of renewable energy, but in the field of green hydrogen production.

Each of the projects is held in a dedicated company (special purpose vehicle or SPV), which carries the contracts for the sale of green hydrogen and the supply of renewable energy and financed, as the case may be, by equity companies with various sources of financing (equity, quasi-equity, bank debt and/or bond debt, grants, etc.).

At the heart of the hydrogen ecosystem, Lhyfe collaborates with renewable energy producers, equipment suppliers for site equipment (electrolyser manufacturers such as NEL and Plug Power, compressors manufacturers, etc.) and use-oriented partners (refuelling stations for example), private and public clients (local communities), funders of any kind as well as with many actors in the context of collaborative projects or partnerships relating to research & development (R&D) projects (*Commissariat à l'énergie atomique et aux énergies alternatives* (CEA), *Ecole Centrale de Nantes*, etc.).

The Group is currently deploying several 5 to 10 MW sites based on the Bouin model by 2023/2024, but is also preparing for future challenges. These will indeed require units on a much larger scale with projects totalling several tens of megawatts by 2024/2025 and several hundred megawatts by 2026, it being recalled that at present, the largest hydrogen electrolysis production site in the world, located in Canada, has a capacity of 20 MW.

The achievement of these objectives rests on the expertise gained with the launch of the Bouin site (operational since the end of 2021), a high-quality commercial pipeline (described in Section 10.1 "Commercial pipeline of Group projects" of the Universal Registration Document), and a research and development program aimed at developing technical solutions for mass and low-cost production of green hydrogen (detailed in Section 5.6 "Operational and Technical Excellence" below).

The R&D programs conducted by the Group's engineering team focus on the design of onshore production sites of dozens of megawatts and a green offshore hydrogen production site. The latter represents a unique opportunity by connecting to cheaper offshore renewable energy sources and with a particularly attractive load factor. The development of offshore would provide an adequate solution to other issues:

- encourage the development of wind power thanks to controlling the costs connections to the shore. Indeed, a pipeline to bring the energy onshore in the form of hydrogen rather than electricity costs almost three times less than an electric power cable. This cost containment makes it possible to significantly expand the usable areas by considering moving the wind farms away from the shores, which will also improve their social acceptability;
- not to aggravate the inadequacies of onshore network infrastructure, often undersized to absorb the power peaks associated with wind turbines leading the operators to erasure measures; and

- avoid dismantling costs of some existing (oil/gas) platforms by offering them new use.

Since 2020, the Group has been conducting various projects, one of which led to the inauguration of the world's first floating electrolyser in September 2022. It will enter the test phase in real conditions on the offshore site of the *Ecole Centrale de Nantes*, off the coast of Le Croisic (France) by May 2023. In parallel, the Group conducted several projects with offshore infrastructure specialists to develop offshore production solutions from floating wind turbines, topsides or existing platforms to be reconverted.

With proven onshore expertise and a unique experience curve for offshore production, the Group is ideally positioned to exploit booming demand for green hydrogen to the maximum. The pace of demand for green hydrogen is expected to accelerate sharply to nearly 530 million tonnes per year by 2050, nearly six times the demand observed in 2020. These growth expectations are supported by several convergent factors:

- a new target of 40% renewable energy by 2030 within the European Union;
- the explosion of the demand for non-fossil energy, which promotes the plans for decarbonisation of large emitters;
- strong public support through many investment programmes in “zero-carbon” projects;
- the willingness of the territories to regain autonomy on energy issues;
- lower costs of renewable electricity and electrolysers;
- the multiplication of very large-scale projects in terms of electrolysis capacity; and more generally
- increasing interest in projects with a positive impact on the environment.

The Group's technical and commercial skills have enabled it to become a significant player in the sector, despite its relatively short existence (approximately three years). In this way, as at 31 December 2022, the Group's commercial pipeline (described in Section 10.1 “Commercial pipeline of Group projects” of the Universal Registration Document) represents a total installed production capacity of 9.8 GW. Among the commercial pipeline projects, several projects representing a total of 24 MW are in the “Construction” phase as at the date of the Universal Registration Document (see paragraph 5.4.4(b) “Projects in “Construction” phase” below).

On the basis of its commercial pipeline, the Group aims to achieve:

- (i) total installed capacity of at least 55 MW by the end of 2024; and
- (ii) for the financial year 2026, consolidated revenues of around €200 million, and Group EBITDA at breakeven, based on an installed capacity of 200 MW.

The Group's objectives are detailed in Section 10.2 “Objectives” of the Universal Registration Document.

5.2 Lhyfe, a very well positioned player to implement an ambitious strategy

5.2.1 A fast-growing and very open market

- **A market that is expected to grow strongly to move from an experimentation phase to a mass production phase around 2025:** In view of the effects of greenhouse gases on the climate, the reduction of carbon dioxide (CO₂) emissions has become an essential necessity. To achieve the “zero emission” objective by 2050 that many states have set themselves around the world, the use of hydrogen of all types should be heavily developed in existing uses, particularly industrial uses, but also in new uses in heavy industry, heavy road transport, navigation and aviation. So-called “green” hydrogen, produced from renewable electricity, has a dual advantage of not emitting CO₂, either during its production or when it is used, which makes it an essential element of decarbonisation policies. In a “zero emission” scenario, global demand for green hydrogen would multiply by almost six compared to 2020, to reach 530 million tonnes by 2050, with half of this demand being destined for industry and transport. The market, today limited, is expected to reach a critical size around 2025, with the expected commissioning of several production sites reaching about one hundred megawatts.
- **A market based on several technologies, but where water electrolysis, itself evolving, seems to be the one that will dominate:** The global demand for hydrogen in 2020 was almost entirely met by the so-called “grey” hydrogen from fossil fuels produced by natural gas steam reforming, by gasification of coal or co-produced from hydrocarbons. Technological options for producing low-carbon hydrogen currently represent a very small part of global production: the steam reforming of natural gas but whose CO₂ emitted during its production is captured, then reused or stored (so-called “blue” hydrogen), or the electrolysis of water (so-called “green” hydrogen only if the electricity used is renewable). In the zero-emission scenario, the hierarchy of technological options would reverse, and electrolysis could represent 60% of global production in 2050. Among low-carbon hydrogen production technologies, electrolysis technologies are much more advanced than carbon capture technologies. Today there are three main technologies for water electrolysis (alkaline electrolyzers, proton exchange membrane (PEM) electrolyzers and pressurised alkaline electrolyzers), but others are in development and could further broaden the possibilities offered by this technique.
- **A multiplicity of applications and buyers:** Green hydrogen would allow the decarbonisation of existing applications, but also to meet new needs. Hydrogen is already massively used in industrial applications, specifically for the refining of petroleum products and for the production of ammonia and fertilizers. The rest of industrial applications mainly concern the chemicals sector and the production of steel, glass and electronic components. In the mobility sector, hydrogen use is still limited, but the most important uses are expected to be in heavy mobility (trucks, buses, trains and, in the long term, maritime and air transport).

5.2.2 Lhyfe believes that it is very well positioned to take advantage of this opening

Today Lhyfe has an ideal position to make the most of a market ready to roll out on a large scale.

- **A first onshore green hydrogen production site already operational:** Lhyfe has demonstrated its know-how with the design and construction of a first green hydrogen production site with a current capacity of 750 kW (approximately 300 kg hydrogen/day) from an electrolysis process using 100% renewable energy thanks to a direct connection to a wind farm and a seawater supply followed by a purification step. The site, inaugurated in September 2021 in Bouin (Vendée), slightly less than two years after the recruitment of the Group's first employees, entered the operating phase and made first deliveries to public and private customers in the mobility sector in the last quarter 2021.
- **A modular approach allowing a scale-up of the first projects:** On the one hand, the Group develops sites whose modular structure facilitates their scale-up as and when requested. A first level of capacity is installed but the site can then host additional electrolyzers contributing to increasing the power initially installed and improving the site's profitability. On the other hand, the hydrogen production solution developed by the Group on its Bouin site is replicated on a higher scale at the Group's future production sites, initially by putting several electrolyzers into a network (cluster), then by grouping together several clusters per site. Thanks to this approach, the Group can already propose switching to a massive production of 100% green hydrogen.
- **An agnostic approach to technology allowing a perfect match between technology and project, and enabling the Group to take advantage of the production reductions costs caused by technological advances:** The Group can produce green hydrogen from each of the three main types of electrolyzers present on the market (alkaline, pressurised alkaline and PEM – Proton Exchange Membrane) which has many advantages: (i) provide the most appropriate response to the needs of its customers, (ii) take advantage of the lower costs related to technological advances made to each type of equipment and (iii) be able to adapt in case of supply difficulties on either of the technologies.
- **A business model with a clear outlook:** The business model is based on the sale of green hydrogen from sites where the Group remains, to the extent possible, the owner in full or at least in majority. While this model is particularly capital-intensive, it offers the advantage of a clear visibility, once the facility has become operational. For each mobility project, the project will be backed by a diversified portfolio of customers (as is already the case in Bouin). Revenues from these sites will be secured by contractual commitments from customers over a period varying in principle from 3 to 5 years, the renewal of which shall be staggered over time, thus preventing the risk of sudden and significant loss of revenue. Each industrial project shall be dedicated to a main industrial customer. Notably on account of the hydrogen production facility being installed on its site, the customer's commitment shall in principle be for a contractual period of 15 years. In this way, based on its business model, the Group will be able to secure its cash flows over the long term.
- **Perfect control of the value chain thanks to an integrated model:** The Group's know-how covers the entire value chain ranging from the development phases (sourcing,

financing and permits/authorisations), construction (Front-End Engineering Design or FEED / Engineering, procurement and construction or EPC), operation of sites (production and maintenance) and to the marketing of green hydrogen (sales and deliveries). The Group therefore has its own team of engineers mastering, from engineering to operation, all the components of the production units (electrolysers, compressors, purification units, software, measurements). This integration choice allows it to capitalise on the experience curve acquired from each project to accelerate and optimise the deployment of the following ones.

- **Full supervision of the value chain by proprietary software tools:** The software expertise of the R&D team has led to the development of a unique proprietary software suite in the world for full digital supervision of the value chain. This IT architecture, which puts data at the heart of the industrial process, aims at smooth, efficient and cost-effective execution of operations by intervening at all stages:
 - from the first phase of development (Qualify software), design of a virtual site which takes the nearby source of renewable energy into account, its output and its intermittent character defines the production potential according to the choice of electrolyser and establishes a production stress test compared to the demand potential attached to the user catchment area identified within a radius of 100 to 200 km;
 - implementation of a control system (HMS – Hydrogen Management System) ensuring optimal coordination between the components and calculating and controlling the operating points, thus ensuring minimised energy consumption;
 - aggregation and monitoring of data from all sites in order to refine their performance (MoM – Multi-site aggregation); and
 - at the end of the chain, programming and optimization of the production of green hydrogen (Loghystics software) based on customer consumption profiles to establish forecast models, by ultimately feeding artificial intelligence algorithms with this data.
- **Business development targeting two key sectors, heavy mobility and industry:** Lhyfe has chosen to address in particular the mobility and industry sectors, particularly emitting greenhouse gases. In the mobility sector, the Group mainly targets heavy mobility and in particular captive fleets: buses, trucks or trains, for which the electricity should not be able to impose itself significantly given multiple constraints. Industrial targets are concentrated around chemical sectors (methanol, ammonia, etc.), steel and glass. For some customers, the challenge will be to adopt hydrogen as a new source of energy, while for others, as is the case with chemicals where the use of hydrogen is already acquired, the challenge will be to substitute grey hydrogen currently produced from fossil fuels with green hydrogen.
- **An international business development team to be among the first to respond to calls to tender in France and abroad:** At end 2022, the Group has a sales team of

43 employees and consultants, experienced and spread across 10 countries, who are among the best in the industry. The strength of this team is based on:

- a simultaneous approach consisting, on the one hand, of identifying and analysing potential sources of energy through a connection to a renewable energy source (wind, solar, hydroelectric, etc.) and with nearby user catchment areas and on the other hand, approaching potential customers within the identified catchment area;
 - the support of a particularly powerful and relevant digital tool for the design of virtual sites adapted to each situation (Qualify software); and
 - the ability to rely on its own team of engineers covering the entire technical development of a project and on proven and operational know-how.
- **A substantial international commercial pipeline, ahead of its competitors for the 2026 inflection point:** To date, the efficiency of the commercial team has led to the constitution of a significant commercial pipeline of projects, representing a total installed generation capacity of 9.8 GW as at 31 December 2022, throughout Europe (France, Germany, Denmark, Sweden, Portugal, etc.), including emblematic projects such as the construction of the largest electrolysis production site ever built, with a capacity of 100 MW, in Denmark, almost five times larger than the largest site currently in operation (20 MW operated by Air Liquide in Canada), or the supply of green hydrogen to the future hydrogen train to be operated by the Deutsche Bahn. The Group has the objective of achieving: (i) total installed capacity of at least 55 MW by the end of 2024 and (ii) for the financial year 2026, consolidated revenues of around €200 million, and Group EBITDA at break-even, based on an installed capacity of 200 MW. The Group's objectives are detailed in Section 10.2 "Objectives" of the Universal Registration Document.
 - **A major advance in offshore wind power with the entry into the test phase of the first floating electrolyser in the world in September 2022:** The Bouin site is an onshore proof of a concept of future offshore hydrogen production projects. From its inception, the Group's medium-term objective was to combine these two types of production considering that offshore is the most relevant response to massive and competitive green hydrogen production given the availability of raw materials in considerable quantities (wind with a high load factor, seawater). A research programme initiated in 2019 led to the entry into the test phase under real conditions of the first floating electrolyser in the world directly connected to a floating wind turbine in September 2022. The Group has also launched various research programmes with leading partners to develop different offshore hydrogen production solutions.
 - **Collaboration agreements with leading OEMs:** The Group's success is also based on its presence at the heart of the hydrogen ecosystem. The Group thus seeks to establish collaboration agreements with key equipment suppliers for the production process of green hydrogen, such as electrolysers, compressors or containers.

5.2.3 Strategy: fast and massive deployment of green hydrogen production sites

In order to assert itself as a major player in the decarbonisation of the heavy mobility and industry sectors and to become an independent European leader in the green hydrogen production market, the Group is developing a three-axis strategy to best capture all market opportunities, whose number and size will continue to grow, by providing an appropriate response to the customer's expectations.

- **Deploy onshore green hydrogen production sites across Europe whose installed capacities are expected to grow**

Reaching European leadership requires increasing the sites' capacity. To this end, the Group is committed to a structured and gradual approach to develop units of up to several hundred megawatts.

The degree of maturity of the industry and, in particular, its equipment manufacturers (electrolysers, compressors, etc.) requires such approach.

After having identified various regulatory and technical issues (software, sourcing and control of equipment, connection to a renewable energy source, water purification stage, etc.) to design the first unit with a capacity of 750 kW, the Group considers that it is able to ensure the ramp-up of its installations, first via a cluster of electrolysers (network of several electrolysers) then via the networking of several clusters. The Group considers its industrial strategy in three successive stages based on the larger-scale replication of its first unit ("scalability"), thus addressing both the technical challenges arising from the increase in the size of the units and the investment schedule of its future clients:

- 2022/2023: deployment of 5 to 10 MW sites based on a single electrolyser;
- 2024/2025: deployment of 20 to 100 MW based on a cluster of electrolysers;
- beyond 2025: deployment of sites of several hundred megawatts based on several clusters of electrolysers.

The Group is focusing on the continuous enrichment of its production software tool, feeding on data from the Group's production sites in order to continue to optimise site yields.

- **Becoming the first player in the world to have offshore sites necessary for massive production of green hydrogen**

Replacing the use of fossil fuels with green hydrogen needs to be able to produce it massively, which requires very large quantities of renewable electricity. Only wind power has sufficient international potential, and more specifically offshore wind power, which offers a particularly attractive load factor. In this way, the potential availability of wind energy in the North Sea alone represents 11 times European needs. On a global scale, offshore wind potential covers European needs by a factor of 18.

Therefore the Group considers the development of offshore green hydrogen production as the most suitable solution to meet exponential growth demand by 2030 while helping to remove various obstacles. It should allow to:

- take advantage of a particularly attractive energy source that should contribute to lowering the production cost of green hydrogen;
- set up a framework to accelerate renewable marine energies by helping to control connection costs (the transport of hydrogen onshore via a gas pipeline costs approximately three times less than an electrical connection, which is a real lever for profitability) and to enhance the attractiveness of areas that are currently difficult to use due to limited connections to the power grid calling into question the profitability of projects;
- project infrastructure for onshore networks that are already experiencing interconnection problems with wind farms, provided their limited capacity to absorb power peaks from offshore wind turbines, which requires some operators to take load management measures. Connecting a green hydrogen production unit to these fields should allow to avoid even temporary shut-downs and thus ensure better profitability;
- reconverting offshore oil and gas infrastructure. Indeed, hundreds of platforms in the North Sea will have to be stopped within the next ten years. Reconverting them to produce green hydrogen is possible and today represents a more interesting economic opportunity compared to their dismantling. For example, the dismantling of platforms in the UK will result in a cost of £16.6 billion over the next ten years.

In order to provide the most relevant response to this new challenge, Lhyfe has engaged in a major research program built in an incremental manner and whose base is the Bouin site. From this production unit built onshore and replicable offshore, and whose onshore operational efficiency is demonstrated, two additional stages were carried out as part of collaborative projects with offshore specialists in order to accelerate the skill acquisition curve and be the first player in the world to have a combined “field” experience of production of green hydrogen onshore and offshore, namely:

- The design of the first floating electrolyser in the world as part of the project called “SEM-REV” inaugurated in September 2022 in the Saint-Nazaire port. This project will lead to the entry into the test phase under real conditions of this electrolyser connected to a floating wind turbine by May 2023.
- The definition of offshore sites concepts through an ecosystem of collaborative projects to develop sites either connected to a floating wind turbine, or integrated into pre-existing platforms or integrated into new ad hoc platforms.

The Group envisages additional installed offshore capacity of 3 GW by 2030-2035.

With a substantial advance on other players, Lhyfe has a real feedback in the field of offshore green hydrogen production. This dual expertise (onshore and offshore) should be a key asset for future tenders in France and abroad, such as in Germany, Denmark and the Netherlands.

5.3 Market overview: decarbonise the industry and mobility with green hydrogen

5.3.1 Green hydrogen: a pillar of decarbonisation

Greenhouse gases are natural gases in the Earth's atmosphere imprisoning the sun's rays and thus stabilising the temperature on the surface of the planet at a reasonable level. Since the nineteenth century, the concentration of greenhouse gases in the atmosphere has been steadily rising, largely caused by CO₂ or methane emissions.

The accumulation of greenhouse gases, which mainly originate from human activities, leads to climate change that is manifested by intensification of extreme climatic phenomena: heavy droughts with fires, cyclones, rising sea levels, falling agricultural yields, extinction of species, etc.

International CO₂ reduction commitments

In view of the effects of greenhouse gases on the climate, the reduction of CO₂ emissions has become an essential necessity.

The COP21⁷ organised in 2015 set the maximum threshold for global warming at +2°C by 2100 compared to the pre-industrial era in order to limit climate change. This objective was reaffirmed at COP26⁸ in 2021. To limit global warming to +2°C by 2100, the Intergovernmental Panel on Climate Change (IPCC) underlines the need to lower global CO₂ emissions by 25% by 2030 and make them null by 2070⁹. To date, 93 countries have adopted zero-emission targets and 55 countries have established carbon trading systems¹⁰.

At European level, the European Commission presented in 2019 the Green Deal Pact, which is a roadmap to make the European Union climate neutral by 2050. In 2021, the Commission released a climate package with the objective of transforming the ambition of carbon neutrality into concrete political action, with the aim of reducing EU CO₂ emissions by 55% by 2030 compared to 1990 levels. In France, the French law no. 2015-992 of 17 August 2015 on the energy transition for green growth introduced the National Low Carbon Strategy (SNBC), which is France's roadmap to combat climate change. This law, revised in 2020, now targets carbon neutrality in 2050.

The central place of hydrogen in the energy transition

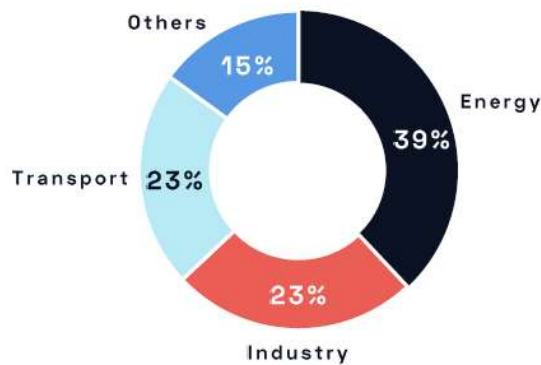
In 2018, global and sector CO₂ emissions were divided as follows:

⁷ International Climate Conference in Paris in 2015 with States engaged since 1992 by the United Nations Framework Convention on Climate Change (UNFCCC)

⁸ International Climate Conference held in Glasgow in 2021

⁹ Special report of the IPCC on the consequences of global warming of 1.5°C compared to pre-industrial levels and associated trajectories of global greenhouse gas emissions, in the context of strengthening the global response to climate change, sustainable development and the fight against poverty, 2019

¹⁰ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021



Percentage of CO₂ emissions worldwide by sector in 2018¹¹

Hydrogen will play a central role in the energy transition by intervening in two of the most CO₂ emitting sectors after the production of energy itself, industry (23% of emissions) and transport (also 23% of emissions):

- in the industry, hydrogen is directly used for its chemical characteristics in the production of hydrocarbons, ammonia, chemicals and methanol. It is also used as fuel for the production of steel, glass and electronic components. The challenge here is to replace hydrogen produced according to traditional methods, which emit a lot of CO₂, with hydrogen produced from renewable resources – essentially electricity;
- in transport, hydrogen is used directly in a fuel cell, to power an electric motor, on a truck, train, ship, car, etc.

- Hydrogen properties

Hydrogen or dihydrogen (H₂) is an invisible and odourless gas. Of all chemical elements, it is the lightest and most abundant in the universe. On Earth, hydrogen is rarely present in the pure state, but it is part of the composition of water and hydrocarbons. Its use does not emit CO₂ – just water and oxygen, and therefore it bears a zero-carbon footprint.

Hydrogen has a mass density of energy two to three times higher than oil. In other words, 1 kg of hydrogen contains as much energy as 3 kg of oil. The characteristic of hydrogen is a very low density at atmospheric pressure. Even with 350 bars pressurised storage, the hydrogen molecule remains in gaseous form and therefore its size is still 13 times larger than that of petrol¹².

After having been produced, hydrogen therefore requires processing in order to be able to be stored in a reasonable volume:

- either by compressing it at 700 bars: 7 litres of hydrogen can then contain as much energy as 1 litre of petrol;

¹¹ International Energy Agency, *The role of CCUS in low-carbon power systems*, July 2020

¹² Union Française de l'Électricité, France at the forefront of the fight against global warming thanks to its decarbonised hydrogen, November 2021

- or by liquefying it at a temperature of -253°C to further compress it: 4 litres of liquid hydrogen then equivalent to 1 litre of petrol¹³; this liquefaction process consuming more energy than the compression with a consumption of between 8 and 12 kWh per kg of hydrogen.
- Hydrogen production

The production modes of hydrogen differ and lead to a different name of the product:

Type of hydrogen	Production method	Estimate ¹⁴ of CO ₂ emissions for the production of 1 kg of hydrogen ¹⁵
"Grey" hydrogen	From fossil energy, by natural gas steam reforming, by gasification of coal or co-produced from hydrocarbons	9.2 to 11.1 kg
"Blue" hydrogen	From fossil energy, by natural gas steam reforming but whose CO ₂ emitted from its production is captured, then reused or stored	1.2 to 3.9 kg
"Green" hydrogen: hydrogen produced from renewable energy sources	Essentially by water electrolysis ¹⁶	0.3 to 1.0 kg

It should be noted that within the "green" hydrogen, it is possible to distinguish hydrogen produced from renewable electricity directly extracted from a wind or solar farm from hydrogen produced from electricity sourced from the grid, but guaranteed renewable thanks to certificates of origin obtained from the electricity vendor. Furthermore, within the framework of the European taxonomy, the question arises of the status of hydrogen produced from nuclear energy (see Chapter 9 "Regulatory Environment" of the Universal Registration Document).

So-called "green" hydrogen thus offers a dual advantage of emitting a negligible quantity of CO₂ during its production and use, making it an essential element of decarbonisation policies. By 2050, green hydrogen could thus permit to avoid 80 gigatonnes (Gt) of cumulative emissions of CO₂¹⁷.

A very high expected increase in demand and production of green hydrogen

Global hydrogen demand was approximately 90 megatonnes (Mt) in 2020, a 50% growth since the start of the millennium. Almost all this demand comes from refining and industrial uses¹⁸.

¹³ Union Française de l'Electricité, France at the forefront of the fight against global warming thanks to its decarbonised hydrogen, November 2021

¹⁴ Estimates by 2030. It should be noted that CO₂ capture technologies for the production of "blue" hydrogen are still under development

¹⁵ Hydrogen Council, *Hydrogen decarbonisation pathways – Potential Supply Scenarios*, January 2021

¹⁶ Electrochemical process that uses electricity to separate hydrogen from oxygen in the water molecule (H₂O).

¹⁷ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

¹⁸ International Energy Agency, *Global Hydrogen Review*, October 2021

In order to achieve the “zero emission” objective by 2050, the use of hydrogen should develop heavily in existing uses, but also in new uses in heavy industry, heavy road transport, navigation and aviation.

In a “zero emission” scenario, the demand for green hydrogen would multiply by almost six compared to 2020 to reach 530 Mt by 2050, half of this demand being destined for industry and transport. China, followed by Europe and North America, will be the largest hydrogen markets in 2050, together representing approximately 60% of global demand.



Expected increase in global hydrogen demand (in millions of tonnes per year)¹⁹

The global demand of 90 Mt of hydrogen in 2020 was almost entirely met by hydrogen from fossil fuels, with 72 Mt (79%) from specialised hydrogen production plants, the remainder (21%) being hydrogen produced from facilities designed primarily for other products, mainly refineries²⁰. Technological options for producing low-carbon hydrogen represent only a very small share of global production (30 kilotonnes (kt) in 2020)²¹. In the zero-emission scenario, the technology options hierarchy would reverse, with the electrolysis representing 60% of global production (with 3,600 GW installed capacity) compared to 36% for fossil fuels (with carbon capture) in 2050²².

This explosion in the use of electrolysis is made possible thanks to technological developments.

Water electrolysis represented approximately 0.03% of hydrogen production for energy and chemicals in 2020. For global production capacities of 290 MW in 2020, more than 40% were located in Europe, followed by Canada (9%) and China (8%), and the rest dispersed in other countries of the world²³.

The main technologies used today are: alkaline electrolysis, pressurised alkaline electrolysis, PEM electrolysis for “proton exchange membrane”, SOEC electrolysis for “solid oxide electrolysis cells” and AEM electrolysis for “anion exchange membranes”.

¹⁹ International Energy Agency, *Global Hydrogen Review*, October 2021

²⁰ International Energy Agency, *Global Hydrogen Review*, October 2021

²¹ International Energy Agency, *Global Hydrogen Review*, October 2021

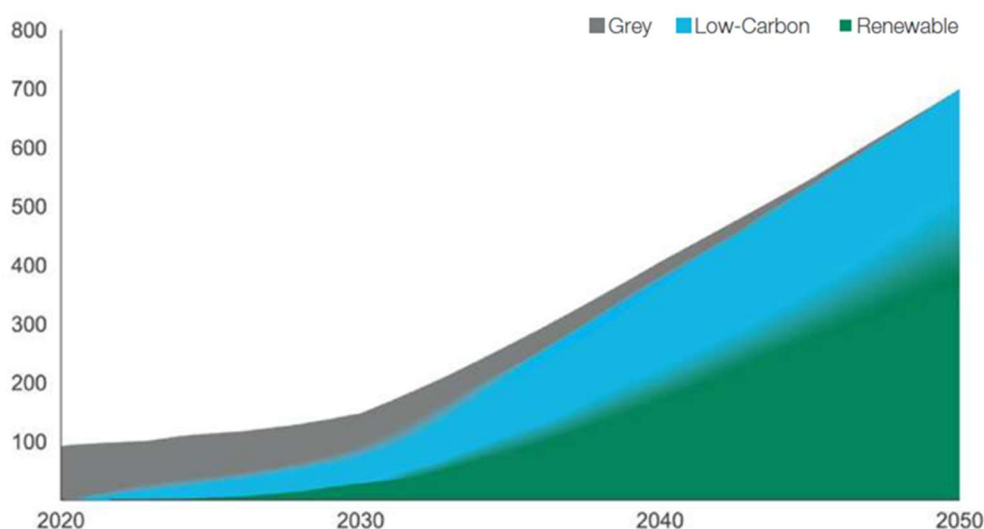
²² International Energy Agency, *Global Hydrogen Review*, October 2021

²³ International Energy Agency, *Global Hydrogen Review*, October 2021

The alkaline electrolysis, which is the traditional technology, dominates, with 61% of the capacities in 2020, followed by the PEM electrolysis, with 31%²⁴.

With regard to electrolyser technologies, Lhyfe is agnostic and uses the most suitable technology for each project (see paragraph 5.6.2 “A modular and agnostic approach to green hydrogen production technologies” below).

In addition, the bulk of hydrogen production in 2050 should be “green”, that is to say, produced by electrolysis of water from renewable electricity: green hydrogen would represent 60 to 80% of the supply, that is, 400 to 550 Mt. (i.e. a year of hydrogen production by production units of 3,490 GW).



Expected increase in global renewable (“green”) hydrogen production (as a percentage of millions of tonnes of hydrogen)²⁵

5.3.2 Green hydrogen at the heart of national decarbonisation strategies

An increasing number of countries are drawing up plans to use the decarbonisation potential of hydrogen: 39 countries have already developed strategies for hydrogen supported by public authorities, including the European Union and 12 other countries outside the European Union²⁶.

The European Union adopted a hydrogen strategy announced in July 2021²⁷, which aims to realize the potential of hydrogen through investment, regulation, market creation, research and innovation. The European Union’s priority is to develop renewable hydrogen mainly from wind and solar energy. It sets a number of objectives, including that of achieving a capacity of at least 40 GW of electrolyzers for renewable hydrogen production by 2030.

²⁴ International Energy Agency, *Global Hydrogen Review*, October 2021

²⁵ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

²⁶ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

²⁷ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *A hydrogen strategy for a climate-neutral Europe*, 8 July 2021

In the context of Russia's invasion of Ukraine, the European Union also presented its REPowerEU plan in March 2022, which aims to make Europe independent of Russian fossil fuels well before 2030²⁸. This plan constitutes a genuine accelerator for the hydrogen sector: it provides for an additional volume of 15 Mt of renewable hydrogen produced per year by 2030, in addition to the 5.6 Mt provided for in the context of the "Fit for 55" package. This volume would consist of an additional 10 Mt of hydrogen imported from various sources and an additional 5 Mt of hydrogen produced in Europe. This plan includes in particular a Hydrogen Accelerator initiative which brings together various measures dedicated to the support needed to the emergence of the new renewable hydrogen market in Europe, including the following measures Acceleration of the implementation of the Hydrogen "Important Projects of Common European Interest" (IPCEI), increase of the budgets dedicated to hydrogen in the framework of the Innovation Fund (whose budget is based on the revenues of the European Union Emission Trading Scheme, estimated at €38 billion until 2030), creation of a European Hydrogen Bank with the launch of the first auctions in the second half of 2023, support for the deployment of the first "Hydrogen Valleys" in the framework of the Clean Hydrogen Partnership between 2023 and 2025 and the creation of the foundations of the future pan-European hydrogen infrastructure with the implementation of the first Projects of Common Interest in the energy sector entirely dedicated to hydrogen, according to the revised version of the European energy infrastructure regulation adopted in June 2022 (TEN-E regulation)²⁹.

By the end of 2022, in addition to the European Union, 25 countries had announced a national hydrogen strategy, and more than 20 others had announced that they were preparing one. These national strategies represent an overall target of 145-190 GW of electrolysis capacity by 2030, up from 74 GW at the end of 2021³⁰.

5.3.3 Green hydrogen support schemes to compensate for additional production costs compared to grey hydrogen

The national strategies described above are massively supported by public investment and various support mechanisms.

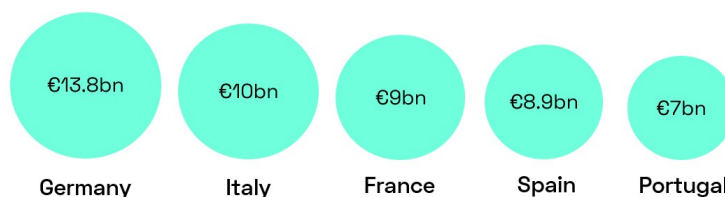
²⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *REPowerEU: Joint European Action for more affordable, secure and sustainable energy*, 8 March 2022

²⁹ Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No 347/2013

³⁰ International Energy Agency, *Global Hydrogen Review 2022*, September 2022

- Public investments

Many European countries have announced multi-billion euro investment plans:



Amounts of public investment plans in the renewable hydrogen³¹

At the beginning of 2023, all these targets and the corresponding national hydrogen strategies are being updated following the adoption of the RePowerEU plan in 2022, the recent announcement of the Industrial Green Deal and the adoption of the Net Zero Act, and the progressive adoption of the set of concrete measures in support of the development of renewable hydrogen proposed by the European Commission in July 2021 as part of the Green Deal and in the Hydrogen and Decarbonated Gas Legislative Package.

In France, the government presented in September 2020 a national strategy for the development of decarbonised hydrogen constituting a real change in the scale of public support for green hydrogen. This strategy provided for more than €9 billion public investment in the sector by 2030, including €2 billion over 2021-2022 under the “Economic Recovery Plan of France 2020-2022” (“*France Relance*” Plan)³². The funds of the recovery plan have been earmarked for 1) the financing of ADEME’s calls for projects, 2) the financing of projects within the framework of the important project of common European interest (PIIEC) on hydrogen, aiming to support R&D and the industrialisation of electrolyzers to produce decarbonised hydrogen and to deploy these solutions in industry, and 3) the setting up of a public support system for the production of decarbonised hydrogen (to be launched in the second quarter of 2023).

This strategy is currently being revised and its ambition will soon be significantly increased as announced in February 2023³³. The main axes of this revised strategy, which will be adopted at the end of the first half of 2023, are the following:

- Propose an operational plan for hydrogen hubs. The mutualisation of production in these hubs should allow a reduction in costs and favour the development of decarbonised industrial activities.
- The access of these hubs to decarbonised electricity is also a challenge of this work. The large electrolyzers must be able to conclude competitive long-term contracts with electricity suppliers.

³¹ International Energy Agency, *Global Hydrogen Review 2022*, September 2022

³² National strategy for the development of decarbonised hydrogen in France, Press kit, 8 September 2020

³³ French *Ministère de l’économie, des finances et de la souveraineté industrielle et numérique*, *Industrie : vers une nouvelle stratégie hydrogène pour la France*, 6 February 2023

- This strategy will also have to provide for the mastery of hydrogen-related equipment that will enable France to secure a crucial position in a rapidly growing world market.
- Main support mechanisms

Grants and repayable advances

In France, ADEME is the body that finances projects relating to renewable or low carbon hydrogen through grants or advances repayable in the context of calls for projects. The ADEME, an operator of the France Relaunch Plan and the Future Investment Programme (PIA)³⁴, is at the heart of the French system to support the hydrogen sector.

The ADEME has piloted two calls for tenders that are part of the national strategy to accelerate decarbonised hydrogen³⁵:

- the call for “Technology Building Blocks and Demonstrators” projects aims to support innovation work to develop components and systems related to the production, transport of hydrogen and its uses. It is funded by the PIA, which translates into a mix of grants and repayable advances; and
- the call for projects “Territorial hydrogen systems” aims to promote deployment, combining infrastructure and uses of hydrogen in industry or in the field of mobility. 19 consortia have already benefited from this system. This call for a project will benefit €275 million by 2023, part of which will be funded by the recovery plan.

The grants and repayable advances received by the Company in connection with these tenders are detailed in paragraph 8.1.2(e) “Financing by grants and repayable advances” of the Universal Registration Document.

At European level, the European Union invested in over €1.1 billion in 2022 in seven large-scale innovative projects under the Innovation Fund set up by the European Green Deal³⁶. The grants from the Innovation Fund (whose budget is based on revenues from the EU Emissions Trading Scheme, estimated at €38 billion by 2030) are awarded annually on the basis of competitive calls and support projects to market cutting-edge technologies in major energy consumer sectors, hydrogen, carbon capture and storage and renewable energy sectors.

Important project of common European interest (IPCEI)

The European Commission also encouraged Member States to conduct projects in the hydrogen sector that qualify as an “important project of common European interest”

³⁴ The Future Investment Programme (PIA), led by the General Secretariat for Investment (SGPI), was set up by the State to finance innovative and promising investments in the territory, in order to enable France to increase its growth and employment potential.

³⁵ Government, the National Strategy for decarbonised Hydrogen: launch of two calls for projects to build territorial ecosystems around hydrogen and develop technology building blocks and demonstrators for production, transport of hydrogen use, press release No. 327 of 26 October 2020

³⁶ The European Green Deal is the European Union’s new growth strategy, aimed at putting Europe on the tracks of the transition to a fair and prosperous climate neutral society with a modern, competitive and efficient resource-use economy.

(IPCEI), a European mechanism to promote innovation in strategic and future industrial areas through transnational European projects³⁷. This mechanism allows the public authorities of the Member States to finance initiatives beyond the limits usually laid down by European state aid regulations.

IPCEIs are major projects to address market failure or other significant systemic failures in a European context based on common European interests. In particular, they should:

- make a significant contribution to the achievement of EU policy objectives;
- involve several EU countries;
- involve private funding by the beneficiaries;
- generate positive spill-over effects across the EU.

In December 2020, 22 EU countries and Norway signed a manifesto paving the way for a cleaner hydrogen value chain and committing to launch hydrogen IPCEIs. These IPCEIs are organised in thematic “waves” bringing together around 50 projects from companies in different European countries with a common objective contributing to the emergence of the hydrogen market.

The waves 1. Hy2Tech “Technological development” & 2. Hy2Use “Decarbonisation of industry” have concluded their evaluation process by the European Commission, whose final decision is expected in early July 2023. The waves 3. Hy2Infra “Infrastructure” and 4. Hy2Mobility “Mobility” have been built in a second phase and their evaluation by the European Commission should be finalised in the third quarter of 2023. The Group is positioned on these projects.

Carbon quotas

Carbon markets, also known as Emissions Trading Schemes (ETS), are regulatory tools whose objective is to facilitate the achievement of all or part of the targets for reducing greenhouse gas emissions determined politically³⁸. The European Union established a carbon market in 2005: the EU Emissions Trading Scheme (EU-ETS).

Each year, the European States shall determine the number of quotas, to which the concerned companies are entitled. Once the quotas have been allocated to the installations, there are two cases:

- if the company emits less greenhouse gas than its allocated quota, the company can resell its quotas on the carbon market or decide to keep them for a later date; so called of quota savings; or
- if the company emits more greenhouse gas than its allocated quota: the company buys, at that time, additional quotas on the carbon market, as companies may also use quota borrowing.

³⁷ European Commission, *State Aid: Commission adopts revised state aid rules for important projects of common European interest*, Press Release of 25 November 2021

³⁸ Ministry of Ecological Transition (<https://www.ecologie.gouv.fr/marches-du-carbone>)

Therefore, operators have an interest in reducing the share of these issues whose cost of reduction is lower than the market price of the quota. By reducing their emissions, operators can therefore resell the emission quota and benefit from the difference. As of 2013, less and less quotas are allocated free of charge³⁹.

Rising by 140 % since the beginning of 2021, the price of a tonne of CO₂ on the European market passed the symbolic mark of €80 in December 2021⁴⁰ and €100 in January 2023.

On 14 July 2021, the European Commission presented a proposal to reform the European carbon market. It provides for an extension of the current market to the maritime sector. It also envisages the creation of a new carbon market for road transport and building heating from 2026.⁴¹ The expected changes to the EU Emissions Trading Scheme are expected to increase the carbon price to more than €100 per metric tonne of CO₂ in 2030 and €150 by 2050⁴².

The upward trend in the price of a tonne of CO₂ will be essential to encourage countries to achieve their net emission reduction targets and to make alternative energy, including green hydrogen, competitive with traditional fossil energies in sectors that are difficult to decarbonise and grey hydrogen produced from these fossil energies. The final version of this reform should be adopted in mid-2023 and transposed by the Member States from the second half of 2023.

Contracts for Difference and Carbon Contracts for Difference (CCFDs)

As CO₂ prices may be insufficient to stimulate the deployment of hydrogen in most sectors and regions over this decade, other mechanisms can improve the competitiveness of green hydrogen, including contracts for difference (CFD) which will apply to renewable (and low-carbon in some countries such as France) hydrogen producers and carbon contracts for difference (CCFD) which will apply to renewable (and low-carbon in some countries such as France) hydrogen consumers.

The CFD system is based on a long-term contract between the clean energy producer and a public counterparty. This contract reduces the risk to the producer by guaranteeing a sale price (in the form of a premium to be paid between the market price and the guaranteed price) over the period necessary for a reasonable profitability of its initial investment.

The CCFD system is based on a long-term contract between the consumer of clean energy and a public counterparty. This contract reduces the risk for the consumer by guaranteeing a purchase price that is competitive with the existing fossil fuel solution (taking into account the price of carbon) for the necessary period of time (until normal

³⁹ Ministry of Ecological Transition (<https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-du-climat/21-le-systeme-europeen-dechange-de>)

⁴⁰ Les Echos, *Carbon sets a new record at €80*, 25 December 2021 (<https://www.lesechos.fr/finance-marches/marches-financiers/le-carbone-bat-un-nouveau-record-historique-a-80-euros-1369458>)

⁴¹ Communication of the European Commission, "Adjustment to Objective 55": Achieving the EU climate target by 2030 on the path of climate neutrality, 14 July 2021

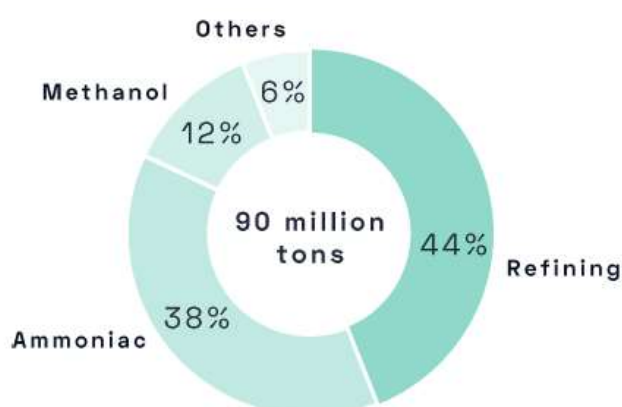
⁴² France Hydrogène, *Trajectory for high hydrogen ambition*, September 2021

market conditions are established and the price of the clean solution has become competitive in itself).

The European Union and several Member States are setting up such mechanisms, whereby companies who win the tenders will receive an equivalent supplement to the difference between the cost of carbon emission reduction technology (such as green hydrogen) and the price of carbon quotas⁴³. Germany was the first European country to implement this system, with €550 million for hydrogen CFDs from 2022⁴⁴ and such mechanisms are announced in the European Hydrogen Bank (whose first calls for tender will be launched in the second quarter of 2023) and in the revised hydrogen strategies in various Member States.

5.3.4 Decarbonising the industry

In 2020, the industry consumed 90 Mt of hydrogen, at 98% of “grey” hydrogen⁴⁵, and this consumption is expected to grow with economic growth. Hydrocarbon refining, ammonia production and the production of methanol are the three main uses of hydrogen as a raw material (chemical reagent). The rest of the applications are essentially chemicals (again as reagent), then the production of steel, glass and electronic components, as fuel.



Industrial applications of hydrogen (as a percentage of hydrogen demand per sector) in 2020⁴⁶

The main industrial applications targeted by the Group are the production of ammonia and methanol, with the other applications being chemical and steel and glass production.

⁴³ Bloomberg, *2H 2021 Hydrogen Market Outlook*, August 2021

⁴⁴ Bloomberg, *2H 2021 Hydrogen Market Outlook*, August 2021

⁴⁵ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

⁴⁶ International Energy Agency, *Global Hydrogen Review*, October 2021

Chemistry

In 2020, with a demand of 46 Mt for hydrogen, the production of ammonia and methanol – as well as other chemical processes – represented about half of the industrial use of hydrogen⁴⁷.

Ammonia, mainly used to produce nitrogen fertilizers, accounts for 2% of global final energy demand and about 1% of CO₂ emissions from energy and processes in the energy sector. The production of one tonne of ammonia requiring 180 kg of hydrogen, the 185 Mt of ammonia produced worldwide in 2020 required 33 Mt of hydrogen⁴⁸.

After ammonia, the second most hydrogen consuming product is methanol, which requires 130 kg of hydrogen per tonne produced commercially from fossil fuels. Its most important derivative in volume is formaldehyde, but several fuel applications, either directly or after conversion, are also important (for example, methyl-tert-butyl ether). The production of one tonne of methanol requiring 130 kg of hydrogen, the 100 Mt of methanol produced worldwide in 2020 required 13 Mt of hydrogen⁴⁹.

The demand for green hydrogen in the chemical sub-sector is expected to increase, in particular due to the growing demand for ammonia and methanol, on the one hand due to population growth and economic development, and on the other hand due to the development of new uses, in particular for methanol which will be used as fuel for decarbonising certain transport, such as ships. In the zero-emission scenario, demand for green hydrogen in the chemical sub-sector is expected to increase by almost 25% by 2030 and by nearly 50% by 2050⁵⁰.

Steel

The steel sub-sector also accounts for a substantial part of the industry's demand for hydrogen due to its use in the direct reduced iron – electric arc furnace (DRI-EAF) process, which accounts for 7% of the total production of crude steel worldwide. In this process, hydrogen is used as a component of a synthetic gas that, with carbon monoxide, reduces pre-reduced iron ore. On average, approximately 40 kg of hydrogen per tonne of pre-reduced iron ore is required⁵¹.

Due to the increase in steel production by the DRI-EAF process, and in the same scenario as for the above chemistry, demand for green hydrogen for iron and steel would increase significantly: it would almost be multiplied by 3 by 2030 and 9 by 2050⁵².

Refining

Oil refining was the largest hydrogen consumer in 2020 with almost 40 Mt. Refineries use hydrogen to transform heavy oil fractions into a lighter product and to eliminate impurities (including sulphur). China is the largest consumer of hydrogen for refining

⁴⁷ International Energy Agency, *Global Hydrogen Review*, October 2021

⁴⁸ International Energy Agency, *Global Hydrogen Review*, October 2021

⁴⁹ International Energy Agency, *Global Hydrogen Review*, October 2021

⁵⁰ International Energy Agency, *Global Hydrogen Review*, October 2021

⁵¹ International Energy Agency, *Global Hydrogen Review*, October 2021

⁵² International Energy Agency, *Global Hydrogen Review*, October 2021

[nearly 9 Mt of hydrogen per year], followed by the United States and the Middle East. Combined, these regions account for half of global demand in the refining sector⁵³.

Oil refining is the only sector that would show a decline in the demand for hydrogen in the zero emission scenario: as climate ambitions increase, oil refining activity would decline significantly and in proportion to the decrease in oil demand, especially after 2030. According to this same scenario, a consumption of 25 Mt of hydrogen is thus expected in 2030 in this sector and only 10 Mt in 2050⁵⁴.

5.3.5 Decarbonising mobility

Transport was responsible for almost 23% of CO₂ emissions in 2018⁵⁵. The massive roll-out of electric engines, much more efficient than thermal engines, is now launched on the light-duty vehicle segment through the use of electricity storage in chemical batteries. However, this type of solution fails to address constraints specific to heavy transport, both road, rail or air, as well as maritime and inland waterway transport. Decarbonised hydrogen, which offers several advantages compared to batteries, such as greater range, reduced volume and mass of energy storage, and a faster charging speed, should contribute to the decarbonisation of heavy transport.

Mobility is expected to represent the second end-use segment for renewable and low-carbon hydrogen in 2030, after industry⁵⁶. On this date, the European Union could count up to 4,986,154 light-duty vehicles, 382,638 trucks, 44,509 heavy commercial vehicles, 16,944 buses and 1,570 trains running on hydrogen⁵⁷.

Hydrogen can be used directly as a fuel in a combustion engine, but this technology is not mature. Hydrogen can also be used indirectly, either to power an electric engine via a fuel cell or in the form of a synthetic fuel. Powered by a mix of air and hydrogen, the fuel cell converts the chemical energy of hydrogen into electric energy according to the reverse principle of electrolysis.

The use of hydrogen in a fuel cell has the advantage of releasing only water, thereby eliminating emissions of fine particles, sulphur and nitrogen oxide to the exhaust, and thus significantly reduce air pollution. Combined with CO₂, hydrogen can also be transformed into synthetic fuel and fuels heavy-duty compressed gas vehicles (“e-methane”), marine transportation (ammonia or e-methanol), or air transport.

Road mobility

Land mobility represents most emissions from the transport sector⁵⁸. The acceleration of the deployment of decarbonised hydrogen-powered vehicles will therefore be a crucial element in the adoption of decarbonised road mobility.

⁵³ International Energy Agency, *Global Hydrogen Review*, October 2021

⁵⁴ International Energy Agency, *Global Hydrogen Review*, October 2021

⁵⁵ International Energy Agency, *The role of CCUS in low-carbon power systems*, July 2020

⁵⁶ Hydrogen Council, McKinsey, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

⁵⁷ Fuel Cells and Hydrogen Joint Undertaking, Trinomics, *Opportunities for Hydrogen Energy Technologies considering the National Energy & Climate Plans*, July 2020

⁵⁸ Hydrogen Council, McKinsey, *Hydrogen for Net-Zero*, November 2021

Electric battery vehicles are less attractive for heavy vehicles, due to battery weight, charging time and range limits. On the other hand, hydrogen offers a reduction in the volume and mass of energy storage, faster charging speed and greater autonomy. The high mass energy density would even lighten trucks compared to thermal models. For example, driving a 40 tonnes truck over 100 km, it would take only 7 kg to 9 kg of hydrogen while 40 litres of oil (a mass of 24 kg) are normally needed⁵⁹.

Hydrogen therefore has its full place in the heavy road vehicle segment of all types. The mileage and refuelling frequency of heavy trucks for regional or long-distance transport make them the best opportunity for hydrogen development. Approximately 60% of the demand for hydrogen in the mobility sector should therefore come from heavy trucks that travel long distances. In 2030, the share of global sales of heavy goods vehicles with fuel cells could reach 11%, thus avoiding emissions of approximately 60 Mt of CO₂ per year⁶⁰.

The advantages of hydrogen in terms of recharging times and ease of use also encourage the development of its use in buses or cars. For example, the Hyundai Nexo model has a range of 700 km. Full refuelling of this vehicle requires 5 minutes and 6.3 kg of hydrogen, at a cost of approximately €70 of renewable hydrogen⁶¹.



Hyundai Nexo

The refuelling infrastructure is essential to enable the massive adoption of hydrogen on the land mobility market, as end customers will not be willing to buy hydrogen-powered vehicles if they cannot refuel.



Green hydrogen station in Roche-sur-Yon (Vendée) powered by hydrogen produced by Lhyfe

Only 185 hydrogen stations in Europe were identified in 2020, but massive deployment of distribution infrastructure is expected by 2040⁶²:

⁵⁹ Union Française de l'Electricité, France at the forefront of the fight against global warming thanks to its decarbonised hydrogen, November 2021

⁶⁰ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

⁶¹ Hyundai data

⁶² Hydrogen Europe – Fuel cells and hydrogen Joint Undertaking report, *Hydrogen roadmap Europe: sustainable pathway for the European energy transition*, January 2019



Estimated deployment of distribution infrastructure in Europe⁶³

Rail mobility

The development of the hydrogen train is also essential for decarbonising this mode of transport, particularly to replace diesel-powered trains. For example, in France, half of the lines are not electrified and one-quarter of the rolling stock has diesel engines⁶⁴.



Hydrogen train developed by Deutsche Bahn and Siemens Mobility

Many projects to this effect have been announced, particularly in Europe. For example, in Germany, Deutsche Bahn, 100% owned by the German State, wants to achieve a carbon neutrality target by 2050 and announced the H2goesRail project, a collaboration with Siemens Mobility to build hydrogen powered trains to replace the fleet's 1,300 diesel trains by 2050⁶⁵. The Company was selected to supply hydrogen in this project (see 5.4.4(b) "H2goesRail Project (Germany)" below).

Maritime, inland waterway and air mobility

Maritime, river and air transport, which generated approximately 4% of global CO₂ emissions in 2020⁶⁶, will rely in part on hydrogen-based fuels to decarbonise itself in a cost-effective manner.

Liquid hydrogen or hydrogen fuels such as ammonia, methanol or e-methane are the most promising clean fuels for the complete decarbonisation of the maritime sector. Aviation should also become a major consumer of synthetic fuels (e-kerosene), based on hydrogen combined with CO₂ from biogenic sources or directly captured in air, as well as liquid hydrogen for short-distance intracontinental flights.

Together, these two end uses are expected to represent 110 Mt of the hydrogen demand in 2050⁶⁷.

⁶³ Hydrogen Europe – Fuel cells and hydrogen joint undertaking report: *Hydrogen roadmap Europe: sustainable pathway for the European energy transition*, January 2019

⁶⁴ National Assembly, Report *The greening of railway rolling stock in France*, November 2018

⁶⁵ Deutsche Bahn, Press Release of 23 November 2020

⁶⁶ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

⁶⁷ Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero A critical cost-competitive energy vector*, November 2021

5.4 Lhyfe is a producer of green hydrogen

5.4.1 Lhyfe is an independent producer and supplier of green hydrogen

Lhyfe is an independent producer and supplier of green hydrogen produced from renewable electricity for the use of industry and land, sea and river mobility. At the heart of the hydrogen value chain, the Group develops and operates green hydrogen production sites by water electrolysis.

This process allows the production of green hydrogen from water and renewable electricity, with the production process emitting only oxygen. A detailed description of the Group's know-how in the water electrolysis process is provided in paragraph 5.6.3 "Industrial know-how demonstrated in the industrial onshore green hydrogen production" below.



Production of green hydrogen from the electrolysis of water intended for use in industry and mobility

The Group already operates a production site in France and is developing numerous projects in France and abroad, where it has already won major calls for tenders. Finally, it is one of the pioneers of green hydrogen produced from offshore wind turbines, with the inauguration of the first pilot offshore hydrogen production device in the world in September 2022.

5.4.2 Positioning of the Group in the green hydrogen value chain

The Group is a central player in the green hydrogen value chain: as an independent producer of green hydrogen, it brings together the renewable energies and the applications to be decarbonised in the mobility and industry sectors using the electrolysis technologies developed by equipment manufacturers.

Upstream of the value chain, the Group is supplied in particular by:

- **renewable energy producers**, mainly wind and solar, for electricity intended to produce the Group's green hydrogen by water electrolysis. The Group seeks, whenever possible, to connect its production site directly to the renewable energy source, thus offering these producers an outlet complementary to their connection to the grid; and
- **equipment manufacturers in electrolyzers, compressors or containers**, who benefit from the Group's feedback, which is one of the pioneers in the production of green hydrogen with a site in operation, in a technology sector in full development.

Downstream of the value chain, the Group sells green hydrogen directly to its **customers in the field of mobility** (particularly in cooperation with equipment manufacturers, including refuelling stations) **and industry**.

At the centre of the value chain, the Group has developed an **integrated “develop, build, own and operate” model**. It supports in-house all stages of the production of green hydrogen:

- obtaining permits and authorisations;
- front-end engineering and design (FEED);
- engineering, procurement, and construction (EPC);
- financing;
- operation; and
- sale and delivery of green hydrogen.

The Group has its own team of engineers who work on all components of the production units (electrolyzers, compressors, purification units, software, measurements), from engineering to operation.

A detailed description of the Group's green hydrogen production value chain can be found in paragraph 5.5.1 “Total control of the value chain to accelerate the deployment of projects” below.

5.4.3 Presentation of a typical project

All projects developed and operated by the Group produce green hydrogen from renewable electricity using water electrolysis technology. Beyond this constant, the characteristics of a project vary mainly according to the intended use of the green hydrogen.

For example, the main features of a mobility project and a project for industry would be as follows:

Characteristics	Mobility	Industry
Description	Bulk model with a diversified customer base, mainly for mobility but sometimes industrial, delivered via containers	The so-called “on-site” model with a main customer, usually an industrial company, delivered via a direct connection, and bulk customers for the rest of the production
Location	Near a renewable electricity source (typically wind or solar)	Near an industrial site or renewable electricity source (typically wind or solar)
Renewable electricity source	By direct connection to the renewable electricity source, via power purchase agreements (PPA) with renewable energy producers, or on the grid by synchronising hydrogen production with the production of renewable electricity	
Electrolysers	Three technologies available, depending on the characteristics of the project (see paragraph 5.6.2 “A modular and agnostic approach to green hydrogen production technologies” below)	
Power	5 MW to 10 MW Small units intended to serve local mobility uses within a radius of about 100 km in order to limit the cost of transport	50 MW to several hundred MW Variable size units according to industrialists’ requirements
Sale of green hydrogen	Multiple contracts over short or medium durations (3 to 5 years) or long (10 years)	Main contract with the industrialist to which the production unit is linked for a long period (generally 15 years)

The sites dedicated to the industry will also allow, thanks to their large size, to respond to the mobility uses around the site, according to contractual terms close to the sales of hydrogen of the mobility sites.

The Group also plans to position certain units at locations chosen for their proximity to the future European hydrogen backbone, thus enabling it to address a multiplicity of varied customers, delivered through these infrastructures once deployed.

The financial structuring and profitability of mobility projects and industrial projects are described in 5.5.2(d) “Structuring and profitability of a project” below.

5.4.4 Unique industrial expertise in the industry

The Group is distinguished by its unique industrial expertise in the green hydrogen industry: it already operates a green hydrogen production site by water electrolysis in France. It also has many iconic projects in France and internationally.

(a) First production site by water electrolysis for mobility in France

On the Port-du-Bec, in Bouin (Vendée, France), a few meters from the ocean, the Group inaugurated its first production site for mobility use in September 2021. It produces there in industrial quantities the world's first green hydrogen manufactured by an electrolyser powered directly by wind turbines, a model that the Group intends to replicate at its future production sites where possible. The renewable electricity used on the site comes from a wind farm operated by Vendée Energie, located nearby and connected by a direct connection.



Production site in Bouin (Vendée, France)

This site, equipped with an Nel electrolyser with a total power of 750 kW, produces up to 300 kg of green hydrogen per day. It is modular and the increase in power to 2.5 MW, representing a production of 1 tonne per day, is scheduled for early 2024. Its storage capacity, currently around 700 kg, will also be increased to almost 5 tonnes.

The electricity from the Bouin wind farm is purchased via a contract entered into in December 2021 with Vendée Energie (shareholder of Vendée Hydrogène, itself a shareholder of the Company). This contract, which covers the current production, has a duration of 5 years and is renewable by agreement of the parties.

The water used on this site near the sea for electrolysis needs comes from salted water in the ground, allowing for the conservation of freshwater resources.

The construction of the Bouin site and its operation have enabled the Group to validate its technological choices, but also to accelerate the development of its software tools for control and analysis and use of production data. The use of software tools in the Group's production processes is detailed in paragraph 5.6.5 "Software tools and data management at the heart of the industrial process" below.



Production site in Bouin, Vendée (France)

The launch of the operation of the Bouin site has demonstrated the validity of the Group's commercial proposal and its competitiveness. The green hydrogen produced in Bouin today feeds the refuelling station of La Roche-sur-Yon of the *Syndicat départemental d'énergie et d'équipement de la Vendée* (SYDEV, indirectly shareholder of Vendée Hydrogène, itself shareholder in the Company), allowing in the long term about fifty heavy vehicles, buses, or household waste dumps to run on green hydrogen. The contract entered into in December 2021 provides for the delivery of hydrogen by the Group for a period of 4 years, at a variable price depending on the projected quantities consumed.

Green hydrogen also feeds a supply station to the logistics platform of about 50,000 m² of Lidl in Carquefou, allowing 98 handling machines used on the site to fully refuel in 2 to 3 minutes (compared to several hours for charging a lead-acid battery used so far) and thus to be available 98% of the time (compared to 50% with the lead-acid technology).

Contracts with SYDEV have been concluded at market prices and do not contain particular conditions linked to its capacity as indirect shareholder of the Company.



Handling machines and refuelling station at a Lidl warehouse (Carquefou, France)

(b) Many projects in “Construction” phase

In addition to the increase in capacity at the Bouin plant mentioned above, the projects in the “Construction” phase detailed below represent a total of 24 MW at the date of the Universal Registration Document.

Buléon, Morbihan, France

In the second half of 2022, the Group obtained planning permission for a unit with a total capacity of 5 MW (i.e. approximately 2 tonnes per day of green hydrogen) located in Buléon, Morbihan, Bretagne. This unit, supported by ADEME in the amount of €2.8 million and expected to be commissioned in the second half of 2023, will be the Group’s second hydrogen production site.

The consortium made up of HyGO, GNVert and Lhyfe has been awarded a Global Performance Contract by the Lorient urban area for the design, construction, operation and maintenance of two renewable hydrogen refuelling stations. The Group will supply the renewable hydrogen for a period of 10 years.

The Buléon project is part of the VHyGO project described below.

Bessières, Occitanie, France

The Group has also obtained the permit for the construction of the 5 MW production unit in Bessières, in the Haute-Garonne region of France, which is scheduled to be commissioned at the end of 2023.

This project is the winner of the Corridor H2 call for projects, led by the Occitanie region, whose objective is to decarbonise freight and passenger transport on a North/South axis from the Mediterranean to the North Sea, through the development of green hydrogen uses.

Schwäbisch Gmünd, Baden-Württemberg, Germany

In Schwäbisch Gmünd, Germany, the Group has submitted the permit for the construction of the unit with a production capacity of 10 MW (about 3 tonnes per day). The plant is scheduled to be commissioned in the first half of 2024. It will be accompanied by a hydrogen distribution station accessible to the general public, built and operated by a partner of Lhyfe, and a pipeline to supply the future “H2-Aspen” technology park with green hydrogen.

This project is part of the HyFIVE (Hydrogen For Innovative Vehicles) project which has received €33 million in funding from the European Regional Development Fund (ERDF).

Botnia Hydrogen Project, Sweden

Lhyfe is leading a project in the Botnia Hydrogen consortium to develop hydrogen production and refuelling units in northern Sweden. The first unit, with a production capacity of 1.5 MW, will be mainly intended for trucks and buses. The land and connections have been secured. Production is expected to start in the second half of 2023.

H2goesRail project, Germany

Deutsche Bahn and Siemens Mobility announced in December 2020 a collaboration to build hydrogen-powered trains to replace the 1,300 diesel trains in the German company's fleet by 2050. The wider aim of the project, called H2goesRail, is to ensure a cleaner future for German rail transport.

The Group has been selected to supply green hydrogen for the H2goesRail project. The production site in Tübingen, southern Germany, will be used to supply hydrogen trains on the Pforzheim-Horb-Tübingen line from 2024. Installation of the 1 MW production unit will begin in the second half of 2023.



Illustration of a hydrogen powered train developed by Siemens Mobility

(c) Other projects in development

The Group has many other projects in its commercial pipeline at various stages of development.

Delfzijl, The Netherlands

In the Netherlands, the Group's ambition is to build a large-scale renewable green hydrogen production plant in the Delfzijl chemical cluster, located in the northern province of Groningen. The plant could have a production capacity of 200 MW (about 55 tonnes per day).

Lhyfe has already secured the land and the electrical connection for the plant. The implementation of the project is subject to obtaining the required operating licenses and construction permits, as well as the financial investment decision. Commissioning is expected to take place in 2026 at the earliest.

GreenLab and GreenHyScale projects, Skive, Denmark

Among its many projects in France and abroad, the Group has been selected to operate part of the new Danish GreenLab Skive AS industrial park ("**GreenLab**"), located near Skive (Denmark), one of the first official and regulatory energy testing areas in Europe.

The GreenLab park in Skive is a green industrial energy park of 600,000 m², one of the first official and regulatory energy testing areas in Europe. It aims to solve one of the biggest challenges of the green energy transition: the integration of unprecedented

quantities of renewable energy into the energy system, to enable new industrial parks to set up their own energy production and consumption without negatively affecting the existing collective energy grid. It integrates energy production, industry, agriculture, pyrolysis and Power-to-X (electricity conversion, storage, and reconversion) into a single platform.

The Group is also part of the GreenHyScale consortium, coordinated by GreenLab, which signed an agreement with the European Climate, Infrastructure and Environment Executive Agency (CINEA) in response to the European Union's "Green Deal 2.2" funding call, for a 100MW next-generation electrolyser, which would be in place by 2025 and provide around 30 tonnes of green hydrogen per day.

The aim of this project is to pave the way for large-scale deployment of onshore and offshore electrolysis, in line with the European hydrogen strategy and the offshore renewable energy strategy.

Hydrogen produced by the Group will feed into mobility uses as well as industrial uses.



The GreenLab and GreenHyScale (Denmark) projects site

These two projects are coordinated by GreenLab, which, among its activities, provides companies with projects related to the energy transition of infrastructures, facilities and land in order to carry out said projects. In this respect, the Group could rely on GreenLab for some of these services to carry out these projects. In addition, GreenLab acts as coordinator for subsidies granted at national or European level, and more specifically in respect of the GreenHyScale project under a Grant Agreement entered into with the European Climate, Infrastructure and Environment Executive Agency, for the purpose of managing subsidies granted by the European Commission to the GreenHyScale project sponsors, including the Group.

VHyGO project, France

The Greater West Hydrogen Valley (VHyGO)⁶⁸ project, led by a consortium of ten partners and coordinated by the Group was selected by the ADEME as part of its “Hydrogen Territorial Ecosystem” call for projects. VHyGO aims to democratise access to green hydrogen in the Greater West by supporting all territories, regardless of their size, in their transition to green mobility. This supra-regional project aims to produce a green hydrogen accessible to all and reduce the carbon footprint of the territory by avoiding 50,000 tonnes of CO₂ by 2024. The Group participates in this project as a hydrogen producer.

The consortium’s objective is to democratise green hydrogen and ensure that any company, any community in the Greater West is within 100 km of a site producing green hydrogen.

The Buleon project is part of the VHyGO project and has benefited from some of the funding allocated to the project partners.

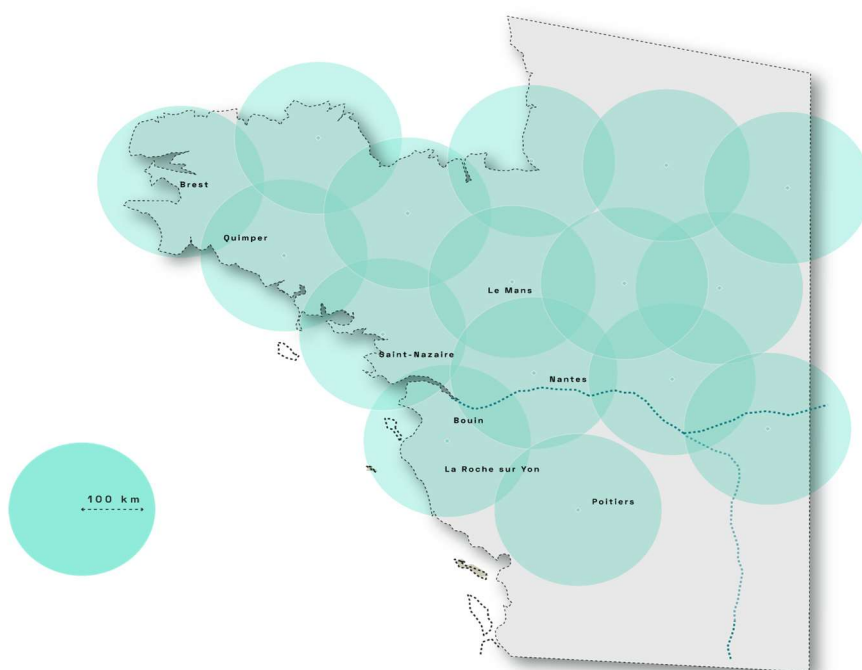


Illustration of the potential coverage of the production sites of the VHyGO project per 100 km radius

Project to connect to the Storgundet offshore wind farm, Sweden

On 8 April 2022, the Company and Wpd Offshore AB (now renamed Skyborn, thereafter “**Skyborn**”), one of the world’s largest developers of onshore and offshore wind energy, concluded a memorandum of understanding for the installation and direct connection of a green hydrogen production site to Storgundet, the Skyborn’s planned offshore wind farm in Söderhamn in Sweden. The proposed site is expected to be built in several

⁶⁸ Global name of the project, not that of a SPV of the Group.

phases, from 2025 onwards, and is expected to be fully operational when the Storgrundet wind farm is commissioned.

The Company will design, build and operate the hydrogen production facility, in collaboration with Skyborn. The planned installed capacity of the Storgrundet offshore wind farm is 1 GW and the planned green hydrogen production capacity is 600 MW, with an output of up to some 240 tonnes of hydrogen per day. The hydrogen plant and the wind farm may be jointly connected to the electricity grid, which would allow optimisations for the electricity market but also provide grid services to contribute to balancing the Swedish grid.

The realisation of this full-scale project shall be linked to the development of green hydrogen transformation and/or uses within the region: the project has a strong potential for connection to the Nordic Hydrogen Backbone and the industries and ongoing projects in the region represent many potential outlets for the renewable hydrogen produced at the site.

Trelleborg, Sweden

The Group and Trelleborgs Energi, a Swedish energy company, have started an initial pre-study phase to set up a local green hydrogen production in the south of the country. The initial study covers the capacity of a 5 MW green hydrogen production in Trelleborg, Sweden. The study covers the topics of energy supply, production capacity, choice of technology, location, and use of waste heat and oxygen.

Trelleborg is a major transport hub, which will require a supply of hydrogen for the distribution stations and the hydrogen vehicles already ordered. The number of trucks passing through the port of Trelleborg is expected to increase from 800,000 per year today to 1.8 million in 2026. Located in the Öresund region, this project study in Trelleborg could help secure the supply of hydrogen for mobility and industry as part of efforts to achieve zero carbon emissions. The use of waste heat and produced oxygen (hydrogen co-product) is already being discussed with potential partners.

Production unit project at the Schaeffler plant in Herzogenaurach, Germany

The Group and the German industrial group and automotive supplier Schaeffler have signed an agreement to develop the production of green hydrogen in Bavaria. The agreement provides for the construction and operation by Lhyfe of a green hydrogen electrolysis production unit with a capacity of up to 15 MW at the Schaeffler plant in Herzogenaurach, Franconia. This production unit will also supply other regional players with green hydrogen.

5.4.5 Development history

The Group's history since its inception can be broken down into three periods:

Creation (2015-2017)	
2013	Matthieu Guesné joins CEA (leading hydrogen patent applicant in France)
2017	Birth of the Lhyfe project
Development (2018-2019)	
2018	First site identified in Bouin (France)
2019	October: first fundraising
	Fourth quarter: start of several R&D projects including one for offshore green hydrogen production
Industrialisation (2020-2021)	
2020	June: creation of the German subsidiary
	Second semester: first related R&D collaboration agreements linked to the offshore production of green hydrogen
2021	Second semester: second fundraising
	Second semester: creation of subsidiaries in Denmark, the Netherlands and Sweden.
	Second semester: first industrial production on the Bouin site
Expansion (2022-2023)	
2022	February: creation of the Spanish subsidiary
	March: Mitsui fundraising
	May: IPO on Euronext Paris
	September: creation of the subsidiary in the United Kingdom
2023	February: start of construction of the second production site in Bretagne

5.4.6 Development prospects

As at 31 December 2022, the Group has a commercial pipeline of projects representing a total installed production capacity of 9.8 GW which is distributed as follows in the various phases of a project:



The commercial pipeline and phases are detailed in Section 10.1 “Commercial pipeline of Group projects” of the Universal Registration Document.

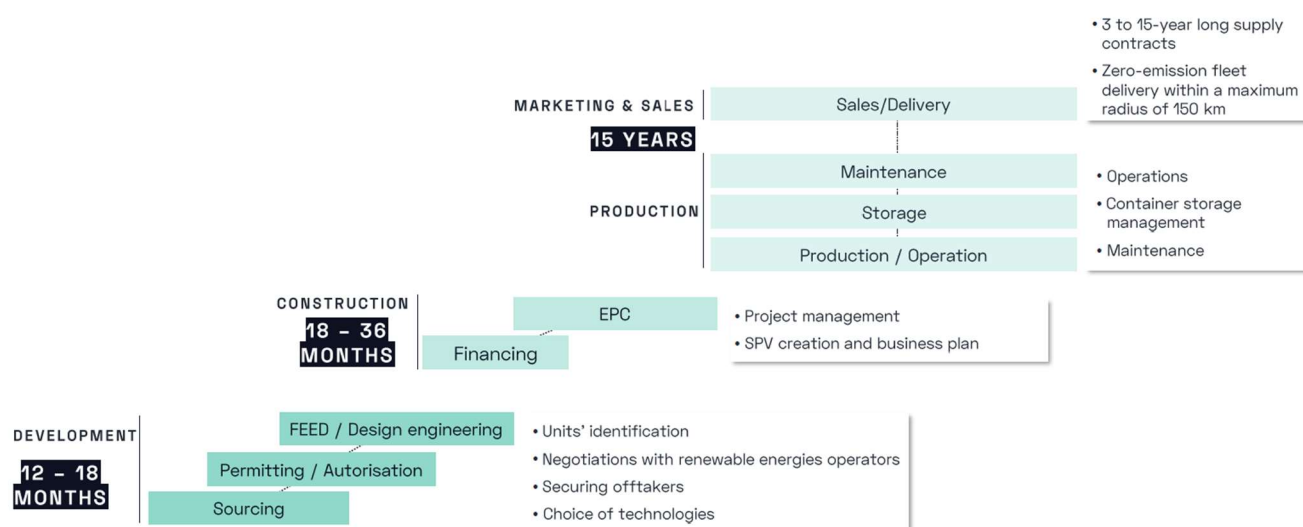
5.5 A vertical and integrated business model

5.5.1 Total control of the value chain to accelerate the deployment of projects

The Lhyfe business model is to be the master of the entire project value chain – from identifying opportunities to operation of production units and direct marketing of green hydrogen produced. The objective of this vertical and integrated model is to ensure that the Group (i) better control of the costs and quality of the process, (ii) a mastery of rare skills and (iii) a mastery of the key success factors at this stage of the development of the green hydrogen industry. Lhyfe believes that this approach combining green hydrogen developer and independent producer activities gives the Group an ability to intelligently invest in projects generating significant returns when they are completed, including risk management, building long-term trust with stakeholders, controlling project costs and optimising their financing conditions.

The Group also considers that this vertical and integrated model should enable it to have high-quality, sustainable and profitable long-term assets and to benefit from optimal financing conditions. This approach should also strengthen the Group’s reputation as an independent, reliable and truly engaged producer of hydrogen in the markets in which it operates, enabling it over time to establish solid industrial experience.

The diagram below shows the different phases of a project's life cycle, from its development to operation:



The progress of these different phases is detailed below.

The duration of the different phases may vary, depending on the size and nature of each project. The detailed description of the commercial pipeline in Section 10.1 "Commercial pipeline of Group projects" of the Universal Registration Document (the diagram of which is recalled in paragraph 5.4.6 "Development prospects") indicates the different phases and milestones that the Company takes into account in shifting a project from one phase to another. It is important to note that, even if a project has not passed a milestone which allows it to move from one phase to the next in terms of the steps it has set for itself, the Company may start one or more missions of the next phase upstream, where it considers this to be relevant. This is reflected in the fact that the different phases in the above diagram overlap.

5.5.2 Project development

(a) An international team of experts and developers

Faced with a highly growing hydrogen market in general and in the European Union in particular, and a multiplication of projects, Lhyfe has chosen to invest in its business development capabilities in order to have as quickly as possible a team that can put it a step ahead on the calls for tenders. The team is organised to seek, in parallel, potential customers for the green hydrogen produced by Lhyfe, and the sites and renewable sources of electricity likely to be able to power the production units near potential customers. This approach enables faster identification of the most interesting opportunities.

As at 31 December 2022, this team consisted of 43 "business developers" employees and consultants. It is managed by Taia Kronborg whose biography is presented in paragraph 5.7.2 "Presentation of the management of the Company" below.

Commercial prospecting

The role of the sales prospecting team is to identify the Group's potential clients in all the countries in which it operates, both in the field of mobility and industry:

- In the field of mobility, the sales team targets all mobility stakeholders, both public and private: local authorities wishing to develop hydrogen mobility in their territory, operators of hydrogen refuelling stations, transporters, logistics site managers, heavy vehicle fleet managers, etc.
- In the field of industry, the sales team can target manufacturers seeking to replace grey hydrogen with green hydrogen, or introduce hydrogen into their production process.

This team remains in charge of commercial aspects throughout the development of projects and the operation of the production asset. In this respect, it negotiates contracts for the sale of hydrogen. It is also in charge of obtaining grants.

Search for sites and renewable sources of electricity

This team of developers is in charge of identifying sites likely to host the Group's production units by studying renewable sources of electricity that can power the production, the availability of land, the geographical constraints or even the proximity of infrastructure, as the future European hydrogen backbone.

This team relies in particular on a specially dedicated IT tool, developed by the R&D team for developers, "Qualifhy", which allows to determine the suitability of a given site with the production of green hydrogen and the intended uses around this site, and to adjust the technical characteristics: power of electrolyzers, electrolyzers technology, etc. A Soleau envelope has been filed for the *Lhyfe Qualifhy* software.

This team is also responsible for negotiating power purchase agreements. The sourcing strategy for electrical energy as well as any additional action (network services for example) used to reduce the total cost of kWh is a key component of the Group's know-how to optimize the final cost of green hydrogen. It is based on three aspects:

- **Sourcing of renewable electricity through agreements** with producers and aggregators guaranteeing the best supply of renewable electricity at all times. The Group has chosen to have a large number of suppliers.
- **A strategy for the provision of additional services.** The sizing (production capacity) and the management of the production unit allows the Group to optimise the production load over relevant periods of the electricity market and to participate in network services such as adjustment; and
- **Optimised design of a production unit**, including the best components and optimised steering to ensure the most efficient production possible.

The Group relies on power purchase agreements (PPA) with local producers with wind, solar, hydraulic and, where possible, direct connection to electricity production assets, to address the majority of the estimated need for the electrolyser.

When a promising opportunity is identified, the development team is responsible for the preliminary studies and investigations. As it progresses and obtains the results of those preliminary studies and investigations, the team informs management of its preliminary evaluations and conclusions. Thus, from the early stages of development, management is able to assess whether the risk-return profile of the project justifies additional investments.

Once the Group has ensured the viability of the project, greater resources are mobilised, in particular through the validation of the project by the management team as well as the financial and budgetary modelling of the project.

(b) Strategic partnerships for project development

The Group has teamed up with several strategic partners to expand its project development opportunities.

Strategic alliance with Mitsui & Co., Ltd. (“Mitsui”)

The Group and Mitsui entered into a strategic alliance in March 2022, which was accompanied by an investment of approximately €10 million by Mitsui, and aims to enable the Group to (i) explore and promote business opportunities by identifying potential buyers of green hydrogen, (ii) enhance the Group’s competitiveness by providing it with privileged access to leading services and equipment, (iii) accelerate the demand for green hydrogen by developing the Group’s value chain, renewable energy, refuelling stations and automotive applications, (iv) support the Group’s international expansion into new strategic markets and (v) identify and promote opportunities for collaboration between the two groups to contribute to the Group’s future growth.

Mitsui also has a non-voting member of the Board of Directors (see paragraph 12.1.1 “Board of Directors” of the Universal Registration Document).

Collaboration agreement with EDP Renewables Europe, S.L.U.

In May 2022, the Group entered into a collaboration agreement with EDP Renováveis, S.A. through the wholly-owned subsidiary EDP Renewables Europe, S.L.U. (“EDPR”), which was accompanied by an investment of €25 million from EDPR. EDPR is a Portuguese renewable energy company, 75% owned by EDP Group, historically the Portuguese national electricity producer, transmission and distribution company, now listed on Euronext Lisbon. In addition to being a leader in renewable energies, EDPR is also at the forefront of green hydrogen, with its participation in the GreenH2Atlantic project, a 100 MW green hydrogen production project in Sines (Portugal). EDPR’s ambition is to deploy 1.5 GW of green hydrogen production capacity by 2030.

This agreement establishes the basis for the collaboration between the two parties to identify, develop, build and manage green hydrogen projects together. Lhyfe will be able to offer EDPR the opportunity to co-invest in its green hydrogen production projects (when they are not 100% owned and on the condition that the Group retains more than 50% of the capital and voting rights of the SPV carrying the project) and/or to supply the renewable electricity to power them. EDPR will also consider Lhyfe’s participation in its own projects located in countries where the Group is currently present. The parties

will also work together to identify new projects in which they could invest together, as well as in research & development and equipment supply.

The agreement also provides that, should EDPR eventually hold 20% or more of the Company's capital, the shareholders will be asked to elect an EDPR representative to the Board of Directors, who will also be a member of the Audit Committee and the Appointments and Remuneration Committee. EDPR's shareholding amounted to 5.96% of the capital as at 31 December 2022.

Collaboration and business development agreement with Plug Power

The Group and Plug Power Inc., a leading electrolyser supplier, have entered into a collaboration and business development agreement in the second half of 2022 to continue their collaboration and jointly develop green hydrogen production sites in Europe. The aim is to develop a total green hydrogen production capacity of 300 MW by 2025.

Equity investment in Finnish project developer Flexens

In March 2023, the Group acquired a 49% stake in the Finnish company Flexens, a developer of green hydrogen projects and "Power-to-X" projects based on renewable energy sources.

Flexens already has a commercial pipeline with a total planned capacity of over 1.5 GW in Finland and abroad. The two companies will combine their expertise, market knowledge and commercial pipelines to accelerate current projects and identify new opportunities in Northern Europe, especially related to large offshore projects.

Agreement with Horisont Energi

The Group and Horisont Energi, a provider of clean energy and carbon transport and storage services, have signed a memorandum of understanding to jointly develop solutions to supply renewable green hydrogen to ammonia plants in Norway and Europe and to supply the very important Norwegian marine ammonia market. An initial project to develop renewable hydrogen and green ammonia plants could be located in the northern part of Europe.

The two companies will also jointly seek strategic positions in renewable energy in Europe to identify new and existing project opportunities for industrial scale green ammonia plants.

Agreement with Gaussin

In October 2022, the Group entered into an agreement with Gaussin, a specialist in industrial vehicles, to explore the possibility of developing a global renewable mobility solution combining Gaussin's hydrogen vehicles and the green hydrogen produced by the Group. This partnership also includes a commercial component aimed at identifying potential customers in France and abroad who might be interested in such a global renewable mobility solution for logistics, port and airport sites.

(c) Financing of projects

Once a development project is sufficiently advanced, the Group initiates a market survey process with lenders in order to obtain competitive financing. Once the main economic parameters of the project are secured, the Group implements the financing of the project as part of a detailed and structured process involving the completion of an extended due diligence by the lenders and the negotiation of financing contracts. As part of these negotiations, the Group relies on its legal department and centralised financing team.

The Group generally structures its financing of projects by forming a separate project company for each of the projects it develops. This being said, the Group may also consolidate several projects in order to obtain funding on more favourable terms than those that would be obtained if the financing were negotiated on a project-by-project basis.

The Group endeavours to underwrite financing on behalf of each project company and each intermediate holding company (in the event of a combination of projects), which would be without recourse on the other assets of the Group or with limited recourse on the Company.

In terms of financing structure, the Group seeks to reproduce the following model, which may vary depending on the circumstances and opportunities:

- equity and quasi-equity of the project company (equity provided by Lhyfe, quasi-equity or mezzanine financing, notably in the form of convertible bonds, provided by Lhyfe or banks); around 20% of total financing;
- bank debt of the project company: around 40%;
- if available, subsidies, which can reduce the equity or debt portion or both and represent up to 40% of the financing; and
- financing of storage containers (for Mobility projects) through leasing.

In terms of sequencing:

- the upstream financing of the project, i.e. from the “Early Stage” phase up to and including the “Awarded” phase (see the description of the commercial pipeline in Section 10.1 “Commercial pipeline of Group projects” of the Universal Registration Document) shall be carried out using Lhyfe’s own funds. The corresponding costs are then wholly or partly re-invoiced to the project company; and
- the Company is seeking to put in place financing solutions that can be used under certain conditions, during the “Construction” or “Operation” phase.

The loan conditions, and in particular the level of indebtedness of a particular project, depend on a number of factors, including the following:

- *Expected project cash flows.* The expected cash flows depend primarily on the pricing conditions of the renewable power purchase agreement and the agreement(s) for the sale of hydrogen produced and the expected hydrogen production of the facility (power and availability of resources). The lender

concerned will therefore carry out a detailed project due diligence and carefully review the power purchase agreements for renewable electricity and the sale of hydrogen, the contractual agreements and the technical and equipment specifications for the project in order to ensure satisfactory quality and reliability. For this reason, the Group shall pay particular attention to negotiating contractual clauses consistent with financing (such as term extension clauses and guarantee clauses granted by the suppliers) and to financing equipment and technical solutions, in order to provide sufficient comfort to potential lenders regarding the reliability of the cash flows of its projects. Hydrogen sales contracts may have a shorter duration than the financing period (e.g. for Mobility projects). In this case, debt service can continue to be provided through the renewal of sales contracts. In any case, lenders include the risk of renewal or new signatures of hydrogen sales contracts in the cost of financing and also rely on the various guarantees and in rem security interests that they hold over the project and the project company;

- *Counterparty risk.* In some cases, including industrial projects, the hydrogen buyer is a private company and the financing arrangements will depend in part on the creditworthiness of that purchaser (refer to paragraph 3.4.5 “Counterparty risk” of the Universal Registration Document);
- *Market risk.* Renewable power purchase agreements may be concluded in general for a period of 3 to five 15, at fixed or indexed rates. Contracts for the sale of hydrogen can be concluded in general for a period of 3 to 5 years, at fixed or indexed prices, with or without the possibility of transferring to the buyer the variation in the cost of electricity (“pass through “). The financing conditions will depend on the comparison of purchase and sale contracts, including the existence of “pass through” clauses in the cost of electricity (probably more frequent on industrial projects) and cash flows over the initial life period of the project, during the three to five years during which the purchase of renewable electricity is secured.

On the basis of the factors described above, as well as other factors, the lenders will determine the minimum debt service coverage ratio, which is the maximum amount of the projected cash flows of the project that they are willing to finance. In some cases, lenders will also require a maximum gearing ratio in order to ensure a minimum percentage of equity in the relevant project. The duration of the financing agreements (which can range from seven to fifteen years) is not necessarily aligned with the duration of the hydrogen sales contracts.

(d) Structuring and profitability of a project

The Group intends to target projects, and therefore tender procedures, which include the possibility of concluding contracts for the sale of green hydrogen with strong counterparties. These hydrogen sales contracts must be able to provide the Group with a relatively stable long-term source of revenue, thereby transforming market risk into a limited counterparty risk. In addition, the presence of reputable counterparties and a reduced counterparty risk should make it easier to secure funding under favourable terms, which should enable the Group to improve the competitiveness of its offerings.

The Group intends to take a rigorous approach when participating in tender procedures. In order to assess its responses, the Group conducts a modelling analysis based on generally conservative assumptions and, to the extent possible, corroborated by independent studies, validated by internal analyses. These assumptions include, but are not limited to:

- the lifetime of assets;
- the expected returns of the hydrogen sales contract, for its entire duration and, where applicable, for any additional period, the yields of hydrogen sales on the market;
- the purchase price of renewable electricity and, if the term of the contract does not cover the lifetime of the assets, an estimate of the future purchase price at the end of the first contract;
- construction costs, taking into account the Group's quality requirements in terms of equipment and industrial standards;
- operating assumptions (including operating expenses);
- local costs, including taxes, local fees, in each case based on available studies and due diligence carried out previously.

Based on these assumptions, the Group calculates its internal rate of return ("IRR") at the time of its offer to determine whether it will generate sufficient margin to justify the submission of an offer taking into account the risks attached to the project (including country risks). In particular, the IRR takes into account the following elements:

- the counterparty risk of the purchaser of the hydrogen;
- the duration of contracts; and
- residual risks and variability of assumptions.

In most cases, the project finance team within the Group draws up an estimate using an appropriate financial model to ensure that the project is profitable. Lenders sometimes use the same model as part of the financing due diligence.

If the project achieves an acceptable level of IRR, the Group will submit its application.

It should be noted that, between the initial offer and the financial closing, the IRR may vary due in particular to:

- variations in the contractual terms of contracts with equipment suppliers, starting with electrolyzers and construction providers, between their initial proposals and the final contracts; or
- detailed analysis of site constraints.

After the financial closing of its projects, the Group believes that the following potential IRR improvements may occur:

- optimisation of costs, in particular through the possible renegotiation of supply, construction, operation and maintenance contracts;

- extending the lifetime of projects beyond the Group's internal assumption of a useful lifetime of the assets of 15 years;
- the potential improvement of technology, in particular electrolysers, which can be replaced by more efficient models;
- optimisation of production processes via the software tools developed by the Group (see paragraph 5.6.5 "Software tools and data management at the heart of the industrial process" below).

Although the structure and profitability profile of projects depends on the characteristics of each project, the Group strives to develop a resilient business model with high visibility by replicating, as far as possible, the following model depending on the type of project:

- For the Mobility projects, each project will be backed by a portfolio of diversified customers, with hydrogen sales agreements of a duration varying in principle from 3 to 5 years, which are renewable (as is already the case in Bouin). Clients shall commit to purchasing a guaranteed minimum volume of hydrogen at a predefined selling price indexed to several parameters. The electricity purchase price shall be set in order to reflect the predefined sales prices and avoid exposure to the electricity price. The diversification of customers for the same production site shall allow the pooling of the risk generated by durations which are not necessarily aligned of the electricity purchase and the hydrogen sales contracts.
- For Industry projects, each project will be backed by a main customer. Regarding the purchase of electricity, the Group will adapt its strategy depending on its ability to pass on electricity price fluctuations to the customer (purchase at "spot" price or purchase at pre-negotiated prices for the duration of the contract).

In terms of financing, each project has a specific financing structure combining, depending on the case, public support when available (grants or repayable advances), equity or quasi-equity, or "project" debt.

On this basis, the Group has established estimated average project IRRs, notably taking account of the risks which could arise from a misalignment between the project's variable costs and the selling prices and an estimate of delays and additional production costs.

As part of its integrated vertical model, the Group generally seeks, to the extent possible, to be the sole owner of its assets in order to be able to freely implement its high quality standards during their development and construction and to ensure full control over their management. This model allows the Group to optimise its assets operationally and industrially through the implementation of shared systems and services as well as uniform procedures while streamlining decision-making. In addition, the exclusive ownership of assets allows the Group to focus on a long-term stable return strategy, based on the development of high-quality assets, rather than capitalising on shorter-term opportunities.

However, in some cases and in order to respond to specific opportunities, the Group may hold a majority stake, or even a minority stake. The principle of exclusive ownership of

projects could thus be subject to exceptions, for example if the Group were to choose to grant a stake to commercial partners in order to facilitate its entry into a project, or where a local bidding procedure imposes as a condition for the admissibility of the offer the participation of a local public entity in the project. In any event, the Group will seek to agree with the other shareholder conventional clauses in a joint venture allowing it to buy back the stake it does not hold.

5.5.3 Construction of production assets

The Group has established a dedicated team of more than 50 employees dedicated to the design and engineering, procurement and construction (EPC) aspect of the production units.

It includes project managers who integrate the latest development phases in order to technically and legally consolidate projects, already present in countries where the Group's development is most advanced (Germany, Sweden and Denmark for example).

(a) Permits and authorisations

The EPC team is in charge of obtaining the permits and authorisations necessary for the construction and operation of the site.

Additional permits and/or authorisations may be required, depending on the specific characteristics of a project and in particular its dimensioning, such as those relating to protected species, deforestation, town planning or others. The Group requests these additional permits and authorisations at the same time as the building permit or upstream.

It is also during this phase of the project that the necessary steps, and frequently the authorisations, related to the specific nature of hydrogen production facilities are carried out. In France, this is the system specific to "Facilities Classified for the Protection of Environment" (ICPE), but each of the countries of the European Union has equivalent regulations. These regulations are detailed in Section 9.3 "The regulations relating to the installations operated by the Group" of the Universal Registration Document.

Significant projects, requiring major works, or having a pronounced aesthetic or architectural impact, may sometimes be the subject of challenges raised by some stakeholders in the context of administrative appeals. In this regard, the Group takes a proactive position to respond to objections and work with local stakeholders at the beginning of the project development, thereby limiting the risk of recourse.

(b) Design, engineering, procurement and construction

The Group itself ensures the technological design of the project (front end engineering design or FEED), in particular the choice of electrolysis technology used, the selection of equipment and service providers. It is both the project owner and the project manager.

During the construction phase, the Group coordinates all activities enabling the deployment of a hydrogen production site, including:

- **Civil engineering:** site preparation, geotechnical studies, soil analysis and building construction.
- **Process design:** overall diagram of the facility, list of equipment, detailed documentation (Piping & Instrumentation Diagram (P&ID), functional analysis, line lists).
- **Piping:** All interconnection pipes (nitrogen, hydrogen, oxygen, cooling, water, air) are covered.
- **Electricity:** power balance, single-line diagram of the entire hydrogen production site to its connection to the power production asset.
- **Automation:** definition of control architecture, drafting of specifications (for hardware and software), integration of all high-level supervision via SCADA (Supervisory Control and Data Acquisition – an industrial supervision system that handles a large number of measurements and remote control of facilities in real time).
- **Supply of equipment and selection of subcontractors:** service providers are selected on a project-by-project basis, usually through a competitive process or a similar mechanism with a very high requirements in terms of quality and performance in the choice of solutions and quality of deliverables. The Group targets specialised and financially robust companies in order to offer the best possible guarantees. It negotiates the terms and conditions of purchase of the equipment. The service provider generally assumes the risk of delay and performance in accordance with the criminal clauses stipulated in the contracts.

Concerning the main equipment (electrolysers, compressors and containers), the Group selects, as part of a competitive bidding process, the supplier with whom it signs a supply contract for the supply, transport and maintenance of such equipment (see paragraph 5.5.4 “Operation of production assets” below). The Group seeks to enter into collaboration agreements with the main equipment manufacturers, enabling it to ensure their availability.

- **Building construction and installation:** the production unit is built by one or more civil engineering, construction and installation companies under the terms of a construction and supply contract, also covering road works for the site, construction and management of construction areas, construction of foundations and erection of works.

Thus, the Group:

- supervises the appropriate implementation of the technical design of the project that it has developed and contracted with the service providers concerned;
- liaises with local authorities and land owners;

- liaises with the seller of electricity on a technical level – in particular, the installation of the direct connection if there is one;
- liaises with the grid, in particular if the renewable electricity is partially extracted from the grid;
- conducts ongoing risk management;
- manages the quality control of the works, the assembly and installation, as well as the commissioning phase of the project and the performance tests.

For each of the projects it builds, the Group implements a risk budget to cover the unforeseen costs incurred during construction, which is revised downwards as the risks are lifted.

5.5.4 Operation of production assets

As an operator, the Group intends to have full control of the production unit throughout its lifetime. In this context, the Group shall put in place the practices necessary for its proper operation.

Once construction has been completed, the Operation and Maintenance (O&M) team receives the production unit from the EPC team, which remains in support during the first year of operation.

The Group puts in place a three-tiered organisation that allows the optimal management of the O&M aspects of its production units:

- at Group level, the O&M teams work alongside the EPC team for the definition of maintenance and site supervision requirements as well as for the reception of production units (commissioning);
- at regional level, a mobile maintenance team is in charge of corrective maintenance operations;
- at the production sites, an O&M team is in charge of day-to-day maintenance of the facilities (with the Group's local partners), performs special packaging operations, such as hydrogen storage containers, which shall be delivered to customers in Mobility projects and shall provide preventive maintenance services to customers.

These various services are provided by the Group to the SPVs via an O&M contract.

Maintenance

The Group has implemented the following maintenance strategy for its production units:

- a maintenance contract of at least one year as well as training of the O&M teams is systematically included as part of the first purchase on the main equipment in the construction phase. Similarly, a minimum guarantee of one year is systematically associated with the purchase contract. Similarly, the EPC team provides support to the O&M teams in the first year following reception in order to ensure the correct operation of the installation;

- Once the equipment has been taken over from the suppliers, the Group intends to integrate as much as possible the maintenance operations of its plants. Nevertheless, a cost/risk study will be systematically carried out and the Group may subcontract certain operations to its local partners or suppliers.

This strategy will evolve as the Group develops its internal skills, particularly in terms of equipment maintenance, allowing it to limit the use of its suppliers.

The Group also has a spare parts management policy enabling it to anticipate its needs and react quickly if necessary.

Supervision of operation

The management and operation of the assets after the completion of the project are facilitated by continuous monitoring, supervision and analysis, which are ensured with an elaborate IT system (called SCADA) enabling the remote management of all of the Group's production assets. An on-call system ensures continuous monitoring of production units 24 hours a day, 7 days a week. By implementing an effective monitoring system, the Group intends to be able to detect anomalies and trigger, if necessary, interventions as soon as possible.

The Group has also developed an algorithmic system called "HMS" (H2 Management System) enabling it to automatically optimise its operating costs, in particular by ensuring minimised energy consumption.

Logistics

The Group's production units will be connected to its industrial customers via a pipeline allowing direct delivery to the industrial site of the green hydrogen produced. In case of diversified customers – for example for mobility purposes – green hydrogen is delivered in bulk to customers via a container system transported by truck. The Group is therefore the owner and is in charge of managing containers, planning and packaging, and subcontracts their delivery to its local partners.

Since logistics is a major costs element, particularly due to the cost of containers and their transport to customers, the Group sought to maximise the management of the logistics aspects of its business.

It has thus developed in-house the Loghystics tool allowing it to anticipate the consumption of green hydrogen by its customers, based on their theoretical consumption adjusted for their actual consumption, and thus to ensure in real time the optimal management of its production and the planning of containers and transport and to minimise the deliveries of hydrogen that will not be consumed by customers.

Safety and risk management

In order to ensure the safety of its facilities, employees and partners, the Group has put in place a global policy that is broken down into different strata:

	General Group-wide policies
At Group level	Group-wide binding standards and guidelines (except in case of different local rules)
	Technical documentation specific to each functional team
At the level of each site	Documentation specific to each production site, taking into account local regulations]

The Group has also put in place adequate incident management procedures.

5.6 Operational and technical excellence

In order to achieve its objectives, the Group has invested since its inception in the development of key assets to be counted among the major players in the sector:

- a team of specialist engineers covering all the Group's areas of expertise;
- a mastery of the main electrolysis technologies;
- proven expertise in the development and management of an onshore green hydrogen production site;
- a significant advance in the production of offshore green hydrogen;
- a complete software solution using data management and, ultimately, artificial intelligence.

5.6.1 A multi-disciplinary team of engineers

The team of engineers in charge of the design of the production units and the Group's R&D comprised 56 employees as at 31 December 2022. The managers of the main technical areas all have considerable experience in their field of expertise (automation, artificial intelligence, machine learning, engineering, electrolyzers and compressors, electronics of power and logistics, etc.).

5.6.2 A modular and agnostic approach to green hydrogen production technologies

The Group's approach to the design of its production provides it with great deal of flexibility in its technological choices.

The Group is agnostic with regard to electrolyser technologies: it masters the three major technologies on the market (alkaline electrolyzers, proton exchange membrane electrolyzers (PEM) and pressurised alkaline electrolyzers), which allows it, when designing a project, to choose the most suitable technology, and gives it a competitive advantage over competitors which offer only one electrolyser technology.

The Group also has a modular approach to its production sites: it can integrate, from their design, the possibility of increasing its capacity (ramp-up) in the future. This technique will allow it to adapt to the expected increase in demand for green hydrogen.

Finally, it is the Group's policy to secure its supply of key equipment. For example, the Group has placed orders for:

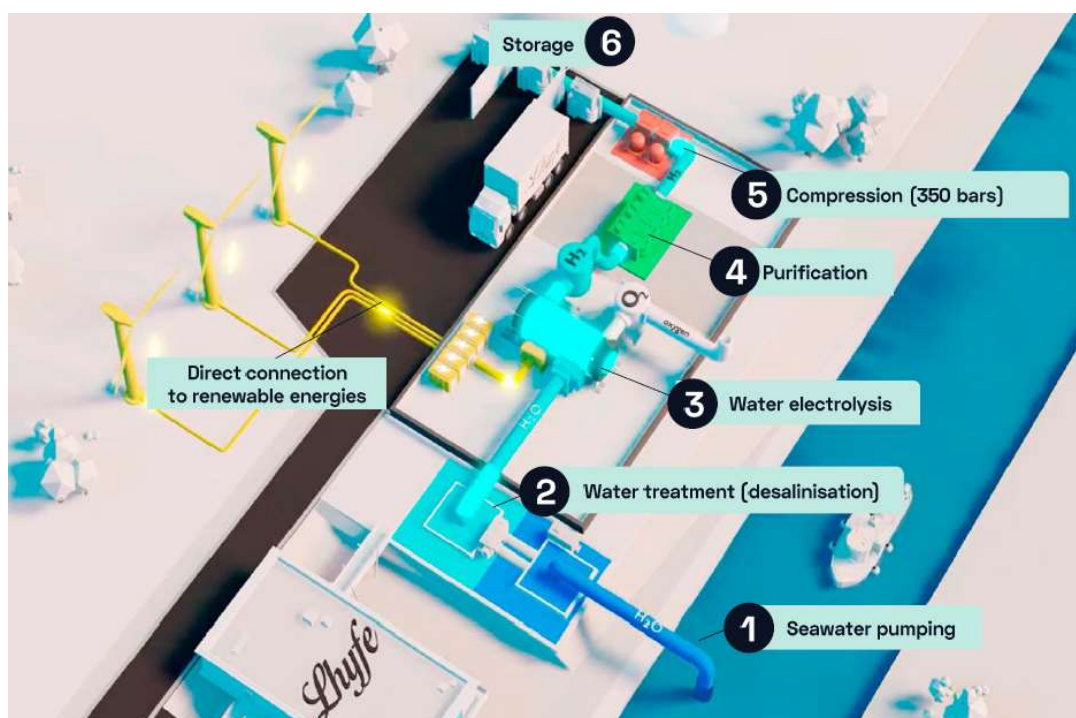
- ten 5 MW PEM electrolyser systems from Plug Power Inc. These electrolysers, with a total capacity of 50 MW (equivalent to up to 20 tonnes per day), will be used to produce renewable hydrogen in several plants across Europe;
- type 4 hydrogen distribution systems from Hexagon Purus, a leading supplier of hydrogen systems. The Group will be able to deliver up to 19 tonnes of green hydrogen per trip, equivalent to the consumption of 650 buses.

5.6.3 Industrial know-how demonstrated in the industrial onshore green hydrogen production

With the success of its first production site in Bouin, Vendée (described in paragraph 5.4.4(a) "First production site by water electrolysis for mobility in France" above, the Group already has demonstrated know-how in the onshore production of green hydrogen.

The construction and operation of this site since the end of 2021 enabled the Group to demonstrate the validity of its approach and technological choices. The Group in fact masters the entire development process of its projects: design, construction and operation. For further details on the development of the Group's projects, refer to paragraph 5.5.1 "Total control of the value chain to accelerate the deployment of projects" above.

The Bouin site also enabled the Group to develop know-how in all components of the production of green hydrogen: fluids, thermodynamics, compression, electrolysis technology, etc.



The industrial process of green hydrogen production developed by the Group

Finally, the operation of the Bouin site allows the Group to develop significant expertise in the field of software management of its production tools, enabling it to optimise its production process, particularly through the management of intermittence and increased yields. The software tools developed by the Group for its industrial process are developed in paragraph 5.6.5 “Software tools and data management at the heart of the industrial process” below.

5.6.4 A significant advance in the production of green hydrogen via offshore wind

In order to achieve its objective of decarbonising the heavy mobility and industry sectors, Lhyfe must meet the challenge of very large-scale green hydrogen production. This is why the Group wishes to complement its proven expertise at onshore production sites by becoming the world’s leading player in developing knowledge building blocks and sufficient technical capacity to produce green hydrogen offshore. Thus, the Group wishes to provide an adequate response to the significant increase in global/policy initiatives on the subject by responding in particular to the opening of dedicated calls for tenders.

Lhyfe is already ready for this stage. From the outset, the Group’s medium-term objective was to be able to produce green hydrogen offshore from sites of up to several hundred megawatts, recognising that offshore production would offer high potential while addressing various issues. To this end, a dedicated R&D programme with several additional steps has been initiated since the end of 2019.

(a) The need to deploy offshore production sites

The development of offshore hydrogen production appears to be the most suitable solution to meet exponential growth demand by 2030 while helping to remove various obstacles. The main issues are as follows.

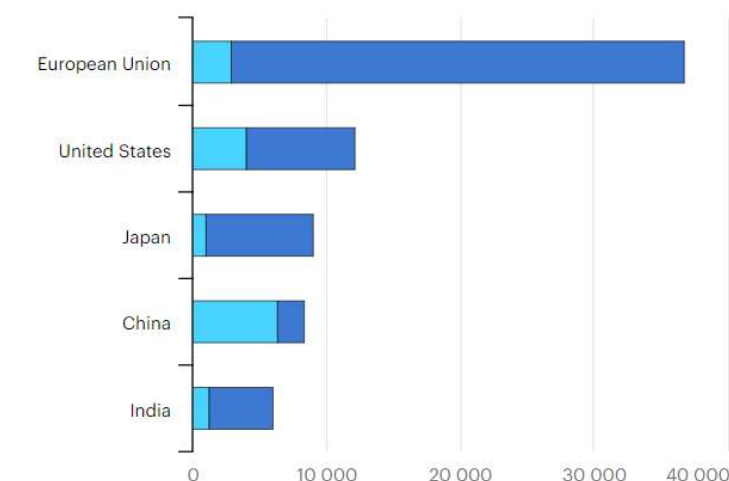
- **Enjoy a particularly attractive energy source in considerable quantities**

The production of hydrogen from renewable energy is particularly sensitive because of, in particular, the proportion of electricity in its production cost (and therefore in its sales price) and the need to have a sufficiently high electricity production load factor (relationship between the production of real electricity and 100% of the installed capacity).

In other words, only renewable energy, which combines high capacity and low electricity costs, will be sufficient for hydrogen production at competitive cost. To date, electricity produced from onshore wind farms is the cheapest renewable electricity with a cost of €40-60/MWh. Photovoltaic systems can also be very cheap in sunny regions. The price of offshore wind energy has decreased significantly in recent years and current offers are now between €40 and €50/MWh. In addition, the load factor of the offshore wind is significantly better than that observed onshore, reaching more than 40% and sometimes more than 50% with peaks of 60%⁶⁹. The considerable load factor of offshore wind power makes it possible to compensate for the additional cost on the operation.

⁶⁹ International Energy Agency, *Offshore Wind Outlook 2019*, November 2019

In this sense, offshore wind energy is the best solution for autonomous green hydrogen production: it is both abundant (the wind energy potential of the North Sea alone represents almost 18 times European electricity consumption⁷⁰), powerful, less intermittent, more competitive and not affected by land constraints. Despite far lower prices in recent



Electricity demand (in light blue) and offshore wind potential (in dark blue) in selected countries in TWh

years (€44/MWh in Dunkerque)⁷¹, which make it even more attractive, today's offshore wind market is far from harvesting its full potential. The implementation of this renewable electricity production poses significant challenges, in particular due to the necessary investments in electrical infrastructure to transport the production of electricity to the shore and the increasing variability due to the large time gap between supply and demand. Through the integration of an electrolysis system coupled with offshore wind turbines, surplus electricity can be converted into hydrogen, and can be stored, transported and used on demand.

- **Creating an acceleration route for offshore wind turbine deployment**

The increase in offshore wind farm capacity leads to more and more expensive site connection costs, reaching more than €1 billion for a site with a capacity greater than 1 GW⁷². Combining an offshore wind farm with a green hydrogen production capacity will contribute to limiting the connection costs by bringing energy onshore in the form of hydrogen rather than in the form of electricity. The transport of hydrogen onshore via a gas pipeline costs about three times less than the electric connection⁷³, which is a real lever for profitability.

Thanks to the control of the cost of connection, the potential for deployment of new offshore wind farms will be much greater. Coupling with hydrogen makes it possible to consider the distance from the coasts of the wind farms and therefore to render attractive areas that are currently difficult to use due to the constraints of connection to the electricity grid which call into question the profitability of the projects. In addition, wind farms located in remote areas should offer a particularly attractive load factor due to their deep ocean location.

⁷⁰ International Energy Agency, *Offshore Wind Outlook 2019*, November 2019

⁷¹ Energy Regulatory Commission, Deliberation No. 2019-124

⁷² Enerdata, TenneT awards €1bn offshore grid contract to Alstom (Germany), 27 February 2013

⁷³ Offshore Wind Industry Council, *Offshore Wind and Hydrogen – Solving the integration challenge*, July 2020

Finally, social acceptability is now a major obstacle for offshore wind projects. This is due to both the visibility of the facilities from the shore, the size of the facilities, which can disrupt local fishing, navigation and the environment. Lhyfe's ambition is to move the platforms to 50 km, where they will have no visual impact.

- **Not to aggravate the inadequacies of onshore network infrastructure**

In a context of the important development of wind farms supported by incentive policies, many problems of interconnecting wind farms to the grid highlight the fact that the infrastructure is too small to absorb the power peaks from the wind turbines. Thus, in Europe operators are forced to engage in load management for their electricity production potential in the absence of sufficient infrastructure and/or consumption in front of them. Connecting a green hydrogen production site to these fields should make it possible to avoid putting wind turbines down and thus ensuring a better profitability.

- **Reconversion of dedicated existing platforms (oil and gas)**

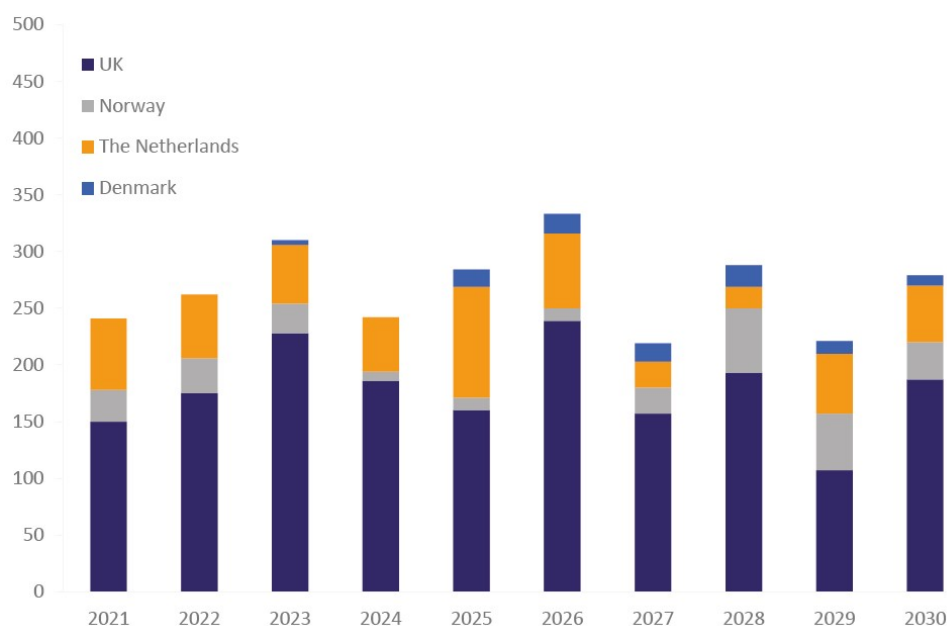
The decline in offshore oil and gas production in Europe represents a real opportunity for the deployment of offshore hydrogen production module coupled with renewable sources of electricity. In a zero-emission scenario, oil consumption would fall by 75% between 2020 (nearly 90 million barrels per day) and 2050 (24 million barrels per day), natural gas consumption by 55% and that of coal by 90%⁷⁴. Hundreds of platforms in the North Sea will have to be stopped in the next ten years.

Reusing and transforming these infrastructures (platform and pipeline) to produce hydrogen is possible and today represents a more interesting economic opportunity compared to their dismantling. For example, the dismantling of platforms in the UK will result in a cost of £16.6 billion over the next ten years⁷⁵. According to DNV GL, 52% of oil and gas operators expect hydrogen to represent a large part of the energy mix by 2030 and 21% acknowledge that they are already present on the hydrogen market⁷⁶.

⁷⁴ International Energy Agency, *Net Zero by 2050 – A Roadmap for the Global Energy Sector*, October 2021

⁷⁵ UK Oil and Gas Industry Association, *Decommissioning Insight* 2021

⁷⁶ DNV GL, *Heading for Hydrogen*, May 2020



Number of platforms to be shut down in Europe between 2021 and 2030⁷⁷

The development of an offshore hydrogen production solution would pave the way for a possible reallocation of these expenses and the development of a sustainable process of producing green hydrogen.

- **A significant interest of the states and offshore stakeholders**

In concrete terms, states, such as Germany and the Netherlands, are working today to develop the hydrogen sector and in particular the offshore hydrogen sector. For example, Germany plans to launch special tenders for the production of green hydrogen at industrial level, according to the draft national hydrogen strategy of the Ministry of Economy and Energy⁷⁸. The solicitation proposal specifies:

“The European Union, in particular with the North Sea, has geographically adapted and cost-effective sites for wind energy and thus offers great potential for the production of green hydrogen. The necessary infrastructure and options for additional tenders for the production of renewable energy will be relevant topics (implemented from 2020).”

At the same time, Denmark and the Netherlands are moving forward on an energy island concept to massively produce renewable electricity and hydrogen. Denmark is preparing to open the first tenders on this subject.

Almost all of the major offshore players (Shell, RWE, Gasunie, Orsted, Siemens, etc.) have announced that they are already working on massive offshore hydrogen production concepts. A report by an American industrial coalition – including Chevron and Shell –

⁷⁷ UK Oil and Gas Industry Association, Decommissioning Insight 2021

⁷⁸ Bundesministerium für Wirtschaft und Energie, *Die Nationale Wasserstoffstrategie*, June 2020⁷⁹ Fuel Cell and Hydrogen Energy Association, *Road map to a US hydrogen economy – Reducing emissions and driving growth across the nation*, October 2021

estimates that offshore hydrogen could generate 700,000 new jobs and revenues of US\$140 billion per year in the United States by 2030 and up to 3.4 million new jobs and revenues of US\$750 billion per year by 2050⁷⁹.

(b) Lhyfe's offshore R&D programme

In order to provide the most relevant response to this new challenge, Lhyfe has engaged in a major R&D program built in an incremental manner and whose base is the Bouin site, which integrates in itself the fundamentals of future offshore sites, namely directly connecting an electrolyser to a renewable energy source and pumping seawater, then purifying it to feed the electrolysis system. The site is also located near the ocean, at a port, and therefore is exposed to environmental conditions that could be encountered offshore.

Based on this onshore “proof of concept” of an offshore solution, whose operational efficiency is demonstrated, two other stages have been defined and are carried out as part of collaborative projects conducted by Group engineers with offshore specialists in order to accelerate the skill acquisition curve and be the first player in the world to have a combined “field” experience of the production of green hydrogen onshore and offshore.

Design of the first floating electrolyser in the world as part of the “SEM-REV” project

To support the development of offshore hydrogen production facilities, Lhyfe has decided to install an electrolyser on a floating barge. It will be the world’s first floating electrolyser to study and overcome the challenges related to offshore hydrogen production. The offshore SEM-REV site of Le Croisic in Brittany (France) was chosen to conduct this test phase in real conditions. Since this project is an R&D demonstrator, it does not form part of the commercial pipeline.



Location of the SEM-REV site

This is a unique site offering the possibility to study and collect data on the offshore production of hydrogen.

The SEM-REV site is equipped with all the offshore measuring tools. It is composed of a secure and reserved area of 1 km² demarcated by four buoys, 20 km from Le Croisic and

⁷⁹ Fuel Cell and Hydrogen Energy Association, *Road map to a US hydrogen economy – Reducing emissions and driving growth across the nation*, October 2021

equipped with oceanographic and meteorological sensors (wind, waves and water currents).

This site is an optimal location to test the development of offshore green hydrogen due to:

- the presence of a 2 MW floating wind turbine, which will be directly connected to the electrolyser and a connection from the site to the land grid allowing power supply at any time;
- permits already in place for technological experimentation;
- proximity to the head office of Lhyfe as well as the proximity of the hydrogen plant of Bouin equipped with a 750 kW electrolyser.



The SEM-REV site

The barge was inaugurated in September 2022 in the port of Saint-Nazaire, where initial tests have since been carried out. It will then be installed at sea in May 2023 and directly connected to an existing floating wind turbine. The capacity of the electrolyser is 1 MW.



The barge in the port of Saint-Nazaire

Experimentation should address the following key technological challenges:

- **Marinization of electrolysis unit**
 - Understanding the impact of accelerations generated by the swell on the production of the electrolyser;
 - Protection of equipment against highly corrosive environments.
- **Remote operations**
 - Operational management and monitoring systems that comply with the required safety rules and regulations using an interfaced SCADA system with all Lhyfe sites, centralised operations from a remote operating room located in Bouin;
 - Development of a digital clone allowing for optimised production of green hydrogen to manage the intermittence of the wind turbine's electrical production.
- **Optimisation of utilities**
 - The hostile environment of the SEM-REV site limits access to the site several times a year, particularly in the autumn/winter season. Thus, the technology deployed on the barge will be carefully selected and tested for operation without the presence of personnel for several months.

To date, Lhyfe believes that it is the player with the most advanced knowledge of offshore hydrogen production technology in the world. Thus, since September 2022, Lhyfe is the only player to have real feedback in the field of green offshore hydrogen production (integration on a floating object and operation). This feedback will be intensified with the deployment at sea on the SEM-REV site. The demonstration of this expertise is a key asset in view of future tenders in France and abroad.

10 MW offshore project in Belgium

In addition to this first demonstrator, Lhyfe continues to build on its lead in offshore hydrogen production technologies through the HOPE (Hydrogen Offshore Production for Europe) project, led by a consortium coordinated by Lhyfe, which received a positive evaluation under the Clean Hydrogen Partnership's 2022-TC01-10 call for projects, co-funded by the European Union. The project partners have therefore entered a phase of preparation for the grant agreement, which will end no later than May 2023.

The project aims to develop, build and operate the first 10 MW renewable hydrogen production unit in the North Sea off the coast of Belgium by 2025. The objective is to demonstrate the technical and financial viability of producing green hydrogen offshore and transporting it by pipeline to serve onshore customers. The project will produce a wide range of exploitable results, as well as pre-feasibility studies and techno-economic assessments of large-scale offshore concepts.

Development of concepts adapted to various offshore infrastructures

At the same time, Lhyfe has initiated the development of several offshore concepts to prepare for the nascent and promising opening of the upcoming market.

Developing its green hydrogen production technology from wind farms held by its partners (such as Skyborn in Denmark, see paragraph 5.4.4(c) "Project to connect to the Storgrundet offshore wind farm, Sweden" of the Universal Registration Document) and seawater, Lhyfe has in parallel begun work on the design and development of green hydrogen production concepts on offshore platforms. Through this design phase, Lhyfe evaluates the adequacy and effectiveness of the different types of infrastructure capable of adapting to the green hydrogen production process of Lhyfe.

In order to understand all possible opportunities, three collaborative projects have been conducted in parallel.

- **A modular topside dedicated to hydrogen production**

As part of Lhyfe's offshore concept portfolio, modular topsides with a capacity of 100 MW and more have been developed in partnership with Les *Chantiers de l'Atlantique* (one of the world leaders in the markets for highly complex vessels and offshore facilities). The *Chantiers de l'Atlantique* are a key player in the areas of design,



Illustration of the modular topside concept

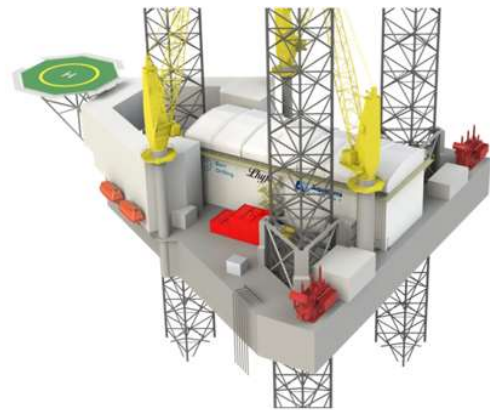
integration, testing and turnkey delivery of cruise ships, military ships and electrical substations for offshore wind farms.

The modules were specifically designed to be installed at sea on fixed supports such as monopiles or jackets for the heaviest ones. The design is designed to cope with the harsh offshore environment and is optimised for limited maintenance time.

The modules are remotely controlled from the shore to ensure cheap but reliable delivery of hydrogen to end customers. Transport to shore is carried out through a pipeline to a terrestrial substation where hydrogen is compressed in containers for further shipment.

- **Concept based on the re-use of existing self-elevating platforms**

In 2021, Lhyfe, Aquaterra and Borr Drilling had concluded a memorandum of understanding to develop an offshore hydrogen production plant concept based on the re-use of an existing elevator auto platform. AquaTerra is a specialist in offshore oil and gas engineering with 15 years of expertise in the analysis, design, maintenance and dismantling of offshore platforms. Borr Drilling is an international drilling group that owns and operates self-elevating platforms since 2016.



Project of a self-elevating platform developed within the framework of the

Together, this consortium launched the Haldane project to select and adapt a Borr self-elevating platform for hydrogen production.

- **Floating wind turbine project integrating a green hydrogen production system**

In November 2021 the Group and Doris signed a memorandum of understanding to launch the first floating wind farm incorporating a green hydrogen production system called Nerehyd. This project combines the Group's know-how in renewable green hydrogen production with Doris's floating wind turbine solution called Nerewind.



Floating wind turbine project integrating a hydrogen production unit

Doris has designed a floater to obtain as stable flotation conditions as possible offshore.

It is equipped with a sensor system that limits the accelerations generated by waves on the float.

The strength of this concept is to be versatile with the possibility to accommodate up to 20 MW of electrolysis capacity without changing the main structure of the float.

The design is adapted to the requirements of offshore floating and in particular to remote maintenance operations given a difficult marine environment.

The production of green hydrogen is evacuated in these 3 concepts using submarine conduits and collected in a submarine collector. Green hydrogen is then transported onshore via the main submarine pipeline. It is then compressed at the pressure required for further shipment to the refuelling stations or directly distributed to industrial end-users.

These 3 concepts are now sufficiently mature and Lhyfe is now preparing to respond to future tenders.

Conclusion of collaboration agreements for the development of offshore green hydrogen production

The Group has concluded several agreements to accelerate the development of offshore green hydrogen production.

- **Collaboration with Chantiers de l'Atlantique**

This agreement signed in June 2022 comes at a time when Lhyfe and Chantiers de l'Atlantique have been working since early 2021 on the co-development of an offshore hydrogen production pilot as part of the SEM-REV project (see "Design of the first floating electrolyser in the world as part of the "SEM-REV" project" above).

Based on this first demonstrator, the two companies wanted to consolidate their partnership to deploy it on a large scale. Lhyfe and Chantiers de l'Atlantique will collaborate on offshore green hydrogen production projects, on wind farms connected or not to the electrical grid. Chantiers de l'Atlantique will design, build and install the platforms while Lhyfe will design and operate the renewable hydrogen production sites.

This agreement aims not only to develop the renewable hydrogen sector at sea, but also in port areas. For the offshore projects, the two partners plan to develop production solutions with a capacity of at least 100 MW, which will be installed on existing fixed structures, or on foundations of the laid or floating type.

- **Collaboration with Nantes Saint-Nazaire Port**

In November 2022, the Group and Nantes Saint-Nazaire Port, France's fourth largest seaport, signed an agreement to develop the offshore green hydrogen sector and thus accelerate the energy transition in the Loire estuary.

This collaboration should make it possible to identify port areas and facilities likely to host prototypes for R&D development and to test innovative solutions. The agreement also covers the identification of industrial needs linked to the construction of equipment for the mass production of hydrogen at sea and the port infrastructures required for the production, launching and integration of this future equipment. Finally, the two

parties will combine their thoughts on the issue of repatriating green hydrogen produced massively at sea to land in order to define the industrial and logistical requirements necessary for the reception and injection of the gas into the land network.

- **Collaboration with Centrica**

The Group and Centrica have agreed to jointly develop offshore green hydrogen in the United Kingdom, a first for the country. The two companies have signed a memorandum of understanding that could accelerate the development of green hydrogen as part of the country's energy transition. As part of the agreement, Lhyfe and Centrica will explore the possibility of combining their expertise to collaborate on a green hydrogen pilot site in the southern North Sea.

The pilot project will aim to combine Lhyfe's expertise in renewable green hydrogen production with Centrica's experience in gas storage and infrastructure to ensure that the hydrogen produced can be safely stored and used in the UK. The end result would prove that an end-to-end hydrogen production, storage and distribution system is possible in the country.

The two companies will also explore a further partnership to deploy the technology on a larger scale alongside offshore wind power generation.

5.6.5 Software tools and data management at the heart of the industrial process

From the start of its first project on the Bouin site, the Group has chosen to put software tools and data management at the heart of its industrial process. Convinced that the software tools would be a key element in its development and optimisation of the production of its green hydrogen, the Group and its teams have developed a software suite covering all aspects of the Group's integrated model, from the initial development of projects to the sale of hydrogen:

	Qualifyh	Qualification and determination of characteristics of potential production sites
	HMS (<i>H2 Management System</i>)	Algorithm optimisation of the production process to ensure minimised energy consumption
	Supervision system	Global system for supervision of production sites
	Loghystics	Tool for optimising production and logistics according to customer consumption and the availability of renewable energies based, in the long term, on artificial intelligence algorithms

In June 2020, the Company also signed an agreement with the *Commissariat à l'énergie atomique et aux énergies alternatives* (CEA) on a collaboration between the Group's R&D teams and CEA Tech, the CEA entity which brings together all applied research activities in the fields of information technology, health, energy and intelligent digital systems.

The objective of this collaboration is to develop a digital twin platform for a green hydrogen production and distribution chain coupled with renewable electricity production. This platform should in particular accelerate the development of some of the tools mentioned above and validate them before operational deployment at the hydrogen production sites.

5.7 Organisational structure

5.7.1 Functional organisation chart

The Group's teams, led by Matthieu Guesné, Chairman and Chief Executive Officer of the Company, are divided into different business units:

- **Corporate functions:** as at 31 December 2022, this team was composed of 33 people divided between the Finance team led by Maria Pardo Saleme, the Human Resources / Communications team led by Nolwenn Belléguic and the Legal team. The corporate functions are to ensure the smooth running of the Group and to support the teams of the three other business units on a daily basis on administrative, financial, legal, human resources, marketing and communication matters.
- **Business development:** as at 31 December 2022, this team led by Taia Kronborg consisted of 43 people in 10 countries (France, Germany, Belgium, the Netherlands, Denmark, Sweden, Finland, Norway, Spain and Portugal). It is responsible for developing the Group's activity by commercially deploying the Group's sites in the regions defined as priorities in France and abroad. The team participates in calls for tenders and calls for projects and is responsible for grants funding. The business development team is also responsible for negotiating contracts for the sale of hydrogen and power purchase agreements.
- **Engineering and research and development (R&D):** as at 31 December 2022, this team led by Thomas Creach was composed of 56 people. It is responsible for the EPC phase of the development of projects (permissions and authorisations, technological design, engineering, construction). Its mission is also to develop onshore, offshore and digital technology solutions, particularly with a view to optimising the production process and deployment times. It establishes and implements the Group's R&D programmes and carries out the deployments of all hydrogen production sites in France and internationally. The Engineering and R&D team is described in more detail in paragraphs 5.5.3 "Construction of production assets" and 5.6.1 "A multi-disciplinary team of engineers" above.
- **Operations:** as at 31 December 2022, this team led by Antoine Hamon was composed of 17 people. It is responsible for operating the Group's production sites in France and abroad, maintaining the Group's assets and delivering customers. It is also responsible for monitoring changes in regulations, analysing risks and ensuring the safety of the Group's facilities and employees.

The legal structure of the Group is presented in Section 6.1 "Legal organisation chart" of the Universal Registration Document.

5.7.2 Presentation of the management of the Company

The biographies of members of the management team in charge of the various divisions of the Group are as follows:

Matthieu Guesné – Founder, Chairman and Chief Executive Officer

Matthieu Guesné is an engineer in electronics and IT. He is a specialist in batteries and electricity storage.

He was Director of *the Commissariat à l'énergie atomique et aux énergies alternatives* (CEA) Tech Pays de la Loire and Brittany dedicated to marine energies. CEA is a French public research organisation that has created 40% of French patents on hydrogen technology. Matthieu Guesné was notably responsible for an investment plan of €45 million and has also managed the contracting team which signed R&D partnerships worth €34 million.

Prior to working in this public research organisation, Matthieu Guesné was the international commercial director of an SME specialising in hyper-frequency electronics, where he managed partners in more than 30 countries around the world. He established a subsidiary in India and new partnerships in Brazil and Russia. He has travelled around the world and has acquired a strong international culture. Finally, he worked in the United States as key account director at Hewlett-Packard in the testing and measurement division.

Antoine Hamon – Chief Operations Officer and Deputy Chief Executive Officer

Antoine Hamon is an electronic engineer with a degree in Operations Management and is Certified in Production and Inventory Management (CPIM). He worked for 13 years in the oil and gas equipment industry at various management positions.

He began his career as a production project engineer and then managed the production activities for a plant in China. After this experience, Antoine moved to Houston, Texas where he managed logistics operations and special investment projects for his company. Prior to working for the Group, he was responsible for the global supply chain, overseeing supply chain operations at seven sites worldwide.

Nolwenn Belléguic – Human Resources / Communication and Deputy Chief Executive Officer

Nolwenn Belléguic holds a Master's degree in innovative project management. She started her career in Germany and then in Paris in marketing strategy consulting before specialising in supporting companies and their teams in their innovation processes. She is also a master level coach (Certification National Directory of Professional Certifications). Nolwenn Belléguic has more than 15 years of experience in defining the strategic and organisational model of companies (including start-ups) through the deployment of effective solutions dedicated to innovation, collective intelligence and performance optimisation.

Maria Pardo Saleme – Chief Financial Officer

Maria Pardo Saleme has nearly twenty years of experience in investment banking, where she worked in risk and derivatives modelling, subsequently specialising in corporate finance advisory for public and private companies at BNP Paribas. From 2015, she led the equity capital markets teams for the Iberian region with which she carried out numerous strategic projects (IPOs, capital increases, equity and equity-linked financing, secondary trades), and then contributed from 2020 to the creation and launch of BNP Paribas' EMEA private placement advisory team dedicated to innovative companies.

Maria is fluent in five languages, is a graduate engineer of ENSTA Paris, a member of the Institut Polytechnique de Paris, and holds a Master's degree in Applied Mathematics and Financial Modelling from Panthéon-Sorbonne University (Paris 1).

Taia Kronborg – Chief Business Officer

Taia Kronborg holds a Ph.D. in Physics from the University of Paris 6 and the University of Copenhagen. She has worked in the field of hydrogen and energy storage for the past ten years, establishing strategic R&D partnerships between industry and research organisations at the French and European level.

She was first Chief Networking Officer for a regional organisation. She was then responsible for the business development at CEA for five years securing R&D contracts. She has secured €37 million in European and national financing as well as industrial R&D contracts and has developed a major European network in the field of hydrogen technologies.

She has extensive international experience in the development and management of European projects, particularly within the Fuel Cells and Hydrogen Joint Undertaking (FCH-JU) to support research, technological development and demonstration activities in the field of fuel cell and hydrogen-based technologies in Europe. She has also worked on several occasions as an independent expert for the European Commission.

Thomas Creach – Chief Technical Officer

Thomas Creach is a mechatronic engineer with strong experience in the fast development of innovative technologies and R&D activities.

He began his career at Renault-Nissan, where he supervised the development of batteries by directing all technical activities (from design specifications) and managing suppliers (mainly Korean). He was also in charge of the development of the first battery factory in France. He participated in the acceleration of the development of electric vehicles.

Thomas Creach worked at CEA between 2014 and 2019. He was responsible for the development of the energy activities (mainly marine and hydrogen energies) of the Nantes centre, including the development of the R&D platform (€20 million in investments in three years), business development, project development and team growth.

5.8 Competition

In the midst of transformation and with strong growth in the coming years, the hydrogen market attracts a wide variety of stakeholders, small or large, already present in the grey or green hydrogen market (producers, equipment manufacturers, engineering companies, etc.) or new entrants (start-ups, utilities and renewable electricity producers). Like the market, the competitive landscape, and beyond the entire ecosystem, is in motion and far from being stabilised. The economic models of these players are varied and, compared to that of the Group, they can intervene on some or all of their field of activity. Thus, depending on the uses of green hydrogen produced by the Group (industrial applications or mobility) and the geographical areas where the Group is or will be present, its competitors are and will be different, and may also be suppliers, partners or customers.

Any typology of the Group's competitors is therefore a description at a given time, which will necessarily change. By retaining a medium-term horizon (2024-2025), and based on the activities and projects announced by the main players in Europe, the companies that the Group today identifies as current or potential competitors in the context of calls for tenders in Europe are the following, as of the date of the Universal Registration Document⁸⁰:

Air Liquide

Air Liquide, a major producer of "grey" hydrogen, is increasing its presence on the market for "blue" and "green" hydrogen, in particular:

- In September 2018, Air Liquide inaugurated a pilot site for the production of decarbonised hydrogen in Hobro, Denmark, HyBalance.
- Air Liquide has built a 20 MW PEM electrolyser in Canada in 2020, the largest to date, producing 8.2 tonnes per day of hydrogen for industrial and mobility markets in North America.
- Air Liquide operates a "blue" hydrogen production unit at the Port-Jérôme site in Normandy and launched the Normand'Hy project providing for the construction of a 200 MW green hydrogen production unit at the same site.

Aker Horizons

Aker Horizons is a Norwegian company whose business consists notably of developing, designing, constructing and operating industrial-sized clean hydrogen modular plants. Aker Horizons is currently involved in several projects, mostly renewable ammonia production, at different stages of progress, some of which are still opportunities in Norway and South America.

⁸⁰ The information given in this section is taken from the respective Internet sites of companies

⁸¹ Then sold on 20 December 2019.

Engie

The Engie Group is present throughout the entire value chain of renewable hydrogen, from renewable energy production to end uses of hydrogen. Engie is currently involved in several projects related to hydrogen:

- HyGREEN Provence, which is developing a project for the production, storage and distribution of renewable hydrogen in salt caverns at the industrial level thanks to local renewable electricity production;
- Zero Emission Valley (ZEV), which develops a network of 20 hydrogen feeding stations for 2030 in the Auvergne Rhône Alpes region;
- the construction and operation of a mobile hydrogen refuelling station for the Coradia iLint renewable hydrogen train project in the Netherlands, the first test of which took place in 2020;
- construction and maintenance of the first French hydrogen station dedicated to buses in Houdain.

Everfuel

Everfuel is a Danish listed company founded in 2017 by NEL Fuel AS. Everfuel focuses around three sectors: the production of hydrogen via electrolysis from renewable energy, the storage and distribution of hydrogen, as well as hydrogen supply and supply solutions such as the operation of hydrogen refuelling stations to support the fleets of fuel cell vehicles in Europe.

Hynamics (EDF)

Hynamics, a subsidiary of the EDF group created in 2019, is a producer and distributor of low-carbon and renewable hydrogen. Hynamics is currently involved in the following projects:

- first-phase installation of a renewable hydrogen station for the short-circuit supply of 5 buses and light commercial vehicles in the Auxerroise region;
- construction of an electrolyser powered by wind farms in the North Sea in Hemmingstedt, near Heide, in the state of Schleswig-Holstein, in Germany. An extension project is being considered, the purpose of which will be to decarbonise a nearby cement site; and
- promotion of hydrogen as a key element in the energy transition of river and maritime transport through three projects: port of Ostend, port of Amsterdam and port of Paris.

HY2GEN

HY2GEN, founded in 2016, is a company that develops, finances, builds and operates green hydrogen and its derivatives plants worldwide for mobility, agriculture and industry. The first plants are under development in France, Norway, Canada, Germany and the United States.

H2V

H2V, founded in 2016, is a French company producing hydrogen by electrolysis of renewable energy. H2V offers its customers turnkey plants and is currently working on several projects in France and in Europe.

Iberdrola

The Spanish group Iberdrola is a producer of renewable electricity and natural gas present in more than 31 countries worldwide. The group also wants to produce and supply green hydrogen from clean energy sources. The group has thus recently partnered with the Swedish company H2 green Steel to produce renewable hydrogen on Spanish territory by 2025 or 2026.

Linde

Linde, a major producer of “grey” hydrogen, announced its intention to develop in the “green” hydrogen market. In this context, Linde has entered into a dozen partnerships with manufacturers of electric fuel cell vehicles, energy companies and renewable energy producers. For example, from 2015 Linde participated with Siemens, the University of Applied Sciences RheinMain and Mainzer Stadtwerke in the Energiepark Mainz project, which consisted of setting up an electrolysis system to absorb excess wind energy in the Mainz-Hechtsheim business park.

Orsted

Orsted, founded in 2006, is a Danish listed company specialising in green energy (offshore wind and terrestrial renewable energy). It also develops numerous projects for the production of green hydrogen and green fuels with partners in Germany, Belgium, the Netherlands and Denmark, particularly for industrial uses, as well as for land, sea and aviation transport.

Qair

Qair, founded more than 30 years ago, is a French company, an independent electricity producer, which operates electricity production assets exclusively from renewable sources (onshore and offshore wind turbines, solar, hydro-electric, eco-combustion and renewable hydrogen), including the first French offshore wind turbine off the coast of Le Croisic. Qair is currently engaged in a project to produce offshore wind power, storage, transport and marketing of hydrogen on the Beziers coast.

Vattenfall

Vattenfall is a Swedish green power production and distribution company wholly owned by the Swedish State and mainly in Sweden, Germany, the Netherlands, Denmark, the United Kingdom, Finland and France. It specialises in the installation of onshore and offshore wind farms. It invests in facilities to produce green hydrogen that will be used in the industry or transport sector.

5.9 Intellectual property

The Group’s intellectual property rights consist mainly of rights over distinctive signs such as trademarks and domain names. These intellectual property rights held by the

Group are registered or are in the process of being registered in the countries where the Group operates, so as to protect them appropriately. The Group has also implemented measures to protect the know-how it has developed.

5.9.1 Protection of know-how

Rather than filing patents, the Group protects its know-how in a preventive and defensive manner.

Preventive measures being deployed or already deployed include the development of an internal trade secret policy, the secure storage of confidential information, the regular review of confidential and non-confidential items, and the inclusion of non-disclosure clauses in the agreements signed by the Group, where the exchange of confidential information is highly probable and/or necessary.

Defensive measures have been put in place by the deposit of Soleau envelopes, which is a simple and inexpensive means of proof enabling us to date certain concepts and prove the prior art of the Group's innovation with respect to a competitor. The Soleau envelopes nevertheless do not create intellectual property rights and have a 10-year duration. Compared with the filing of patents, the filing of Soleau envelopes is not public and allows the origin of the creation to be dated.

For example, some offshore production technologies and the code of some internal software tools are protected by the Soleau envelope deposit. The entire hydrogen production process has also been protected by the deposit of Soleau envelopes.

5.9.2 Trademarks

The Company has filed the following trademarks:

Trademark	Geographical area	Number	Date	Protected classes
Lhyfe	France	4377042	Filed on 18 July 2017 and registered on 24 November 2017 ⁸¹	1; 4; 9; 11; 35; 37; 39; 40; 41; 42
	European Union	1539672	Registered on 23 March 2020	1; 9; 35; 37; 39; 40; 41; 42
Lhyfe Box	France	4732375	Filed on 12 February 2021 and registered on 18 June 2021	7; 9; 35; 40
	European Union	018531261	Filed on 18 August 2021 and registered on 3 January 2022	7; 9; 35; 40
Lhyfe Heroes	France	4907372	Filed on 21 October 2022 and registered on 24 March 2023	1; 4; 7; 9; 35; 36; 37; 38; 39; 40; 41; 42
	European Union	018779775	Filed on 21 October 2022 and registered on 31 January 2023	1; 4; 7; 9; 35; 36; 37; 38; 39; 40; 41; 42
Heroes of Lhyfe	France	4907940	Filed on 24 October 2022 and registered on 10 February 2023	1; 4; 7; 9; 35; 36; 37; 38; 39; 40; 41; 42

5.9.3 Domain names

The Company has filed several domain names, mainly around its name “Lhyfe”, including the domain name “Lhyfe.com”, used by the Group’s website.

5.10 Investments

5.10.1 Investments made during the 2022 fiscal year

During the year ended 31 December 2022, the Group’s investments were focused on the renewable hydrogen production sites under development. At the same time, the Group continued to invest in its various R&D programmes.

The table below sets out the Group’s investments for the year ended 31 December 2022.

In thousands of Euros	Year 2022	Year 2021
Intangible investments	3,116	1,078
Tangible investments	8,397	3,651
Rights of use/rental	1,003	2,733
Investments in companies accounted for using the equity method	1,060	

⁸¹ Then sold on 20 December 2019.

TOTAL	13,576	7,462

Intangible investments

During the 2022 financial year, the Group devoted a significant portion of its investment in intangible assets to the development and design of its future hydrogen production sites. Thus, the amount devoted to these projects amounted to €2,001k during the year. At the same time, the Group continued its investments in the research and development programmes initiated in previous years, namely:

- The design of a standard onshore hydrogen production site, for which the amounts invested represent €1,037k (of which €500k were capitalised in 2022), compared with €537k as at 31 December 2021;
- the design of proprietary software tools representing investments of €1,335k as at 31 December 2022 (of which €604k was capitalised in 2022) compared to €731k as at 31 December 2021.

Other intangible assets mainly concern the acquisition of office automation licences to support the development of the workforce.

It should be noted that the Company does not capitalise research expenses for a project (including those relating to the design of an offshore production site) for which the degree of maturity has not been reached with regard to the requirements of the management team. These expenses were expensed in the year in which they were incurred and amounted to €959k in the year ended 31 December 2022 compared to €667k in 2021. The majority of this expenditure related to the design of the offshore renewable hydrogen pilot plant, Sealhyfe.

Tangible investments

The Group has invested significant amounts in industrial equipment in view of the construction of its onshore hydrogen production sites in 2022 for a total amount of €4,837k. In addition, the Group continued to invest in containers dedicated to the transportation of hydrogen and the equipment necessary for the commissioning of the offshore hydrogen production pilot site. Other investments during the period concerned the acquisition of IT equipment and the fitting out of the new head office premises.

Rights of use under lease agreements (IFRS 16)

The rights of use recognised as an asset in 2022 relate to the new premises for which the Group signed a new lease in April 2022, for a period of 10 years. The Group's head office was thus transferred to 1 ter mail Pablo Picasso in July 2022. During the second half of the year, the term of the lease was reviewed as the Group entered into a deed of purchase for a building under construction for a move planned for 2025.

Investments in companies accounted for using the equity method

In September 2022, the Group acquired a 39.20% stake in Botnia Hydrogen, which is accounted for using the equity method. Although the Group does not have control of the company in the sense of IFRS 10, it is the largest shareholder in this project company.

5.10.2 Investments in progress

At the end of December 2022, the Group's main investments in progress concern the renewable hydrogen production sites under development and construction as well as the acquisition of containers dedicated to the transportation of hydrogen. The total amount of firm commitments made in this respect at the end of 2022 is €47 million, part of which has already been recognised in assets under construction as at 31 December 2022. These amounted to €7,103k at 31 December 2022, compared to €1,100k as at 31 December 2021 (see note 3.1.2 of the appendix to the IFRS financial statements presented in paragraph 18.1.1 "IFRS consolidated financial statements for the year ended 31 December 2022" of the Universal Registration Document).

The geographical distribution of these investments will correspond to the geographical distribution of the Group's most advanced projects, particularly in France and Germany. These investments are financed by the Group's cash.

5.10.3 Future investments

The Group intends to continue its investments in the deployment of numerous hydrogen production sites in France and in many European countries with the stated ambition of disposing of a total installed capacity of at least 55 MW by the end of 2024 and of 200 MW by 2026 (refer to Section 10.2 "Objectives" of the Universal Registration Document).

5.11 Environmental impact

5.11.1 Group policy on environmental matters

Lhyfe's corporate purpose, i.e., the production of clean hydrogen for mobility and industry, is devoted to the environment. Green hydrogen produced by the Group is thus replacing fossil fuels used today in mobility and industry.

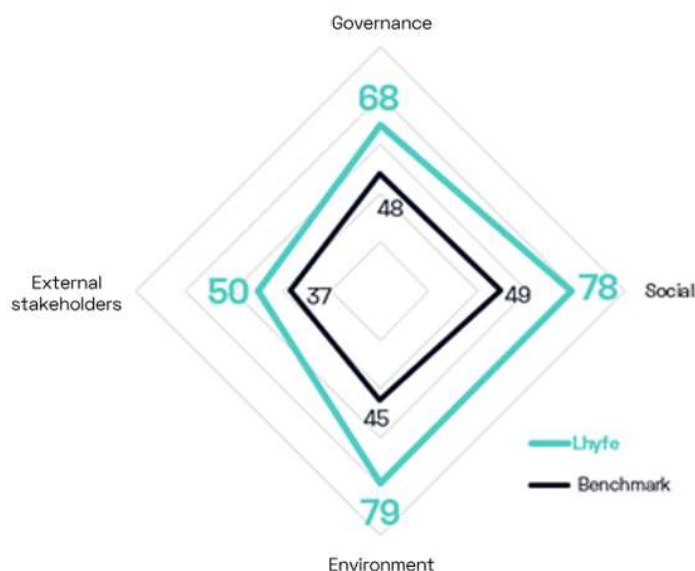
Furthermore, the Group's objective is to minimise its environmental impact in all aspects of its business, from the development of projects to the delivery of green hydrogen:

- **Design of production units:** The buildings at the production sites are eco-designed;
- **Construction of production units:** For the construction of its production sites, the Group favours service providers and manufacturers of local equipment.
- **Production process:** The process of producing green hydrogen by water electrolysis only emits oxygen and produces no waste. At the Bouin site, the water used in the production process originates from a underground salt water deposit originating from the sea. All brine, without any additives, is returned to the deposit. The residual water recovered after compression is also filtered and then returned to the original water deposit in order to minimise the impact of the site on the natural environment. Acids are used to wash filters and are then collected and reprocessed. Potassium hydroxide is used to activate the electrolysis reaction but remains in a closed circuit. Oily residue from post compression water treatment is also collected and sent for reprocessing.
- **Delivery:** Green hydrogen is delivered via reduced-emissions trucks, with the aim of using hydrogen-powered trucks whenever possible.

- **Other travel:** The Group monitors CO₂ emissions generated by its employees' travel. A zero emission vehicle was purchased in 2020 and the Group encourages the use of bicycles and teleworking.

5.11.2 Non-financial rating of the Group by Ethifinance

At the time of its IPO, the Group requested a non-financial rating from Ethifinance, which gave it a score of 71/100 for the year 2021, compared to an average score of 46/100 for a panel of comparable companies⁸².



Group score compared to the panel in the 4 areas assessed by Ethifinance

The Ethifinance report highlights the following measures in the 4 areas assessed:

- **Governance**
 - Publication of the internal regulations of the Board of Directors;
 - Good representation of independent directors;
 - Commitment to comply with the Middenext Code;
 - Formalised business ethics and anti-corruption policy;
 - Open alert system;
- **Social**
 - Social data monitored and available over the entire Group perimeter;
 - Human Resources Director, member of the Executive Committee;
 - Annual employee survey;

⁸² Sample of 2022 scores based on 2021 data selected on a company size criterion by number of employees (< 100), for the "Renewable Energy" sector.

- High staff training rate (100%) and average number of training hours per employee (30 hours);
- Formalised HSS (Health, Safety and Security) management;
- **Environment**
 - Monitoring of environmental data over the entire Group perimeter;
 - Formal environmental policy and environmental management system;
 - Action plan for energy savings and reduction of greenhouse gas emissions;
 - Monitoring of greenhouse gas emissions for scope 1, 2 and 3;
 - Implementation of a waste sorting system;
- **External stakeholders**
 - Integration of ESG criteria into purchasing practices;
 - Average supplier payment term (30 days);
 - Measurement of economic dependency of suppliers;
 - Quality management system;
 - Formalised IT charter;
 - Intrusion testing of IT systems.

An update of the rating will be requested in early 2024 and published in the Universal Registration Document for the year 2023.

5.11.3 Assessment related to the European taxonomy

The Group also requested from EthiFinance, on a voluntary basis, an assessment of its activities as regards to the European taxonomy resulting from Regulation (EU) 2020/852 and the Delegated Regulation (EU) 2021/2139, which set criteria for the selection of activities contributing “substantially” to “attenuation of and adaptation to climate change” (the “**European Taxonomy**”). EthiFinance therefore assessed the alignment of the Group’s turnover with the European Taxonomy:

EthiFinance considers that 100% of the Group’s turnover for financial year 2021 is aligned with the European Taxonomy:

- it corresponds to the activity of “Hydrogen production” identified amongst the activities contributing to the “Climate Change Mitigation”;
- it substantially contributes to the “Climate Change Mitigation” objective as it meets 100% of the technical criteria defined in the European Taxonomy for the “Hydrogen Production” activity (§3.10) by complying throughout the life cycle with the greenhouse gas reduction requirements of 74.3% as regards hydrogen, i.e. emissions below 3 tonnes of CO₂ per tonne of hydrogen;
- it satisfies with the 4 “Do No Significant Harm” or DNSH criteria, i.e. adaptation to climate change, (ii) sustainable use and protection of water and marine resources,

(iii) prevention and control of pollution and (iv) protection and restoration of biodiversity and ecosystems;

- it complies with “minimum social safeguards”: although the Group does not explicitly mention international standards such as the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights in its Ethics Charter and Code of Conduct, EthiFinance considered that the Group’s ethical framework fully covers all relevant issues, and therefore meets the minimum safeguards in the areas of international human rights.

The Group has not requested a new assessment for the 2022 financial year, as the nature of the turnover is the same as for the 2021 financial year.

5.11.4 Monitoring of CO₂ emissions

The Group has set up a monitoring system for CO₂ emissions along two lines:

- a annual review of greenhouse gas emissions generated by its annual activities per employee;
- the monitoring of the carbon life cycle of the hydrogen produced by site.

Annual review of greenhouse gas emissions

The Group carries out an annual diagnosis, on a voluntary basis and via the Carbo tool, to analyse the direct and indirect greenhouse gas emissions generated by all its activities. Given the rapid increase in its workforce and activities, the figures by activity are reported by employee.

Activity	CO ₂ emissions (in tCO ₂)	
	2022	2021
Corporate activities (per employee)	12.74	4,81
Construction (per employee)	0.96	15,46
Operation (per employee)	0,96	1,36
Total (per employee)	15.11	21.63
Nombre moyen de salariés	105	39
Total	1,586.5	843.4

With regard to corporate activities (activities other than construction and operation), the sharp increase in CO₂ emissions in 2022 (12.74 tonnes of CO₂ per employee in 2022 compared with 4.81 in 2021) is due to the cost of advice (particularly legal, financial and human resources) related to the Company’s IPO and the Group’s international development, whose CO₂ emissions are accounted for on the basis of their cost.

With regard to construction, the sharp drop (0.96 tonnes of CO₂ per employee in 2022 compared with 15.46 in 2021) is explained by the construction of the Bouin site in 2021, whereas 2022 only includes the use and exploitation of materials for the SEM-REV project, as no plant construction took place in 2022.

Emissions from operations are stable (1.41 tonnes of CO₂ per employee in 2022 compared to 1.36 in 2021).

Analysis of CO₂ emissions linked to the life cycle of the hydrogen produced

To date, there is no international legal framework or global consensus for the characterisation of hydrogen as green, renewable, low carbon or carbon neutral (see Chapter 9 “Regulatory Environment” of the Universal Registration Document).

So far, the international reference is the “Methodology for Determining Greenhouse Gas Emissions Associated with Hydrogen Production” published in November 2022 by the International Partnership for Hydrogen and Fuel Cells (IPHE), an international intergovernmental partnership of countries and the European Commission, whose objective is to facilitate and accelerate the transition to clean energy using hydrogen and fuel cells.

The Group has decided to establish its own methodology for quantifying and reporting on the carbon footprint of product (CFP), in line with international standards:

- ISO 14040/44:2006 - Environmental management - Life cycle assessment - Principle and framework;
- ISO 14067:2018 - Carbon footprint of products - Requirements and guidelines for quantification;
- the general certification procedure for products and services “Voluntary Certification for Hydrogen Carbon Footprint Assessments” developed by the Bureau Veritas Technical & Decarbonation Centre.

The methodology used is in line with Directive (EU) 2018/2001 (so-called “RED II”) which requires greenhouse gas emission savings of 73.4% compared to a fossil fuel comparator in a manner similar to the approach defined in Article 25(2) and Annex V of the said Directive.

This methodology is also in line with recognised hydrogen certification schemes such as CertifHy’s “CertifHy Green Hydrogen” label, TÜV SÜD’s “GreenHydrogen” label or the IPHE guidelines.

The assessment was carried out at Lhyfe’s Bouin plant, and includes all upstream activities, i.e. the production of raw materials for the construction of the plant, the production of hydrogen on site, the compression of the hydrogen to 350 bar and the transportation to the customer’s plant. However, as the storage and delivery stages are extremely sensitive to the distance from the customer to the production site and to the average consumption of the vehicle, the system is divided into two sub-systems:

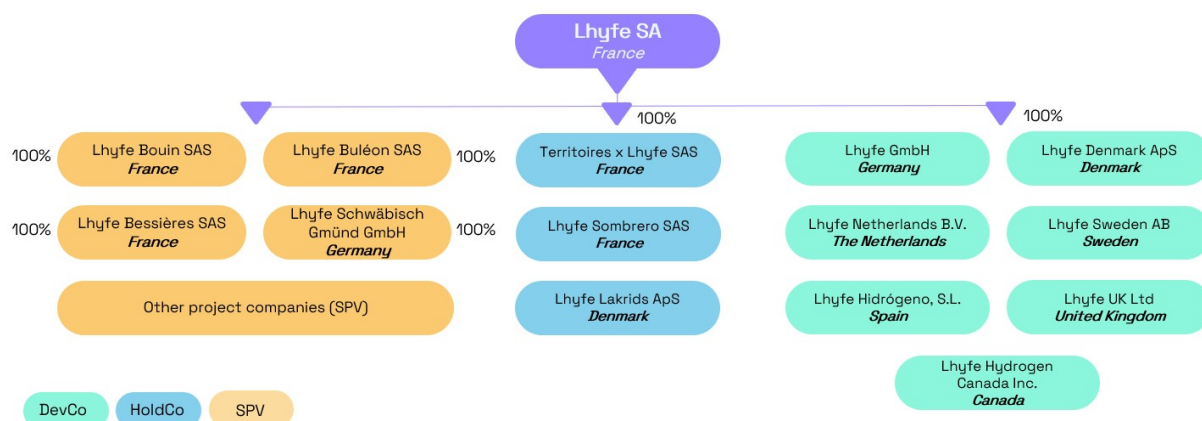
- Cradle to gate: on-site hydrogen production and compression;
- Gate to Customer: storage and transport.

This data was developed with the help of a third-party organisation and is currently being certified by Bureau Veritas.

Subsystem	CO ₂ emissions (in kgCO ₂ / kg hydrogen produced)
Cradle to Gate – Hydrogen at 30 bars	0.992
Cradle to Gate - Compression - Hydrogen à 350 bars	0.0489
Gate to Customer	0.354
Total	1.3949

6 ORGANISATIONAL STRUCTURE

6.1 Legal organisation chart



The percentages indicated in the above organisational chart represent the percentages of ownership in capital and voting rights as at 31 December 2022.

6.2 Subsidiaries

The Company's subsidiaries are listed in the note "List of subsidiaries and affiliates" to the Annual Accounts included in Section 18.1 "Historical financial information" of the Universal Registration Document.

6.3 Significant acquisitions of shareholdings

The acquisitions of shareholdings during the financial year ended 31 December 2022 are detailed in the note "Key facts" to the Annual Accounts inserted in Section 18.1 "Historical financial information" of the Universal Registration Document.

7 REVIEW OF FINANCIAL POSITION AND EARNINGS

The reader is encouraged to read the following information, relating to the financial position and earnings of the Group, in conjunction with the entire Universal Registration Document and in particular the IFRS Financial Statements, as set out in Section 18.1 “Historical financial information” of the Universal Registration Document.

These IFRS Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as at 31 December 2022. They were approved by the Board of Directors of the Company on 21 April 2023 and were the subject of an audit report of the statutory auditors presented in Section 18.3 “Audit of historical annual financial information” of the Universal Registration Document.

The comments on the accounts below are prepared on the sole basis of these consolidated financial statements.

7.1 Financial position

7.1.1 General presentation

As a result of a project initiated in 2017 and which took shape a further step with the creation of the Company in April 2019, the Group is a producer of green hydrogen produced from renewable energy (wind, solar, etc.) and targets two priority markets, which are among the largest emitters of greenhouse gases: (i) the mobility sector and, more specifically, heavy mobility (trucks, buses, trains, boats, etc.) as well as (ii) the industry sector among which chemistry (production of ammonia, methanol, etc.), steelwork and glassware are priority targets.

The Group has chosen to be an integrated player with all the expertise required to fully control each stage of the value chain. This positioning should enable it to develop a resilient and highly visible business model based on the sale of green hydrogen through: (i) a portfolio of diversified customers for each of the production sites dedicated to mobility, for which agreements shall be concluded over a period varying in principle from 3 to 5 years (as is already the case in Bouin), with a renewal of these agreements which is expected to be staggered over time and (ii) a main industrial customer for the projects dedicated to industry, for which the customer will contractually commit in principle over a 15-year period.

The Company is located at the heart of the hydrogen ecosystem and collaborates both with renewable energy producers, sector equipment manufacturers (electrolysers, compressors, etc.), hydrogen consumers, private and public funders (local communities, etc.) as well as with many stakeholders in collaborative projects or partnerships related to Research projects & Development (R&D). Priority R&D projects include the design of standard onshore hydrogen production sites with varying capacities ranging from 10 to 100 MW for mobility and industry, a programme on the design of artificial intelligence designed in particular to optimise the performance of the sites (Hydrogen Management System) and the development of an offshore hydrogen production concept. The stakes involved in the latter are considerable, as it is the only possible way to meet the expected

green hydrogen consumption forecasts by 2050 (i.e. 530 million tonnes per year in a zero emission scenario by 2050⁸³).

For future projects and in order to maintain control over each production plant, the Group has put in place an appropriate organisational and financing model based on (for more details see paragraph 5.5.2(c) “Financing” of the Universal Registration Document):

- Lhyfe S.A., which as the Group’s umbrella company carries out all commercial activities, project engineering, operations (operational site management) as well as the related cost financing activity in any form (convertible bonds, grants, bank loans, etc.) and more generally all support functions for all Group entities (communication, information technology, legal, etc.). Once the sites are operational, it makes its resources available to production subsidiaries through a long-term contract to be concluded with each of them;
- holding companies (HoldCos) holding stakes in project companies (SPVs – see below) and in which bank financing, mezzanines debt such as convertible bond issues or other types of debt taken out with partners and intended to finance part of the SPVs’ needs in addition to the funds provided by Lhyfe may be housed. To the extent possible, the Group intends to hold all or at least a majority stake in the capital of the SPVs. By way of exception, Lhyfe holds 100% of the first SPVs, including the one containing the Bouin site, which represents the pilot project. The other SPVs shall be assigned to a HoldCo once they have reached a certain stage of development;
- development companies (DevCos) intended to provide development services for projects in a dedicated geographical area; and
- Special Purpose Vehicle (SPV) companies in various countries (France, Germany, Denmark, etc.) which will house the assets of a single production site according to the model of the Lhyfe Bouin SAS subsidiary, and will perform the hydrogen sale contract(s), as well as the green power purchase agreement intended to secure hydrogen production.

The financing of the commercial pipeline of future green hydrogen production sites is a major challenge for the Group’s growth, whose needs are steadily increasing in line with commercial success.

The Group’s technical and commercial skills have enabled it to become a significant player in the sector, despite its relatively short existence (approximately 4 years). Thus, as at 31 December 2022, the commercial pipeline consists of projects representing an installed production capacity of 9.8 GW with projects at different stages of progress (see Section 10.1 “Commercial pipeline of Group projects” of the Universal Registration Document).

The financial year runs from 1 January to 31 December of each year, with the exception of the first financial year, which ran from 29 April 2019 to 31 December 2019.

⁸³ International Energy Agency, *Global Hydrogen Review*, October 2021

7.1.2 Segment information

In accordance with IFRS 8, the Group has identified only one operating segment corresponding to the sale of green hydrogen.

In terms of geographical distribution, most of the Group's business was carried out in France during the periods presented. In the future, and depending on its international growth strategy, the Group could present a geographical segmentation of its business.

7.1.3 Main sources of revenue

The Group's main source of revenue is the sale of green hydrogen from the Group's production sites to a Business-to-Business (B-to-B) customer base. These sales are recognised as revenue at the time of delivery.

More marginally, engineering services may also be provided and recognised in revenue as from their actual completion.

By way of exception, and in very limited specific cases, the Group may be required to temporarily lease mobile hydrogen production systems in order to meet the demand of certain customers who may wish to ensure the relevance of green hydrogen in their production process.

7.1.4 Performance indicators monitored by the management

The performance indicators used by management are both financial and extra-financial in nature.

(a) Financial performance indicators

In addition to revenue, the two financial performance indicators monitored by management are:

- EBITDA, which appears directly in the income statement and which stands for as earnings before interest, taxes, depreciation and amortisation,
- EBITDA margin is defined as the ratio "EBITDA/Revenues"; and
- net financial debt, which corresponds to borrowings and financial liabilities less the amount of cash and cash equivalents.

The following table presents the evolution of these indicators for the financial year 2022:

In thousand of Euros	Year 2022	Year 2021
Revenue	570	197
EBITDA	-17,002	-5,411
EBITDA margin	N/A	N/A
Net financial debt	-122,137	8,454
Restated net financial debt (*)	-122,137	-28,155

(*) Corresponded at end 2021 to the net financial debt less the share of the bond debt that will be automatically converted into shares subject to the raising of qualified funds (in accordance with the terms and conditions described in paragraphs 8.1.2(b) "Convertible debt financing" and 19.1.4 "Transferable securities giving access to the Company's capital" of the Universal Registration Document), to take place at the time of the admission to trading of the Company's shares on the regulated market of Euronext Paris. This portion of the bond debt corresponded to the cumulative amount of the book value of the OCA LB1, OCA LB3

and OCA LB4 bond debts plus the amount of the L and LB convertible bonds, and amounting respectively to €18,384k for OCA LB1, €293k for OCA LB3, €14,584k for OCA LB4, €2,511k for OC L and €837k for OC LB convertible bonds, i.e. a total of €36,609k at end 2021. At end 2022, following the conversion of these bonds, the net financial debt is equivalent to the restate net financial debt.

(b) Extra-financial performance indicators

The commercial pipeline is the extra-financial performance indicator monitored by the Group to analyse and assess the development of its business and trends, measure their performance and make strategic decisions. The definition and calculation of this indicator are set out in Section 10.1 “Commercial pipeline of Group projects” of the Universal Registration Document.

7.1.5 Research and Development (R&D) related to technologies and capitalised development costs

The accounting treatment of technology-related R&D expenditures is as follows:

- expenses incurred during the research phase are recorded as an expense;
- expenses incurred during the development phase are recognised as intangible assets, provided they meet all of the following criteria, in accordance with IAS 38: Expenditures can be measured reliably and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention, and the availability of resources sufficient to complete the development and use or sale of the asset, and the ability to track the costs allocated to the project. Otherwise, they are recognised as an expense when incurred.

Costs related to the development of future onshore green hydrogen production sites are capitalised when all the criteria described above are met. The Group usually considers that these criteria are met when a project enters the Tender Ready phase within the project portfolio. These criteria differ depending on whether the project is related to an industrial application (request for a “binding” offer from the potential customer or the submission of such an offer is necessary for the subsidy process) or dedicated to a mobility application (strategic investment decision after analysis of the demand in a geographical area, the capacity to serve the demand and possible subsidies).

The costs for the technologies or developments of future onshore hydrogen production sites mainly include internal costs (valued on the basis of working time charged to these projects) and external costs (commitments to external suppliers or service providers, etc.).

Amortisation of intangible assets is calculated in such a way as to fully apportion the cost of the intangible asset, after deducting its residual value, on a straight-line basis over the estimated useful life, from the moment the asset is usable.

7.1.6 Suppliers and service providers

To carry out its activity, the Group uses various suppliers and service providers depending on the stage of progress of the production sites.

During the construction phase of the sites, the main suppliers are the manufacturers of electrolyzers, compressors and hydrogen storage containers, as well as the service providers for building construction and installation of equipment on site.

Once the sites have become operational, the main suppliers are:

- renewable energy producers from which the Group supplies electricity. These are mainly stakeholders with their own wind farm, or even photovoltaic panels, to which the production site is directly connected. However, the Group may be required to get power via the electricity transmission network (RTE for France) (completed by purchases of guarantees of origin) in the event of insufficient production of renewable energy, which is intermittent by nature, in order not to limit the quantity of hydrogen produced;
- carriers who will deliver to the customer's sites using the Group's storage containers;
- the insurers; and
- service providers carrying out part of the maintenance operations.

For more details, see Section 5.5 "A vertical and integrated business model" of the Universal Registration Document.

7.1.7 Seasonality

The Group considers that it should not be faced with structural seasonality.

7.1.8 Key factors impacting earnings

Certain key factors as well as certain past events and operations have had, and may continue to have, an impact on the Group's business and earnings presented. This section should be read in conjunction with Chapter 3 "*Risk factors*" of the Universal Registration Document, which describes the risk factors that may affect the Group's business and prospects.

The main factors affecting the Group's earnings include:

- the procurement policy for the purchase of electricity (purchase and hedging costs) as well as the cost of transporting hydrogen produced to the delivery sites of customers in the mobility sector;
- the supply time, the purchase price of electrolyzers as well as the compressors and containers necessary for the production and the distribution of green hydrogen for mobility-related uses, integrated at each hydrogen production site in a context of high demand as well as the actual output of electrolyzers;
- the Company's ability to complete a significant recruitment plan for employees and retain key talent within the desired time frame;
- the negotiation, installation and start-up of new green hydrogen production sites;
- the production capacity of the installed sites and their performance in the event of a more or less prolonged interruption;

- the ability to obtain the necessary financing for the construction of new green hydrogen production sites and to have the energy guarantees to be produced as well as their financial conditions;
- the ability to manage the currency risk generated by the expected development of international activities;
- any binding change in regulations applicable to the production activity and the transport of hydrogen, which may require additional operational costs;
- the loss of the benefit of certain advantageous tax arrangements such as the Research Tax Credit (CIR), it being recalled that the loss of the status of *Jeune Entreprise Innovante* (JEI) has already been recorded as from the financial year beginning on 1 January 2022.

7.2 Comments on changes in activity and earnings during the year ended 31 December 2022

INCOME STATEMENT	31/12/2022	31/12/2021
In thousands of Euros		
Revenue	570	197
Income from ordinary operations	570	197
Cost of goods sold	-394	-176
External expenses	-7,261	-2,890
Employee expenses	-11,254	-3,005
Taxes, levies and similar payments	-81	-23
Other current operating income and expenses	1,418	485
EBITDA	-17,002	-5,411
Depreciation and amortisation expenses on fixed assets	-1,064	-261
Provisions for liabilities	-89	-8
Current operating profit (loss)	-18,155	-5,680
Other non-current operating income or expenses	-1,011	-
Non-current operating profit (loss)	-1,011	-
Operating profit (loss)	-19,166	-5,680
Cost of financial debt	-6,851	-3,052
Other financial income and expenses	209	8
Financial result	-6,640	-3,044
Profit (Loss) before tax	-25,808	-8,724
Income tax expense	-4	-
Share of profit (loss) from equity-accounted investees	-7	-

Net profit (loss)	-25,819	-8,724
<i>Basic and diluted earnings (loss) per share (in Euro)</i>	<i>-0.7</i>	<i>-0.45</i>

7.2.1 Revenue

After inaugurating its first onshore renewable hydrogen production site in the second half of 2021, the Group was able to enjoy a full year of activity in 2022. This resulted in revenue of €570k for the year ended 31 December 2022 compared to €197k for the year ended 31 December 2021.

While in 2021, the Group's activity depended on only two customers, the Lidl group and the Syndicat Départemental d'Energie et d'Equipements de la Vendée, the commissioning of the site has enabled the Group to develop its customer portfolio.

7.2.2 EBITDA

EBITDA amounts to €(17,002)k for the year ended 31 December 2022 against €(5,411)k for the year ended 31 December 2021.

This variation reflects the efforts made by the Group during the financial year ended 31 December 2022 in terms of recruitment, in particular dedicated to the design of hydrogen production sites, commercial development in France and internationally, as well as R&D work, in particular related to offshore hydrogen production.

The main expense items taken into account in the EBITDA calculation have evolved as follows:

(a) Cost of goods sold

Cost of goods sold amounted to €394k for the year ended 31 December 2022 compared to €176k for the year ended 31 December 2021. The cost of goods sold mainly concerns the costs of electricity and water necessary for the production of hydrogen, its increase is linked to the increase in activity over the year.

(b) External expenses

External expenses increased significantly during the year ended 31 December 2022 to €7,261k for the year ended 31 December 2022 compared to €2,890k for the year ended 31 December 2021, again reflecting the Group's efforts to expand internationally.

In thousands of Euros	31/12/2022	31/12/2021
Rentals and occupancy charges	740	92
Maintenance and repairs	127	27
Insurance premiums	70	47
Other external services	714	387
Seconded staff	993	646
Fees	2,543	764
Advertising, publications, public relations	612	463
Transport	124	36
Travel, and receptions expenses	1,206	306
Postage and telecommunication costs	57	17

Bank fees	37	11
Other external expenses	38	94
External expenses	7,261	2,890

The main positions have evolved as follows:

Rentals and occupancy charges: The increase in these charges, which amount to €740k for the year ended 31 December 2022 compared to €92k last year, is directly correlated to the group's development, particularly across Europe, requiring short-term office rentals for local teams.

Other external services: The increase in this item is due to the use of external resources in the context of projects under development that do not meet the activation criteria described above, particularly in the context of the Sealhyfe project.

Seconded personnel: The Group has used new service providers and consultants as part of its business development both in France and internationally, as well as to support the engineering teams, notably in the context of the commissioning of the offshore hydrogen production site, Sealhyfe.

Fees: The Group has incurred significant fee expenses of €2,543k for the year ended 31 December 2022 compared to €764k in 2021. This change is explained by the use of specialised firms for the recruitment of specific or international profiles. External firms were also called upon to assist the Group in seeking subsidies, putting together files or carrying out market research on new segments. Finally, due to its international development and its new obligations as a listed company, the Group incurred additional fees for legal, accounting and financial services.

Advertising, publications, public relations: These expenses increased in the year ended 31 December 2022 to €612k for the year ended 31 December 2022 from €463k for the year ended 31 December 2021. This increase reflects an intensification of press relations and participation in trade fairs, particularly internationally, and more particularly in Germany.

Travel, and receptions expenses: Travel and entertainment expenses increased to €1,206k for the year ended 31 December 2022 from €306k for the year ended 31 December 2021. The increase in this expense item is due to the growth in the Group's workforce (in particular the sales team, which will increase from 12 employees in 2021 to 29 in 2022) and the continued internationalisation of its business in 2022. In addition, the Group's employees had moved relatively little in 2021 due to the health crisis.

(c) Employee expenses

As in previous years, payroll is the main expense item for the year ending 31 December 2022. It includes salaries, social security charges and the charge for share-based payments relating to the BSPCE and BSA grants made in 2021, as well as the free share grants made in 2022. Staff costs amounted to €11,254k for the year ended 31 December 2022 compared to €3,005k for the year ended 31 December 2021.

These amounts do not take into account the payroll relating to the time spent by the teams of engineers dedicated to R&D projects which have been capitalised in the balance sheet. The amount of capitalised payroll amounted to €1,315k for the year ended 31 December 2022 compared to €553k for the year ended 31 December 2021.

The details of the payroll are as follows:

In thousands of Euros	31/12/2022	31/12/2021
Salaries and wages	7,798	2,225
Social agencies - expenses	2,737	720
Share-based payments	719	59
Payroll expenses	11,254	3,005

The strong increase in this item should be seen in the context of the very strong increase in the average number of employees to 101 for the year ended 31 December 2022 compared to 35 for the year ended 31 December 2021. In addition, the Company recruited more experienced profiles, which had an impact on the average salary paid. Finally, for the year ended 31 December 2021, the company still benefited from the status of Young Innovative Company (*Jeune Entreprise Innovante* or JEI), allowing it to benefit from a reduction in its employer's charges. In fact, it no longer meets the JEI criteria for the financial year ending 31 December 2022 following the IPO, which changed its shareholding structure.

The increase in share-based payment expense relates to the free shares plans granted in September 2022. In 2021, this expense was only related to the two BSPCE plans granted in April 2021.

(d) Taxes, levies and similar payments

The taxes, levies and similar payments are not significant given the stage of development of the Company's activities. They mainly concern payroll taxes.

(e) Other current operating income and expenses

The amount of other current operating income and expenses was €1,418k for the year ended 31 December 2022 compared to €485k for the year ended 31 December 2021.

This item mainly includes income from grants intended to offset current expenses, mainly research expenditure.

The significant increase in other income in 2022 is due to receiving of several grants related to the acceleration of research expenditure they finance. The amounts recognised for the year ended 31 December 2022 mainly relate to:

- the research tax credit (CIR) of €340k for the year ending 31 December 2022 (compared to €167k last year), taking into account the amount of €296k corresponding to the portion of CIR relating to activated development expenses and recognised in Other non-current liabilities;
- the subsidy received from the European Commission, concerning the GreenHyScale project for €98k;

- subsidies received from the Pays de la Loire Region and ADEME relating to the Sealhyfe and SEM-REV projects, amounting to €724k for the year ended 31 December 2022 (compared with €131k last year), it being specified that the company has entered into a new financing agreement with ADEME in 2022 relating to this project.

7.2.3 Depreciation and amortisation charges on fixed assets and allocations to provisions for liabilities

The amount of depreciation on fixed assets amounts to €1,064k for the financial year ending 31 December 2022 compared to €261k for the financial year ending 31 December 2021. This change is explained by :

- a significant increase in depreciation of property, plant and equipment of €739k in connection with the full-year operation of the Bouin production site, the commissioning of containers dedicated to the transport of hydrogen, as well as the rights of use related to both the Bouin industrial site and the premises leased by the Group in Nantes;
- an increase in amortization of intangible assets to €91k for the year ended 31 December 2022, compared to €28k for the year ended 31 December 2021, due to the capitalization of certain development costs, notably on onshore projects, the balance being mainly related to software.

Provisions for liabilities and charges amounted to €89k for the year ended 31 December 2022 compared to €8k for the previous year. This increase is explained both by additional provisions for the periodic inspection of containers following the acquisition of new equipment and by a provision made for ongoing litigation.

7.2.4 Current operating profit

As a result of the items described above, current operating profit increased over the period to €(18,155)k for the year ended 31 December 2022 compared to €(5,680)k for the year ended 31 December 2021.

7.2.5 Operating profit

The operating profit for the year ended 31 December 2022 was €(19,166)k compared to €(5,680)k for the year ended 31 December 2021. In addition to the factors described above, operating profit was affected by €1,011k of non-recurring operating expenses, mainly related to the IPO costs, which were not charged to the resignation premium.

7.2.6 Cost of financial debt

The cost of financial debt was €6,851k for the year ended 31 December 2022 compared to €3,052k for the year ended 31 December 2021.

The significant increase in financial expenses over the financial year ended 31 December 2022 is mainly related to the bonds, which amounted to €6,630k for the financial year ended 31 December 2022 compared to €2,980k for the financial year ended 31 December 2021. This charge for the period is largely due to the inclusion of the conversion discount on the OCA LB1, OCA LB3 and OCA LB4 bonds in the calculation of the effective interest rate on the bonds, amounting to €4.4m. It therefore impacts the Group's financial result for the year ending 31 December 2022 but has no impact on the Group's cash position.

The balance of this item relates to the interest paid on these same convertible bonds as well as the OCA LB2 and OCA LB2 Bis which remain in the accounts as at 31 December 2022.

Interest on bank loans and leasehold debts also increased as a result of the subscription of new loans and the recognition of new rights of use in 2022. These totalled €144k for the year ended 31 December 2022 compared to €72k in 2021.

7.2.7 Other financial income and expenses

For the year ended 31 December 2022, the Group was able to benefit from interest income of €266k as a result of the placement of funds raised in the IPO.

7.2.8 Financial result

Mainly made up of the cost of financial debt, the financial result amounts to €(6,640)k for the financial year ending 31 December 2022 compared to €(3,044)k for the financial year ending 31 December 2021.

7.2.9 Profit before tax

After taking into account the operating result and the financial result, the result before tax amounts to €(25,808)k for the financial year ending 31 December 2022 compared to €(8,724)k for the financial year ending 31 December 2021.

7.2.10 Income tax

No deferred tax assets have been recognised beyond deferred tax liabilities in the Group's consolidated financial statements as at 31 December 2022, as at 31 December 2021.

The loss for the year ended 31 December 2022 generated an additional loss carry forward of €36,297k. The Group thus has tax losses that can be carried forward indefinitely for a total of €45,478k, broken down as follows:

In thousands of Euros	2022 deficit carryforward	Previous deficit carryforward	Cumulated deficit carryforward
Capitalized tax deficit (taxable base)	-	-	-
Non-capitalized tax deficit (taxable base)	36,297	9,181	45,478
Total tax deficit carryforward	36,297	9,181	45,478

7.2.11 Net earnings

The Group's consolidated net loss for the year ended 31 December 2022 was €25,819k compared to €8,724k for the year ended 31 December 2021.

7.3 Other information about Lhyfe S.A.

7.3.1 Activity of Lhyfe S.A.

During the year ended 31 December 2022, the Company continued its international development and created the following subsidiaries for this purpose:

- Lhyfe Hidrogeno, its Spanish subsidiary, which holds 100% of the capital and voting rights and whose purpose is to carry the Group's commercial development in that country;
- Lhyfe UK, in the United Kingdom, in order to ensure its commercial development in the country, also 100% owned;
- and finally, Lhyfe Hydrogen Canada, also 100% owned.

In September 2022, the Company acquired a 39% stake in Botnia Hydrogen, a company located in Sweden and intended to carry a renewable hydrogen production project.

In parallel, the Company continues to develop its activities in Europe, with the creation of several entities dedicated to the production of renewable hydrogen onshore:

- Lhyfe Buléon, Lhyfe Bessières, Lhyfe Croixrault and Lhyfe Production 1 to 5 in order to carry its future projects in France, and more particularly those located in Morbihan and Occitanie;
- Lhyfe Schwabisch Gmund GmbH and Lhyfe Niedersachsen GmbH to support projects in Germany;
- Lhyfe Trelleborg AB and Lhyfe Skive ApS, to carry out projects in the extreme south of Sweden and in Denmark.

The Company also obtained new financing during the year. In April 2022, Mitsui & Co, Ltd (**"Mitsui"**), one of Japan's leading trading and investment conglomerates, entered into a memorandum of understanding to develop Lhyfe's renewable green hydrogen and support its international deployment. As part of this partnership, Mitsui subscribed to bonds convertible into new Lhyfe shares for an amount of €10m in advance of the Company's IPO, during which the bonds were converted into shares.

In May 2022, the Company's IPO resulted in a capital increase of €118.3m, of which €8.3m was for the over-allotment option. EDP Renewables Europe, S.L.U. invested €25m in this transaction.

At the same time, the Company contracted new grants to finance its offshore R&D activities and in particular the "Sealhyfe" project, for which funding of €971k was granted by ADEME.

Finally, at the end of 2022, the Company also took out a new loan of €900k from Banque Populaire Grand Ouest to finance the Sealhyfe project.

The operating result decreases in 2022 to €(16.2)m, partly due to the increase in the Company's workforce. The number of employees increased significantly during the year, from an average of 35 employees in 2021 to 83 employees in 2022. This growth in headcount has had a significant impact on losses for the year, generating an increase in personnel costs of €6.8m. Other purchases and external expenses increased by €6.9 million due to an increase in direct and indirect expenses related to employees, such as travel expenses and rent, and fees and external services related to the recruitment of new staff and the use of external services for project development.

The financial result of the company was impacted by the debt service related to the convertible bonds issued during the year ended 31 December 2021.

7.3.2 Table of the Company's results over the last five years¹

In €	31/12/2022	31/12/2021	31/12/2020	31/12/2019
I. financial position at the year-end				
a) Share capital	479,004	1,934	1,934	1,934
b) Number of shares comprising the share capital	47,900,448	193,369	193,369	193,369
c) Number of convertible bonds into shares ²	12,250,000	13,132,381	93,369	93,369
II. Results from operations				
a) Revenue net of taxes	807,828	128,181	2,603	0
b) Profit before tax, depreciation, amortisation, impairment and provisions	-17,101,243	-5,751,449	-1,534,468	-568,807
c) Taxes on income ³	-636,255	-550,903	-76,092	-56,960
d) Profit after tax, depreciation, amortisation, impairment and provisions	-17,393,002	-5,447,065	-1,475,518	-513,159
e) Profit distributed	0	0	0	0
III. Result per share from operations				
a) Profit after tax but before depreciation, amortisation, impairment and provisions	-0.34	-26.89	-7.54	-2.65
b) Profit after tax, depreciation, amortisation, impairment and provisions	-0.36	-28.17	-7.63	-2.65
c) Dividend per share	0.00	0.00	1.00	2.00
IV. Personnel				
a) Number of employees	83	35	15	3
b) Gross payroll	7,077,868	2,311,258	880,915	258,879
c) Amounts paid for social security and other benefits	2,801,582	748,424	258,358	73,393

¹ As the Company was established in 2019, only four years are presented.

² Before the division by 100 of the nominal value of the shares decided by the general meeting of 3 March 2022.

³ Only constituted of the research tax credit.

7.3.3 Non-deductible expenses

Expenses of a luxury nature within the meaning of Article 39 paragraph 4 of the French General Tax Code incurred by the Company during the financial year ended 31 December 2022 amount to €9,990.

7.3.4 General expenses that have been added back to taxable income

The Company did not incur any excessive overheads or overheads not included in the special statement giving rise to reintegration as referred to in Article 39 paragraph 5 of the French General Tax Code during the financial year ended 31 December 2022.

7.3.5 Payment terms of the Company's suppliers and customers

	Article D441 I.-1°: Supplier invoices received and due but not paid at the year-end						Article D. 441 I.-2° : Customer invoices issued and due but not paid at the year-end					
	<i>0 day (indicative)</i>	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	<i>0 day (indicative)</i>	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Payment delay bands												
Number of applicable invoices	338					30	9					0
Total invoice amounts inclusive of VAT	€1,879,854	€355,911	€13,090			€369,000	€478,350					€478,350
Percentage of total purchases of the year inclusive of VAT	5.9%	1.1 %		0.0 %								
Percentage of total revenue of the year inclusive of VAT							59 %					
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities												
Number of invoices excluded	3											
Total amount of invoices excluded	€63,951											
(C) Payment period of reference (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Contractual payment period	30 days											
Legal payment period												

8 CASH AND CAPITAL

This chapter is devoted to the presentation of information concerning the Group's equity, liquidity and funding sources.

The comments on equity, cash, funding sources and cash flows presented in this chapter of the Universal Registration Document are based on the Group's financial information and must be read in conjunction with the IFRS Financial Statements presented in paragraph 18.1.1 "IFRS consolidated financial statements for the year ended 31 December 2022" of the Universal Registration Document.

8.1 Information on equity, cash and net financial debt

8.1.1 Information on equity and cash

At 31 December 2022, consolidated shareholders' equity amounted to €133,584k compared to €(6,180)k at 31 December 2021. The significant improvement in the Group's equity during the year ended 31 December 2022 is due to the company's initial public offering on 24 May 2022. In addition to the €118.3m capital increase carried out on this occasion, of which €8.3m was for the over-allotment option, the Group converted convertible bonds (OC L, OC LB, OCA LB1, OCA LB3, OCA LB4 and OCA LB5) for a total amount of €47.8m. During the year ended 31 December 2022 and in advance of the Company's IPO, the Group issued a new bond convertible into shares of the Company called "OCA LB5" on 30 March 2022 to Mitsui & Co. Ltd for a nominal amount of €10m, which was cashed on 11 April 2022. This loan was automatically converted into shares as part of the Company's IPO with a 10% discount. The impact of this conversion is included in the above amount of €47.8m.

As at 31 December 2022, the net cash available amounted to €144,492k compared to €49,888k as at 31 December 2021.

As at 31 December 2022, consolidated net financial debt was negative €122,137k (i.e. a positive net cash position) compared to net financial debt of €8,454k at 31 December 2021. It should be noted that the latter included an amount of €36,609k (for a nominal amount of €37,216k) totalling the convertible bonds OC L, OC LB, OCA LB1, OCA LB3 and OCA LB4 which have since been automatically converted when the Company's shares were admitted to trading on the regulated market of Euronext Paris.

The details of this item are as follows:

<i>In thousands of Euros</i>	31/12/2022	31/12/2021
Bank loans	3,375	2,891
Bond loans	11,394	48,738
Lease liabilities	3,257	2,831
Conditional advances	1,341	644
Non-current financial liabilities	19,368	55,103
Bank loans	491	285
Bond loans	766	-
Conditional advances	521	154
Accrued interest not yet due	1,206	2,800
Bank advances	3	-
Current financial liabilities	2,986	3,238

Financial liabilities	22,354	58,342
Cash	144,492	49,888
Net cash	122,138	-8,454*

* At 31 December 2021, net financial debt had to be restated by €36,609k following the inclusion of the portion of bond debt that would be automatically converted in the event of the Company's shares being admitted to trading on the regulated market of Euronext Paris, i.e. the OCA L, OCA LB, OCA LB1, OCA LB3 and OCA LB4.

The significant decrease in financial debt during the year ended 31 December 2022 results from the conversion of several bonds at the time of the Group's IPO.

As a reminder, the net financial debt at the end of the financial year ended 31 December 2021 including bonds automatically convertible in case of admission to trading of the Company's shares on the regulated market of Euronext Paris also included a significant amount of accrued interest (i.e. €2,800k) mainly due to the inclusion of the conversion discount on the relevant OCAs in their effective interest rate, it being understood that this portion of accrued interest relating to the convertible bond discount did not constitute a cash outflow for the Group in 2022.

8.1.2 Information on the Group's sources of financing

The Group is still in the deployment phase of its business and has never generated any positive operating cash flows. It covered its needs through a variety of external sources of funding, namely:

- capital increases;
- convertible bonds;
- bank loans;
- financial leases;
- public financing via grants and conditional advances.

The changes in each of these sources of funding during the years presented are detailed below.

(a) Equity financing

The Company has carried out several capital increases since its incorporation in April 2019 for total gross proceeds of €164,300k. Prior to the capital transactions carried out during the year ended 31 December 2022, the Company had carried out two capital increases in July and October 2019 for €750k and €3,250k respectively, these transactions having been subscribed successively by Les Saules (owning Ovine) and by Noria (a family investment structure) as well as investors from the Grand Ouest region, namely Vendée Hydrogène, Ouest Croissance and Océan Participations.

During the year ended 31 December 2022, the Company's share capital was impacted as follow:

In thousands of Euros	Number of shares	Nominal value (€)	Capital	Premium	Total
As at 31 December 2021	193,369	0.01	2	3,939	3,941
Share capital increase - 3 March 2022	-	0.01	192	-191	1
Nominal value subdivision - 3 March 2022	19,143,531	0.01	-	-	0
OC Conversion - 24 May 2022	15,039,401	0.01	150	47,651	47,801
Share capital increase - 24 May 2022	12,571,429	0.01	126	109,874	110,000
Share capital increase - 17 June 2022	952,718	0.01	10	8,327	8,337
Deduction of share capital increase expenses	-	-	-	-5,778	-5,778
As at 31 December 2022	47,900,448	0.01	479	163,821	164,300

Thus, the company carried out the following operations during the financial year ended 31 December 2022:

- €191,452.31 to increase the share capital from €1,933.69 to €193,369.00, followed by a stock split of 100 new ordinary shares with a par value of €0.01 each for each share previously held with a par value of €1.00;
- conversion of the OC L, OC LB, OCA LB1, OCA LB3, OCA LB4 and OCA LB5 convertible bonds for a total amount of €47.8m at the settlement date following the Company's IPO;
- €110m capital increase on 24 May 2022 in connection with the Company's IPO;
- an additional capital increase of €8.3m under the over-allotment option on 17 June 2022.

The Company's equity was also impacted by €5.8m following the allocation of the capital increase costs incurred for the IPO.

(b) Convertible debt financing

As at 31 December 2021, the Group had issued several bonds convertible into shares (OCA) for a total nominal amount of €50.1m, which was fully subscribed and cashed at that date. These issues were carried out in three stages:

- October 2019: at the same time as the capital increase mentioned above, issue of two bonds (OC L and OC LB) for an amount of €4,000k, including an issue of OCAs for €3,000k known as "OC L", subscribed by Les Saules, Noria, Ouest Croissance and Océan Participations, and an issue of OCAs for €1,000k, known as "OC LB", subscribed by Vendée Hydrogène;
- July 2021: issue of two bonds for a total amount of €28,750k including an issue of OCAs called "OCA LB1" for an amount of €18,500k subscribed by the same subscribers as those mentioned above (with the exception of Vendée Hydrogène) which were joined by the Banque des Territoires (Caisse des Dépôts et Consignations) and Swen Impact Fund for Transition and an issue of OCAs called

“OCA LB2” for an amount of €10,250k subscribed only by these two latter investors;

- December 2021: issue of three bonds for a total amount of €17,301k, consisting of an issue of OCAs called “OCA LB2 Bis” for an amount of €2,000k subscribed by Les Saules (Ovive), an “OCA LB3” issue for an amount of €301k subscribed by Société Financière Lorient Développement and an “OCA LB4” issue for an amount of €15,000k subscribed by Andera Smart Infra 1 SLP.

It should be noted that, in July 2021, the subsidiaries Territories x Lhyfe and Lhyfe Sombrero had each issued a bond convertible into the shares of these same legal entities for amounts of €7,000k and €12,500k respectively. These convertible bonds, intended to finance the development of project companies in France for the company Territoires x Lhyfe and internationally for the company Lhyfe Sombrero, are not subscribed yet and are therefore not included in the Group’s available cash at the end of 2022, nor in the financial debt on the same date. These nevertheless form the object of firm subscription commitments by the Banque des Territoires (Caisse des Dépôts et Consignations) and Swen Impact Fund for Transition respectively. The draws will take place in instalments as each project progresses. The conversion conditions of these OCA are not likely to call into question the control by the Group of the entity which issued them.

During the year ended 31 December 2022, the Company issued a new bond to Mitsui, one of Japan’s leading trading and investment conglomerates, and entered into a memorandum of understanding with this new investor. Within the framework of this partnership, Mitsui subscribed to bonds convertible into new Lhyfe shares for an amount of €10m. The conglomerate subscribed for 233,427 bonds convertible into new ordinary shares with a par value of €42.84, which were paid out on 11 April 2022.

On 24 May 2022, all the convertible bonds at the time of the IPO, i.e. the OC L, OC LB, OCA LB1, OCA LB3, OCA LB4 and OCA LB5, were converted, thus impacting the Company’s equity by €47.8m. Thus, only the OCA LB2 and OCA LB2bis remain in the accounts at the close of the financial year ending 31 December 2022.

The amount of the debt convertible into shares is as follows on 31 December 2022:

Name of the OCA	Nominal amount issued (in thousands of Euros)	Nominal amount subscribed as at 31 December 2022 (in thousands of Euros)	Balance to be repaid as at 31 December 2022 (in thousands of Euros)	Amount recognised at 31 December 2022 (in thousands of Euros)	Interest rates	Terms of repayment
OCA LB2	10,250	10,250	10,250	10,204	Between 8.8% and 9.2% ⁽¹⁾	78 monthly payments after a deferral of 18 months, i.e. from January 2023
OCA LB2 Bis	2,000	2,000	2,000	1,956	Between 8.8% and 9.2% ⁽¹⁾	78 monthly payments after a deferral of 18 months, i.e. from June 2023
As at 31 December 2022	12,250	12,250	12,250	12,160		

(1) Rate: 9% for the first year. Beyond that, OCA LB2 will bear interest at a variable rate between 8.8% and 9.2% per year, depending on whether or not a number of tonnes of CO₂ avoided during the previous financial year are reached.

Given the IFRS restatements linked notably to the conversion conditions of OCAs, the bond debt on 31 December 2022 amounted to €12,160k (net of issue costs).

The OCA LB2, OCA LB2Bis convertible bonds are not subject to any financial covenants but are subject to two other types of commitments described below:

- the usual undertakings to do/not to do, such as:
 - maintaining the activity and the authorisations necessary for the activity,
 - prohibition on the disposal of a substantial part of the assets,
 - information obligation,
 - no payment of dividends,
 - not granting guarantees other than those necessary for the needs of the SPVs;
- a commitment to limit additional debt: in this way, on the date of the Universal Registration Document, this commitment respected by the Company means that it cannot take on any additional debt other than:
 - senior debt (excluding subsidies, repayable advances, R&D loans, factoring, working capital requirement financing and leasing, which are authorised) up to a maximum amount of €5 million,

- additional subordinated debt (notably, shareholder current account advances, issuance of debt securities).

(c) Bank debt financing

At 31 December 2022, the Group had six bank loans with a remaining capital due of €3,931k, excluding issue costs, distributed as follows:

Loans in thousands of Euros	Nominal amount	Interest rate	Date	Duration (and grace period)	Maturity date	Guarantees	Balance due as at 31 Dec 2022	Purpose
Pays de la Loire Region loan	650	2.03%	Aug-19	Repayable over 4 years after a 4 year grace period, i.e. from Oct 2023	Dec.-26	N/A	650	Project start-up
Crédit Agricole Vendée	1.000	2.90%	Apr.-21	Repayable in monthly instalments over 7 years after a 6-month grace period, i.e. from Nov 2021	Apr.-28	Pledge of the business BPI guarantee granted to the lending institution for 50% of the loan	830	Financing of working capital
Banque Populaire Grand Ouest	600	1.43%	Aug-21	Repayable in monthly instalments over 5 years after a 2-year grace period, i.e. from August 2023	Aug-28	€420k guarantee from the European Guarantee Fund to the benefit of the lending institution	600	Contribution to the SeaLhyfe 1 project
Crédit Mutuel Océan	1.000	1.94%	Dec.-21	Repayable in monthly instalments over 7 years	Dec.-28	Pledge of equipment (electrolyser and compressor) BPI guarantee granted to the lending institution for €500k	861	Financing of investments on the Bouin site
Pays de la Loire Region loan	90	0.00%	Aug-22	Repayable over 3 years after a 2-year grace period, i.e. from August 2025	Aug-27	N/A	90	Contribution to the SeaLhyfe 1 project
Banque Populaire Grand Ouest	900	3.39%	Dec.-22	Repayable in monthly instalments over 5 years after a 2-year grace period, i.e. from January 2025	Dec.-29	Guarantee of €630k by the European Guarantee Fund to the benefit of the lending institution	900	Contribution to the SeaLhyfe 2 project
Balance due as at 31 December 2022							3,931	

All four loans outstanding as at 31 December 2021 have been repaid in accordance with the repayment schedules.

The Company has also taken out two new loans as follows:

- August 2022: €90k loan from the Pays de la Loire region in connection with the Sealhyfe 1 project, which is in addition to the subsidy previously granted for this project;
- December 2022: €900k loan granted by Banque Populaire Grand Ouest to contribute to the financing of the SeaLhyfe 2 project, as part of the financing of the first offshore renewable hydrogen production pilot site, which also benefits from subsidies (see the paragraph “Financing by subsidies and repayable advances” below).

No covenant is attached to these loan contracts.

(d) Finance lease agreements

In accordance with IFRS 16, the Company has recognised rights of use against financial debt (rental liabilities).

The amount of the rental debts amounted to €3,778k as at 31 December 2022 compared to €2,985k as at 31 December 2021. This evolution reflects the recognition of several rights of use as follows:

- a first right of use relating to the former registered office located in Nantes;
- a second right of use recognised in 2021 two assets relating to the lease agreement for the Bouin industrial site for €2,471k, the lease of which took effect in April 2021 following the acceptance of the works of the technical production hall and €262K relating to a second lease taken out for the registered office to support the sharp increase in the workforce.

In April 2022, following the signing of the lease for the new headquarters premises at 1 ter, mail Pablo Picasso, the Group recognised a new rental debt in its accounts, which impacted the amount of debts by €967k at the end of 2022, thus explaining the main variation observed on this item. The initial 10-year lease was reviewed during the second half of the year as the Group entered into a lease in the future state of completion for a building that should be delivered by 2025.

(e) Financing by grants and repayable advances

Since its inception, the Group has benefited from several grants and repayable advances relating to certain research and development projects. These financings are detailed in the tables below which specifies the amount obtained and the amount already collected on 31 December 2022 and 31 December 2021.

Details of the grants obtained

Project	Amount granted (in K€)	Amounts already collected			Remaining to be collected as at 31/12/2022
		2022	2021	2020	
Pays Loire PIA	172	72	-	100	0
Deep Tech	1,244	-	-	622	622
EAS Hymob	10	-	10	0	0
Territoires d'industries	800	-	-	400	400
SeaLhyfe 1	408	-	-	82	326
H2 Ouest	908	545	182	0	181
SEM-REV	356	-	0		356
GreenHyScale	11,852	-	4,148		7,704
Lorient - Buléon	3,067	613			2,454
Bessières	1,893	379			1,514
SeaLhyfe 2	729	109			620
TOTAL	21,438	1,718	4,340	1,204	14,176

As a reminder, at the end of 2021, the main grants obtained were for the following projects:

- **“Deep Tech”**: This aid, granted by Bpifrance Financement, contributes to financing projects related to the design of a standard onshore hydrogen production site, additional studies related to offshore hydrogen production and work related to artificial intelligence. The project benefits from funding of €2,488k including €1,244k of grant and an identical amount of conditional advance (see below).
- **“Support for Industrial Investment in Territories”**: This grant from BPI France Financement, a part of the recovery plan of the French economy, contributed to the financing of various investments dedicated to hydrogen production.
- **“SeaLhyfe 1”**: This grant from the Pays de la Loire region aims to finance a collaborative project led with the Chantiers de l’Atlantique, the CEA, the Ecole Centrale SEM-REV and Sofresid Ingénierie called SeaLhyfe 1, which the Company is coordinating, relating to the design of two types of offshore hydrogen production coupled with an EMR park (Renewable Marine Energy). The two concepts studied are for one study of hydrogen production from a EMR fleet and for the other the study of hydrogen production from the redesign of offshore oil and gas infrastructure.
- **“H2 OUEST”**: This grant from the ADEME (Agence de l’environnement et de la maîtrise de l’énergie) is allocated to the financing of equipment at the Bouin site within the framework of the call for ecosystem mobility projects aimed at financing hydrogen production projects from wind energy.
- **“SeaLhyfe 2 - Region”**: This grant from the Pays de la Loire region concerns a collaborative project which the Company is coordinating, conducted in particular with the Ecole Centrale de Nantes and the Chantiers de l’Atlantique, relating to the development of a first offshore hydrogen production system operating using electricity from a floating wind farm on the SEM-REV site off the coast of Le Croisic. The grant was also accompanied by a loan of €90k received in July 2022.
- **“GreenHyScale”**: This grant from by the European Commission, a part of the European Union’s “Green Deal” call for financing, concerns a project led by a European consortium GreenHyScale, of which the Company is the only French partner for the development of a green hydrogen production site incorporating a new generation electrolyser with a 100 MW capacity which should be set up in 2025. This contract provides for an overall financing of this project amounting to €30m, of which €11.9m was awarded to Lhyfe.
- **“Buléon”**: This grant awarded by the ADEME in the framework of the VHyGo 2 project, concerns the financing of the hydrogen production equipment which will be located in Buléon in Morbihan.
- **“Bessières”**: The grant awarded by the Occitanie Region is intended to finance the construction of the hydrogen production site to be located in Bessières in Occitanie. This financing agreement also provides for the support of this project through a repayable advance of a total amount of €4,103k (see below).

- **“Sealhyfe 2 – ADEME”:** In addition to the funding previously granted by the Pays de la Loire Region for the pilot site for the production of hydrogen at sea, the ADEME has granted the Group funding in the form of a subsidy of €729k. This aid aims to finance the hydrogen production pilot site at sea.

Conditional advances

The Group received 4 aids in the form of repayable advances recorded as financial debt given the probability of repayment with regard to the repayment conditions. They concern:

The “Deep Tech” project: This conditional advance is part of the public financing obtained under the project to develop an industrial and modular solution for the production of green hydrogen, connected directly to renewable energy sources, complementary studies in connection with the production of offshore hydrogen and works related to artificial intelligence.

This aid will be reimbursed by quarterly payment over four years from 31 March 2024.

International prospecting insurance: The Company obtained an advance granted by Bpifrance Export Assurance to guarantee the Group against the total or partial failure of its prospecting process in Germany during the period from 1 July 2020 to 30 June 2023. Out of a budget of €400k, Bpifrance Export Assurance finances 65% in advance, or €260k, half of which had been received at 31 December 2020. This advance will be repaid through 12 quarterly instalments from 2022, depending on the turnover achieved in Germany.

Sealhyfe project: in parallel to the grant awarded by ADEME in the amount of €729k, the Group also benefits from a repayable advance in the total amount of €243k in the context of the financing of the Sealhyfe project, a pilot site for the production of renewable hydrogen at sea. This advance will be repaid to ADEME in two annual payments, the first of which will take place 6 months after the end of the financial year during which the Investment Phase will take place.

Bessières: within the framework of the financing agreement concluded with the Occitanie Region, the Group benefits from an advance intended to finance the equipment of the future hydrogen production site located in Bessières for a total amount of €4,103k. This advance will be reimbursed to the Occitanie Region in monthly payments over a period of 7 years after having benefited from a two-year deferral at the end of the operation.

Project	Amount granted (in K€)	Amounts already collected			Remaining to be collected as at 31/12/2022
		2022	2021	2020	
Deep Tech	1,244			622	622
International prospecting insurance - Germany	260			130	130
Bessières	4,103	821			3,282
Sealhyfe 2	243	36			207
TOTAL	5,850	857	0	752	4,241

The debt on the balance sheet amounted to €1,344k as at 31 December 2022 compared to €644k as at 31 December 2021. These amounts correspond to advances received less the IFRS restatement related to the discounting of these interest-free debts.

8.2 Cash flow

The change in cash generated by the Group amounted to €94,604k for the year ended 31 December 2022 compared to a change of €42,629k for the year ended 31 December 2021.

The following table presents the breakdown of the various cash flows generated for the deux years presented.

CASH FLOW STATEMENT	2022	2021
In thousands of Euros	(12 months)	(12 months)
Net cash flow from operating activities	-15,055	-4,656
Net cash flow from investing activities	-12,930	-4,749
Net cash flow from financing activities	122,592	52,034
Impact of changes in foreign exchange rates	-3	-
Net change in cash	94,604	42,629

8.2.1 Cash flows from operating activities

Since the Company was created in April 2019, the operating activities generate a net cash consumption which has grown over the years presented as the project progresses.

CASH FLOW STATEMENT	2022	2021
In thousands of Euros	(12 months)	(12 months)
Consolidated net profit (loss)	-25,819	-8,724
Share of profit of equity-accounted investees	7	-
Adjustments for:		
- Depreciation, amortization, impairment and provisions	1,153	269
- Net financial result	6,762	3,044
- Expenses related to share-based payments	719	59
- Change in fair value of financial instruments	89	-
- Other adjustments	-28	-486
Tax paid for the year	4	-
Impact of change in working capital:		
- Change in inventories	-142	-
- Change in trade receivables	161	-223
- Change in other current receivables	-1,722	-1,467
- Change in trade accounts payable	1,881	1,449
- Change in other current liabilities	1,880	1,422
Net cash flow from operating activities	-15,055	-4,656

During the year ended 31 December 2022, the net cash flow generated by operating activities increased sharply at 31 December 2022 to €(15,055)k. It is broken down as follows:

- a negative cash flow of €(17,113)k, which increased significantly during the year due to the cumulative effect of the Group's recruitment and the 2.5-fold increase in its workforce and the resulting direct expenses such as rent and travel costs.

In addition, the Group has committed substantial fees in 2022 for recruitment and support for the company, particularly in its international development;

- a reduction in working capital requirement of €2,058k:
 - linked to the increase in supplier debts in connection with the increase in the Company's activity and equipment acquisitions and other current debts (notably social debts in connection with the growth in the workforce and VAT debts),
 - partially offset by the increase in other current receivables, the increase in which is mainly related to VAT and subsidies receivable.

8.2.2 Cash flows from investing activities

CASH FLOW STATEMENT	2022	2021
In thousands of Euros	(12 months)	(12 months)
Purchase of intangible fixed assets	-3,116	-1,078
Purchase of tangible fixed assets	-8,397	-3,651
Disposal of tangible fixed assets	16	-
Purchase of financial assets	-373	-12
Interest received	-	-8
Impact of changes in scope of consolidation	-1,060	-
Net cash flow from investing activities	-12,930	-4,749

The year ended 31 December 2022 resulted in a significant net cash flow related to investment activities of €(12,930)k reflecting essentially:

- the investment made by the Group in the development of its future production sites, for which a total amount of €(2,001)k has been capitalised, both in terms of internal engineering expenses and external expenses incurred for the necessary studies prior to the development of the sites;
- the Group's efforts to continue the research and development work undertaken in the year of the Company's creation of €(1,104)k is broken down into (i) €(500)k relating to the design of a standardised industrial and modular solution for the production of 100% green onshore hydrogen in order to accelerate the future deployment of industrial sites of several tens of MW and (ii) €(604)k dedicated to the design of artificial intelligence intended to optimise the sizing of production sites. The increase in the item between the year ended 31 December 2022 and the financial year ended 31 December 2021 is due to the recruitment of experts in artificial intelligence. It is recalled that to these activated amounts are also added €667k of R&D expenses, which remained in expenses of the financial year and mainly related to the design and installation of the offshore hydrogen production pilot plant, Sealhyfe;
- the acquisition of equipment for the onshore hydrogen production sites currently under construction and design, and of containers dedicated to the transport of hydrogen for a total amount of €(8,397)k;
- the acquisition of a stake by the Group in the hydrogen production company, Botnia Hydrogen, located in Sweden.

8.2.3 Cash flows from financing activities

CASH FLOW STATEMENT

In thousands of Euros	2022 (12 months)	2021 (12 months)
Increase in share capital, net of expenses	112,558	-
Issuance of new loans, net of expenses	10,434	47,940
Receipts of repayable advances	857	-
Receipt of grants	1,537	4,425
Repayments of borrowings and current accounts	-285	-35
Repayment of lease liabilities	-210	-
(Purchases of)/proceeds from treasury shares	-296	-
Interest paid	-2,005	-296
Net change in bank advances	3	-
Net cash flow from financing activities	122,592	52,034

The year ended 31 December 2022 resulted in a net cash flow related to the significant financing activities of €122.592k mainly resulting from:

- the Group's IPO in May 2022, which generated a cash inflow of €118m, including €8m in respect of the over-allotment option, and reduced to €112.6m after expenses directly related to this transaction;
- the issuance of a new bond, the OCA LB5, to the Mitsui Group prior to the IPO, for €10m, less €0.5m in expenses, and the subscription of a new bank loan of €900k with the Banque Populaire Grand Ouest to finance the Sealhyfe project;
- the receipt of subsidies and repayable advances for a total amount of €2,394k, mainly linked to the financing agreements concluded with ADEME and the Occitanie Region in order to finance the production equipment at the Buléon and Bessières sites;
- interest paid on financial debts subscribed and on bonds, including the OCA LB1, OCA LB3, OCA LB4 and OCA LB5 convertible bonds until their conversion in May 2022;
- loan repayments of €285k;
- repayments of rental debt for €210k in relation to the various rental contracts entered into by the Group for both the Bouin production site and the Group's premises in Nantes;
- movements in treasury shares of €296k following the liquidity contract entered into by the Group.

8.3 Financing needs and financing structure

The Group's main financing needs include:

- its need for operating working capital;
- its investment policy in the development of new decarbonised hydrogen production sites in France and internationally;

- the repayment of its bonds and bank loans, lease debts (including payment of interest) and advances subject to the conditions set out above in paragraphs 8.1.2(b) to 8.1.2(e) of the Universal Registration Document.

In the future, and following the actual start of the sale of green hydrogen in the last quarter 2021, the Group will also be faced with a new need related to the need to produce the sufficient financial guarantees necessary for the commitments in terms of energy purchases (electricity and, if applicable, wind).

Information on the financing structure of the Company's activities can be found in Section 8.1 "Information on equity, cash and net financial debt" above. This should principally be a question of bank guarantees and/or guarantees given by the Company as the supply agreements will be housed in SPVs which do not have the financial structure to provide these guarantees.

8.4 Restriction on the use of capital

No default clause (financial covenant) is attached to the financial debts. There are nevertheless other undertakings attached to OCA LB2 and OCA LB2Bis described in paragraph 8.1.2(b) "Convertible debt financing" of the Universal Registration Document.

8.5 Sources of funding needed in the future to honour investment commitments

Since its inception, the Group has financed its growth by strengthening its equity capital by means of successive share capital increases, financing of certain investments by leasing, obtaining grants and public aid for innovation, as well as through the use of medium-term bank debt and the issuance of convertible bonds.

As at 31 December 2022, the Group's cash and cash equivalents amounted to €144.492k and the Group's external financings are detailed in note 3.8 in the IFRS Financial Statements inserted in Section 18.1 "Historical financial information" of the Universal Registration Document. The Company's credit agreements do not contain a default clause ("financial covenants").

The Group will continue to have significant financing needs for the development of its activities. Its ability to generate cash flows equivalent to its needs in the future is not certain (refer to paragraph 3.5.1 "Risk linked to the need to find future financing for the Group" of the Universal Registration Document).

The Group may not be able to raise additional capital when it needs it, or that such capital may not be available on financial terms acceptable to the Group. If the necessary funds were not available, the Group may have to slow down its research and development and commercial efforts (refer to Note 1.7.2 "Going concern" in the IFRS Financial Statements inserted in Section 18.1 "Historical financial information" and paragraph 3.5.7 "Liquidity risk" of the Universal Registration Document).

Please refer to paragraph 3.5.7 "Liquidity risk" of the Universal Registration Document.

8.6 New financing received since the end of the year ended 31 December 2022

Since the end of the year ended 31 December 2022, the Group has received new financing, namely the financing of part of the containers dedicated to the transport of hydrogen for an amount of €0.7m. This leasing contract is for a period of 7 years.

9 REGULATORY ENVIRONMENT

The Group's hydrogen production, transport and sales activities, including the purchase of electricity necessary for production, are subject to numerous regulations in all the countries in which Lhyfe operates.

Regulations relating to the construction and operation of hydrogen production units, as flammable and potentially explosive gases, are relatively well-established. The same applies to the regulations relating to the transport of hydrogen by truck – which will initially be the main mode of transport used by Lhyfe to bring its hydrogen from its production units to the refuelling stations in “mobility” applications. These two regulatory bodies are described in paragraphs 9.3 “The regulations relating to the installations operated by the Group” 9.4 “Regulations on the transport of dangerous goods” below for France. In France and in other European countries, they are generally based on:

- the need to obtain specific authorisations from the competent administrative authority before it can construct and operate a production unit or transport hydrogen;
- the application and respect for the duration of specific technical and prudential standards and security arrangements; and
- the possibility for the administrative authority to carry out checks which may, if those standards are not complied with, lead to injunctions, fines and temporary or definitive prohibitions from carrying out the activities in question.

There is also a regulatory package specific to the market for the production, transport, distribution and sale of “renewable” or “low carbon” hydrogen and access to renewable energy sources – mainly electricity, to generate this hydrogen. The directives, regulations, laws and other regulatory acts which form this whole are being drawn up, at the level of the European Union and the Member States of the European Union, with the announced objective of facilitating the development of this market in the context of the energy transition. Each of the authorities likely to participate in this preparation is progressing at its own pace and not necessarily in coordination with others.

The European framework, in the form of regulations and/or directives, is being drafted and negotiated. On 15 December 2021, the European Commission adopted a series of legislative proposals including a proposal for a revision of Regulation 715/2009 on conditions for access to natural gas transmission networks and a proposal for the revision of Directive 2009/73 on common rules for the internal markets in renewable and natural gases. These projects must now be discussed and adopted by the European Parliament and the Council of the European Union. Finally, the European Commission adopted in February 2023 the delegated acts to Directive (EU) 2018/2001 (“RED II”) determining the criteria to qualify hydrogen as “renewable”.

9.1 Challenges of the regulatory package specific to the hydrogen market – definition of “renewable” hydrogen

The regulatory package specific to the hydrogen market deals with many issues, including mainly:

- determining what hydrogen is “renewable” in relation to “low carbon” hydrogen and “carbon” hydrogen. The terms used in the regulations being defined at European

and French level refer more and more precisely to the carbon content of the hydrogen produced and the energy sources used. The reference to colours to designate “green”, “blue” or “grey” hydrogen, which was too imprecise, is gradually disappearing from the regulations;

- the determination of certification schemes that will allow to prove the nature of this hydrogen, through voluntary certification schemes approved by the European Commission for renewable hydrogen as Renewable Fuels of Non Biological Origin (RFNBO) according to the Delegated Act to Directive (EU) 2018/2001 or certification schemes that will be defined at national level and will allow to prove the carbon content of low-carbon hydrogen;
- the nature and access to the various financial assistance (including tax and/or tariffs) granted by the European Union, the Member States and their local authorities to any stakeholder on the hydrogen market – from the producer to the user, including research & développement, the equipment manufacturer and the builder of the facilities, to facilitate the development of the market, with differences depending on the nature of the hydrogen produced and/or used.
- access to renewable energy sources, and mainly electricity.
- access and use of transport infrastructure (gas pipeline) and distribution infrastructure.
- the degree of separation, whether mandatory or not, of the production, transmission, distribution and sale of hydrogen – as for electricity and gas.
- the regulatory framework applicable to invitations to tender for the construction and operation of production units, by public but also private actors; and
- for users, the possibility of easily changing suppliers, benefiting from preferential regulated tariffs, long contracts or any other incentives (including via penalties for the use of hydrogen carbonated) for the use of hydrogen.

The definition and method of certification of the nature of hydrogen – “renewable”, “low carbon” or “carbon” (to use the terms currently used in French regulations) is a cross-cutting issue to this regulatory package, as it can make access to other measures facilitating market development very widely. In the European Union, the definition of renewable hydrogen was agreed in February 2023 in the delegated acts to Directive (EU) 2018/2001. The definition of low-carbon hydrogen should be set out in the Hydrogen & Decarbonized Gas Package, which should be adopted at the end of the first half of 2023. The transposition of these texts at Member State level will take place from the second half of 2023 and during 2024.

Thus, direct financial aid, tariffs or taxes, access to transport and distribution infrastructures, rules on tenders, incentives for users, will be linked to different definitions of the hydrogen in question - depending on the country and even on the subject in question.

As an example, and insofar as this is the text that is applicable, on the date of the Universal Registration Document, to hydrogen produced by Lhyfe, Article L.811-1 of the French Energy Code, provides that:

“For the purposes of this Code, the gas composed, in a proportion determined by order of the Minister for Energy, of dihydrogen molecules, obtained after implementation of an industrial process, is referred to as “hydrogen”.

Renewable hydrogen is hydrogen produced either by electrolysis using electricity from renewable energy sources as defined in Article L. 211-2, or by any other technology using only one or more of these renewable energy sources and not conflicting with other uses allowing their direct recovery. This electricity may be supplied as part of an individual or collective self-consumption operation defined in Articles L. 315-1 and L. 315-2. In all cases, its production process emits, per kilogram of hydrogen produced, a quantity of carbon dioxide equivalents less than or equal to one threshold.

Low-carbon hydrogen is hydrogen whose production process results in emissions lower than or equal to the threshold used for the qualification of renewable hydrogen, without being able, however, to receive this latter qualification, failing to meet the other criteria.

Carbonated hydrogen is hydrogen that is neither renewable nor low-carbon.

Hydrogen co-produced during an industrial process whose function is not to obtain this hydrogen and self-consumed, as defined in Article L. 813-2, within the same process is not considered as low-carbon hydrogen within the meaning of this code. It is not accounted for under the decarbonation objective set out in 10° I of Article L. 100-4.

The definition of all the conditions, in particular the thresholds and processes, necessary for the application of this article is specified by order of the Minister for Energy.”

This text therefore sets as an essential criterion a threshold for the quantity of CO₂, expressed in weight, caused by the hydrogen production process. On the date of the Universal Registration Document, the implementing texts are not yet published. The CO₂ threshold could be set at 3kg per kg of hydrogen produced.

Beyond the threshold, and even if the other criteria are met, it is “carbonated” hydrogen. Below the threshold, hydrogen is considered “low carbon”, in order for hydrogen to be also “renewable”, one of the following two criteria must be met:

- producing hydrogen by electrolysis of water using electricity from renewable energy sources, or
- using exclusively other renewable energy sources and not conflicting with uses that allow their direct recovery.

Lhyfe produces its hydrogen by water electrolysis, from renewable electricity. Electrolysis and other elements of the production process, as well as, for mobility applications, the distribution of hydrogen to the refuelling stations, produce a small amount of CO₂. However, depending on the source of the electricity used, even produced from renewable energy sources, hydrogen production may generate more or less CO₂. The methodology for calculating the carbon content for the production of hydrogen by water electrolysis is not defined, however the ADEME proposes a “Cradle to gate” vision

that includes upstream emissions from electrical production infrastructure to hydrogen production, as follows:

- if the hydrogen production site is directly connected to the wind or solar farm, the amount of CO₂ generated is low: 0.70 kgCO₂/kgH₂ for a wind energy source.
- if the hydrogen production site extracts electricity from the grid unrelated to renewable production, the production of hydrogen by water electrolysis would result in CO₂ more significantly, considered by the same ADEME study at 2.77 kgCO₂/kgH₂ for the French electric mix, 19.8 kgCO₂/kgH₂ for the European medium electric mix.

Indeed, the electricity sourced from the grid at a given moment reflects the “energy mix” of the electricity injected into the grid at the same time, “mix” which depends on the means of production then on-line – hydroelectric, nuclear, flame heat (including gas), biomass, wind, solar, etc. The production of electricity circulating in the grid has thus generated a certain amount of CO₂, variable over time. This quantity is not predictable, or is difficult to predict, since the system operator will at all times call the production means necessary to meet demand (electricity is not stored), according to its own order of priority. Although the system operator may wish to favour means of production from renewable energy sources, it is dependent on their intermittent nature as well as other factors such as the marginal cost of other means of production or their availability.

The question of how CO₂ will be accounted for in electricity extracted from the grid but guaranteed as “renewable” with certificates of origin is not settled, neither at the French nor at the European level. The fact that the Group seeks to synchronise its use of this electricity with the moments when the wind or solar farm actually produces, when using renewable electricity purchased from a producer with certificates of origin, but extracted from the grid, could be taken into account in this determination, but this is not certain. According to the result, the hydrogen produced by Lhyfe and its competitors from this electricity, will be “renewable” or only “low carbon” for the French network. The consequences of this qualification in regulatory terms are mentioned above. But it also has an impact on the competitive positioning of Lhyfe, which intends to produce “renewable” hydrogen. If the bar is very high, the production of “renewable” hydrogen could be particularly difficult and/or expensive, and, to the contrary, that of a “low carbon” hydrogen that is easier and/or cheaper. Users of this “low carbon” hydrogen who will not necessarily be able to make the difference between a “low carbon” hydrogen produced via direct connection, and therefore less carbonated, and a “low carbon” hydrogen produced via connection to the network with certificates of origin, which would nevertheless be more carbonated. It would even be possible, given the current discussions on European taxonomy, that hydrogen produced from nuclear electricity, or from natural gas, to be considered “low carbon”.

At European level, the proposal to revise Directive 2009/73 on common rules for the internal markets in renewable and natural gas and hydrogen (procedure 2021/0425/COD), the text of which is currently being reviewed by the European Parliament, selects a single category, “low carbon” hydrogen (as opposed to “renewable” and “low carbon” hydrogen in France). It is defined as “hydrogen whose energy content

comes from non-renewable sources and which respects a 70% reduction in greenhouse gas emissions”. The methodology to be used to determine how and on which basis this hydrogen will be certified “low carbon” will be the subject of an implementing regulation to be adopted by the European Commission. The proposal for the revision of the directive currently provides that this delegated regulation will have to be adopted before 31 December 2024.

Another concept currently discussed in the context of the development of a hydrogen-specific regulation is that of “additionality”. Many stakeholders are seeking access to electricity produced from renewable energy sources and the pace of the construction of wind and solar farms does not keep pace with the growth of this demand. Faced with this shortfall, the regulations could consider that some uses of this electricity contribute more than others to the fight against global warming. Despite the rather general consensus on the role that hydrogen must play in this struggle, it may be that, in certain situations or in certain areas or territories, the regulation thus gives priority to other uses of renewable electricity – starting with its direct injection to the grid, and seeks to promote these uses. One of the possible means is to provide that any stakeholder who uses renewable electricity for the production of renewable hydrogen must ensure that an equivalent amount of electricity of renewable origin is injected into the grid to be available for other uses. This concept has not yet been widely incorporated into the regulations, but it is discussed and will certainly be in the latest version of the delegated act to Directive (EU) 2018/2001 on the definition of renewable hydrogen and its derivatives (definition of Renewable Fuels of Non-Biological Origin (RFNBO)). A new version of this key text for the renewable hydrogen industry was presented by the European Commission on 10 January 2023, but its final adoption remains subject to a vote by the Parliament and the Council. Different rules will apply per country (notably according to the average level of greenhouse gas emissions of the electricity production mix in each area) and these rules will be put in place progressively (with important milestones in 2028 and 2030) but this is still under discussion and should be agreed at the end of the first half of 2023. Depending on the country, these rules will either favour renewable hydrogen producers such as Lhyfe, or on the contrary constrain them.

9.2 Recent contributions to French regulations on hydrogen

9.2.1 Ordinance of 17 February 2021 on hydrogen

Ordinance no. 2021-167 of 17 February 2021 on hydrogen (the “**Hydrogen Ordinance**”) incorporates in the French Energy Code rules applicable to hydrogen.

The Hydrogen Ordinance provides for two systems for the traceability of hydrogen in order to identify “renewable” and “low-carbon” hydrogen: on the one hand, the “guarantee of traceability” (Article L.821-2 of the French Energy Code), and, on the other hand, the “guarantee of origin” (Article L.821-3 of the French Energy Code), valid for 12 months from the end of the hydrogen production they certify. In the event that the “renewable” or “low-carbon” hydrogen produced is not mixed with another type of hydrogen or with another gas between the production phase of the hydrogen and that of its consumption, the guarantee issued, given at the same time as the hydrogen produced is deemed to have a guarantee of traceability. The guarantee of origin is issued when the “renewable” or “low-carbon” hydrogen produced is likely to be mixed with

another type of hydrogen or another gas between the production phase and the consumption phase or where the guarantee is capable of being transferred independently of the hydrogen produced.

Furthermore, the Hydrogen Ordinance strengthens the support mechanisms reserved for the production of renewable hydrogen or low-carbon hydrogen by water electrolysis (Article L.812-1 *et seq.* of the French Energy Code) in order to develop the French electrolysis sector in accordance with the national strategy. Such support shall take the form either of operating aid or in the form of a combination of financial aid for investment and operating aid, which will be awarded by invitation to tender. Such aid shall be granted for a maximum period of 20 years. In practice, this duration corresponds to the lifetime of the first industrial sites of massive production of clean hydrogen by water electrolysis. However, in the event of changes in the objectives of the multi-annual energy programming, this support scheme may be totally or partially suspended for new applications and subject to the maintenance of the aid already granted.

These hydrogen production support schemes are provided for in the European legislative package Fit-for55, which aims to enable the implementation of the European Green Deal and the achievement of the objectives of the Paris Agreement. They will help to fill the financing gap needed to make the price of hydrogen renewable or low carbon competitive with the carbonated alternatives currently used and thus create favourable conditions for the development of the market for “clean” hydrogen (renewable and low carbon) in Europe. These massive public support policies for the development of “clean” hydrogen are implemented all over the world.

9.2.2 2021 Climate and Resilience Act

Law n° 2021-1104 of 22 August 2021 on combating climate change and strengthening resilience to its effects, known as the “Climate and Resilience Act,” particularly simplifies the procedure for occupancy of the public domain by renewable or low-carbon hydrogen production facilities in order to accelerate their development. According to the principle laid down by Article L.2122-1 of the French General Code of Property of Public Entities (“CGPPP”), any person occupying the public domain must hold a title which authorises it for such occupation. The issue of an occupation permit is normally subject to a “preliminary selection procedure”, which is a competitive tender freely organised by the public authority when the occupation of the public domain is intended for “economic use”, except for exceptions provided for by law. The Climate and Resiliency Act adds to this list of exceptions the “renewable” or “low-carbon” hydrogen production facilities by water electrolysis receiving public support pursuant to Article L.812-2 of the French Energy Code (Article L.2122-1-3-1 of the CGPPP).

Furthermore, the Climate and Resilience Act allows local authorities to play an active role in the development of hydrogen, in particular by participating in the capital of companies whose corporate purpose is the production of “renewable” and “low-carbon” hydrogen. Indeed, the municipalities and their groupings can now participate in the capital of both a public limited company and a simplified joint stock company (article L.2253-1 of the French *Code général des collectivités territoriales* – “CGCT”). The same applies to departments (Article L.3231-6 of the CGCT) and regions (Article L.4211-1,14° of the CGCT). Similarly, the derogation enshrined in Article 42 of the Energy-climate Act No. 2019-1147

of 8 November 2019 allowing municipalities and their groupings as well as departments and regions to grant renewable energy production companies shareholder loans “at market price” is extended to “renewable” or “low-carbon” hydrogen production companies. Thus, in the event of a need for financing, hydrogen production companies can call on their partners in order to benefit from a loan rather than to carry out a capital increase whose procedure may be longer.

9.3 The regulations relating to the installations operated by the Group

As with any other gas or liquid fuel, hydrogen presents risks related to its physicochemical properties. Hydrogen may in particular flame or explode in the event of a leak.

Lhyfe’s production facilities and means of transport of hydrogen by electrolysis include:

- an electrolyser,
- a compression unit, and
- a container, in which the hydrogen produced in mobility applications will be stored and transported.

These facilities are covered by the regulations relating to Facilities Classified for the Protection of the Environment (ICPE), the Facilities, Structures, Works and Activities (IOTA) and the “explosive atmospheres” (ATEX). The first two regulations require procedures prior to the construction and operation of installations and follow-ups during their operation. The third relates to the measures to be taken to avoid the formation of explosive atmospheres and to protect the employees concerned.

ICPE Regulation

With regard to ICPE regulations, any operation likely to create risks or cause pollution or nuisance, particularly for the safety and health of local residents is potentially an ICPE pursuant to Articles L.511-1 et seq. of the French Environmental Code.

The activities that fall within the scope of the legislation of classified facilities are listed in a text called “the nomenclature of ICPEs”. This text subjects them to a legal scheme of authorisation, registration, reporting with periodic inspection or reporting, depending on the extent of the risks and disadvantages to health and the environment.

As of the date of the Universal Registration Document, the Bouin plant is subject to the reporting scheme.

Depending on the size of the plant, Lhyfe’s production units may be subject to a reporting, authorisation and may even enter the SEVESO category above certain thresholds. Thus, the planned increase in the production volume of the Bouin plant should move it to the authorisation scheme.

The production of hydrogen “in industrial quantities” is subject to environmental authorisation, under heading 3420-a of the Regulation on Classified Installations (ICPE), pursuant to the European Industrial Emissions Directive (also referred to as the “IED”).

On the other hand, storage is regulated by section 4715 of the ICPE nomenclature – the facility will be subject to environmental authorisation if the quantity likely to be present

in the facility is greater than or equal to 1 tonne, or to the reporting regime if the said quantity is greater than or equal to 100 kg but less than 1 tonne.

The storage activity will be subject to the so-called high threshold “Seveso” regime if the quantity is greater than 50 tonnes, and the low threshold “Seveso” if the quantity is less than 5 tonnes.

Thus, a facility that exceeds or decreases certain thresholds will not be subject to the same regulatory scheme and must necessarily take all necessary steps to meet the conditions of the new applicable scheme. These regulatory and procedural approaches can be more or less restrictive, costly and lengthy depending on the level of classification: application file with impact assessment, public inquiry, hazard study, financial guarantees, etc.

IOTA Regulation

With regard to the regulations on IOTA, the installations and structures concerned are those “made for non-domestic purposes by any natural or legal person, public or private, and resulting in samples from surface or groundwater water”. The IOTA regulations therefore apply to projects requiring sampling or discharges to the aquatic environment, whether it is a stream of water, a water table, the sea or the ocean. IOTA regulations depend on the quantity of water used. Thus, Lhyfe’s production units may be subject to them according to their power.

ATEX Regulation

With regard to the ATEX regulation, it contains provisions on the protection of explosions aimed at preventing the risk of creating explosive atmospheres and, failing that, to limit the risk and protect workers.

An explosive atmosphere is defined as a mixture of air and flammable substances in the form of gases, vapours, fogs or dust, in which, after inflammation, combustion spreads to the entire unburned mixture. Such a situation may arise in the event of a leak or other malfunction in the Group’s facilities (or its customers). In order to ensure the prevention of explosions, the employer shall take appropriate technical and organisational measures, in the following order of priority:

- preventing the formation of explosive atmospheres; and
- if the nature of the activity does not prevent the formation of explosive atmospheres, preventing fires from starting and mitigating the harmful effects of an explosion to the health and safety of workers.

These measures can be supplemented with measures to prevent the spread of explosions and are subject to periodic review and any significant change in working conditions. These measures are defined on the basis of a mandatory assessment of the risks created or likely to be created by explosive atmospheres. This assessment must be carried out in accordance with the precise criteria defined by the French Labour Code.

Where explosive atmospheres may be formed and present a risk to the health and safety of workers, the employer shall take the necessary measures to ensure that:

- the work environment allows for safe work;
- adequate monitoring is ensured and appropriate technical means are used ;
- training of workers in the field of explosion protection is delivered;
- workers are equipped, as necessary, with suitable work clothing protecting against the risks of inflammation.

The employer prepares and updates an explosion protection document, which is incorporated into the single risk assessment document. Updates are mandatory in the event of significant modifications, extensions or transformations made to the places, equipment and organisation of the work. This document also specifies the coordination measures when several companies are likely to be present at the same place of work.

9.4 Regulations on the transport of dangerous goods

Hydrogen is classified as dangerous goods, and its transport by road is therefore subject to the Agreement concerning the International Carriage of Dangerous Goods by Road (ADR – United Nations Treaty). The ADR is consolidated by the Ordinance of 29 May 2009 (amended) relating to the transport of hazardous materials by land, known as the “TMD Ordinance”, applicable to transport carried out within the national territory.

Each dangerous good, such as hydrogen, is codified with very precise characteristics (UN number, hazard class, classification code, packaging group, special provisions, tunnel restriction code).

A specific mandatory marking can be used to identify compliance with ADR requirements of packaging approved to contain dangerous goods.

Each dangerous good must be packed in suitable and approved packaging. Depending on the classification of the goods (including the packaging group), different types of packaging are offered in the “packing instructions”. These instructions are to be followed to package the goods to be remitted to road carrier.

Transport vehicles and equipment shall be subject to precise technical requirements. In order to ensure the correct application of the said standards, approval procedures and technical inspections are provided for in international agreements, with variations in national texts.

Any transport of goods regulated by the ADR must be accompanied by a transport document commonly referred to as the “Declaration of Dangerous Goods”. Mandatory information makes it possible to identify the load qualitatively and quantitatively.

It is the responsibility of the person in charge of any plant where the loading or filling is carried out to ensure that the provisions applicable to the transport of dangerous goods are complied with. In particular, they must ensure that:

- the transport document and the written safety instructions for the driver are included in the on-board documents;
- the driver holds a valid training certificate suitable for the transport to be undertaken;

- the transport unit is equipped with its valid certificate(s) of approval and suitable for the transport to be undertaken; and
- the transport unit is properly signalled and stored at the exit of the plant.

In order to transport parcels, they must also ensure that:

- the mixed loading prohibitions are respected; and
- the loaded packages are correctly sealed and secured.

The transport cannot be carried out if these instructions are not respected. For the purpose of transporting dangerous goods, safety is defined as the set of “measures to be taken to minimise the theft or improper use of dangerous goods that could endanger persons, property or the environment”.

As such, any transport of dangerous goods meets some of the following obligations:

- the goods are only handed over to duly identified carriers,
- each crew member must have an identification document,
- bearing their photograph,
- temporary stay areas (terminals, vehicle depots, etc.) are secured, well lit and not accessible to the public,
- all participants in transport must have been trained in security.

In addition, the various stakeholders in the chain must develop a security plan for the transport of dangerous goods identified by regulation as “high risk” (ADR Chapter 1.10). The safety plan makes it possible to minimise and control in particular the risks:

- assault on drivers,
- attempted theft of dangerous goods,
- the diversion of dangerous goods.

In addition to the checks, which may be carried out by the competent authorities, a “safety advisor” shall be designated in all undertakings whose activity involves the transport of dangerous goods by road, or the packaging, loading, filling or unloading operations related to such transport. The mission of this safety advisor is to provide assistance in the prevention of risks to people, property or the environment.

In particular, the advisor should review compliance with ADR rules and guide the company in the operations related to the transport of hazardous materials. He also has a monitoring mission for the transportation and related operations. His tasks are as follows:

- examine compliance with the requirements relating to the transport of dangerous goods;
- advise the company on operations concerning the transport of dangerous goods;

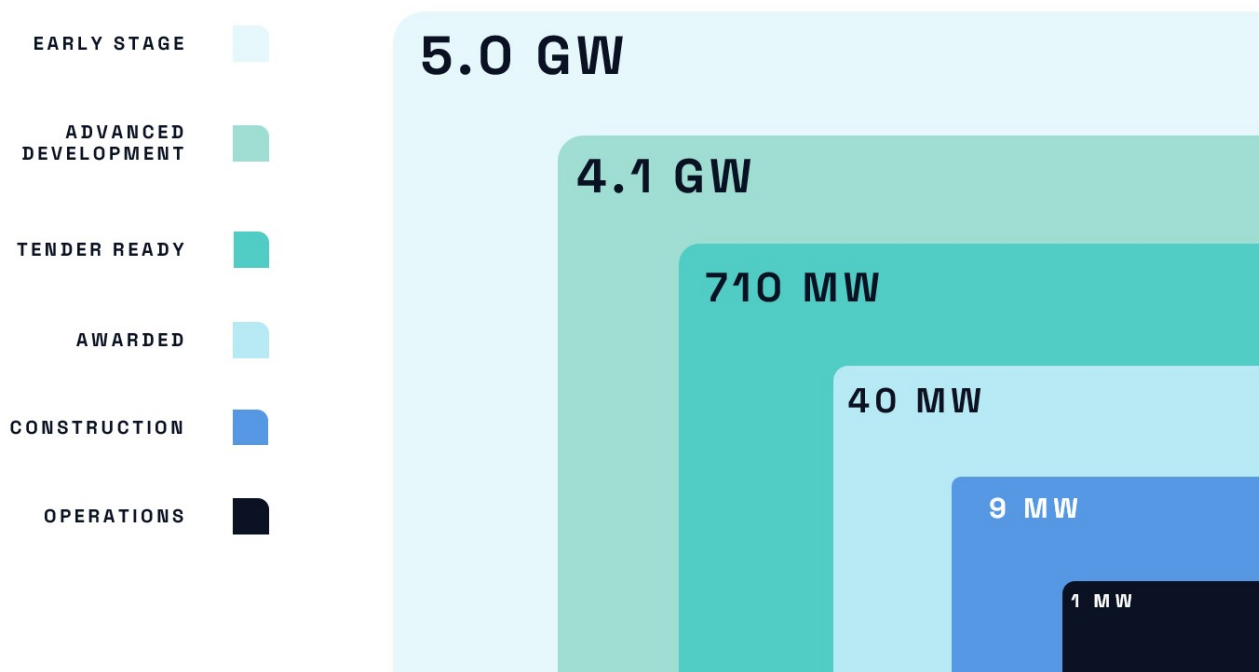
- prepare an annual report for the management of the undertaking, or, where appropriate, to a local public authority, on the activities of that undertaking relating to the transport of dangerous goods. This report must be kept for five years by the company and submitted at any request of the competent authority to establish infringements of the legislation on the transport of dangerous goods;
- prepare a report in the event of an accident (“accident report”) analysing the causes of the accident with written recommendations to avoid further accidents. This report must be sent to the head of the company within four months at the latest after the accident, and it is kept by the company, at the disposal of the administration, for five years.

In terms of civil liability, the dangerous nature of the matter transported does not alter the legal regime of liability under transport law. The regulations on the transport of dangerous goods make it possible to set the contractual commitments of the parties involved in the transport operation, and therefore to determine any essential non-compliance. From a criminal point of view, sanctions are provided for in the French Transport Code.

10 INFORMATION ON TRENDS

10.1 Commercial pipeline of Group projects

As 31 December 2022, the Group has a commercial pipeline of projects representing a total installed production capacity of 9.8 GW, broken down into the different phases of a project as follows:



The Group has determined these different phases, and the milestones that separate them, based on several criteria, which reflect:

- tendering processes for customers, particularly industrial customers;
- the bidding process to obtain grants, linked to a specific project or not;
- the intrinsic stages of the development of a production unit, for industrial applications and mobility; and
- the resources to be committed by the Group for the project to pass through each of these phases.

In addition, these criteria are different depending on whether it is an industrial application or mobility (for a description of the types of projects, refer to paragraph 5.4.3 “Presentation of a typical project” of the Universal Registration Document).

Thus, these phases and the milestones that determine the transition from one to another are as follows:

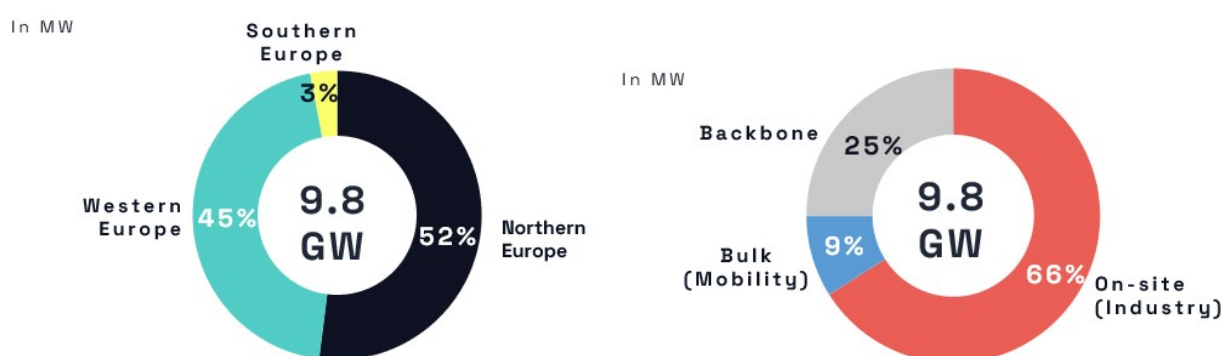
Phase	Description and milestones
<i>Early stage</i>	<i>Industrial applications</i> Determining (i) the potential customer’s needs, (ii) the potential phases and schedule for the development and construction of the project, (iii) its technical

	characteristics, (iv) the grants that may be available, and (v) the indications of the hydrogen price to be presented to the customer. <i>Mobility applications</i> Analysis of the needs of potential customers in the geographical area. Analysis (i) of the available local renewable energy sources (preferably in direct connection), (ii) the availability of land, (iii) the potential phases and timetable for the development and construction of the project, (iv) its technical characteristics, (v) any grants that may be available, and (vi) hydrogen price indications.
“M0” Milestone	For an industrial application, either the potential customer requests the submission of a non-binding offer by the Group or the submission of the offer is necessary for the process of obtaining grants; for a mobility application, the Group reviews the positioning of the site in relation to the Group’s other projects and production sites.
<i>Advanced development</i>	<i>Industrial applications</i> During this phase, the Group will provide a “non-binding” offer to the potential client or as part of a grant process. To this end, the Group will determine (i) the preliminary technical specifications including an estimate of the investment expenses (capex) and operational expenses (opex), (ii) the preliminary commercial specifications, (iii) the development and preliminary construction schedule and (iv) details of any available grants and the conditions for obtaining them. This will enable it to draw up a preliminary business plan. <i>Mobility applications</i> This phase aims to de-risk the implementation of the project and calculate cost and sales estimates of hydrogen produced, in particular to prepare grant applications. To this end, the Group will determine (i) the preliminary technical specifications including an estimate of the investment expenses (capex) and operational (opex), (ii) an estimated bulk market in the geographical area, (iii) the development and preliminary construction schedule and (iv) the details of the available grants and the conditions for obtaining them. This will enable it to draw up a preliminary business plan.
“M1” Milestone	For an industrial application, either the potential customer requests the submission of a binding offer by the Group, or a detailed offer if necessary for the process of obtaining grants; for a mobility application, strategic decision of the best sites in terms of demand on the geographical area, the capacity to serve the demand and the possible grants.
<i>Tender ready</i>	<i>Industrial applications</i> It is during this phase that the “binding” offer for the potential client or as part of the grant process is prepared. To this end, the Group will determine (i) the final technical specifications including a more detailed estimate of the investment expenses (capex) and operational expenses (opex), (ii) the final commercial specifications, (iii) the development and construction schedule and (iv) the internal review of the project. <i>Mobility applications</i>

	It is during this phase that all the technical details are determined for the purposes of reducing the risks inherent in the implementation of the project and calculating more fine estimates to be able to build a business plan. To this end, the Group will determine (i) the final technical specifications including a more detailed estimate of the investment expenses (capex) and operational expenses (opex), (ii) the demand expectations for hydrogen produced, (iii) the development and construction schedule and (iv) the internal review of the project.
“M2” Milestone	For an industrial application, either the Group has won the project (signature of a purchase order or term sheet or any other “binding” document for the customer), or the grant (s) have been obtained (and the customers will sign in the next phase); for a mobility application, final decision to validate the chosen site in terms of application in terms of geographical area, capacity to serve this application and possible grants.
<i>Awarded</i>	<i>Industrial applications</i> It is during this phase that the full contractual documentation is negotiated and finalised with the client and that the grants are finally obtained (if not yet). The project is approved by the Company’s competent body, depending on the size of the project. <i>Mobility applications</i> It is during this phase that the agreements and authorisations relating to the project are negotiated: (i) land rights, (ii) permits, and (iii) where applicable, grants. The strategy for the purchase of renewable electricity and, where appropriate, the connection to the renewable electricity source shall be defined. The project is approved by the Company’s competent body, depending on the size of the project.
“M3” milestone	For industrial application, signature of the contractual documentation with the client, kick-off of the project, creation of the SPV, long-form term sheet with the financing banks and final decision of the Company’s competent body, depending on the size of the project; for a mobility application, project kick-off, and creation of the SPV, preparation of the long-form term sheet with the financing banks and final decision of the Company’s competent body, depending on the size of the project.
<i>Construction</i>	This phase is divided into (i) detailed engineering, (ii) works and (iii) commissioning of the installation. <i>Detailed engineering:</i> the permit application file is submitted to the authorities for evaluation if this was not done during the “Awarded” phase, detailed technical documentation is drawn up, equipment is purchased, subcontractors are consulted and engaged and equipment manufacturing is launched. <u>“Detailed Engineering” Milestone:</u> the final investment decision, initial payment of equipment to start manufacturing (unless the Group has already ordered the equipment upstream in order to ensure their availability), obtaining a permit from the authorities, starting work on site. <i>Works:</i> the work (civil engineering, piping, electricity, control) to be carried out on the site start and the equipment is installed.

	<u>Works Milestone:</u> commissioning of the electricity transmission network connection (or equivalent) where applicable, on-site acceptance test of equipment, mechanical finishing. <i>Commissioning:</i> this includes pressure and sealing tests, control and safety loop tests, complete start-up of the unit, functional tests and finally the performance test.
“M4” Milestone	Signature of site acceptance tests and transfer to O&M team.
Operations	The site is installed, commissioned and in operation.

The breakdown of Group projects by geographical area (left) and type of project (right) as at 31 December 2022 is as follows:



The evolution of these indicators, and in particular the decrease in the proportion of on-site (industry) and bulk (mobility) projects compared to the pipeline at the end of April 2022 (48% as at 31 December 2022 compared to 84% at the end of April 2022 for on-site projects and 9% as at 31 December 2022 compared to 16% at the end of April 2022 for bulk projects) must be linked to the strong increase in the pipeline during this period (9.8 GW as at 31 December 2022 compared to 4.8 GW at the end of April 2022).

Regarding the backbone projects that were not in the pipeline at the end of April 2022, the Group plans to position certain units in locations chosen for their proximity to the future European hydrogen backbone, thus enabling it to address a multiplicity of varied customers, delivered through these infrastructures once deployed.

The types of projects are described in section 5.4.3 “Presentation of a typical project” of the Universal Registration Document.

10.2 Objectives

The objectives and trends presented below are based on data, assumptions and estimates, considered reasonable by the Group as at the date of the Universal Registration Document.

These perspectives and objectives, which result from the Group’s strategic orientations, do not constitute the Group’s forecast data or profit estimates. The figures, data, assumptions, estimates and targets presented below are likely to change or be modified, depending on, among other things, changes in the regulatory, economic, financial,

competitive, legal, accounting and tax environment or other factors, of which the Group would not be aware at the date of the Universal Registration Document.

In addition, the materialisation of certain risks described in Chapter 3 “Risk Factors” of the Universal Registration Document could have a negative impact on the Group’s business, financial condition, market condition, results or prospects and thus challenge its ability to achieve the objectives set out in this section. The achievement of these objectives presupposes the success of the Group’s strategy and its implementation.

As part of its strategic development plan, as at 31 December 2022, the Group had a commercial pipeline consisting of projects spread over 11 countries representing a total installed production capacity of 9.8 GW (see Section 10.1 “Commercial pipeline for Group projects” above).

Basing itself on this commercial pipeline, the Company has set the objective of achieving total installed capacity of at least 55 MW by end-2024 and 200 MW by the beginning of 2026.

The Group has the ambition of achieving for the financial year ending on 31 December 2026:

- (i) consolidated revenues of around €200 million;
- (ii) Group EBITDA at breakeven,

on the basis of total installed capacity of 200 MW.

By 2030, the Group’s objective is to position itself as a leading stakeholder in the green hydrogen production sector and more specifically, to have total installed capacity available exceeding 3 GW.

In the long term, the Group aims to achieve a Group EBITDA margin exceeding 30%.

“Total installed capacity” means the maximum cumulative capacity of the Group’s production units in operation (“operations” phase).

“Group EBITDA” refers to the current consolidated operating profit before depreciation, amortisation and provisions, as it appears in the IFRS consolidated financial statements.

“Group EBITDA Margin” refers to the ratio “EBITDA/Revenues”.

All of these objectives are based in particular on the following assumptions:

- the achievement of the long-term market development forecasts described in Section 5.3 “Market overview: decarbonise the industry and mobility with green hydrogen” of the Universal Registration Document;
- the realisation of the projections of the management team on the quantities of green hydrogen sold by the Group and the sale price of the latter by type of market addressed (see Section 5.3 “Market overview: decarbonise the industry and mobility with green hydrogen” of the Universal Registration Document);
- the average IRR estimated per Group project;

- the probabilities of realisation which the Group assigns to each commercial pipeline project which varies depending on its position in the commercial pipeline and the nature of the project;
- the Group's ability to anticipate and manage this growth efficiently, in particular by recruiting and integrating dedicated staff, supporting the increase in sales teams and making the necessary technological investments; and
- the confirmation of the know-how and the implementation of the optimisation tools developed by the Group.

11 PROFIT FORECASTS OR ESTIMATES

The Company does not communicate profit forecasts or estimates within the meaning of Delegated Regulation (EU) 2019/980.

12 ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT

A summary description of the main provisions of the articles of association of the Company, relating in particular to the Board of Directors, its operation and powers, as well as a summary description of the main provisions of the internal rules of the Board of Directors are provided in Section 19.2 “Incorporation and Articles of Association” of the Universal Registration Document.

12.1 Composition of the administrative bodies and general management

12.1.1 Board of Directors

The table below shows the composition of the Board of Directors as of the date of this Universal Registration Document, as well as the terms of office of said members of the Board of Directors of the Company over the past five years:

Surname and first name	Independence	Nationality	Year of first appointment	Expiry date of the term of office	Audit Committee	Appointments and Remuneration Committee	Committee on Social and Environmental Responsibility	Main position held in the Company	Number of current directorships in listed companies	Main directorships and functions performed outside the Company in the last five years
Matthieu Guesné		French	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025				Chairman and Chief Executive Officer	None	<u>Current mandate:</u> - Manager of Fresh Future
Maria Pardo Saleme		Spanish	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025				Chief Financial Officer	None	<u>Current mandates:</u> - President of Athena - Director of LKF Lecourbe
Alena Fargere	✓	French	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025	Member		President	None	None	- None
Amaury Bierent		French	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025	Member			None	None	<u>Current mandates:</u> - Director of Lixo - Director of Tryon Environnement - Director of Adionics - Director of Hesus - Joint manager (<i>co-gérant</i>) of Les Saules - Managing director of Ovive - Manager (<i>gérant</i>) of Mobipur GmbH - President of Optyma

Surname and first name	Independence	Nationality	Year of first appointment	Expiry date of the term of office	Audit Committee	Appointments and Remuneration Committee	Committee on Social and Environmental Responsibility	Main position held in the Company	Number of current directorships in listed companies	Main directorships and functions performed outside the Company in the last five years
										- President of Sofiwaga
Christopher Sorensen		American	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025		Member		None	None	<u>Current mandate:</u> - Chief executive officer, GreenLab Skive AS
Bruno Le Jossec	✓	French	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025	President	Member		None	1	<u>Current mandates:</u> - Non-voting board member of Kerlink (ALKLK) - President of SCAAL - President of Cadusun - Non-executive Managing Director of Urofin
Valérie Bouillon-Delporte	✓	French	2022	Annual general meeting called to rule on the 2024 annual financial statements to be held in 2025		President	Member	None	None	<u>Current mandates:</u> - Director and Vice-President of France Hydrogène - Director of AVERE France <u>Mandates expired within the 5 previous years:</u> - President and Director of Hydrogen Europe – Brussels (until 2021) - Chairwoman of the Governing Board of the Fuel Cell Hydrogen Joint undertaking (until 2021) - Member of the bureau of Wave (Women automotive and vehicles Europe) (until 2018)

The directors have as their business address the registered office of the Company, located at 1 ter mail Pablo Picasso – 44000 Nantes.

Biography of members of the Board of Directors

Matthieu Guesné – Chairman and Chief Executive Officer

Matthieu Guesné is an engineer in electronics and IT. He is a specialist in batteries and electricity storage.

He was Director of *the Commissariat à l'énergie atomique et aux énergies alternatives* (CEA) Tech Pays de la Loire and Brittany dedicated to marine energies. CEA is a French

public research organisation that has created 40% of French patents on hydrogen technology. Matthieu Guesné was notably responsible for an investment plan of €45 million, and has also managed the contracting team which signed R&D partnerships worth €34 million.

Prior to working in this public research organisation, Matthieu Guesné was the international commercial director of an SME specialising in hyper-frequency electronics, where he managed partners in more than 30 countries around the world. He established a subsidiary in India and new partnerships in Brazil and Russia. He has travelled around the world and has acquired a strong international culture. Finally, he worked in the United States as key account director at Hewlett-Packard in the testing and measurement division.

Maria Pardo Saleme – Director and *Chief Financial Officer*

Maria Pardo Saleme has nearly twenty years of experience in investment banking, where she worked in risk and derivatives modelling, subsequently specialising in corporate finance advisory the equity and long-term debt advice for public and private companies at BNP Paribas. Starting From in 2015, she led the equity capital markets teams for the Iberian region with which she carried out numerous strategic projects (IPOs, capital increases, equity and long-term debt equity-linked financing, disposals of securities secondary trades), and then contributed from 2020 to the creation and launch of BNP Paribas' EMEA private placement advisory team dedicated to business advising on private fund raising for innovative companies. She joined Lhyfe on 14 February 2022.

Maria is fluent in five languages, is a graduate engineer of ENSTA Paris, a member of the Institut Polytechnique de Paris, and also holds a Master's degree in Applied Mathematics and Financial Mathematical Modelling and Methods of Economics from the University of Paris 1 Panthéon-Sorbonne University (Paris 1).

Alena Fargere – Independent Director

Passionate about the challenges of energy transition and climate change mitigation, Alena Fargere is an investor in renewable gases and an international expert on hydrogen energy. She was part of the founding team of SWEN Impact Fund for Transition, the first European fund dedicated to financing renewable gas, biogas and hydrogen infrastructure. With of her industrial experience at Air Liquide, she also advises international organisations, including the United Nations, on sustainable energy, gas and mobility strategies. Alena Fargere holds a PhD (*doctorat*) in Economics from *Ecole Polytechnique*.

Amaury Bierent – Director

Engineer, Amaury Bierent graduated from HEI (Lille) in 1990 and EDC Mc Gill University in 1993. He is also an alumnus of the *Faculté Agronomique des Sciences de Gembloux* (University of Liège, Belgium), promotion of 2001.

After ten years as an engineer and then as an infrastructure project manager at EGIS, part of the *Caisse des Dépôts* Group, Amaury Bierent created several companies, notably Ovine in 1999 (independent industrial water treatment company), Mobipur in 2004

(independent environmental equipment rental company), Lhotelier Eau in 2004 (independent urban water treatment company) and Mobipur GmbH, Germany.

Amaury Bierent is currently co-manager of Les Saules, manager of Mobipur GmbH, managing director of Ovive, president of Optyma and president of Sofiwaga.

Christopher Sorensen – Director

Christopher Sorensen, originally from New York, has worked at the forefront of technology and commercial innovation for over 30 years on three continents. Following the start of his career as a large project manager with Accenture in New York and Paris, the last 20 years have been focused on creating positive social impact through integrating technology and business innovation at scale. Most recently, he supported development of a new global clean-tech cluster at Masdar City, including the Masdar Institute and Masdar Clean Energy in Abu Dhabi.

He is now applying his experience to building the green energy and industrial platform GreenLab in Denmark, described in paragraph 5.4.4(c) “GreenLab and GreenHyScale projects, Skive, Denmark” of the Universal Registration Document. Christopher Sorensen is also a member of the CEO Council for the EU Clean Hydrogen Alliance, The Danish Government Advisory for Industrial Climate Partnership, Technical University of Denmark Energy Advisory Board (DTU) and the Danish Energy PtX Partnership.

Bruno Le Jossec – Independent Director

Bruno Le Jossec holds a *Diplôme Universitaire de Technologie* (D.U.T.) in “Companies and administrations management” obtained in 1985, a diploma from the *Institut Commercial Supérieur* (I.C.S.) - Paris 3rd district obtained in 1988, postgraduate diplomas (DESS / Master 2) in Law and Finance “Financial Engineering” from the Faculty of Law in Caen associated with the *Centre de Formation aux Professions Bancaires* (C.F.P.B.) obtained in 1990, an Executive MBA from the *Ecole Supérieure de Commerce de Paris* (ESCP), a *diplôme universitaire* (DU) in Corporate Tax from ISFEC : *Ordre des Experts Comptables* and UBS (*Université de Bretagne Sud*) obtained in 2007, a *diplôme universitaire* (DU) in Asset Management from ISFEC : *Ordre des Experts Comptables* and IGR Rennes, as well as training in cybersecurity from the *Institut des Hautes Etudes de la Sécurité et de la Justice* (INHESJ) of the French Ministry of the Interior and the *Institut des Hautes Etudes de Défense* (IHEDN), Digital Sovereignty session.

Bruno Le Jossec began his career in cash (Franc and currencies) and debt management at *Société de Protéines Industrielles* (SPI), the DIANA division of Groupe Guyomarc’h. He then acted as an Executive Attaché in the Financial Engineering and Private Equity department of *Ouest Croissance* (a subsidiary of *Banques Populaires du Grand Ouest*), as Executive Director of *Société Financière Lorient Développement* (SFLD) from 1994 and finally as Executive Director of SEM XSEA since 2011.

Valérie Bouillon-Delporte – Independent Director

Valérie Bouillon-Delporte is Director of the Hydrogen Ecosystem, first Vice President of France Hydrogen and Hydrogen Europe Mobility Ambassador, former President of Hydrogen Europe & Chair Governing Board Fuel Cell Hydrogen Joint Undertaking.

Valérie Bouillon-Delporte is a graduate of the ESSEC and Kedge business schools and has over 25 years of experience in international groups.

After starting her career in the luxury goods industry, she has specialised since 1997 in the marketing of technological products for the automotive markets, with major international groups that are leaders in their markets (Tenneco, Delphi, Plastic Omnium), both in the replacement and original equipment markets.

In 2010 she joined the Michelin group and has been in charge of hydrogen issues within the group since 2014, accompanying the group in its strategic reflexion on hydrogen. Since the end of 2019, she has been leading the Hydrogen ecosystem for the Michelin group. She is first Vice President and member of the board of *France Hydrogène*, the national hydrogen association in France, and leads the *Hydrogène Mobilité France* consortium. She is the European Hydrogen Ambassador for Hydrogen Europe, having been its President from 2017 to 2021, and Chair of the Governing Board of the Clean Hydrogen Partnership (formerly FCH JU). Hydrogen Europe is part of the European public-private partnership (Clean Hydrogen Partnership), which brings together more than 300 industrialists from the hydrogen sector alongside the European Commission. Finally, it is also a member of the board of directors of AVERE.

A decree of 31 December 2020 named her a Knight of the Legion of Honour (*Chevalier de la Légion d'Honneur*). At the beginning of 2021, she received the Energy Transition women prize from Green Universe and Andera Partners in the category: private sector actors. In 2019, she was selected by the editorial staff of La Tribune as one of the 100 actors who are transforming France's economy and, the same year, she won the *Transformons la France* 2019 prize in the Mobility category. In 2017 she was also nominated for the WBCSD Leadership Women Award 2017.

Concerned by sustainable mobility issues, she is an auditor of the CHEEDD (*Collège des Hautes Etudes Environnement et Développement Durable*). Very involved in diversity issues, she is a founding member of the WAVE (Women Automotive and Vehicles in Europe) association, which aims to attract more female profiles to the automotive sector.

There is no family relationship between the persons listed above.

Independent members of the Board of Directors

In light of the independence criteria defined by the Middledenext Code (as this term is defined in Section 14.4 "Declaration on corporate governance" of the Universal Registration Document) of September 2021 to which the Company refers, the Board of Directors considers that 3 members of the Board of Directors are considered as independent, namely: Bruno Le Jossec, Valérie Bouillon-Delporte and Alena Fargere, who was qualified as independent during meeting of the Board of Directors held on 21 March 2023.

The analysis of the independence by the Company of each director, in light of the criteria laid down by the Middlednext Code, is as follows:

Independence criteria	Members of the Board of Directors						
	Matthieu Guesné	Maria Pardo Saleme	Amaury Bierent	Christopher Sorensen	Bruno Le Jossec	Valérie Bouillon-Delporte	Alena Fargere
Not have been, in the last five years, and not to be an employee or executive officer of the Company or of a company of the Group	x	x	✓	✓	✓	✓	✓
Not have been in a significant business relationship with the Company or the Group in the last two years (client, supplier, competitor, service provider, creditor, banker, etc.)	✓	✓	x	x	✓	✓	x ⁽²⁾
Not be a reference shareholder of the Company or to hold a significant percentage of voting rights	x	✓	✓	✓	✓ ⁽¹⁾	✓	✓
Not have a close family relationship with a corporate officer or a reference shareholder	✓	✓	✓	✓	✓	✓	✓
Not have been, in the last six years, the Company's auditor	✓	✓	✓	✓	✓	✓	✓

(1) Mr. Le Jossec has executive authority within Société Financière Lorient Développement, which holds a non-significant holding in the Company's share capital.

(2) Ms. Fargere was, until December 2022, an employee of SWEN Capital Partners, the management company of SWEN Impact Fund for Transition, which holds bonds convertible into shares of the Company "OCA LB2" and thus has a significant business relationship with the Company.

Situation of Mrs. Alena Fargère

At its meeting of 21 March 2023, the Board of Directors considered the situation of Mrs. Fargere, a Director since 24 May 2022. Indeed, Mrs. Fargere could not be qualified as independent at the time of her appointment because of her position as an employee within SWEN Capital Partners, the management company of SWEN Impact Fund for Transition, which is the holder of bonds convertible into shares of the Company "OCA LB2". As Ms. Fargere's salaried functions within SWEN Capital Partners ended in December 2022, the Board of Directors decided to reassess her independence, in the absence of any other economic and legal link between Ms. Fargere and SWEN Capital Partners (in particular a non-competition clause), which the Company requested and obtained written confirmation from SWEN Capital Partners. The Board of Directors thus considered that Mrs Fargere had no relationship with the Company or the Group that could alter the independence of her judgement. In these circumstances, the Board of Directors, using of the possibility offered by Recommendation No. 3 of the Middlednext Code to waive one of the criteria for presuming a director's independence, decided not to apply the second criterion, which requires a period of two years between the end of the significant business relationship with the Company or the Group and the qualification of independent director. It is specified that, if the Board of Directors were

to take decisions concerning SWEN Capital Partners or SWEN Impact Fund for Transition, the Board of Directors will be particularly vigilant regarding the application of the provisions of the internal regulations on the management of conflicts of interest of the members of the Board of Directors, the main measures of which are detailed in paragraph 12.2 “Conflicts of interest in administrative bodies and general management” below.

Balanced representation of women and men

The combined provisions of Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code provide that in the board of directors of the companies whose shares are admitted to trading on a regulated market, the difference in numbers of directors of each sex may not exceed two, when the board of directors is composed of eight members or fewer. On the date of this Universal Registration Document, the Board of Directors, as described above, includes 4 men and 3 women, representing approximately 57% and 43% of the members of the Board of Directors. Consequently, the composition of the Board of Directors is in accordance with the provisions of the aforementioned Articles.

Declarations relating to administrative and management bodies

To the best of the Company’s knowledge, and as of the date of the Universal Registration Document, none of the members of the Board of Directors and the general management referred to in this Section 12.1 “Composition of the administrative bodies and general management” in the last five years:

- has been convicted of fraud;
- has been associated in his capacity as director or shareholder with a bankruptcy, receivership, liquidation or placement of companies under judicial administration;
- has been deprived by a court of the right to act as a member of an issuer’s administrative, management or supervisory body or to intervene in the management or conduct of the business of an issuer; and
- has been the subject of a legal challenge and/or official public sanctions imposed by statutory or regulatory authorities (including designated professional bodies).

Observers

The internal regulations of the Board of Directors provide for the possibility for the Board of Directors to appoint a maximum number of three observers.

The duration of the mandate of observers is set by the Board of Directors in the appointment decision. Observers may be re-elected, but the cumulated duration of their mandate may not exceed nine years. They may be dismissed at any time by decision of the Board of Directors.

The age limit for exercising the duties of observer is set at 70. Any observer who reaches this age shall be regarded as having resigned at the end of the next ordinary annual General Meeting following the date of this member’s seventieth birthday.

Observers shall be called upon to attend the meetings of the Board of Directors and may be consulted by the latter. They shall be convened to each meeting of the Board of Directors under the same conditions as the directors. The observers may assist the

Board of Directors in its work, provide it with the necessary information and offer their expertise and knowledge. In any event, the observers do not have voting rights and shall not participate in the voting of the decisions of the Board of Directors.

The observers are subject to the same provisions of the internal regulations as the directors in terms of ethics, in particular measures to prevent conflicts of interests and obligations of loyalty and confidentiality. They will also, like the directors, be regularly made aware of the regulations on market abuse.

On the date of this Universal Registration Document, two observers have been appointed by the Board of Directors, including:

Surname and first name	Nationality	Expiry date of the mandate	Main position held in the Company	Number of current mandates in listed companies	Main mandates and functions performed outside the Company in the last five years
Noria, represented by Christophe Guillaume	French	Annual general meeting called to rule on the annual financial statements for the financial year ended on 31 December 2024, to be held in 2025	None	1	<u>Current mandates:</u> - Representative of Noria Invest, observer at the Board of Directors of Waga Energy - President of NORIA GESTION (SAS) - President of NORIA (SAS) - Manager (<i>gérant</i>) of CKM (SARL) - Manager (<i>gérant</i>) of CAMPUS PRO EMPLOI (SARL) - Manager (<i>gérant</i>) of EOLIENNES DES 4 CHEMINS (SARL) - Manager (<i>gérant</i>) of EOLIENNE DE NOZET (SARL) - Permanent representative of NORIA INVEST (SRL), President of PASSO (SAS) - Permanent representative of PASSO (SAS), President of CAMPUS PRO (SAS) - Director of NORIA INVEST (SRL) - Belgium - Director of ORLANDIA (SA) - Belgium - Director of CIMALP (SA) - Luxembourg - Manager (<i>gérant</i>) of LAROCLETTE INVEST (SARL) - Luxembourg
Mitsui & Co., Ltd, représentée par Makoto Kan	Japonaise	Annual general meeting called to rule on the annual financial statements for the	None	None	<u>Current mandates</u> - General Manager, Mitsui & Co., Ltd

Surname and first name	Nationality	Expiry date of the mandate	Main position held in the Company	Number of current mandates in listed companies	Main mandates and functions performed outside the Company in the last five years
		financial year ended on 31 December 2024, to be held in 2025			<u>Mandates expired within the 5 previous years</u> - Project Manager, Toyota Motor Corporation (jusqu'à mars 2022) - Deputy General Manager, Mitsui & Co., Ltd (jusqu'à mars 2019)

Biography of Christophe Guillaume

Christophe Guillaume is an engineer in agriculture from UniLaSalle (1990). He began his career in the agri-food industry with the Vivescia group, which entrusted him with the management of Westhove, an industrial company in the field of production of cereal ingredients that was facing financial difficulties. He ensured its recovery and development, took it over through an LBO in 1999, then sold it to Limagrain between 2004 and 2006. In 2004, he started an investment activity in the low-carbon energy sector by developing a wind farm and realized some investments as an angel investor - in parallel with the management of a work-study training structure, Campus Pro, between 2007 and 2015.

Since 2016, he has been managing Noria, a family investment structure committed to integral ecology. As a long-term investor, Noria participates in the capital and governance of a dozen players in the energy transition, including Kyotherm, DualSun, Elements, Ciel & Terre International, NewHeat, Waga Energy, Lhyfe, BW Ideol and Jimmy Energy. Within the group, he has created and chaired an AMF-approved management company, Noria Gestion, since 2020.

Business address of Christopher Guillaume

Noria, Christophe Guillaume, 57 Bis place Rihour, 59800 Lille, France.

Biography of Makoto Kan

Makoto Kan graduated with a law degree from Keio University in Japan (1998) and hold a MBA from the University of Michigan (2015). Prior to joining Mitsui & Co. Ltd. in 2015, Makoto Kan worked at Toray Industries, Inc. between 1998 and 2007 and Sumitomo Chemical Co., Ltd. between 2008 and 2013. Between 2019 and 2021, he was seconded by Mitsui & Co. Ltd. to Toyota Motor Corp.

Business address of Makoto Kan

Mitsui & Co. Ltd, Monsieur Makoto Kan, 2-1, Otemachi 1-chome, Chiyoda-ku Tokyo 100-8631, Japan

The Company does not intend to appoint additional observers.

12.1.2 General management

The general management of the Company is carried out by Mr Matthieu Guesné, appointed by the Board of Directors at its meeting held on 11 March 2022, whose mandate was renewed by the Board of Directors during its meeting held on 24 May 2022 for a period of three years. His mandate shall end at the closing of the Annual general meeting called to rule on the annual financial statements for the financial year ended on 31 December 2024, to be held in 2025.

The functions of Chairman of the Board of Directors and Chief Executive Officer are not dissociated.

The business address of the Chairman and Chief Executive Officer is the Company's registered office located at 1 ter mail Pablo Picasso, 44000 Nantes, France.

Mrs Nolwenn Belléguic and Mr Antoine Hamon were each appointed Deputy Chief Executive Officer by the Board of Directors at its meeting held on 7 April 2022, starting from 24 May 2022 a term of 3 years. The Deputy Chief Executive Officers jointly have powers identical to those of the Chief Executive Officer.

The business address of each of the Deputy Chief Executive Officers is the Company's registered office located at 1 ter mail Pablo Picasso, 44000 Nantes, France.

Limitations that the Board of Directors places on the powers of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers

In accordance with Article 4.2 of the Board of Directors' internal regulations, the following decisions relating to the Company that the Chief Executive Officer or the Deputy Chief Executive Officers wish to take are subject to the prior approval of the Board of Directors:

- approval of the Company's annual budget and any unbudgeted commitment in excess of 30% of the budget;
- approval of the setting or any amendment to the remuneration of the Company's corporate officers;
- any issue or allotment by the Company of shares or other securities giving access, immediately or at term, by conversion, exchange, redemption, presentation or exercise of a warrant or in any other way, to the allotment of securities representing a portion of the Company's capital or voting rights;
- the introduction of any optional profit-sharing scheme (*plan d'intéressement*) or scheme for the allotment of options, free shares or securities giving access, immediately or at term, to the Company's capital for the benefit of the corporate officers and/or employees of the Company and its subsidiaries;
- any acquisition or disposal (*inter alia* by way of sale, merger, demerger or partial asset contribution (*apport partiel d'actif*)) by the Company or one of its subsidiaries of a stake in excess of €100,000,000 (except for any possible transactions to be carried out by the Company or by one of its subsidiaries in securities of subsidiaries that are, directly or indirectly, wholly owned by the Company);

- any transfer or sale of all or almost all the Company's assets or any merger, demerger, dissolution or liquidation of the Company (except for any possible transactions with one of its subsidiaries that are merely internal reorganisations with no impact on the rights and obligations of the shareholders);
- any equity investment or expenditure by the Company or one of its subsidiaries, immediately or at term, in relation to a project not included in the budget, with a unit amount in excess of €50,000,000;
- any investment or expenditure by the Company or one of its subsidiaries in relation to a project included in the budget or authorised by the Board of Directors, in an amount resulting in an increase of more than 15% of the funds provided for in the budget or authorised by the Board of Directors for such project;
- any corporate financing or borrowing from a person other than a subsidiary or one of its shareholders and any guarantee, surety or other similar payment undertaking of the Company that increases the Company's overall indebtedness by more than €150,000,000;
- any change to the Company's corporate form or corporate purpose;
- any decision to transfer the registered office out of France (or to transfer the main decision-making centres out of France);
- approval of the Company's annual and half-year accounts and of the annual and half-year consolidated accounts;
- any distribution of dividends by the Company;
- prior authorisation of any regulated agreement within the meaning of Article L. 225-38 of the French Commercial Code, in accordance with the provisions of that article;
- a decision to (a) change the Company's place of listing, (b) list the Company on another regulated market or multilateral trading facility or (c) list a subsidiary of the Company on a regulated or organised market.

12.2 Conflicts of interest in administrative and management bodies

To the best of the Company's knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers mentioned in this Section 12.1 "Composition of the administrative bodies and general management" with regard to the Company and their private interests and/or other duties.

Article 3.2 of the Board of Directors' internal regulations specify the measures applicable to manage conflicts of interest of members of the Board of Directors. It provides in particular that each member of the Board of Directors:

- shall endeavour to avoid any conflict that may exist between its moral and material interests and those of the Company;

- informs the Board of Directors of any conflict of interest in which he or she may be involved, in particular as a member of the management bodies of companies in the same business sector;
- in cases where he/she cannot avoid finding himself/herself in a conflict of interest, he/she shall abstain from participating in the debates as well as in any decision on the subjects concerned.

13 REMUNERATIONS AND BENEFITS OF THE CORPORATE OFFICERS (“SAY ON PAY”)

It should be noted at the outset that the Company’s shares have been admitted to trading on the regulated market of Euronext in Paris (Compartment B) since 23 May 2022. Consequently, the general meeting of 23 May 2023 (the “**General Meeting**”) will be the first to deliberate:

- “*ex ante*” on the remuneration of the corporate officers for the year 2023; and
- “*ex post*” on the remuneration of the corporate officers in respect of the year 2022.

This Chapter 13 of the Universal Registration Document describes the remuneration policy for the Company’s corporate officers in accordance with:

- Ordinance no. 2019-1234 of 27 November 2019 on the remuneration of corporate officers of listed companies, supplemented by Decree no. 2019-1235 of the same date transposing Directive (EU) 2017/828 of 17 May 2017 amending Directive 2007/36/EC and with a view to promoting long-term shareholder engagement;
- the recommendations of the Middlednext Code (as this term is defined in Section 14.4 “Statement on Corporate Governance” of the Universal Registration Document); and
- the AMF’s Recommendation 2021-02, amended on 5 January 2022, “Guide to the preparation of Universal Registration Documents”.

This section incorporates the provisions of Articles L.22-10-8, L.22-10-9 and L.22-10-34 of the French Commercial Code (and its corresponding regulatory part). These principles were adopted by the Board of Directors at its meetings held on 14 December 2022, 21 March 2023 and 21 April 2023, on the proposal of the Appointments and Remuneration Committee.

The following are presented in this section:

- the remuneration policy for the Company’s corporate officers for the 2023 financial year, i.e. the Chairman and Chief Executive Officer, the Deputy Chief Executive Officers, and the Directors (“*ex ante*”); and
- the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid during the 2022 financial year or granted in respect of that year to the corporate officers (“*ex post*”).

13.1 Remuneration policy for corporate officers for the year 2023 - *Ex-ante* vote

13.1.1 General description

This section contains the information specified in Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, as well as additional information that the Board of Directors deems useful for an overall view of the remuneration of corporate officers.

The implementation of the remuneration policy for corporate officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers and Directors) for 2023 described below is subject to the adoption by the General Meeting of the resolutions concerning the overall remuneration policy.

The Board of Directors refers in particular to the recommendations of the Middlednext Code for the determination of the remuneration policy for corporate officers.

Information on the remuneration policy applied to all corporate officers is summarised in the table below:

Criteria defined in Article R.22-10-14 I. of the French Commercial Code	
Respect of the social interest, contribution to the business strategy and sustainability of the Company	The remuneration policy for corporate officers respects the corporate interest and contributes to the business strategy and sustainability of the Company by providing for periodic revisions based on feedback and observation of the practices of other comparable companies.
Decision-making process for its determination, review and implementation	The remuneration policy is set by the Board of Directors in accordance with the applicable legal provisions and regulations after having obtained proposals from the Appointments and Remuneration Committee.
Consideration of the remuneration and employment conditions of the Company's employees	The Company publishes equity ratios that establish the level of remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers in relation to the average and median remuneration on a full-time equivalent basis of the Company's employees, other than the corporate officers (see Section 13.2.1 below)
Assessment methods - meeting the performance criteria for variable and equity remuneration	The proper fulfilment of the performance criteria is examined by the Appointments and Remuneration Committee, which informs the Board of Directors of any observations it may have before the latter decides on the level of fulfilment of the performance criteria.
Change of governance	In the event of changes in governance, the remuneration policy will be applied to the Company's new corporate officers, with any necessary adjustments.
Deviations from the application of the remuneration policy	In accordance with applicable legal and regulatory provisions, the Board of Directors reserves the right to temporarily deviate from this policy in exceptional circumstances, but only after a determination by a majority of the Directors, including a majority of the independent Directors, that such deviation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

It should be noted that the remuneration policy for corporate officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers and members of the Board of Directors) for 2023 described below is subject to an overall vote, which does not prejudice the outcome of individual votes on the remuneration of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors for the financial year 2023.

13.1.2 Remuneration policy for executive directors (Chairman and Chief Executive Officer and Deputy Chief Executive Officers)

(a) Chairman and Chief Executive Officer (Matthieu Guesné)

Matthieu Guesné was appointed Chairman and Chief Executive Officer of the Company by decision of the Board of Directors at its meeting held on 11 March 2022 and his term was renewed by the Board of Directors at its meeting held on 24 May 2022.

The Board of Directors decided on the following general principles for determining the remuneration and benefits of the Chairman and Chief Executive Officer:

Fixed remuneration	The amount of the fixed remuneration is determined by the Board of Directors of the Company on the recommendation of the Appointments and Remuneration Committee, taking into account market practices and the remuneration observed for functions of the same nature in French listed companies in the sector and of comparable size. The Appointments and Remuneration Committee analyses the remuneration of the Chairman and Chief Executive Officer once a year, without this examination necessarily leading to a revision of the remuneration.
Variable remuneration	The Chairman and Chief Executive Officer receives variable remuneration for his corporate mandate equal to 50% of his fixed remuneration, based on quantitative and qualitative criteria. For each criterion, the evaluation of the performance of the Chairman and Chief Executive Officer is based on a comparison between the target defined and the result obtained. The payment of the variable remuneration components allocated for the past financial year is subject to the approval by the ordinary general meeting of the components of the remuneration and benefits of any kind of the Chairman and Chief Executive Officer paid during the past financial year or allocated for the said financial year (individual <i>ex post</i> vote).
Long-term remuneration	The Company's long-term remuneration policy is based on a strategy of associating the Chairman and Chief Executive Officer with the Company's capital in a way that is competitive with market practices, in accordance with the objectives of the remuneration policy established by the Board of Directors, i.e. respect for the Company's interests and contribution to the Group's strategy and sustainable development. Free allocations of shares or other instruments giving access to the Company's capital (BSPCE or purchase or subscription options) are decided by the Board of Directors under the conditions of the authorisation granted to it by the general meeting of shareholders.
Other remuneration components	The Chairman and Chief Executive Officer does not have an employment contract with the Company. In addition, he does not receive any other remuneration for his mandate, such as multi-year variable remuneration, exceptional remuneration, supplementary pension plan or termination benefits. He receives certain benefits in kind as described below.

The components of the total remuneration and benefits of any kind that may be granted to the Chairman and Chief Executive Officer in respect of the mandate concerned for the year 2023 are as follows:

Fixed remuneration	The Chairman and CEO receives a fixed annual remuneration of €250,000 gross, paid monthly, i.e. €20,833 gross per month.
Variable remuneration	The Chairman and Chief Executive Officer receives a variable annual remuneration of a maximum gross amount corresponding to 50% of his fixed annual remuneration, i.e. €125,000, on the basis of the following criteria: - for 1/3, on the basis of 2 sub-criteria related to hydrogen production: - for 1/6, on the basis of a target utilisation rate of the Bouin production site in relation to the availability rate during the year 2023, and - for 1/6, based on an objective of installed production capacity on 31 December 2023; - for 1/3, based on a target of obtaining financing at the Company level during the year 2023; and

	for 1/3, on the basis of a target employee engagement rate measured on the basis of overall satisfaction criteria and a recommendation rate recorded during the year 2023, the portion of variable remuneration allocated under each of these criteria or sub-criteria being proportional to the degree of achievement of the target, it being specified that no variable remuneration under this criterion or sub-criterion will be allocated if the achievement of the target is less than 70%.
Long-term remuneration	The Chairman and Chief Executive Officer will not receive any long-term remuneration for the year 2023.
Non-competition indemnity	In the event of non-voluntary departure only, a fixed monthly remuneration equal to 12 months of fixed monthly remuneration applicable for the financial year during which the notification of his non-voluntary departure would occur.
Benefits in kind	The Chairman and Chief Executive Officer is entitled to the collective rights and benefits enjoyed by the Company's employees (supplementary health insurance, means of communication, professional expenses and travel expenses). The Chairman and Chief Executive Officer also benefits from provident insurance (death, disability and/or long-term illness) and civil liability insurance for corporate officers.

(b) Deputy Chief Executive Officers

The Board of Directors decided on the following general principles for determining the remuneration and benefits of the Deputy Chief Executive Officers:

Fixed remuneration	The amount of the fixed remuneration is determined by the Board of Directors of the Company on the recommendation of the Appointments and Remuneration Committee, taking into account market practices and the remuneration observed for functions of the same nature in French listed companies in the sector and of comparable size. The Appointments and Remuneration Committee analyses the remuneration of the Deputy Chief Executive Officers once a year, without this examination necessarily leading to a revision of the remuneration.
Variable remuneration	The Deputy Chief Executive Officers do not receive any variable remuneration for their corporate offices.
Long-term remuneration	The Deputy Chief Executive Officers do not receive any long-term remuneration for their corporate offices. They may, however, benefit, under their employment contracts, from free allocations of shares or other instruments giving access to the Company's capital (BSPCE or stock options) to employees.
Other remuneration components	The Deputy Chief Executive Officers do not receive any other remuneration for their mandate, such as multi-year variable remuneration, exceptional remuneration, supplementary pension plan, termination benefits or non-competition indemnity.

Nolwenn Belléguic

Nolwenn Belléguic was appointed Deputy Chief Executive Officer of the Company by a decision of the Board of Directors on 7 April 2022 on the proposal of the Chairman and Chief Executive Officer, with effect from 24 May 2022, the date of settlement-delivery of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris.

The components of the total remuneration and benefits of any kind that may be granted to Nolwenn Belléguic by virtue of the mandate concerned for the year 2023 are as follows:

Fixed remuneration	Nolwenn Belléguic receives a fixed annual remuneration of €20,000 gross, paid monthly, i.e. €1,666 gross per month.
Long-term remuneration	Nolwenn Belléguic will not benefit from any free share allocation in respect of her corporate mandate. However, she may benefit, under her employment contract, from free share allocations to employees for a maximum number of 10,000 free shares and/or allocations of BSPCE or stock options to employees, for a maximum number of 20,000 BSPCE or options each giving the right to one share.

Nolwenn Belléguic has an open-ended employment contract with the Company for the performance of her duties as Human Resources and Communication Director, under which she receives a fixed and a variable remuneration. This remuneration is not concerned by the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code and is therefore not subject to a vote at the General Meeting. However, information on his remuneration under this employment contract for the year 2022 is provided in Section 13.2.2 below.

Antoine Hamon

Antoine Hamon was appointed Deputy Chief Executive Officer of the Company by a decision of the Board of Directors on 7 April 2022 on the proposal of the Chairman and Chief Executive Officer, with effect from 24 May 2022, the date of settlement-delivery of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris.

The components of the total remuneration and benefits of any kind that may be granted to Antoine Hamon by virtue of the mandate concerned for the year 2023 are as follows:

Fixed remuneration	Antoine Hamon receives a fixed annual remuneration of €20,000 gross, paid monthly, i.e. €1,666 gross per month.
Long-term remuneration	Antoine Hamon will not benefit from any free share allocation in respect of his corporate mandate. However, he may benefit, under his employment contract, from free share allocations to employees for a maximum number of 10,000 free shares and/or allocations of BSPCE or stock options to employees, for a maximum number of 20,000 BSPCE or options each giving the right to one share.

Antoine Hamon has an open-ended employment contract with the Company for the performance of his duties as Chief Operations Officer, under which he receives a fixed and a variable remuneration. This remuneration is not concerned by the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code and is therefore not subject to a vote at the General Meeting. However, information on his remuneration under this employment contract for the year 2022 is provided in Section 13.2.2 below.

13.1.3 Remuneration policy for members of the Board of Directors

The General Meeting of 14 April 2022 decided to set the total remuneration package for the members of the Board of Directors at €150,000. For the year 2023, the Board of

Directors will propose to the General Meeting to maintain this same overall remuneration package.

The Board of Directors complies with the recommendations of the Middenext Code by defining a method for allocating the remuneration of independent directors that takes into account the duties actually performed by each director (whether or not he or she is a member of a Board committee) and their attendance.

The table below shows the remuneration breakdown per independent Director applicable for the year 2023:

Meetings of the Board of Directors	
Fixed remuneration	€10,000 per financial year
Physical participation in a meeting of the Board of Directors	€3,000 per meeting
Remote participation in a meeting of the Board of Directors	€1,500 per meeting
Committee meetings	
Fixed remuneration of the Chairman of the committee	€5,000 per financial year
Physical participation in a committee meeting	€2,500 per meeting
Remote participation in a committee meeting	€1,500 per meeting

Observers and Directors other than independent Directors shall not receive any remuneration.

All directors may be reimbursed for reasonable expenses incurred in the course of their duties, upon justification.

13.1.4 Information on employment contracts with the Company

With the exception of Nolwenn Belléguic (Human Resources and Communication Officer), Antoine Hamon (Chief Operations Officer) and Maria Pardo Saleme (Chief Financial Officer), the Company's corporate officers do not have an employment contract with the Company.

13.2 Elements of remuneration and benefits of any kind paid or granted to corporate officers in respect of the 2022 financial year - *Ex post* vote

This section contains the information specified in Article L.22-10-9 of the French Commercial Code as well as additional information that the Board of Directors considers useful for an overall view of the remuneration of corporate officers.

13.2.1 Remuneration ratios

The following tables present, pursuant to 1.6° and 7° of Article L.22-10-9 of the French Commercial Code, the average and median remuneration paid on a full-time equivalent basis to the Company's employees other than corporate officers (the benchmark) as well as the "equity" ratios between these benchmarks, the French annual minimum wage ["SMIC"], on the one hand, and the remuneration paid to each of the corporate officers

(the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers), on the other hand.

Summary of gross remuneration for the calculation of equity ratios	
Year	Year 2022
Remuneration of the Chairman and Chief Executive Officer, Matthieu Guesné	€7,976,900 ¹
Remuneration of the Deputy Chief Executive Officer, Nolwenn Belléguic	€20,000 ²
Remuneration of the Deputy Chief Executive Officer, Antoine Hamon	€20,000 ²
Average remuneration of employees	€94,142 ¹
Median remuneration of employees	€66,550 ¹
French annual minimum wage ("SMIC") averaged and gross	€19,744

¹ Including free share grants made during the year, as detailed in the methodology below.

² The remuneration elements related to the employment contract presented in paragraphs 13.2.2(b) and (c) below, including free share grants, have not been included in the remuneration used to calculate the ratios as detailed in the methodology below.

Methodology for calculating the ratios

The methodology applied by the Company is based on the guidelines updated by the AFEP in February 2021.

The employees taken into account in the calculation of the ratio are the employees of the Company in France who were present throughout the year 2022, excluding trainees, alternating students and persons on long-term absence. The fixed and variable annual remuneration is determined on a full-time basis.

In the numerator, the remuneration and benefits of any kind of each executive director paid or allocated during the financial year should be shown. In the denominator, the remuneration paid or allocated to employees during the financial year should be shown:

- **Calculation of the numerator** - Taking into account the elements granted during the year 2022: fixed part, annual variable part, exceptional remuneration, remuneration linked to the function of director, long-term remuneration instruments and benefits in kind;
- **Calculation of the denominator** - Taking into account the elements granted during the year 2022: fixed part, annual variable part, exceptional remuneration, long-term remuneration instruments, employee savings and benefits in kind.

The Company's shares have only been admitted to trading on the regulated market of Euronext in Paris since 23 May 2022. Prior to the conversion of the Company into a *société anonyme* (public limited company) by decision of the general meeting of 3 March 2022, which took effect on 11 March 2022, the Company was a *société par actions simplifiée* (simplified joint stock company) whose sole corporate officer was its President, Fresh Future. In these circumstances, the information below is presented only for the year 2022.

Chairman and Chief Executive Officer – Matthieu Guesné	
Year	Year 2022
Evolution (in %) of the remuneration of the Chairman and Chief Executive Officer, Matthieu Guesné	N/A
Information on the scope of the Company	
Evolution (in %) of the average remuneration of employees	N/A
Ratio to the average remuneration of employees	85
Evolution of the ratio (in %) compared the previous year	N/A
Ratio to the median remuneration of employees	120
Performance of the Company	
Consolidated revenues (in thousands of Euros)	570
Evolution (in %) compared the previous year	N/A
Independent reference	
Ratio to the French annual minimum wage	404

Deputy Chief Executive Officer – Nolwenn Belléguic	
Year	Year 2022
Evolution (in %) of the remuneration of the Deputy Chief Executive Officer, Nolwenn Belléguic	N/A
Information on the scope of the Company	
Evolution (in %) of the average remuneration of employees	N/A
Ratio to the average remuneration of employees	0.2
Evolution of the ratio (in %) compared the previous year	N/A
Ratio to the median remuneration of employees	0.3
Performance of the Company	
Consolidated revenues (in thousands of Euros)	570
Evolution (in %) compared the previous year	N/A
Independent reference	
Ratio to the French annual minimum wage	1

Deputy Chief Executive Officer – Antoine Hamon	
Year	Year 2022
Evolution (in %) of the remuneration of the Deputy Chief Executive Officer, Antoine Hamon	N/A
Information on the scope of the Company	
Evolution (in %) of the average remuneration of employees	N/A
Ratio to the average remuneration of employees	0.2
Evolution of the ratio (in %) compared the previous year	N/A

Ratio to the median remuneration of employees	0.3
Performance of the Company	
Consolidated revenues (in thousands of Euros)	570
Evolution (in %) compared the previous year	N/A
Independent reference	
Ratio to the French annual minimum wage	1

13.2.2 Elements of remuneration and benefits of any kind paid or granted to each of the executive directors in respect of the year 2022 (Chairman and Chief Executive Officer and Deputy Chief Executive Officers) - Individual *ex post* vote

(a) Matthieu Guesné, Chairman and Chairman and Chief Executive Officer

Elements of remuneration paid during the year 2022 or awarded in respect of the same financial year to Matthieu Guesné, Chairman and Chief Executive Officer, in respect of his corporate mandate (6 th resolution of the General Meeting)		
Elements of remuneration	Year 2022	
	Amounts granted	Amounts paid
Fixed remuneration	€150,000 ¹	€112,500 ¹
Free share grants	€7,826,900 ²	€7,826,900 ²
Total	€7,976,900	€7,939,400

¹ Gross annual fixed remuneration paid from 11 March 2022, date of appointment of Matthieu Guesné.

² Valuation of the 954,500 free performance shares granted to Matthieu Guesné, as reported in the IFRS Accounts inserted in Section 18.1 "Historical Financial Information" of the Universal Registration Document. The performance conditions of the free shares and the vesting period are described in table n°6 of Section 13.3 "AMF standard tables" below.

Amounts paid prior to the conversion into a limited company (elements not submitted to the vote of the General Meeting)

A total of €23,750.01 was paid to Fresh Future (Mr. Matthieu Guesné's personal holding company) during the year 2022 for services rendered prior to the conversion of the Company into a limited company.

(b) Nolwenn Belléguic, Deputy Chief Executive Officer

Elements of remuneration paid during the year 2022 or awarded in respect of the same financial year to Nolwenn Belléguic, Deputy Chief Executive Officer, in respect of her corporate mandate (7 th resolution of the General Meeting)		
Elements of remuneration	Year 2022	
	Amounts granted	Amounts paid
Fixed remuneration	€20,000 ¹	€12,122 ¹
Total	€20,000	€12,122

¹ Gross fixed annual remuneration paid from 24 May 2022, the date on which Nolwenn Belléguic's corporate mandate took effect.

Under her employment contract (elements not submitted to the vote of the General Meeting)

Nolwenn Belléguic receives fixed and variable remuneration under her employment contract. This remuneration is not concerned by the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code and is therefore not subject to a vote at the General Meeting.

However, for the sake of completeness, the remuneration elements granted during the year 2022 to Nolwenn Belléguic under her employment contract are detailed below:

Gross annual fixed remuneration	€100,000
Gross annual variable remuneration	Up to 10% of the gross annual fixed remuneration
Value sharing bonus (gross amount)	€2,000
Free share grants	12,500 AGA Cadres - DGD

(c) Antoine Hamon, Deputy Chief Executive Officer

Elements of remuneration paid during the year 2022 or awarded in respect of the same financial year to Antoine Hamon, Deputy Chief Executive Officer, in respect of his corporate mandate (8 th resolution of the General Meeting)		
Elements of remuneration	Year 2022	
	Amounts granted	Amounts paid
Fixed remuneration	€20,000 ¹	€12,122 ¹
Total	€20,000	€12,122

¹ Gross fixed annual remuneration paid from 24 May 2022, the date on which Antoine Hamon's corporate mandate took effect.

Under his employment contract (elements not submitted to the vote of the General Meeting)

Antoine Hamon receives fixed and variable remuneration under his employment contract. This remuneration is not concerned by the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code and is therefore not subject to a vote at the General Meeting.

However, for the sake of completeness, the remuneration elements granted during the year 2022 to Antoine Hamon under his employment contract are detailed below:

Gross annual fixed remuneration	€100,000
Gross annual variable remuneration	Up to 10% of the gross annual fixed remuneration
Value sharing bonus (gross amount)	€2,000
Free share grants	12,500 AGA Cadres - DGD

13.2.3 Elements of remuneration paid or granted to the members of the Board of Directors for the year 2022

The general meeting of 14 April 2022 decided to set the total remuneration package allocated to the Board of Directors at €150,000 for the year 2022.

The following table presents the total amount of remuneration granted to each independent director for the year 2022, based on the distribution grid adopted for this year, which is identical to that proposed for the year 2023 (see paragraph 13.1.3 above). It was drawn up in accordance with Appendix 2 of AMF Position-Recommendation 2021-02.

The non-voting directors and directors other than the independent directors do not receive any remuneration for their mandate.

Table 3

Non-executive directors	Year 2022	
	Amounts granted	Amounts paid
Bruno Le Jossec		
Remuneration as a Director	€35,000	€0
Other remuneration	N/A	N/A
Valérie Bouillon-Delporte		
Remuneration as a Director	€33,000	€0
Other remuneration	N/A	N/A
Total	€77,000	€0

13.3 AMF standard tables

This appendix contains the information required in the tables of AMF Position 2021-02 and which are not otherwise provided in this Chapter 13, nor in Section 15.3 “Participation of employees in the capital of the Company” of the Universal Registration Document.

Table 4 (Stock options granted during the year to each corporate officer by the issuer and by any Group company), Table 5 (Stock options exercised during the year by each corporate officer) and Table 7 (Performance shares that became available during the year for each corporate officer) are not applicable, as no stock options were granted by the Company, and no performance shares were granted or became available during the year 2022.

Table 1

Summary table of remuneration and options granted to each corporate officer	
(amounts in Euros)	Year 2022
Matthieu Guesné, Chief Executive Officer	
Remuneration granted for the year (detailed in table 2)	€150,000
Valuation of multi-year variable remuneration granted during the year	-

Summary table of remuneration and options granted to each corporate officer	
<i>(amounts in Euros)</i>	Year 2022
Valuation of BSPCE or options granted during the year	-
Valuation of free shares (1)	€7,826,900
Valuation of other long-term remuneration plans	-
Total	€7,976,900
Nolwenn Belléguic, Deputy Chief Executive Officer	
Remuneration granted for the year <i>(detailed in table 2)</i>	€20,000
Valuation of multi-year variable remuneration granted during the year	-
Valuation of BSPCE or options granted during the year	-
Valuation of free shares (1)	€102,500
Valuation of other long-term remuneration plans	-
Total	€122,500
Antoine Hamon, Deputy Chief Executive Officer	
Remuneration granted for the year <i>(detailed in table 2)</i>	€20,000
Valuation of multi-year variable remuneration granted during the year	-
Valuation of BSPCE or options granted during the year	-
Valuation of free shares (1)	€102,500
Valuation of other long-term remuneration plans	-
Total	€122,500

(1) Valuation of free shares as per the IFRS accounts included in Section 18.1 "Historical financial information" of the Universal Registration Document.

Table 2

Summary table of remuneration and options granted to each corporate officer		
<i>(amounts in Euros)</i>	Year 2022	
	Amounts granted	Amounts paid
Matthieu Guesné, Chief Executive Officer		
Fixed remuneration	€150,000	€112,500
Annual variable remuneration	-	-
Multi-annual variable remuneration	-	-
Exceptional remuneration	-	-
Remuneration allocated for the mandate of director	-	-
Benefits in kind	-	-
Total	€150,000	€112,500
Nolwenn Belléguic, Deputy Chief Executive Officer		
Fixed remuneration	€20,000	€12,122

Annual variable remuneration	-	-
Multi-annual variable remuneration	-	-
Exceptional remuneration	-	-
Remuneration allocated for the mandate of director	-	-
Benefits in kind	-	-
Total	€20,000	€12,122
Antoine Hamon, Deputy Chief Executive Officer		
Fixed remuneration	€20,000	€12,122
Annual variable remuneration	-	-
Multi-annual variable remuneration	-	-
Exceptional remuneration	-	-
Remuneration allocated for the mandate of director	-	-
Benefits in kind	-	-
Total	€20,000	€12,122

Table 6

Free shares granted by the general meeting of shareholders during the year to each corporate officer by the Company and by any Group company						
Name of the executive director	Name and date of the plan	Number of shares granted during the year	Valuation of shares according to the method used for the consolidated accounts	Acquisition date	Vesting date	Performance conditions
Matthieu Guesné, Chief Executive Officer	AGA 2022 MG 20/09/2022 ⁽¹⁾	954,500	€7,826,900	31/12/2027	31/12/2027	Commissioned installed capacity target as at 31 December 2026 ⁽²⁾
Nolwenn Belléguic, Deputy Chief Executive Officer	AGA 2022 Cadres - DGD 20/09/2022 ⁽¹⁾	12,500	€102,500	31/12/2025	31/12/2025	Awarded installed capacity target at 31 December 2022 ⁽²⁾
Antoine Hamon, Deputy Chief Executive Officer	AGA 2022 Cadres - DGD 20/09/2022 ⁽¹⁾	12,500	€102,500	31/12/2025	31/12/2025	Awarded installed capacity target at 31 December 2022 ⁽²⁾
Total		979,500	€8,031,300			

(1) The shares were granted on 20 September 2022 with an effective date on 1 January 2023.

- (2) 100% of the free shares will be granted if the target is reached at 100%, if the target is reached between 75% and 100%, the number of free shares that will be granted will be proportional to the degree of achievement of this target between these two limits, 75% of the free shares will be granted if the target is reached at 75% and no free shares will be granted if the target is reached at less than 75%.

Table 11

Corporate officers	Employment contract		Supplementary pension scheme		Indemnities or benefits due or likely to be due as a result of the termination or change of service		Indemnities relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Matthieu Guesné, Chairman and Chief Executive Officer		X		X		X	X	
Nolwenn Belléguic, Deputy Chief Executive Officer	X			X		X	X ⁽¹⁾	
Antoine Hamon, Deputy Chief Executive Officer	X			X		X	X ⁽¹⁾	

(1) Non-compete clause linked to the employment contract and not to the corporate mandate.

13.4 Amounts provisioned by the Company for the purpose of payment of pensions, pensions and other benefits to corporate officers

Not applicable.

14 FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

14.1 Terms of office of the members of the administrative and management bodies

Information on the expiry date of the terms of office of the members of the Board of Directors and General Management can be found in Section 12.1 “Composition of the administrative bodies and general management” of the Universal Registration Document.

14.2 Information on contracts binding the members of the administrative and management bodies and the Company or one of its subsidiaries

To the best of the Company’s knowledge, as at the date of the Universal Registration Document, there are no service contracts binding the members of the Board of Directors and general management to the Company or any of its subsidiaries and providing for the granting of benefits.

14.3 Functioning of the Board of Directors

14.3.1 Committees of the Board of Directors

The following paragraphs present the committees of the Board of Directors set up in application of the internal regulations of the Board of Directors as at the date of this Universal Registration Document.

(a) Audit Committee

Powers

The mission of the Audit Committee is to ensure the monitoring of issues relating to the preparation and control of accounting and financial information and to ensure the effectiveness of the mechanism for risk monitoring and operational internal control, in order to facilitate the exercise by the Board of Directors of its control and verification duties in this area.

In this context, the Audit Committee shall notably carry out the following principal missions:

- monitoring of the process of preparing the financial information;
- monitoring of the effectiveness of internal control, internal audit and risk management systems relating to financial and accounting information;
- monitoring of the statutory audit of the company and consolidated accounts by the Company’s Statutory Auditors;
- monitoring of the Statutory Auditors: selection and renewal procedure and independence.

Composition

The Audit Committee shall consist of 3 to 5 members, at least two-thirds of whom are appointed from among the independent members of the Board of Directors.

At least one of the independent members of the Audit Committee shall have specific expertise in financial, accounting or statutory auditing matters.

The Chairman of the Audit Committee is appointed by the Board of Directors from among the independent members, after forming the object of a special review, at the proposal of the Appointments and Remuneration Committee.

As at the date of this Universal Registration Document, the Audit Committee consists of Bruno Le Jossec (independent director and Chairman of the Committee), Alena Fargere (independent director) and Amaury Bierent.

Operating procedures

The Audit Committee shall meet as often as necessary and, in any event, at least twice a year, on the occasion of the preparation of the annual and half-yearly financial statements.

Meetings shall be held before the meeting of the Board of Directors and, insofar as it is possible, at least two days before this meeting, when the Audit Committee's agenda concerns the examination of the half-yearly and annual financial statements, prior to their examination by the Board of Directors.

(b) Appointments and Remuneration Committee

Powers

The Appointments and Remuneration Committee is a specialised committee of the Board of Directors, whose main task is to assist the Board in the composition of the management bodies of the Company and Group and in the determination and regular assessment of all remuneration and benefits of the Group's executive officers and senior managers, including any deferred benefits and/or indemnities for voluntary or forced departure from the Group.

In this context, it notably conducts the following tasks:

- proposals for the appointment of members of the Board of Directors, senior executives and members of the Committees of the Board of Directors;
- annual assessment of the independence of the members of the Board of Directors;
- examination and proposal to the Board of Directors concerning all elements and conditions of the remuneration of the Group's executive directors.

Composition

The Appointments and Remuneration Committee shall consist of 3 to 5 members, the majority of whom are independent members of the Board of Directors. They shall be appointed by the Board of Directors from among its members, notably in consideration of their independence and their expertise in the selection or remuneration of executive directors of listed companies. The Appointments and Remuneration Committee may not include any executive directors.

The composition of the Appointments and Remuneration Committee may be modified by the Board of Directors acting at the request of its Chairman, and in any event shall be obligatorily modified in the event of a change in the general composition of the Board of Directors.

The Chairman of the Appointments and Remuneration Committee shall be appointed from among the independent members by the Board of Directors.

As at the date of this Universal Registration Document, the Appointments and Remuneration Committee consists of Valérie Bouillon-Delporte (independent director and Chairman of the Committee), Bruno Le Jossec (independent director) and Christopher Sorensen.

Operating procedures

The Appointments and Remuneration Committee shall meet as often as is necessary and, in any case, prior to any Board of Directors meeting deciding on the determination of the remuneration of the executives and the appointment of the members of the Board of Directors or on the distribution of the global annual budget allocated to the Board of Directors.

(c) Committee on Social and Environmental Responsibility

Powers

The tasks of the Committee on Social and Environmental Responsibility are as follows:

- examining the strategy, ambitions, policies and commitments in the area of social and environmental responsibility, including the environment and sustainable development, ethics and compliance, human rights, hygiene, health and safety of individuals and formulating recommendations in this regard;
- monitoring the Group's actions in the area of social and environmental responsibility and their implementation;
- examining the environmental and social risks in conjunction with the Audit Committee, and the impact of environmental and social issues on investment, performance and image; and
- conducting an annual review of a summary of the non-financial ratings executed by the Group.

Composition

The Committee on Social and Environmental Responsibility shall consist of 2 to 5 members, including at least one independent member of the Board of Directors. They shall be appointed by the Board of Directors from among its members, notably in consideration of their independence and their competence in the field of corporate social and environmental responsibility.

The composition of the Committee may be modified by the Board of Directors, acting at the request of its Chairman.

The Chairman of the Committee on Social and Environmental Responsibility is appointed from among the independent members by the Board of Directors.

As at the date of this Universal Registration Document, the Committee on Social and Environmental Responsibility consists of Alena Fargere (independent director and Chairman of the Committee) and Valérie Bouillon-Delporte (independent director).

Operating procedures

The Committee on Social and Environmental Responsibility shall meet as often as is necessary and, in any case, prior to the preparation of the Company's corporate governance report.

14.3.2 Meetings of the Board of Directors

The table below shows the number of meetings of the Board of Directors and the attendance rate of its members during the financial year ending 31 December 2022 (as from 24 May 2022, the date of settlement-delivery of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris):

	Board of Directors		Audit Committee		Appointments and Remuneration Committee		Committee on Social and Environmental Responsibility	
Number of meetings	4		2		4		1	
Member of the Board of Directors	Number of participation	Participation rate	Number of participation	Participation rate	Number of participation	Participation rate	Number of participation	Participation rate
Matthieu Guesné	4	100%						
Maria Pardo Saleme	4	100%						
Alena Fargere	4	100%			4	100%	1	100%
Amaury Bierent	4	100%	2	100%				
Christopher Sorensen	3	75%						
Bruno Le Jossec	4	100%	2	100%	4	100%		
Valérie Bouillon-Delporte	4	100%	2	100%	4	100%	1	100%
Christophe Guillaume	4	100%						
Makoto Kan	4	100%						

14.3.3 Evaluation of the work of the Board of Directors

At the meeting of 21 March 2023, the members of the Board of Directors discussed, at the invitation of the Chairman and Chief Executive Officer, the functioning of the Board of Directors, the committees and the preparation of the work of the Board of Directors.

This discussion will be repeated at the beginning of each financial year.

14.3.4 Training of members of the Board of Directors

A training plan for the members of the Board of Directors has been established for the duration of their mandate, i.e. 3 years. During the first year, the Board members will have benefited from a one-day training session including a presentation of the challenges of the hydrogen market and a site visit, as well as a training on the regulations on market abuse.

14.4 Statement on corporate governance

Pursuant to Article L. 22-10-10 of the French Commercial Code, the Company refers to the corporate governance code for medium and small values as published in September 2021 by Middelnext (available on the website www.middelnext.com) (the “**Middelnext Code**”), to the extent that the principles contained therein shall be compatible with the organisation, size, means and shareholder structure of the Company.

The table below sets out the Company’s position with respect to all recommendations made by the Middelnext Code as of the date of the Universal Registration Document.

Middelnext Code Recommendations	Applied	Not applied	Will be applied	Observations
The “monitoring” power				
R 1: Ethics of members of the Board	X			-
R 2: Conflicts of interest	X			-
R 3: Composition of the Board – Presence of independent members		X		See paragraph 12.1.1 “Board of Directors” for the analysis of the independence of each Director, particularly with regard to the Board of Directors’ decision not to apply to Mrs Fargere one of the criteria for presuming the independence of directors
R 4: Information of members of the Board	X			-
R 5: Education and training of the members of the Board	x			-
R 6: Organisation of Board and Committee meetings	X			-
R 7: Setting up of committees	X			-
R 8: Establishment of a specialised committee on corporate social/social and environmental responsibility (CSR)	X			-
R 9: Establishment of internal rules of procedure of the Board	X			-
R 10: Choice of each member of the Board			X	-
R 11: Term of office of members of the Board		X		The renewal of mandates shall not be staggered; all members of the Board of Directors have been appointed at the time of the Company’s IPO. This choice is explained by the short duration of the mandates (three years), allowing for regular renewal of the Board members, and, in the Company’s view, achieves the same purpose.

MiddleNext Code Recommendations	Applied	Not applied	Will be applied	Observations
R 12: Remuneration of Board member for office	X			-
R 13: Implementation of an evaluation of the work of the Board	X			-
R 14: Relationship with shareholders	X			-
The executive power				
R 15: Diversity and Equity Policy	X			-
R 16: Definition and transparency of the remuneration of corporate officers	X			-
R 17: Preparation of the succession of directors	X			-
R 18: Accumulation of employment contract and corporate directorship	X			-
R 19: Severance pay	X			-
R 20: Supplementary pension schemes	X			-
R 21: Stock options and free share awards	X			-
R 22: Review of watch points	X			-

14.5 Potential significant impact on governance

As of the date of the Universal Registration Document, no significant change in the governance of the Company is envisaged.

15 EMPLOYEES

15.1 Number of employees

15.1.1 Number of employees and breakdown by country and position

The Group's workforce by geographical area has evolved as follows:

Country	Workforce as at 31 December 2020	Workforce as at 31 December 2021	Workforce as at 31 December 2022
France	16	47	120
Germany	1	6	13
Belgium	-	1	1
Denmark	-	2	2
The Netherlands	-	1	1
Spain	-	-	2
Sweden	-	-	7
United Kingdom			3
Total	17	57	149

The breakdown of the workforce by position is as follows:

Position	Workforce as at 31 December 2022	In %
Business development	43	29%
Engineering and R&D	56	38%
Operations	17	11%
Central functions	33	22%
Total	149	100%

As at 31 December 2022, the Group's workforce stood at 149 employees, compared with 57 at 31 December 2021, of which 38% were dedicated to engineering, in order to pursue the development of solutions and the deployment of production sites, and nearly 30% to business development in all of the Group's target geographies.

As at 31 December 2022, 19% of the Group's workforce was based outside France.

15.1.2 Diversity policy

The breakdown of the Group's workforce by country and by function as at 31 December 2022 is as follows

- **Breakdown of women/men by country**

Country	Women	Men	Total number of employees
France	36%	64%	120
Germany	23%	77%	13
Belgium	0%	100%	1
Denmark	0%	100%	2
The Netherlands	0%	100%	1
Spain	0%	100%	2
Sweden	14%	86%	7
United Kingdom	0%	100%	3
Total	32%	68%	149

- **Breakdown of women/men by position**

Position	Women	Men	Total number of employees
<i>Business development</i>	23%	77%	43
Engineering and R&D	14%	86%	56
Operations	24%	76%	17
Central functions	76%	24%	33
Total	32%	68%	149

The distribution of the workforce shows, quite classically, a predominance of men in technical, technical-commercial and industrial functions, and a predominance of women in central functions (human resources, finance, marketing, etc.).

The Group has placed professional equality between women and men at the heart of its priorities. Thus, by way of example:

- the Executive Committee has full parity between women and men;
- the Group is a member of the Women in Green Hydrogen network, whose mission is to promote the place of women in the hydrogen industry;
- as parenthood is a subject that is fully covered by professional equality between women and men, the Group has set up support for pregnant women before and after their maternity leave, and full salary continuation for employees on paternity leave after one year's seniority.

Lastly, a "Professional equality, diversity and inclusion" policy will be drawn up during 2023 and distributed to all employees.

15.2 Shareholdings and instruments giving access to the Company's share capital of corporate officers (*mandataires*)

The table below presents the stake in the Company's share capital and the instruments giving access to the Company's share capital held by the Chairman and Chief Executive Officer, the other members of the Board of Directors and the Deputy Chief Executive Officers as at 31 December 2022:

Person	Shares held directly	Shares held by related entities	Total shares held directly and indirectly	Number of shares resulting from the exercise of BSPCE Salariés ¹	Number of shares resulting from the exercise of BSPCE Premium ¹	AGA 2022 MG	AGA 2022 Cadres - DGD	AGA NE	Percentage of diluted capital ²
Matthieu Guesné, Chairman and Chief Executive Officer	-	8,950,000 ³	8,950,000	-	170,000	954,500	-	-	19.8%
Nolwenn Belléguic, Deputy Chief Executive Officer	150,280	-	150,280	78,300	-	-	12,500	-	0.5%
Antoine Hamon, Deputy Chief Executive Officer	150,553	-	150,553	21,100	170,000	-	12,500	-	0.7%
Maria Pardo Saleme, Director	650	-	650	-	-	-	12,500	85,000	0.2%
Alena Fargere, Director	-	-	-	-	-	-	-	-	-
Amaury Bierent, Director	-	3,770,305	3,770,305	-	-	-	-	-	7.4%
Christopher Sorensen, Director	-	-	-	-	-	-	-	-	-
Bruno Le Jossec, Director	550	-	550	-	-	-	-	-	0.0%
Valérie Bouillon-Delporte, Director	-	-	-	-	-	-	-	-	-
Noria, Observer	7,002,800	537,811	7,540,611	-	-	-	-	-	14.9%
Mitsui & Co., Ltd, Observer	1,269,842	-	1,269,842	-	-	-	-	-	2.5%

¹ Following the division of the nominal value by 100 and creation of 100 new shares for an old share on 11 March 2022, each Founder Warrant gives the right to subscribe to 100 shares.

² The OCA LB2 and OCA LB2 Bis convertible bonds, which are not intended to be converted, are not taken into account in the dilution calculation.

³ Via Fresh Future 100% owned by Mr Matthieu Guesné.

The delegations granted by the general meeting of 14 April 2022 to the Board of Directors regarding the allocation of free shares to certain salaried executives and to Mr Guesné and the use that was made of it are described in paragraph 19.1.5 "Acquisition rights and/or obligations attached to issued but unpaid capital and commitments to increase capital" of the Universal Registration Document.

15.3 Participation of employees in the capital of the Company

As at 31 December 2022, there is no profit-sharing agreement or company savings plan within the Company.

Some employees hold BSPCE (Founder Warrants) and have been granted free shares (AGA) whose characteristics are described below. The tables below have been drawn up in accordance with Annex 2 of AMF Position-Recommendation No. 2021-02.

Table 8

History of the allocation of BSPCE (Founder Warrants)	BSPCE Salariés (Employee Founder Warrants)	BSPCE Premium (Premium Founder Warrants)
Meeting date having allocated (or delegated its authority to assign) the Founder Warrants	16/10/2019	16/10/2019
Date of the decision to grant by the Chairman	12/04/2021	12/04/2021
Maximum number of authorised Founder Warrants	17,000	17,000
Number of Founder Warrants issued	8,500	6,800
Total number of shares that may be subscribed per exercise of the Founder Warrants on the grant date	850,000	680,000
<i>the number of which may be subscribed by the corporate officers</i>	0	170,000
<i>Officers concerned (on the grant date)</i>		
<i>* Matthieu Guesné (1)</i>		170,000
Number of non-officer beneficiaries (at the grant date)	18	3
Starting point for exercising the Founder Warrants	01/04/2022	31/12/2024
Expiry date of the Founder Warrants	12/04/2031	12/04/2031
Exercise price of each Founder Warrant (2)	€42.84	€42.84
Terms and conditions of exercise	See below (3) and (5)	See below (4) and (5)
Number of Founder Warrants exercised as at 31/12/2022	0	0
Cumulative number of Founder Warrants lapsed or cancelled as at 31/12/2022	0	0
Number of Founder Warrants remaining outstanding as at 31/12/2022	8,500	6,800
Maximum total number of shares that may be subscribed per exercise of the Founder Warrants outstanding as at 31/12/2022	850,000	680,000
Number of shares likely to result from the exercise of the Founder Warrants exercisable as at 31/12/2022	425,000	0

(1) On the date of allocation, the sole manager of the Company was Fresh Future, of which Mr Matthieu Guesné, the current Chairman and Chief Executive Officer of the Company, is the sole shareholder and manager.

(2) Following the division of the nominal value by 100 and creation of 100 new shares for an old share on 11 March 2022, each Founder Warrant gives the right to subscribe to 100 shares, for a total price of €42.84.

- (3) Procedures for exercising Employee Founder Warrants: Each holder has a subscription right in one single time, of a number of "N" Employee Founder Warrants among those allocated to him, calculated according to the following formula:
- When "T" is < 1, then "N" = 0 ;
 - When "T" is > or = 1, "N" = "T" * (Number of Employee Founder Warrants allocated to the holder / 4) ;
 - When "T" is > or = to 4, then "N" = Number of Employee Founder Warrants allocated to the incumbent.
- "T" means the number of complete years of presence from 1 April 2021 (start date of a 4-year vesting period), during which the holder is part of the workforce of the Company or its subsidiaries as an employee, director or member of a statutory or legal body meeting the criteria of Article 163bis II of the French General Tax Code.
- (4) Procedures for exercising Premium Founder Warrants: Each holder has a subscription right in one single time, a number of "N" Premium Founder Warrants among those allocated to them, calculated according to the following formula:
- "N" = 100% of the awarded Premium Founder Warrants if, at 31/12/2024, the Company has installed 13.5 MW at 6 different operating sites;
 - "N" = 85% of the awarded Premium Founder Warrants if, at 31/12/2024, the Company has installed 12 MW at 6 different operating sites;
 - "N" = 65% of the awarded Premium Founder Warrants if, at 31/12/2024, the Company has installed 10 MW at 6 different operating sites;
 - "N" = 0% of the Premium Founder Warrants awarded if at 31/12/2024, the Company has installed less than 10 MW at 6 different operating sites.
- (5) Acceleration clause applicable to each of the two Founder Warrant plans: Each holder shall have a right to exercise in advance all or part of its Founder Warrants (Premium or Employees) in the event of an effective transfer of at least 95% of the shares of the Company (the "Transfer") before the date(s) agreed in points (3) and (4) above. For Premium Founder Warrants, the number "N" of exercisable Premium Founder Warrants will then be determined 60 days before the Transfer date instead of 31/12/2024. Any Founder Warrant not exercised at the latest on the Assignment date shall automatically lapse.

Table 10

History of free share allocations (AGA)	AGA 2022 MG	AGA 2022 Cadres - DGD	AGA 2022 Cadres	AGA 2022 PC	AGA 2022 NE
Date of the general meeting that granted (or delegated its power to grant) the free shares	14/04/2022	14/04/2022	14/04/2022	14/04/2022	14/04/2022
Date of Board of Directors' decision	20/09/2022 (1)	20/09/2022 (1)	20/09/2022	20/09/2022	20/09/2022
Maximum number of free shares authorised	954,500	87,500 (2)	87,500 (2)	33,000	425,000
Total number of free shares granted	954,500	25,000	62,500	33,000	85,000
<i>of which number granted to corporate officers</i>	954,500	25,000	0	0	0
<i>Officers concerned (at grant date)</i>					
<i>Matthieu Guesné</i>	<i>954,500</i>				
<i>Nolwenn Belléguic</i>		<i>12,500</i>			
<i>Antoine Hamon</i>		<i>12,500</i>			
Date of acquisition of shares	31/12/2027	31/12/2025	20/09/2025	20/09/2026	20/09/2027
Date of end of retention period	31/12/2027	31/12/2025	20/09/2025	20/09/2026	20/09/2027
Number of shares definitively allocated on 31/12/2022	0	0	0	0	0
Cumulative number of shares cancelled or lapsed at 31/12/2022	0	0	0	0	0
Remaining free shares at 31/12/2022	954,500	25,000	62,500	33,000	85,000

(1) The shares were granted on 20 September 2022 with an effective date of 1 January 2023.

(2) The AGA Cadres – DGD and AGA Cadres were granted under the same resolution (6th resolution of the General Meeting of 14 April 2022).

Table 9

Financial instruments giving access to the Company's share capital granted to the first ten employees who are not corporate officers and options exercised by the latter	Total number	Weighted Average Price
Number of rights granted, during the 2022 financial year, by the Group, to the top ten employees of the Group, non-executive officers, whose number of rights granted is the highest (total number)	180,500 free shares	N/A
Number of rights exercised/acquired/taken up, during the 2022 financial year, by the top ten employees of	0	N/A

the Group, who are not corporate officers, with the highest number of rights (total number)		

¹Six employees who are not corporate officers were granted financial instruments giving access to the capital during the year 2022.

16 MAIN SHAREHOLDERS

16.1 Distribution of capital and voting rights on the date of approval of the Universal Registration Document

As at 31 December 2022, the distribution of the Company's capital and voting rights (on a non-diluted basis and on the basis of the information available to the Company) is set out in the table below:

Shareholders	Number of shares	Percentage of capital	Number of voting rights	Percentage of voting rights
Fresh Future ¹	8,950,000	18.68%	17,900,000	26.64%
Noria	7,002,800	14.62%	10,504,200	15.62%
Noria Invest SRL	537,811	1.12%	537,811	0.80%
Total Noria	7,540,611	15.74%	11,042,011	16.42%
Vendée Hydrogène	4,668,400	9.75%	7,002,600	10.41%
Les Saules	3,770,305	7.87%	5,521,005	8.21%
EDP Renewables Europe, S.L.U.	2,857,142	5.96%	2,857,142	4.25%
Ouest Croissance	2,535,880	5.29%	3,702,980	5.51%
Free-floating capital	17,578,110	36.70%	19,211,610	28.57%
TOTAL	47,900,448	100%	67,237,348	100%

¹ Company 100% owned by Mr Matthieu Guesné.

No crossing of legal thresholds was notified during the financial year 2022. The only statutory threshold crossing notified to the Company during the year 2022 is detailed in the table below:

Date of declaration	Date of transaction	Shareholder	Nature of crossing	Number of shares	% of capital
25/10/2022	03/10/2022	CDC	↗	1,945,897 ¹	4.06%

¹ Of which 537,811 shares held directly and 1,408,086 shares held through CDC Croissance.

The securities giving access to the Company's capital and the potential dilution thereof are detailed in paragraph 19.1.4 "Securities giving access to the Company's capital" of the Universal Registration Document.

16.2 Voting rights of the main shareholders

Each share gives the right to one voting right. A voting right double that conferred on the other shares, having regard to the share capital they represent, is allocated to all fully paid shares for which a registered registration for at least two (2) years is justified in the name of the same shareholder. For the calculation of this holding period, account shall be taken of the holding period of the Company's shares preceding the date of admission of the Company's shares to trading on the regulated market of Euronext Paris.

The main shareholders do not hold different voting rights from the other shareholders of the Company.

16.3 Control of the Company

On the date of the Universal Registration Document, the Company is not controlled within the meaning of the provisions of Article L. 233-3 of the French Commercial Code.

16.4 Agreements that may result in a change of control

As far as the Company is aware, no particular element of the Company's articles of association, charter or regulation could have the effect of delaying, deferring or preventing a change of its control.

17 RELATED PARTY TRANSACTIONS

17.1 Related party agreements

Details of related party transactions as referred to in IFRS adopted in accordance with European Regulation (EC) 1606/2002 entered into by the Company during the year 2022 are set out in Note 4.2 to the IFRS Financial Statements set out in paragraph 18.1.1 “IFRS consolidated financial statements for the year ended 31 December 2022” of the Universal Registration Document.

These are exclusively services invoiced by Fresh Future (personal holding company of Mr Matthieu Guesné). The amount recognised for the year ended 31 December 2022 was €24k.

17.2 Special reports of statutory auditors on regulated agreements for the year ended 31 December 2022

General Meeting held to approve the financial statements for the year ended December 31, 2022

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

To the LHYFE General Meeting,

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

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

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (“Compagnie Nationale des Commissaires aux Comptes”) relating to this engagement.

Agreements submitted to the approval of the General Meeting

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the General Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements previously approved by General Meeting

We inform you that we have not been advised of any agreement previously approved by General Meeting that remained in force during the year.

Nantes, April 24, 2023

The Statutory Auditors

Baker Tilly Strego
Vincent PIERRE

Deloitte & Associés
Guillaume RADIGUE

17.3 Procedure for evaluating ordinary course agreements

In accordance with Article L. 22-10-12 of the French Commercial Code, the Board of Directors adopted a procedure at its meeting of 14 December 2022 to assess whether agreements relating to ordinary course transactions and entered into under normal conditions meet these conditions.

The purpose of this procedure is to identify and qualify, by means of criteria, the ordinary course agreements concluded under normal conditions to which the Company is a party. It applies prior to the conclusion, modification, renewal or termination of an agreement. The Board of Directors is informed annually of the implementation of the evaluation procedure.

17.4 Agreements concluded between a director or a significant shareholder of the Company and a subsidiary

Pursuant to Article L. 225-37-4 of the French Commercial Code, the corporate governance report must mention, except when they are agreements relating to ordinary course transactions concluded under normal conditions, agreements concluded, directly or through an intermediary, between, on the one hand, the Chief Executive Officer, a Director, or a shareholder holding more than 10% of the Company's voting rights, and, on the other hand, another company controlled by the former within the meaning of Article L. 233-3 of the French Commercial Code.

The Company is not aware of any such agreements.

18 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

18.1 Historical financial information

18.1.1 IFRS consolidated financial statements for the year ended 31 December 2022

The IFRS Financial Statements are set out in the Schedule 1 to the Universal Registration Document.

18.1.2 Annual financial statements for the year ended 31 December 2022

The Annual Financial Statements are set out in the Schedule 2 to the Universal Registration Document.

18.1.3 Change of reference date

Not applicable.

18.1.4 Standards

The accounting standards are set out in note 1.5.1 to the IFRS Financial Statements set out in the Schedule 1 to the Universal Registration Document and in note "Accounting rules and methods" to the Annual Financial Statements set out in the Schedule 2 to the Universal Registration Document.

18.1.5 Change in accounting framework

Not applicable.

18.2 Interim and other financial information

Not applicable.

18.3 Audit of historical annual financial information

18.3.1 Audit report of the statutory auditors on the IFRS Financial Statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and 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 LHYFE General Meeting,

Opinion

In compliance with the engagement entrusted to us by the General Meeting, we have audited the accompanying consolidated financial statements of LHYFE for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to 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, as well as our responses to 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.

Internally generated assets

As disclosed in Note 1.7.1 “Development costs” to the consolidated financial statements, internally generated assets include:

- Costs related to the development of technologies. These costs were recorded under assets on the balance sheet for €2.6 million at December 31, 2022;

- Development costs for various projects concerning future renewable hydrogen production sites. These costs were recorded under work-in-progress for €2 million at December 31, 2022.

Risk identified and main judgments

These development costs are capitalized when the six criteria of IAS 38 are all met.

For ongoing development costs of future projects for the construction of green hydrogen production sites, the Group mostly considers that this criteria has been met when the project enters into the “Tender Ready” phase. Once the project is commissioned, amortization is calculated on a straight-line basis over the estimated useful life of the underlying asset. Furthermore, when the Group deems that the likelihood of success is decreasing, development costs are impaired. When a project is abandoned, the related development costs are expensed under “Other non-current operating income and expenses”.

Unamortized development costs are tested annually for impairment based on the future cash flows derived from the fifteen-year business plan drafted and approved by Management.

We considered the recognition and valuation of internally-generated development projects to be a key audit matter because of the level of judgment required by Management to assess whether the corresponding costs satisfy the capitalization criteria and the sensitivity of the estimates and assumptions used by Management to determine the recoverable amount.

Responses as part of our audit

Our work notably consisted in:

- assessing, in light of current accounting standards and the capitalization rules defined by the Group, the methods used to examine the capitalization criteria, in particular by interviewing Management;
- testing, on a sampling basis, the consistency of amounts recorded under assets with the project monitoring file drafted by the Group, with reference to the underlying evidentiary documentation;
- examining the compliance of the methodology applied by the Group to determine the recoverable amount of development costs with current accounting standards;
- lastly, we verified the appropriateness of the disclosures in Note 1.7.1 to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Board of Directors’ management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of LHYFE by the General Meeting of December 21, 2021 for Deloitte & Associés and by the Bylaws of April 10, 2019 for Baker Tilly Strego SAS.

As at December 31, 2022, Deloitte & Associés and Baker Tilly Strego SAS were in the 2nd year and 4th year of total uninterrupted engagement, which is the 1st year for both firms since the securities of the Company were admitted to 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

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 his 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 referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined 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.

Nantes, April 24, 2023

The Statutory Auditors

Baker Tilly Strego
Vincent PIERRE

Deloitte & Associés
Guillaume RADIGUE

18.3.2 Audit report of the statutory auditors on the Annual Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements 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 LHYFE General Meeting,

Opinion

In compliance with the engagement entrusted to us by your General Meeting and your bylaws, we have audited the accompanying financial statements of LHYFE for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the annual 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.

As disclosed in Notes “Intangible assets - Development costs related to technologies” and “Intangible assets - costs capitalized for projects under development” to the financial statements, the internally-generated assets include:

- Costs related to the development of technologies. These costs were recorded under assets on the balance sheet for €2.6 million at December 31, 2022;
- Development costs of various projects for future renewable hydrogen production sites. These costs were recorded under work-in-progress for €2 million at December 31, 2022.

Risk identified and main judgments

These development costs are capitalized when the six following criteria are all met:

- Technical feasibility of completing the asset so that it will be available for use or sale,
- Company’s intention to complete the intangible asset and to use or sell it,
- Company’s ability to use or sell this intangible asset,
- Demonstration of the likelihood of future economic benefits related to the asset. The entity must demonstrate, among other things, the existence of a market for the production resulting from the intangible asset or for the intangible asset itself or, if the asset is to be used internally, its usefulness,

- Availability of adequate technical, financial and other resources to complete the asset's development and to use or sell the intangible asset, and
- Ability to reliably measure the expenditure attributable to the intangible asset during its development.

For ongoing development costs of future projects for the construction of green hydrogen production sites, the Company mostly considers that this criteria has been met when the project enters into the "Tender Ready" phase. Once the project is commissioned, amortization is calculated on a straight-line basis over the estimated useful life of the underlying asset. Furthermore, when the Company deems that the likelihood of success is decreasing, development costs are impaired. When a project is abandoned, the related development costs are expensed under "Other non-current operating income and expenses."

Unamortized development costs are tested annually for impairment based on the future cash flows derived from the fifteen-year business plan drafted and approved by Management.

We considered the recognition and valuation of internally-generated development projects to be a key audit matter because of the level of judgment required by Management to assess whether the corresponding costs satisfy the capitalization criteria and the sensitivity of the estimates and assumptions used by Management to determine the recoverable amount.

Responses as part of our audit

Our work notably consisted in:

- assessing, in light of current accounting standards and the capitalization rules defined by the Company, the methods used to examine the capitalization criteria, in particular by interviewing Management;
- testing, on a sampling basis, the consistency of amounts recorded under assets with the project monitoring file drafted by the Company, with reference to the underlying evidentiary documentation;
- examining the compliance of the methodology applied by the Company to determine the recoverable amount of development costs with current accounting standards;
- lastly, we verified the appropriateness of the disclosures in the annual financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report on the fair presentation and 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 the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L.225-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest 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 purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements to be included in the annual financial report mentioned in Article L.451-1-2, I of the

French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of LHYFE by the General Meeting of December 21, 2021 for Deloitte & Associés and by the Bylaws of April 10, 2019 for Baker Tilly Strego SAS.

As at December 31, 2022, Deloitte & Associés and Baker Tilly Strego SAS were in the 2nd year and 4th year of total uninterrupted engagement, which is the 1st year for both firms since the securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 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 his 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 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 his 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the 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 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 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 referred to in Article 6 of Regulation (EU) no. 537- 2014, confirming our independence pursuant to the rules applicable in France as defined 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.

Nantes, April 24, 2023

The Statutory Auditors

Baker Tilly Strego
Vincent PIERRE

Deloitte & Associés
Guillaume RADIGUE

18.3.3 Other information contained in the Universal Registration Document audited by the statutory auditors

Not applicable.

18.3.4 Financial information in the Universal Registration Document not taken from the audited financial statements of the Company

Not applicable.

18.4 Pro forma financial information

Not applicable.

18.5 Dividend distribution policy

18.5.1 Dividend distribution policy and restrictions applicable in this regard

It is not planned to initiate a dividend payment policy in the short or medium term, given the Company's stage of development, in order to mobilise the resources available to finance its development plan.

18.5.2 Dividends paid over the last three financial years

For the last three financial years ended, the Company has not made any distributions of dividends.

18.6 Legal and arbitration proceedings

In the ordinary course of its business, the Group may be involved in legal, arbitral, administrative or regulatory proceedings, which may include, but are not limited to, litigation with its clients, suppliers, competitors, employees as well as tax or other authorities. On the date of the Universal Registration Document, there are no administrative, judicial or arbitration proceedings (including any pending proceedings or threatened proceedings of which the Company and/or the Group is aware), likely to have or that have had in the last 12 months significant effects on the financial situation or profitability of the Company and/or the Group.

18.7 Material change in the Company's financial position

Since 31 December 2022:

- In January 2023, the HOPE (Hydrogen Offshore Production for Europe) project, led by a consortium coordinated by the Group, received a positive evaluation under the 2022-TC01-10 call for projects of the Clean Hydrogen Partnership, co-financed by the European Union. The project partners have therefore entered a phase of preparation for the grant agreement, which will end in May 2023 at the latest. The project consists of developing, building and operating the first 10 MW renewable hydrogen production unit in the North Sea off the coast of Belgium by 2025.
- In the first quarter of 2023, the Company entered into a refinancing contract for the hydrogen containers for an amount of €0.7 million. This contract is for a period of 7 years.
- In March 2023, the Group acquired a 49% stake in the Finnish company Flexens, a developer of green hydrogen projects and so-called "Power-to-X" projects, which convert electricity into another energy carrier from renewable energy sources.

19 ADDITIONAL INFORMATION

19.1 Share capital

19.1.1 Amount of share capital

As at 31 December 2022, the share capital of the Company amounts to €479,004.48 divided into 47,900,448 ordinary shares of €0.01 with par value each, fully paid up and all of the same class.

19.1.2 Securities not representing capital

Not applicable.

19.1.3 Number, book value and par value of shares held by or on behalf of the Company

The general meeting of shareholders of the Company held on 14 April 2022, authorised the Board of Directors to implement a program, for a period of eighteen (18) months starting from the meeting, for the redemption of the Company's shares in the context of the provisions of Article L. 22-10-62 of the French Commercial Code and the market practices admitted by the AMF.

The main terms of this authorisation are as follows:

Maximum number of shares that can be purchased: 10% of the total number of shares comprising the Company's share capital and, with regard to acquisitions made with a view to their retention and subsequent remittance in payment or exchange in the context of a merger, demerger or contribution, 5% of the total number of shares comprising the Company's share capital, it being specified that (i) these limits apply to an amount of the Company's share capital which shall be adjusted, where applicable, to take into account transactions affecting the share capital subsequent to the general meeting; and (ii) when shares are repurchased in order to promote liquidity under the conditions defined by the AMF's general regulations, the number of shares taken into account for the calculation of the aforementioned 10% limit shall correspond to the number of shares purchased, minus the number of shares resold over the duration of the authorisation.

Objectives of share buybacks:

- retaining the shares of the Company which have been purchased and subsequently remitting them in exchange or as payment in the context of any external growth, merger, demerger or contribution transactions, notably in observance of the stock market regulations;
- remitting shares on exercise of rights attached to securities giving access to the Company's share capital;
- allocating shares to employees or officers of the Company and its subsidiaries under the conditions and according to the procedures provided by law, notably in respect of the allocation of free shares, sharing the fruits of the Company's expansion, share purchase options regime or through a company savings plan;

- ensuring liquidity and supporting the secondary market for the Company's shares, with the support being given by an investment services provider acting within the framework of a liquidity contract, in accordance with the code of ethics recognised by the French Financial Markets Authority;
- annulling all or part of the repurchased shares; and
- realising any other purpose authorised or that may be authorised by law or recognised or which may be recognised as a market practice by the French Financial Markets Authority, it being understood that in such a case, the Company would inform its shareholders by way of a press release.

Maximum purchase price (excluding fees and commissions): 300% of the price of shares of the Company set in the context of their admission to trading on the regulated market of Euronext Paris (€8.75).

Maximum amount of funds that may be used to repurchase shares: €30 million.

The repurchased shares may be cancelled.

Summary of the share buyback programme

<i>In number of treasury shares</i>	Liquidity contract	Total
As at 31 December 2021	N/A	N/A
Purchases	114,878	114,878
Sales	81,139	81,139
As at 31 December 2022	33,739	33,739

As at 31 December 2022, the Company held 33,739 of its shares under the liquidity contract. These shares have no voting rights.

19.1.4 Securities giving access to the Company's capital

As at 31 December 2022, the securities giving access to the Company's capital are presented below.

(a) BSPCE (Founder Warrants)

Details of the Founder Warrants (*Bons de souscription de parts de créateurs d'entreprises* or BSPCE) existing as at 31 December 2022 (*BSPCE Salariés* and *BSPCE Premium*) are given in Table 8 presented in Section 15.3 "Participation of employees in the Capital of the Company" of the Universal Registration Document.

(b) Warrants

A Warrant plan (*Bons de souscription d'actions* or BSA) has been awarded to a consultant.

Characteristics of Warrants	2020 Warrants
Date of the meeting that awarded (or delegated its authority to award) the Warrants	08/04/2021

Date of award decision	Awarded by the meeting on 08/04/2021
Maximum number of authorised Warrants	1,700
Number of Warrants subscribed	1,700
Total number of shares that may be subscribed per exercise of the BSA on the grant date <i>the number of which may be subscribed by the corporate officers</i>	170,000 0
Number of non-officer beneficiaries (at the grant date)	1
Starting point for the exercise of the Warrants	08/04/2025
Expiry date of the Warrants	08/04/2031
Subscription price of each Warrant	€4.28
Exercise price of each Warrant (1)	€42.84
Terms and conditions of exercise	See (2) below
Number of Warrants exercised on the date of the Universal Registration Document	0
Cumulative number of Warrants lapsed or cancelled on the date of the Universal Registration Document	0
Number of Warrants remaining outstanding as of the date of the Universal Registration Document	1,700
Maximum total number of shares that may be subscribed by exercise of the Warrants outstanding on the date of the Universal Registration Document (2)	170,000
Number of shares likely to result from the exercise of the Warrants exercisable on the date of the Universal Registration Document (2)	0

(1) Following the division of the nominal value by 100 and creation of 100 new shares for an old share on 11 March 2022, each Warrant gives the right to subscribe to 100 shares, for a total price of €42.84.

(2) The Warrants will only be exercisable from 8 April 2025 and provided that the sale consultant agreement, a consultant agreement relating to the commercial development of the Group in certain geographical areas linking the Company and QWAY Energy and which came into force on 16 July 2020, has not been terminated on that date. The natural person who is a beneficiary of the BSAs is the consultant carrying out the commercial prospecting for central Europe and who holds the company QWAY Energy.

(c) Free share plans

Details of the existing free share plans as at 31 December 2022 are set out in Table 10 in Section 15.3 “Participation of employees in the capital of the Company” of the Universal Registration Document.

(d) Convertible bonds

As at 31 December 2022, the Company issued two convertible bonds subject to a linear repayment and not intended to be converted, the characteristics of which are described below.

“OCA LB2” convertible bonds

On 13 July 2021, the Company issued a bond convertible into shares of the Company (the “OCA LB2”) whose main features are as follows:

Nominal amount: €10,250,000, represented by 10,250,000 OCA LB2 with a nominal value per unit of €1.00.

Identity of subscribers:

Subscribers	Number of OCA LB2	Amount of subscriptions
Swen Impact Fund for Transition	6,250,000	€6,250,000
CDC (Banque des Territoires)	4,000,000	€4,000,000
Total	10,250,000	€10,250,000

Coupon rate: 9% for the first annual period from the issue of the OCA LB2. Beyond this period, OCA LB2 will bear interest at a variable rate of between 8.8% and 9.2% per year, depending on whether or not a number of tonnes of CO₂ are avoided in the previous financial year. If the tonnage of CO₂ is between the low limit and the high limit defined in the OCA LB2 issue contract, the interest rate will be determined by linear interpolation between the two interest points. Interest will be payable annually on the anniversary date, in cash.

Due Date: Upon expiry of 8 years from their issue date, 13 July 2029.

Repayment:

- *Annual repayment up to maturity date:* OCA LB2 will be subject to an annual straight-line repayment in principal over 78 months from the expiry of an 18-month deferred amortisation period (from 13 January 2023).
- *Voluntary prepayment at the option of the Company:* the Company may at any time repay the OCA LB2, in whole or in part. Any prepayment may be subject to payment of an “Acceleration Penalty” described below.
- *Mandatory early repayment at the option of the subscribers of OCA LB2:* at any time, the OCA LB2 may be the subject of an early repayment, in whole or in part, at the first request of a subscriber:
 - in certain cases related to the control and management of the Company;
 - in certain cases of usual defaults, including non-payment of any sum due under OCA LB2, breach of any of the provisions of the contract of issue, or insolvency proceedings.
- *Early repayment penalty:* any early repayment of the OCA LB2 carried out, at the initiative of the Company or of an OCA LB2 bondholder, within 4 years from the issue of the loan (that is before 13 July 2025) will give rise to the payment of an “Early Repayment Penalty” equal to the sum of the unpaid interest that would have been due under the OCA LB2 thus repaid until the end of the 4-year period from the issue of the OCA LB2.
- The characteristics of the OCA LB2 contain covenants described in paragraph 8.1.2(b) “Convertible debt financing” of the Universal Registration Document.

Conversion:

- at the request of the LB2 bondholders:
 - failing full repayment of OCA LB2 in principal and interest on the due date, and without the Company being able to object to such a request;
 - in the event of the occurrence of insolvency proceedings;
- at any time by mutual agreement between the Company and the OCA LB2 bondholders.

Each converted OCA LB2 will qualify, subject to adjustments in respect of the protection of OCA LB2 bondholders, to a number of new common shares “N” determined by applying the following formula:

$$N = VNOC / VR$$

Where:

- “VNOC” is the nominal amount in principal (excluding accrued and unpaid interest) of the OCA LB2, in proportion to the outstanding principal amount;
- “VR” is the reference value per unit of one ordinary share comprising the share capital of the Company equal to the market value determined, failing agreement between the Company and the representative of the group of OCA LB2 bondholders, as an expert, after charging a 15% haircut.

“OCA LB2 Bis” convertible bonds

On 14 December 2021, the Company issued a bond convertible into shares of the Company (the “OCA LB2 Bis”) whose terms and conditions, similar to those of the OCA LB2 issue with the exception of the subscription date and the maturity date, are described below:

Nominal amount: €2,000,000, represented by 2,000,000 OCA LB2 Bis with a nominal value per unit of €1.00.

Identity of the subscriber:

Subscriber	Number of OCA LB2 Bis	Amount of subscriptions
Les Saules	2,000,000	€2,000,000.00
Total	2,000,000	€2,000,000.00

Coupon rate: 9% for the first annual period from the issuance of OCA LB2 Bis. Beyond this period, OCA LB2 Bis will bear interest at a variable rate of between 8.8% and 9.2% per year, depending on whether or not a number of tonnes of CO₂ are avoided in the previous financial year. Interest will be payable annually on the anniversary date, in cash.

Due Date: Upon expiry of 8 years from their issue date, 14 December 2029.

Repayment:

- *Annual repayment to maturity date:* OCA LB2 Bis will be subject to an annual straight-line repayment in principal over 78 months, starting from the expiry of an 18-month grace period (from 14 June 2023).
- *Voluntary prepayment at the option of the Company:* the Company may at any time repay the OCA LB2 Bis, in whole or in part. Any prepayment may be subject to payment of an “Acceleration Penalty” described below.
- *Mandatory early repayment at the option of the subscribers of OCA LB2 Bis:* at any time, the OCA LB2 Bis may be the subject of an early repayment, in whole or in part, at the first request of a subscriber:
 - in certain cases related to the control and management of the Company;
 - in certain cases of usual defaults, notably non-payment of any sum due under OCA LB2 Bis, breach of one or other of the provisions of the contract of issue, or insolvency proceedings.
- *Early repayment penalty:* any early repayment of the OCA LB2 Bis carried out, at the initiative of the Company or of an OCA LB2 Bis bondholder, within 4 years from the issue of the loan (that is before 14 December 2025) shall give rise to the payment of an Early Repayment Penalty equal to the sum of the unpaid interest that would have been due under OCA LB2 Bis so repaid until the end of the 4-year period from the issuance of the OCA LB2 Bis.

The characteristics of the OCA LB2 Bis contain covenants described in paragraph 8.1.2(b) “Convertible debt financing” of the Universal Registration Document.

Conversion:

- at the request of the OCA LB2 Bis bondholders:
 - failing full repayment of the OCA LB2 Bis in principal and interest on the due date, and without the Company being able to object to such a request;
 - in the event of the occurrence of insolvency proceedings;
- at any time by mutual agreement between the Company and the OCA LB2 Bis bondholders.

Each converted OCA LB2 Bis will qualify, subject to adjustments relating to the protection of OCA LB2 Bis bondholders, to a number of new ordinary shares “N” determined by applying the following formula:

$$N = \text{VNOC} / \text{VR}$$

Where:

- “VNOC” is the nominal amount in principal (excluding accrued and unpaid interest) of the OCA LB2 Bis, in proportion to the outstanding principal amount;
- VR is the reference value per unit of one ordinary share comprising the share capital of the Company equal to the market value determined, failing agreement between

the Company and the representative of the group of OCA LB2 Bis bondholders, according to an expert, after charging a 15% haircut.

(e) Summary of dilutive instruments

Subject to the satisfaction of their exercise or final acquisition conditions, the maximum potential dilution likely to result from the full exercise of the BSPCE and BSA and from the final acquisition of the 2022 Free Shares (AGA 2022) is summarised in the following table, it being specified that the dilutive impact of OCA LB2 and OCA LB2 Bis cannot be calculated.

Dilution Summary	Number of shares
Number of shares composing the share capital as at 31 December 2022	47,900,448
Maximum number of shares to derive from the exercise of BSPCE Employees	850,000
Maximum number of shares to derive from the exercise of BSPCE Premium	680,000
Maximum number of shares to derive from the exercise of BSA	170,000
Maximum number of shares to derive from the final acquisition of the AGA 2022	1,160,000
Maximum number of shares to derive from the LB2 OCA conversion	See (1)
Maximum number of shares to derive from the conversion of LB2 Bis OCAs	See (1)
Number of shares comprising the diluted share capital (excluding the impact of the conversion of the OCA LB2 and OCA LB2 Bis)	50,760,448
Potential dilution percentage (2)	5.97%

(1) The number of new common shares resulting from the full conversion of OCA LB2 and OCA LB2 Bis is based on the market value of the Company's share at the time of the conversion and cannot therefore be calculated.

(2) The indicated potential dilution only results from the exercise of the BSPCE *Salariés*, BSPCE Premium and BSA, as the number of new ordinary shares resulting from the full conversion of the OCA LB2 and OCA LB2 Bis cannot be calculated.

19.1.5 Acquisition rights and/or obligations attached to the issued but unpaid capital and commitments to increase capital

The financial delegations which have been approved by the general meeting of shareholders of the Company of 14 April 2022 are summarised below:

Authorisations and delegations granted by the general meeting	Duration of the delegation	Terms and conditions of the delegation	Use of delegation
Financial delegations relating to the IPO			
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with cancellation of the preferential subscription right of shareholders by offers to the public other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code	26 months (until 14 June 2024)	<u>Maximum amount:</u> nominal value of €145,026	Capital increase of a nominal amount of €125,714.29
Authorisation to increase the number of securities to be issued by 15%	26 months (until 14 June 2024)	<u>Maximum amount:</u> 15% of initial issue <u>Issue price:</u> initial issue price	Capital increase of a nominal amount of €9,527.18
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with cancellation of the preferential subscription right, in favour of members of a company savings plan	26 months (until 14 June 2024)	<u>Maximum amount:</u> nominal value of €20,000	N/A
Financial delegations after IPO			
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with preferential subscription rights of shareholders	26 months (until 14 June 2024)	<u>Maximum amount:</u> nominal value of €145,026 <u>Maximum amount (debt instruments):</u> €500,000,000	N/A
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with cancellation of the preferential subscription right of shareholders by offers to the public other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code	26 months (until 14 June 2024)	<u>Maximum amount:</u> nominal value of €145,026 <u>Maximum amount (debt instruments):</u> €500,000,000	N/A
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments with cancellation of the preferential subscription right of shareholders by offers to the public referred to in Article L. 411-2 1° of the French Monetary and Financial Code	26 months (until 14 June 2024)	<u>Maximum amount:</u> nominal value of €48,340 / 20% of the share capital per year	N/A

Authorisations and delegations granted by the general meeting	Duration of the delegation	Terms and conditions of the delegation	Use of delegation
		<u>Maximum amount (debt instruments):</u> €500,000,000	
Determination of the issue price of ordinary shares and/or any securities giving access to the capital, in the event of cancellation of the preferential subscription right, up to an annual limit of 10% of the capital	26 months (until 14 June 2024)	<u>Issue price:</u> at least equal to the average, weighted by the trading volumes of shares during the last 3 trading sessions preceding the setting of the issue price, possibly reduced by a maximum discount of 20%	N/A
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments with cancellation of the preferential subscription right of shareholders and for the benefit of specified categories of beneficiaries investing in the energy sector	18 months (until 14 October 2023)	<u>Maximum amount:</u> nominal value of €48,340 <u>Maximum amount (debt instruments):</u> €500,000,000 <u>Issue price:</u> at least equal to the average, weighted by the trading volumes of shares during the last 3 trading sessions preceding the setting of the issue price, possibly reduced by a maximum discount of 20%	N/A
Authorisation to increase by 15% the number of shares to be issued in the event of a capital	26 months (until 14	<u>Maximum amount:</u> 15% of initial issue	N/A

Authorisations and delegations granted by the general meeting	Duration of the delegation	Terms and conditions of the delegation	Use of delegation
increase, with or without the cancellation of the preferential subscription right of shareholders	June 2024)	<u>Issue price</u> : initial issue price	
Issue of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with cancellation of the preferential subscription right, to remunerate contributions in kind of equity securities or securities giving access to the capital of third-party companies apart from a public exchange offer	26 months (until 14 June 2024)	<u>Maximum amount</u> : 10% of the share capital per year <u>Maximum amount (debt instruments)</u> : €500,000,000	N/A
Issuance of ordinary shares and/or securities giving access to the Company's capital or giving right to the allocation of debt instruments, with cancellation of the preferential subscription right, in the context of a public exchange offer	26 months (until 14 June 2024)	<u>Maximum amount</u> : nominal value of €145,026 / 10% of the share capital per year <u>Maximum amount (debt instruments)</u> : €500,000,000	N/A
Incentive instruments for directors, corporate officers and employees			
Attributions of existing free shares or free shares to be issued to the benefit of employees of the Company and/or corporate officers of the Company having recently joined or who will join the Company or companies or groupings referred to in Article L. 225-197-2 of the French Commercial Code	38 months (until 14 June 2025)	<u>Maximum amount</u> : nominal value of €4,250	Grant of 85,000 shares, i.e. a future capital increase of €850
Attributions of existing free shares or free shares to be issued to the benefit of certain employees of the Company or of the companies or groupings referred to in Article L. 225-197-2 of the French Commercial Code	38 months (until 14 June 2025)	<u>Maximum amount</u> : nominal value of €330	Grant of 33,000 shares, i.e. a future capital increase of €330
Allocations of existing free shares or free shares to be issued for the benefit of executive employees and/or corporate officers of the Company or the companies or groupings referred to in Article L. 225-197-2 of the French Commercial Code	38 months (until 14 June 2025)	<u>Maximum amount</u> : nominal value of €875	Grant of 87,500 shares, i.e. a future capital increase of €875
Attributions of existing free shares or free shares to be issued to the benefit of the Chairman and Chief Executive Officer of the Company, Mr Matthieu Guesné	38 months (until 14 June 2025)	<u>Maximum amount</u> : nominal value of €9,545	Grant of 954,500 shares, i.e. a future capital increase of €9,545

19.1.6 Information relating to the capital that is the subject of a conditional or unconditional option or arrangement providing for it to be placed under option

Not applicable.

19.1.7 Changes in share capital

Changes in the number of shares over the last three financial years have been as follows:

Date	Transaction type	Pre-transaction capital	Number of shares before transaction	Number of shares after transaction	Par value	Post-transaction capital
10/04/2019	Formation - Issuance for cash	-	-	100,000	€0.01	€1,000.00
31/07/2019	Issuance of shares for cash	€1,000.00	100,000	117,507	€0.01	€1,175.07
16/10/2019	Issuance for cash of ABSA "L"	€1,175.07	117,507	193,369	€0.01	€1,933.69
03/03/2022	Increase of nominal value by incorporation of share premium	€1,933.69	193,369	193,369	€1.00	€193,369.00
11/03/2022	Split of par value of shares	€193,369.00	193,369	19,336,900	€0.01	€193,369.00
24/05/2022	Issuance of shares for cash	€193,369.00	19,336,900	31,908,329	€0.01	€319,083.29
24/05/2022	Issuance of shares for cash (conversion of convertible bonds)	€319,083.29	31,908,329	46,947,730	€0.01	€469,477.30
21/06/2022	Issuance of shares for cash	€469,477.30	46,947,730	47,900,448	€0.01	€479,004.48

19.1.8 Summary statement of transactions in the Company's securities by corporate officers and related persons

No transactions in the Company's securities by corporate officers and related persons were reported during the year ended 31 December 2022.

19.2 Incorporation and Articles of Association

The description below summarises the main provisions of the Articles of Association and the internal regulations of the Board of Directors, in particular its operating method and its powers, as at the date of the Universal Registration Document.

19.2.1 Corporate purpose

The purpose of the Company is, in France and abroad:

- all activities relating to energy, the environment and sustainable development, in particular to the electricity, gas and water sectors; in particular, the production, purchase, sale, marketing, transport, distribution and storage of energy (in particular electricity and hydrogen);

- all services, advice and management services in all fields of activity, including engineering, development, construction and operation and maintenance of energy technologies and, in particular, energy production or storage assets;
- all arbitration, development and marketing services of derivatives products and coverage of aggregation, management of balance of these products; all management services or consultancy related to the energy sector;
- active participation in the determination, orientation, conduct and control of the general policy, and more generally, in the effective coordination of all companies, legal entities with or without legal personality, in which it will take a stake in the future, and all companies controlled directly or indirectly by the previous ones, provided that the Company has control within the meaning of Article L. 233-3 of the French Commercial Code;
- the participation of the Company, by any means, directly or indirectly, in all transactions that may relate to its purpose, in particular through the creation of new companies, by way of taking of interest, contribution, subscription or purchase of securities or corporate rights, merger or otherwise in any existing or future companies, by way of conclusion of all types of commercial contracts;
- the acquisition, operation or assignment of all processes, trademarks and patents concerning these activities;
- and generally, all industrial, commercial, economic, financial, civil, movable or immovable transactions that may be directly or indirectly related to the corporate purpose or any similar, related or complementary purpose.

19.2.2 Administrative and management bodies

(I) Board of Directors (Article 13 of the Articles of Association)

Composition of the Board of Directors

The Company shall be administered by a Board of Directors (the “**Board of Directors**”) consisting of at least three (3) members and no more than eighteen (18) members (each a “**Director**” and together the “**Directors**”), subject to the exception provided by law in the event of a merger, appointed and renewed by the Ordinary General Meeting.

The Directors may be natural persons or legal entities. The directors who are legal entities must, at the time of their appointment, appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same responsibilities as if he/she were a director in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents.

When the administrative legal entity terminates the mandate of its permanent representative, it must immediately notify the Company, by registered letter, of its decision as well as the identity of its new permanent representative. The same shall apply in the event of the death or resignation of the permanent representative.

The Directors may be chosen from outside the shareholders.

The term of office of the Directors shall be three (3) years. Their duties end at the end of the Annual Ordinary General Meeting held in the year in which their term of office expires and which decides on the accounts for the past financial year.

Any director placed under guardianship is deemed to have resigned.

The number of Directors who are over seventy (70) years of age may not exceed one third of the Directors in office. When this limit is exceeded during the term of office, the oldest Director shall automatically be deemed to have resigned at the end of the nearest General Meeting.

The Directors may be re-elected. They may be revoked at any time by the Ordinary General Meeting.

In the event of vacancy by death or resignation of one or more seats of directors, the Board of Directors may make provisional appointments, between two general meetings, in order to complete the number of the Board members. These appointments must be made within three (3) months of the vacancy, when the number of Directors has become less than the statutory minimum. The Director thus co-opted shall perform his duties for the remainder of his predecessor's term of office.

Provisional appointments made by the Board of Directors are subject to ratification by the next Ordinary General Meeting. In the absence of ratification, the deliberations taken and the acts performed shall, however, remain valid.

Where the number of Directors falls below the statutory minimum, the remaining Directors shall immediately convene an Ordinary General Meeting to complete the membership of the Board.

Deliberations of the Board of Directors

The Board of Directors shall meet as often as the interests of the Company require, upon convocation by the Chairman. At least two Directors may request the Chairman to convene the Board of Directors on a specific agenda.

The Chief Executive Officer, when he does not hold the chairmanship of the Board of Directors, may ask the Chairman to convene the Board of Directors on a specific agenda.

The Chairman is bound by the requests sent to him under the two previous paragraphs.

The meeting of the Board of Directors shall take place at the registered office or at any other place indicated in the notice of meeting. Notices of meetings shall be made by any written means (including by email), at least five (5) days before the date of the meeting; it may also take place verbally and without delay if all the directors are in agreement and are all present, deemed present or represented or in case of urgency duly motivated by exceptional circumstances. The invitation is accompanied by all documents necessary for the directors to carry out their mission and to take an informed decision.

The Board of Directors shall deliberate validly only if at least half of the Directors are present (or deemed as such in the event of use of video conference).

Decisions of the Board of Directors are taken by a simple majority of the members present (or deemed as such in case of use of video conference) or represented.

The Chairman, or the chairman of the meeting in his absence, shall have the casting vote.

The Board of Directors shall appoint a secretary who may be chosen either from among the Directors or outside of them. He/she is replaced by a simple decision of the Board of Directors. The Board of Directors shall adopt rules of procedure.

The Directors participating in the meeting of the Board of Directors by video conferencing or other means of telecommunication allowing the identification of participants and ensuring their effective participation, in accordance with the regulations in force are deemed present for the calculation of the quorum and majority, and subject, as the case may be, to the applicable legal and regulatory provisions. This provision is not applicable for the adoption of the decisions referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code. Decisions falling within the specific powers of the Board of Directors provided for in Article L. 225-24, the last paragraph of Article L. 225-35, the second paragraph of Article L. 225-36 and I of Article L. 225-103 of the French Commercial Code as well as decisions to transfer the registered office in the same department may be made by written consultation of the Directors.

The deliberations of the Board of Directors are recorded in minutes drawn up in accordance with the legal provisions in force. The minutes are signed by the chairman of the meeting and by one Director. If the chairman of the meeting is unable to attend the meeting, the minutes shall be signed by at least two Directors.

Copies or extracts of the minutes of the deliberations of the Board of Directors shall be issued and certified in accordance with the law.

Powers of the Board of Directors

The Board of Directors determines the Company's business guidelines and oversees their implementation. Subject to the powers expressly granted by law to the General Meetings and within the limits of the corporate purpose, it shall deal with any matter concerning the smooth running of the Company and shall settle by its deliberations the matters concerning it.

The sureties, endorsements and guarantees given by the Company in favour of third parties must be authorised by the Board of Directors in accordance with the provisions of Article L. 225-35 paragraph 4 of the French Commercial Code.

The Board of Directors carries out the checks and verifications it deems appropriate. The Chairman or the Chief Executive Officer of the Company is required to communicate to each Director all the documents and information necessary for the performance of his/her mission.

The Board of Directors may confer on one or more of its members or to third parties, shareholders or not, any special mandates for one or more specified purposes.

The Board of Directors may decide to set up committees responsible for considering matters which it or its Chairman submits for their consideration for opinion. It shall

determine the composition and powers of the committees which carry out their activity under its responsibility.

The Board of Directors decides whether the management of the Company is assured by the Chairman of the Board of Directors or whether it is entrusted to another natural person bearing the title of Chief Executive Officer. Shareholders and third parties will be informed of this choice under the conditions set by the legal and regulatory provisions in force. The Board of Directors deliberates on this choice by a simple majority vote of the members present or represented. Change in direction mode may occur at any time.

Remuneration of Directors

The General Meeting may allocate a fixed annual sum to the Directors, as remuneration, to be deducted from general expenses, the amount of which shall be maintained until decided otherwise. The Board of Directors shall decide on the distribution thereof among its members.

It may also be allocated to the Directors, by the Board of Directors, exceptional remuneration in the cases and under the conditions provided for by law.

Chairman of the Board of Directors

The Board of Directors elects from among its members a chairman (the “**Chairman**”) who must be a natural person. It sets the term of office of the Chairman which may not exceed that of his term of office as director. The Board of Directors may dismiss him at any time.

No one may be appointed Chairman of the Board of Directors if he is over seventy (70) years of age. If the Chairman in office exceeds this age, he shall be deemed to have resigned.

The Chairman represents the Board of Directors. He organises and directs the work of the General Meeting, which he reports to the General Meeting. He ensures the proper functioning of the Company’s bodies and ensures that the Directors are able to fulfil their duties.

The remuneration of the Chairman is fixed by the Board of Directors.

In the event of the absence or impediment of the Chairman, the Board of Directors shall appoint the chairman of the meeting.

When the general management of the Company is assumed by the Chairman, the provisions below relating to the Chief Executive Officer shall apply to him.

(II) General management (Article 14 of the articles of association)

Terms and conditions of exercise

In accordance with Article L. 225-51-1 of the French Commercial Code, the general management of the Company is assumed under its responsibility, either by the Chairman or by another natural person appointed by the Board of Directors and who takes the title of Chief Executive Officer (the “**Chief Executive Officer**”).

The Board of Directors shall choose between these two methods of exercising the general management at any time and, at least, upon each expiry of the term of office of the Chief Executive Officer or the term of office of the Chairman when the latter also assumes the general management of the Company. It shall inform shareholders and third parties thereof under the regulatory conditions in force.

This decision is taken by a simple majority of the directors present or represented.

Any change in the method of exercising general management shall not result in an amendment to the Company's articles of association.

Chief Executive Officer

Depending on the method of exercise adopted by the Board of Directors, the Chairman or the Chief Executive Officer shall be responsible for the general management of the Company.

The Chief Executive Officer is appointed by the Board of Directors which determines the term of his/her term of office without being able to exceed, where applicable, that of his term of office as director.

The Board of Directors shall determine his/her remuneration.

For the performance of his duties, the Chief Executive Officer must be less than seventy (70) years old. When this age limit is reached during the term of office, the Chief Executive Officer is deemed to have resigned and a new Chief Executive Officer is appointed.

The Chief Executive Officer placed under guardianship is deemed to have resigned automatically.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. The dismissal of the Chief Executive Officer may give rise to damages if it is decided without just cause.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to those expressly attributed by law to the General Meetings and the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by the acts of the Chief Executive Officer which do not fall within the scope of the corporate purpose, unless it proves that the third party knew that the act in question exceeded this purpose or that it could not have been unaware of it given the circumstances, it being specified that the mere publication of the Company's articles of association cannot suffice to constitute such proof.

In accordance with the provisions of Articles L. 225-149 and L. 232-20 of the French Commercial Code, the Chief Executive Officer is authorised to update the Company's articles of association, upon delegation of the Board of Directors, following a capital increase following the issuance of securities or a payment of the dividend in shares.

The Chief Executive Officer may be authorised by the Board of Directors, if he considers it appropriate, to give guarantees and sureties, globally and without limit of amount, to guarantee the commitments made by the companies under the exclusive control of the Company. He must then report to the Board of Directors on the use of this authorisation, at least once a year.

Deputy Chief Executive Officer

On the proposal of the Chief Executive Officer (whether this function is performed by the Chairman or by another person), the Board of Directors may, to assist it, appoint a maximum of three (3) deputy chief executive officer (each a “Deputy Chief Executive Officer” and together the “Deputy Chief Executive Officers”).

The Deputy Chief Executive Officer must always be a natural person. He shall be chosen from among the Directors or outside of them.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers of the Deputy Chief Executive Officer, which may not exceed the powers of the Chief Executive Officer and the duration of the duties of the Chief Executive Officer. The Board of Directors determines the remuneration of the Deputy Chief Executive Officer.

With regard to third parties, the Deputy Chief Executive Officer or Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Deputy Chief Executive Officer is authorised to update the Articles of Association of the Company, upon delegation of the Board of Directors, following a capital increase following the issuance of securities or a payment of the dividend in shares.

In the event of the termination of the duties of the Chief Executive Officer, the Deputy Chief Executive Officer, unless otherwise decided by the Board of Directors, shall remain in office until the appointment of the new Chief Executive Officer.

The Deputy Chief Executive Officer may be dismissed, on the proposal of the Chief Executive Officer, at any time. The dismissal of the Deputy Chief Executive Officer may give rise to damages if it is decided without just cause.

19.2.3 General meetings (Articles 18 and 19 of the Articles of Association)

Convocation

The Shareholders’ Meetings are convened and deliberate under the conditions set by the laws and regulations in force and the Company’s articles of association.

Place of meeting

Shareholders’ meetings may be held at the registered office of the Company or at any other place in mainland France indicated in the convening notice.

Agenda

The agenda for a Shareholders’ Meeting is established, in principle, by the author of the notice of meeting.

Participation

Any shareholder holding shares of the Company has the right to participate in the General Meetings and to cast his vote under the conditions and in accordance with the terms and conditions provided for by the legislative and regulatory provisions in force.

Any shareholder has the right to participate, personally or by proxy, in the Shareholders' Meetings, upon proof of his identity and ownership of his shares under the conditions set by the legislative and regulatory provisions in force.

Any shareholder may vote by mail under the conditions and in accordance with the terms and conditions set by the legislative and regulatory provisions in force.

Shareholders may, by decision of the Chairman of the Board of Directors in the notice of meeting and/or invitation, participate and vote in a Shareholders' Meeting by video conference or by telecommunication means allowing them to be identified under the conditions provided for by the legislative and regulatory provisions in force at the time of its use. Any shareholder participating in a Shareholders' Meeting by one of the aforementioned means shall be deemed present for the calculation of the quorum and the majority.

Holding of Meetings

The Shareholders' Meetings are chaired by the Chairman of the Board of Directors. Failing this, the Meeting itself elects its chairman of the meeting.

The duties of vote tellers are performed by the two (2) members of the Meeting present, and accepting these functions, who have the greatest number of votes.

The Board of the Meeting appoints the secretary, who may be chosen from outside the shareholders.

An attendance sheet shall be kept, duly signed by the participants and certified as accurate by the Bureau of the Meeting.

The deliberations of the Shareholders' Meetings are recorded under the conditions provided for by the legislative and regulatory provisions in force.

The minutes of the Meetings shall be signed by the members of the bureau of the competent Meeting. Copies or extracts of these minutes are validly certified by the Chairman of the Board of Directors, by a Director or by the secretary of the Meeting.

Voting rights

The voting right attached to the shares is proportional to the percentage of the share capital they represent and each share gives the right to one vote in the Shareholders' Meetings regardless of the duration and method of holding this action.

By way of an exception to the above provisions, a double voting right shall be granted on fully paid shares and for which a registered registration for at least two (2) years shall be justified in the name of the same shareholder. For the calculation of this holding period, account shall be taken of the holding period of the Company's shares preceding

the date of admission of the Company's shares to trading on the regulated market of Euronext Paris.

Ordinary General Meeting

The Ordinary General Meeting convened on first convocation only deliberates validly if the shareholders present or represented own at least one fifth (1/5) of the shares having the right to vote.

The Ordinary General Meeting held on the second convocation validly deliberates regardless of the number of shares held by the shareholders present or represented.

The resolutions of the Ordinary General Meeting shall be taken by a majority of the votes held by the shareholders present or represented.

The Ordinary General Meeting deliberates on any proposals that are not within the exclusive competence of the Extraordinary General Meeting. It is held at least once a year, within six (6) months of the end of each financial year, to approve the financial statements for that financial year and, where applicable, the consolidated financial statements.

Extraordinary General Meeting

The Extraordinary General Meeting convened on first convocation only deliberates validly if the shareholders present or represented own at least one-fourth (1/4) of the shares entitled to vote.

The Extraordinary General Meeting, convened on the second convocation, only deliberates validly if the shareholders present or represented own at least one-fifth (1/5) of the shares having voting rights.

The deliberations of the Extraordinary General Meeting are taken by a two-thirds majority (2/3) of the votes held by the shareholders present or represented.

The Extraordinary General Meeting is solely entitled to amend the Articles of Association in all their provisions.

The Extraordinary General Meeting may not under any circumstances, except by unanimity of the shareholders, increase their commitments or undermine the equality of their rights.

19.2.4 Rights, privileges and restrictions attached to the shares of the Company (Articles 9, 10, 11 and 12 of the Articles of Association)

Fully paid shares are in registered form or bearer form, at the option of the shareholder, subject to the laws and regulations in force relating to the form of shares held by certain persons.

The shares give rise to registration in the accounts under the conditions and in accordance with the terms and conditions provided by the legislative and regulatory provisions in force as well as by the Company's articles of association.

Shares shall be freely negotiable, unless otherwise provided by law and regulation.

They are registered in an account and transmitted by transfer from an account to account, in accordance with the terms and conditions defined by the legislative and regulatory provisions in force.

Each share gives the right to participate and vote in General Meetings under the conditions set by the legislative and regulatory provisions in force and by the Company's articles of association.

Any shareholder has the right to be informed about the Company's business and to obtain communication of certain corporate documents at the times and under the conditions provided for by the legislative and regulatory provisions in force.

Each share entitles the holder of the profits, ownership of the company's assets and the distribution of the liquidation surplus to a share proportional to the percentage of the share capital it represents.

Shareholders shall only bear losses up to the amount of their contributions.

The rights and obligations attached to the share follow the security in its hands.

19.2.5 Breach of thresholds (Article 11 of the Articles of Association)

In addition to the declarations of exceeding thresholds expressly provided for by the legislative and regulatory provisions in force, any natural person or legal entity that comes to hold, directly or indirectly through companies or any other entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, acting alone or jointly within the meaning of Article L. 233-10 of the French Commercial Code, a fraction of the share capital or voting rights, calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the general regulations of the Autorité des marchés financiers, equal to or greater than two percent (2%) of the share capital or voting rights, or any multiple of this percentage, including beyond the reporting thresholds provided for by the legal provisions, must inform the Company of the total number of shares and voting rights it owns, as well as the securities giving access to the Company's share capital that it owns and the voting rights potentially attached thereto, by registered letter with acknowledgement of receipt sent to the registered office, within a period of four (4) trading days from the date of exceeding the threshold concerned.

The obligation to inform the Company also applies, within the same deadlines and under the same conditions, when the shareholder's participation, in share capital or voting rights, falls below one of the thresholds mentioned in paragraph above.

The penalties provided for by law in the event of non-compliance with the obligation to declare crossing the legal thresholds also apply in the event of non-declaration of the exceeding of the thresholds provided for in the Articles of Association, at the request, recorded in the minutes of the General Meeting, of one or more shareholders holding at least five percent (5%) of the share capital or voting rights of the Company.

The Company reserves the right to inform the public and the shareholders either of the information notified to it or the non-compliance with the aforementioned obligation by the person concerned.

19.2.6 Identification of holders of securities (Article 9 of the articles of association)

The Company is entitled at any time to request from the central depository who keeps the issue account of its securities, under the conditions provided for by the legislative and regulatory provisions in force and under the sanctions provided for by the French Commercial Code, the information allowing the identification of the holders of securities of the Company immediately or in the future granting the voting right in its Shareholders' Meetings as well as the quantity of securities held by each of them and, where applicable, the restrictions on which the securities may be imposed.

In the case of securities registered in registered form, the intermediary registered under the conditions provided for in the French Commercial Code is required to disclose the identity of the owners of these securities upon simple request by the Company or its representative. Such request may be made at any time by the Company.

Where the person who is the subject of a request referred to above has not provided the information within the time limits provided for by the laws and regulations in force or has provided incomplete or erroneous information relating either to his/her capacity, to the owners of the securities, or to the quantity of securities held by each of them, the shares or securities giving access immediately or in the future, in the share capital and for which this person has been registered as an account, shall be deprived of voting rights for any Shareholders' Meeting which would be held until the date of regularisation of the identification, and the payment of the corresponding dividend is deferred until that date.

19.2.7 Arrangements for delaying, deferring or preventing a change of control

A voting right double that conferred on the other shares, having regard to the share capital they represent, will be allocated to all fully paid shares for which a registered registration for at least two (2) years will be justified in the name of the same shareholder. For the calculation of this holding period, account shall be taken of the holding period of the Company's shares preceding the date of admission of the Company's shares to trading on the regulated market of Euronext Paris.

The Company's Articles of Association do not contain any other arrangements to delay, defer or prevent a change of control.

20 MATERIAL CONTRACTS

The Group has not entered into any material contracts other than those entered into in the ordinary course of business.

21 DOCUMENTS AVAILABLE

Copies of the Universal Registration Document are available free of charge at the registered office of the Company, 1 ter mail Pablo Picasso, 44000 Nantes, France, as well as in an electronic version on the Company's website (www.lhyfe.com) and on the AMF website (www.amf-france.org).

The articles of association, minutes of general meetings and other corporate documents of the Company, as well as the historical financial information and any valuation or declaration made by an expert at the request of the Company to be made available to the shareholders in accordance with the applicable law, may be consulted, at no cost, at the registered office of the Company.

Regulated information within the meaning of the provisions of the AMF General Regulations is available on the Company's website (www.lhyfe.com).

22 INCORPORATION BY REFERENCE AND CROSS-REFERENCE TABLES

22.1 Incorporation by reference

Pursuant to Article 19 of Regulation (EU) No. 2017/1129 of 14 June 2017, the information relating to the financial years 2020 and 2021 included in the following sections of the Registration Document approved by the AMF on 21 April 2022 under number I.22-009 and, in respect of the Chapter 7 “Review of financial position and earnings” only, of the Supplement to the Registration Document approved by the AMF on 6 May 2022 under number I.22-020 are included by reference in the Universal Registration Document:

- Section 5.10 “Investments”;
- Chapter 7 “Review of financial position and earnings”;
- Chapter 8 “Cash and capital”;
- Section 17.1 “Related party transactions”;
- the consolidated financial statements for the years ending 31 December 2019, 2020 and 2021 prepared in accordance with IFRS as adopted by the European Union, and the related statutory auditors’ report presented in the Appendix and in paragraph 18.3.1 respectively.

The parts not included in these documents are either not relevant for the investor or are covered elsewhere in the document.

22.2 Cross-reference table for Annex 1 of the Delegated Regulation (EU) n°2019/980

The below cross-reference table shows the chapters, sections and paragraphs of the Universal Registration Document corresponding the Annex 1 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019.

Required elements		Universal Registration Document
1.	Persons responsible, third party information, experts’ reports and competent authority approval	Chapter 1
1.1	Person responsible for the Universal Registration Document	1.1
1.2	Certificate of the responsible person	1.2
1.3	Expert report and declaration of interests	1.3
1.4	Information from third parties	1.4
1.5	Declaration relating to the Universal Registration Document	1.5
2.	Statutory auditors	Chapter 2
2.1	Statutory Auditors	2.1
2.2	Information on statutory auditors who have resigned, been removed or not been reappointed	2.2
3.	Risk factors	Chapter 3
4.	Information about the Issuer	Chapter 4
4.1	Company’s corporate name and trade name	4.1

4.2	Place and registration number of the Company and legal entity identifier (LEI)	4.2
4.3	Date of incorporation and term of the Company	4.3
4.4	Registered office of the Company, legal form, laws governing its activities	4.4
5	Business overview	Chapter 5
5.1	Principal activities	5.1, 5.4, 5.5 and 5.6
5.2	Principal markets	5.3
5.3	Important events	5.4.5
5.4	Strategy and objectives	5.2 and 10.2
5.5	Dependency of the issuer on patents or licences, contracts or manufacturing processes	5.9
5.6	Competitive position of the issuer	5.8
5.7	Investments	5.10
5.7.1	Material investments	5.10.1
5.7.2	Material investments of the issuer for which firm commitments have already been made	5.10.2
5.7.3	Joint ventures and undertakings in which the issuer holds a proportion of the capital	N/A
5.7.4	Environmental issues that may affect the issuer's utilisation of the tangible fixed assets.	5.11
6.	Organisational structure	Chapter 6
6.1	Brief description of the group	6.1
6.2	List of the issuer's significant subsidiaries	6.2
7.	Operating and financial review	Chapter 7
7.1	Financial condition	7.1
7.1.1	Changes in activity and earnings of the issuer	7.2
7.1.2	Issuer's likely future development and activities in the field of R&D development	7.1.5
7.2	Operating results	7.2
7.2.1	Unusual or infrequent events or new developments, materially affecting the issuer's income from operations	7.2
7.2.2	Reasons of material changes in net revenues or sales	7.2
8.	Capital resources	Chapter 8
8.1	Information concerning the issuer's capital resources	8.1
8.2	Issuer's cash flows	8.2
8.3	Borrowing requirements and funding structure of the issue	8.3
8.4	Restrictions on the use of the issuer's capital resources	8.4
8.5	Anticipated sources of funds	8.5
9.	Regulatory environment	Chapter 9
10.	Trend information	10
10.1	Most significant trends and any significant change in the financial performance	10.1

10.2	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	N/A
11.	Profit forecasts or estimates	Chapter 11
12.	Administrative, management and supervisory bodies and senior management	Chapter 12
12.1	Composition of administrative, management and supervisory bodies and senior management	12.1
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests	12.2
13.	Remuneration and benefits	Chapter 13
13.1	Remuneration paid, benefits in kind and options or free shares allocated to corporate officers	13.1
13.2	Amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	13.2
14.	Board practices	Chapter 14
14.1	Date of expiration of the current term of office	14.1
14.2	Administrative, management or supervisory bodies' service contracts with the issuer	14.2
14.3	Committees	14.3.1
14.4	Declaration on corporate governance	14.4
14.5	Potential significant impact on governance	14.5
15.	Employees	Chapter 15
15.1	Number of employees and breakdown	15.1
15.2	Equity interests and stock options of agents	15.2
15.3	Participation of employees in the capital of the Company	15.3
16.	Major shareholders	Chapter 16
16.1	Shareholders holding more than 5% of the share capital or voting rights	16.1
16.2	Existence of different voting rights	16.2
16.3	Control of the issuer	16.3
16.4	Arrangements, the operation of which may at a subsequent date result in a change in control of the issuer	16.4
17.	Related party transaction	Chapter 17
18.	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	Chapter 18
18.1	Historical financial information	18.1
18.1.1	Audited historical financial information covering the latest three financial years	Annex
18.1.2	Change of accounting reference date	18.1.2
18.1.3	Accounting standards	18.1.3
18.1.4	Change of accounting framework	18.1.4
18.1.5	Audited financial information is prepared according to national accounting standards	N/A

18.1.6	Consolidated financial statements	Annex
18.1.7	Age of financial information	Annex
18.2	Interim and other financial information	18.2
18.3	Auditing of historical annual financial information	18.3
18.3.1	Audit reports	18.3.1
18.3.2	Other information that has been audited by the auditors	18.3.2
18.3.3	Informations not extracted from the issuer's audited financial statements	18.3.3
18.4	Pro forma financial information	18.4
18.5	Dividend policy	18.5
18.5.1	Policy on dividend distributions and any restrictions thereon	18.5.1
18.5.2	Dividend paid for the last three financial years	18.5.2
18.6	Legal and arbitration proceedings	18.6
18.7	Significant change in the issuer's financial position	18.7
19.	Additional information	Chapter 19
19.1	Share capital	19.1
19.1.1	Amount of issued capital	19.1.1
19.1.2	Share non representing capital	19.1.2
19.1.3	Shares held by the issuer or by subsidiaries of the issuer	19.1.3
19.1.4	Convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription	19.1.4
19.1.5	Acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital	19.1.5
19.1.6	Information about the capital which is under option or agreed conditionally or unconditionally to be put under option	19.1.6
19.1.7	History of share capital	19.1.7
19.2	Memorandum and Articles of Association	19.2
19.2.1	Corporate purpose	19.2.1
19.2.2	Rights, preferences and restrictions attached to the shares of the Company	19.2.4
19.2.3	Arrangements for delaying, deferring or preventing a change of control	19.2.7
20.	Material contracts	Chapter 20
21.	Documents available	Chapter 21

22.3 Cross-reference table for the annual financial report

The Universal Registration Document includes all the elements of the annual financial report.

In order to facilitate the reading of the Universal Registration Document, the following cross-reference table identifies the information provided for in Article L. 451-1-2 of the

French Monetary and Financial Code and Article 222-3 of the AMF General Regulation, which constitute the annual financial report.

Required elements	Universal Registration Document
Consolidated financial statements of the Group (IFRS)	18.1.1 and Appendix 1
Annual financial statements of Lhyfe S.A. (French GAAP)	18.1.2 and Appendix 2
Management report	See dedicated table in paragraph 22.4
Corporate governance report	See dedicated table in paragraph 22.5
Declaration by the person responsible	1.2
Report by the statutory auditors on the consolidated financial statements	18.3.1
Report by the statutory auditors on the 2022 annual financial statements of Lhyfe S.A.	18.3.2
Statutory auditors' fees	Appendix 1 – Note 4.3

22.4 Cross-reference table for the management report

The Universal Registration Document includes all the elements of the management report mentioned in Article L. 225-100 of the French Commercial Code.

In order to facilitate the reading of the Universal Registration Document, the following cross-reference table identifies the main information required by the legal and regulatory provisions in force.

Required elements	Universal Registration Document
Situation and activity	
The situation of the Company during the past financial year and an objective and exhaustive analysis of the development of the business, the results and the financial situation of the Group, in particular its debt situation in relation to the volume and complexity of the business	Chapter 7
Activity and results of the Group, of subsidiaries and of controlled companies by branch of activity	7.1.2, 7.3.1 et Appendix 2 – Note « List of subsidiaries and equity interests »
Key performance indicators of a financial nature and, where appropriate, of a non-financial nature relating to the Group's specific activity, including information on environmental and personnel issues	5.11, 7.1.4 and 15.1
Main risks and uncertainties of the Group	Chapter 3
Financial risks resulting from the effects of the climate change and measures undertaken by the Company	3.4.10
Procedures of internal control and risk management relating to the preparation and handling of accounting and financial information	3.6
Hedging objectives and policy and the Group's exposure to price, credit, liquidity and cash flow risks (including the Group's use of financial instruments)	3.5.1, 3.5.3, and 3.5.7

Add-back of operating expenses and extravagant expenses (Art. 39.4 and 223 quater, Art. 39.5 and 223 quinquies of the French General Tax Code)	7.3.3 and 7.3.4
Research and development activities	5.10 and 7.1.5
Major events occurred since the close of the fiscal year	Appendix 1 – Note 1.4
Company and Group foreseeable trends and outlook	Chapter 10
Equity investment in or takeover of companies having their registered office in France	6.3
Activities of the Company's subsidiaries	6.1
Table on the Company's financial results over the last five years	7.3.2
Information relating to the Company's suppliers and clients' terms of payment	7.3.5
Information and amounts relating to inter-company loans and statutory auditors' statement	N/A
Legal information and information related to shareholding	
Employee shareholdings at the year-end	15.3
Identity of shareholders holding more than 5% of the share capital or voting rights and details of changes during the year	16.1
Name of companies controlled directly or indirectly by the company and the share of the company's capital that they hold (treasury shares)	N/A
Disposal of cross-shareholdings	N/A
Information on share buybacks	19.1.3
Amount of dividends distributed for the last three years and amount of income distributed for the same years	18.5.2
Summary of transactions in the Company's shares by corporate officers and related persons	19.1.8
Existing Company branches	4.4
Mention of possible adjustments for securities giving access to the capital in the event of share buybacks or financial transactions	N/A

22.5 Cross-reference table for the corporate governance report

The Universal Registration Document includes all the elements of the corporate governance report mentioned in Article L. 225-37 paragraph 6 of the French Commercial Code.

In order to facilitate the reading of the Universal Registration Document, the following cross-reference table identifies the main information required by the legal and regulatory provisions in force.

Required elements	Universal Registration Document
Missions, composition, preparation and organisation of the Board of Directors	12.1, 14.3 and 19.2.2
List of all terms of office and functions held in any company by each corporate officer during the fiscal year	12.1
Procedures for exercising the General Management	12.1.2

Limits provided by the Board of Directors on Chairman and Chief Executive Officer's powers	12.1.2
Reference to the Middlednext Code and application of the comply or explain principle	14.4
Description and implementation of the procedure for evaluating current agreements	17.3
Review of the independence of the members and of potential conflicts of interest	12.1.1 and 12.2
Agreements between a Director or a significant shareholder of the Company and a subsidiary	17.4
Remuneration policy of the corporate officers	13.1
Compensation and benefits of any kinds paid to corporate officers	13.2
Relative proportion of fixed and variable remuneration	13.1 and 13.2
Use of the possibility to request the return of variable pay	N/A
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code	N/A
Remuneration ratios between the remuneration of each Corporate Officer and the average and median remunerations of the Company employees	13.2.1
Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the abovementioned ratios over the five past fiscal years	13.2.1
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied	13.1
Manner in which the vote of the last ordinary general meeting has been taken into account	N/A
Deviation from the procedure for the implementation of the remuneration policy and any derogations	N/A
Application of Article L. 225-45 paragraph 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with the Board of Directors' gender diversity)	N/A
Attribution and retention of stock-options by corporate officers	N/A
Attribution and retention of free share grants to corporate officers	15.3
Special terms for the participation of the shareholders in the General Meeting	19.2.3
Information that may have an impact in the event of a takeover bid or exchange offer within the meaning of Article L. 22-10-11 of the French Commercial Code	12.1, 16.1, 19.1 and 19.2
Summary table of the status of valid delegations of powers and powers granted by the General Meeting to the Board of Directors with regard to capital increases and the use made of these delegations during the past year	19.1.5

APPENDIX 1
IFRS Financial Statements



Société anonyme
Registered office: 1 ter mail Pablo Picasso - 44000 Nantes
Nantes R.C.S. 850 415 290

IFRS Consolidated Financial Statements

Financial Year ended 31 December 2022

Table of contents

Consolidated financial statements prepared according to IFRS	04
Consolidated Income Statement	04
Consolidated Statement of Comprehensive Income	05
Consolidated Statement of Financial Position	06
Consolidated Statement of Changes in Equity	07
Cash Flow Statement	08
1 Notes to consolidated accounts	09
1.1 General information	09
1.2 Description of the Group's activities	09
1.3 Highlights of the financial year	09
1.4 Events after the closing date	13
1.5 General accounting policies	13
1.6 Scope and consolidation methods	15
1.7 Accounting methods and valuation rules used	17
2 Notes to Income Statement	29
2.1 Current elements of operating activities	29
2.2 Financial result	33
2.3 Income tax	34
2.4 Earnings per Share	34
3 Notes on the balance sheet	35
3.1 Intangible and tangible fixed assets	35
3.2 Investments in equity-accounted investees	38
3.3 Inventories	39
3.4 Trade receivables and related accounts	39
3.5 Other current and non-current assets	39
3.6 Cash and cash equivalents	40
3.7 Equity	40
3.8 Borrowings and financial liabilities	43
3.9 Derivative instruments	47
3.10 Trade accounts payable and related accounts	47
3.11 Other current and non-current liabilities	47
3.12 Financial instruments recorded in the balance sheet	49
3.13 Provisions	49
3.14 Deferred tax assets and liabilities	50
4 Other information	51
4.1 Financial risk management	51
4.2 Transactions with related parties	52
4.3 Fees of Auditors and members of their network	53
4.4 Off-balance sheet commitments	53

Consolidated financial statements prepared according to IFRS

Consolidated Income Statement

In thousands of Euros	Notes	31/12/2022 (12 months)	31/12/2021 (12 months)
Revenue	2.1.2	570	197
Income from ordinary operations		570	197
Cost of goods sold	2.1.4	(394)	(176)
External expenses	2.1.5	(7,261)	(2,890)
Employee expenses	2.1.6	(11,254)	(3,005)
Taxes, levies and similar payments	2.1.7	(81)	(23)
Other current operating income and expenses	2.1.8	1,418	485
EBITDA	2.1.3	(17,002)	(5,411)
Depreciation and amortization expenses of fixed assets	2.1.9	(1,064)	(261)
Provisions for liabilities	3.13	(89)	(8)
Current operating profit (loss)		(18,155)	(5,680)
Other non-current operating income or expenses	2.1.10	(1,011)	-
Non-current operating profit (loss)		(1,011)	-
Operating profit (loss)		(19,166)	(5,680)
Cost of financial debt	2.2	(6,851)	(3,052)
Other financial income and expenses	2.2	209	8
Financial result	2.2	(6,641)	(3,044)
Profit (Loss) before tax		(25,808)	(8,724)
Income tax expense	2.3	(4)	-
Share of profit (loss) from equity-accounted investees		(7)	-
Net profit (loss)		(25,819)	(8,724)
Basic and diluted earnings (loss) per share (in Euro)	2.4	(0,70)	(0,45)

Consolidated Statement of Comprehensive Income

In thousands of Euros	Notes	31/12/2022 (12 months)	31/12/2021 (12 months)
Net profit (loss) for the financial year		(25,819)	(8,724)
Change in fair value of hedging instruments		-	-
Currency translation adjustments		21	-
Change in fair value of debt securities		-	-
Gains and losses recognized directly in equity and reclassified to profit or loss		21	-
Actuarial gains or losses on employee benefits		-	-
Tax impact		-	-
Gains and losses recognized directly in equity and not reclassified to profit or loss		-	-
Total comprehensive income (loss)		(25,798)	(8,724)

Consolidated Statement of Financial Position

ASSETS In thousands of Euros	Notes	31/12/2022	31/12/2021
Intangible fixed assets	3.1.1	4,711	1,686
Property, plant and equipment	3.1.2	12,807	4,948
Right-of-use assets	3.1.2	3,383	2,832
Investments in equity-accounted investees	3.2	1,037	-
Other non-current assets	3.5	1,007	633
Deferred tax assets	3.14	-	-
Non-current assets		22,945	10,099
Inventories	3.3	142	-
Trade receivables and related accounts	3.4	63	224
Other current assets	3.5	5,070	2,345
Cash and cash equivalents	3.6	144,492	49,888
Current assets		149,766	52,457
Assets		172,711	62,556

LIABILITIES In thousands of Euros	Notes	31/12/2022	31/12/2021
Share capital	3.7.1	479	2
Premiums	3.7.1	163,821	3,939
Reserves	3.7.1	(4,897)	(1,396)
Net profit (loss)		(25,819)	(8,724)
Equity		133,584	(6,180)
Non-current provisions	3.13	53	8
Non-current borrowings and financial liabilities	3.8	19,366	55,103
Non-current derivative instruments	3.9	-	132
Deferred tax liabilities	3.14	-	-
Other non-current liabilities	3.11	8,769	6,544
Non-current liabilities		28,190	61,787
Current provisions	3.13	44	-
Current borrowings and financial liabilities	3.8	2,987	3,238
Trade accounts payable and related accounts	3.10	4,586	2,063
Other current liabilities	3.11	3,320	1,647
Current liabilities		10,937	6,949
Liabilities		172,711	62,556

Consolidated Statement of Changes in Equity

EQUITY In thousands of Euros	Notes	Share capital	Capital reserve	Treasury shares	Consolidated reserves and profit (loss)	Gains and losses recognized directly in equity	Equity – Group share
Equity as of 31 December 2020	3.7.1	2	3,932	-	(1,455)	-	2,478
Premium contribution - Share warrants (BSA)		-	7	-	-	-	7
Share-based payments		-	-	-	59	-	59
Net profit (loss)		-	-	-	(8,724)	-	(8,724)
Currency translation reserve		-	-	-	-	-	-
Equity as of 31 December 2021	3.7.1	2	3,939	-	(10,121)	-	(6,180)
Capital increase		477	159,882	-	4,781	-	165,140
Share-based payments		-	-	-	719	-	719
Currency translation reserve		-	-	-	21	-	21
Movements of treasury shares		-	-	(296)	-	-	(296)
Net profit (loss)		-	-	-	(25,819)	-	(25,819)
Equity as of 31 December 2022	3.7.1	479	163,821	(296)	(30,419)	-	133,584

Cash Flow Statement

In thousands of Euros	Notes	31/12/2022 [12 months]	31/12/2021 [12 months]
Consolidated net profit (loss)		(25,819)	(8,724)
Share of profit (loss) of equity-accounted investees		7	-
Adjustments for:			
- Depreciation, amortization, impairment and provisions	2.1.9	1,153	269
- Net financial result	2.2	6,762	3,044
- Expenses related to share-based payments	2.1.6	719	59
- Change in fair value of financial instruments		89	-
- Other adjustments	2.1.10	(28)	(486)
Tax paid for the year		4	-
Impact of change in working capital:			
- Increase/decrease in inventories	3.3	(142)	-
- Increase/decrease in trade receivables	3.4	161	(223)
- Increase/decrease in other current receivables	3.5	(1,722)	(1,467)
- Increase/decrease in trade accounts payable	3.10	1,881	1,449
- Increase/decrease in other current liabilities	3.11	1,880	1,422
Net cash flow from/(used in) operating activities		(15,055)	(4,656)
Purchase of intangible fixed assets	3.1.1	(3,116)	(1,078)
Purchase of tangible fixed assets	3.1.2	(8,397)	(3,651)
Disposal of tangible fixed assets	3.1.2	16	-
Purchase of financial assets	3.4	(373)	(12)
Interest received	2.2	-	(8)
Impact of changes in scope of consolidation	3.2	(1,060)	-
Net cash flow from/(used in) investing activities		(12,930)	(4,749)
Increase in share capital, net of expenses	3.7.1	112,558	-
Issuance of new loans, net of expenses	3.8	10,434	47,940
Receipts of repayable advances	3.8	857	-
Receipt of grants	3.11	1,537	4,425
Repayments of borrowings and current accounts	3.8	(285)	(35)
Repayment of lease liabilities		(210)	-
(Purchases of)/proceeds from treasury shares		(296)	-
Interest paid	3.8	(2,005)	(296)
Net change in bank advances	3.8	3	-
Net cash flow from/(used in) financing activities		122,592	52,034
Impact of changes in foreign exchange rates		(3)	-
Net increase (decrease) in cash and cash equivalents		94,604	42,629
Cash and cash equivalents at beginning of the year	3.6	49,888	7,258
Cash and cash equivalents at end of the year		144,492	49,888

Notes to the consolidated accounts

1 General notes

1.1 General information

Lhyfe is a French public limited company (société anonyme) registered within the Trade and Companies Register (RCS) of Nantes under number 850 415 290 (referred to as the "Company"). Its registered office is located in France, 1 ter mail Pablo Picasso, 44000 Nantes. The consolidated financial statements of Lhyfe include the Company and its subsidiaries (collectively referred to as the "Group").

These notes are an integral part of the IFRS consolidated financial statements of the Group for the financial year ended 31 December 2022.

Unless otherwise indicated, all amounts are expressed in thousands of Euros. For the sake of presentation, figures have been rounded. Nonetheless, computations are based on accurate figures. Therefore, the sum of figures within a table column may not be consistent with the total figure displayed in the same column.

The Group's consolidated financial statements were approved by Lhyfe S.A.'s Board of Directors on 21 March 2023.

1.2 Description of the Group's activities

Founded in 2017 in Nantes, Lhyfe specialises in the production and supply of renewable green hydrogen for mobility and industry. Its production sites and commercial project pipeline should enable the availability of industrial quantities of renewable green hydrogen and promote the transition towards a virtuous energy model that yields substantial environmental benefits.

Lhyfe inaugurated its first industrial hydrogen production site in September 2021. Located in Bouin, Vendée, it has a current production capacity of 300 kg/day, which will be increased to 1 ton/day in early 2024 to meet increasing demand.

To date, the Company has a commercial pipeline of 93 projects across Europe, including 20 in advanced development, slated to be completed by 2026, aimed at promoting the decarbonization of both industry and mobility. Additionally, the Group's ambition is to produce hydrogen offshore and to that end, has inaugurated the pilot offshore renewable hydrogen production site in September 2022, as part of the SEALHYFE project.

1.3 Highlights of the financial year

1.3.1 Financing

During the 2022 financial year, the Group benefited from various sources of funding, including raising capital, securing bank financing and grants.

- Capital operations and convertible bond issues prior to the IPO (Initial Public Offering)

During the General Meeting held on 3 March 2022, and as part of the Group's planned IPO, shareholders approved the amendment to the terms and conditions of the OC L and OC LB convertible bonds issued by the Company on 16 October 2019. The amendment stipulated that these convertible bonds would be fully and automatically converted in the event of an IPO on a regulated market for a minimum total issuance amount of at least 50 million Euros.

With the same goal, on 3 March 2022, shareholders adopted the following decisions:

- Increase in share capital by incorporating share premiums of 191,452.31 Euros to raise the share capital from 1,933.69 Euros to 193,369.00 Euros;
 - Conversion of the corporate form of the Company into a Société Anonyme à Conseil d'Administration (Public Limited Company with a Board of Directors);
 - Subdivision of the nominal value of the Company's shares by issuing 100 new ordinary shares with a nominal value of 0.01 Euro each in exchange for one old share with a nominal value of 1.00 Euro. Following the share split, the share capital was thus divided into 19,336,900 ordinary shares with a nominal value of 0.01 Euro each.
- Partnerships

On 31 March 2022, the Group and Mitsui & Co., Ltd. ("Mitsui"), one of the leading Japanese conglomerates specialising in trade and investment, signed a Memorandum of Understanding to develop renewable green hydrogen produced by Lhyfe and support its international expansion.

As part of this strategic alliance, Mitsui subscribed to new convertible bonds in Lhyfe for a total amount of 10 million Euros. Thus the conglomerate subscribed to 233,427 bonds convertible in new ordinary shares with a nominal value of forty-two euros and eighty-four cents (42.84 Euros) each, and the transfer of funds was completed on 11 April 2022. During the IPO, these bonds were converted with an issuance price discounted by 10%. As of 31 December 2022, Mitsui owns 2.65% of the Group's capital.

■ IPO

Lhyfe's IPO resulted in a capital increase of 118.3 million Euros, including 8.3 million Euros from the over-allotment option, as well as the conversion of 47.8 million Euros of convertible bonds into shares on the settlement-delivery date.

Trading of the shares began on 23 May 2022, on the regulated market Euronext in Paris at a price of 8.75 Euros per share, representing a valuation of approximately 411 million Euros. This transaction resulted in the issuance of 13,524,147 new ordinary shares, bringing the Company's capital to 479,004.48 Euros, divided into 47,900,448 ordinary shares after the settlement-delivery of the over-allotment option.

EDPR notably invested 25 million Euros in this transaction and acquired 5.96% of the Group's capital.

■ Grants and subsidies

As part of its activities, the Group has also received various grants and subsidies to fund its research and development activities and the equipment of production sites being deployed.

In January 2022, the Group received the first instalment stipulated in the financing agreement signed with ADEME in December 2021 for the construction of the hydrogen production site in Lorient. This payment amounts to €613K out of a total granted amount of €2,845K. In this context, the Group incorporated a subsidiary to undertake the project resulting from this agreement. Lhyfe Morbihan - whose corporate name has been changed to Lhyfe Buléon - was registered on 11 February 2022. The Group owns 100% of the capital and voting rights of Lhyfe Buléon.

On 23 June 2022, Lhyfe received approval from the government for France 2030's participation in the "SEALHYFE" project. The project consists of developing, assembling and operating a 1 MW containerised electrolysis solution at the SEM-REV offshore test site for one year. This financing provided by the State and operated by ADEME amounts to €971K and was contracted in the third quarter of 2022.

In this regard, the Group received a total amount of €146K (including subsidy and repayable advance) as an advance payment under the contract.

On 7 November 2022, the Group entered into a financing agreement with the Occitanie Region for the equipment of the production site located in Bessières, for a total amount of €5,996K, of which €1,893K in investment subsidy and €4,103K in repayable advance. In this context, the Group received €1,199K in November 2022 (comprising subsidy and repayable advance).

Finally, in November 2022, the Group received €545K as the second instalment provided for in the agreement previously signed with ADEME (H2 Ouest programme) as part of the financing of investments in the production site located in Bouin.

1.3.2 Operation of the hydrogen production site in Bouin

Following its inauguration in September 2021, the Group's first hydrogen production site located in Bouin was operated throughout 2022. This production site allowed the Group to diversify its customer portfolio.

1.3.3 Research & Development

In 2022, the research and development projects initiated in previous years were carried forward.

- Design of a standard offshore hydrogen production site

On 23 September 2022, the Group inaugurated its first pilot site for renewable offshore hydrogen production. Through this pilot site, the Group produced the first kilograms of renewable green hydrogen during the last quarter of 2022. This production unit, installed on a floating platform, is intended to operate automatically, in the most extreme conditions and will be connected to a floating wind turbine. After a first phase of tests at the quayside for approximately 6 months, the SEALHYFE platform will join the test area in the SEM-REV, about 20 km off the coast of Le Croisic. SEALHYFE has the capacity to produce up to 400 kg of renewable green hydrogen per day, equivalent to 1 MW of power.

- Design of a standard onshore hydrogen production site

Following the commissioning of the Bouin production site in September 2021, the technical teams persistently worked on the design of standard onshore hydrogen production sites with increasing production capacities. The Group, having completed the design of the solution for the construction and engineering of production sites dedicated to mobility of a capacity of 5 MW, commissioned the solution at the end of 2022 (with related research and development costs amounting to €768 K).

- Artificial Intelligence and software

Throughout 2022, the Group pursued its research and development programme for artificial intelligence and more generally software created by the Group. Consequently, CEA Tech delivered its first findings following the partnership established in 2020, allowing Lhyfe teams to continue their work on this subject.

1.3.4 International expansion

Continuing its international expansion, on 18 February 2022, the Group registered its Spanish subsidiary, Lhyfe Hidrogeno aiming to drive the Group's commercial expansion in this country. The Group owns 100% of the capital and voting rights of Lhyfe Hidrogeno.

On 3 May 2022, the Group extended its reach to the United Kingdom by incorporating Lhyfe UK to strengthen its business growth in the region. The Group owns 100% of the capital and voting rights of this subsidiary.

In September 2022, the Group acquired a stake in Botnia Hydrogen, a Swedish-based company that will carry out a renewable hydrogen production project. While the Group does not control the company in accordance with IFRS 10, it is the largest shareholder in this company, with 39% of the share capital as of 31 December 2022.

During the last quarter of 2022, the Group incorporated a subsidiary in Canada, Hydrogène Lhyfe Canada, of which it owns 100% of the capital and voting rights.

1.3.5 Incorporation of project companies

Simultaneously, the Company has been expanding its operations in Europe throughout the 2022 financial year by establishing numerous entities focused on the onshore renewable hydrogen production:

- Lhyfe Morbihan, whose company name was changed to Lhyfe Buléon, incorporated on 11 February 2022 to carry out the project located in Buléon, in the Morbihan area;
- Lhyfe Bessières, incorporated on 27 April 2022 to carry out the project in the Occitanie Region;
- Lhyfe Production 1 to 5, incorporated in October and November 2022 to carry out their future projects in France;
- Lhyfe Schwabisch Gmund GmbH, incorporated in September 2022 to carry out the project of the same name in Germany;
- Lhyfe Niedersachsen GmbH, incorporated in July 2022 to carry out another project in Germany;
- Lhyfe Croixrault, incorporated on 19 October 2022 to carry out a project in Hauts-de-France;
- Lhyfe Trellborg AB, incorporated in October 2022 to carry out another project in the extreme south of Sweden;
- Lhyfe Skive, incorporated in December 2022 to carry out a project in Denmark.

1.3.6 Growth of workforce in France and Europe

The Group's workforce has grown by 2.5 times within a year due to the steady increase in the number of projects to be developed and the size of the Group (see Note 2.1.6). The Group plans to sustain significant growth in the forthcoming years.

1.3.7 Offices

The Group signed a commercial lease for new offices located in Nantes on 15 March 2022, to ensure a convenient space for new recruitments as part of its plan to expand its

workforce. This lease took effect on 1 April 2022 and the Group took possession of the premises during the second half of 2022.

1.3.8 Impact of the crisis in Ukraine

In light of the ongoing conflict between Russia and Ukraine, the Group has assessed the situation and concluded that, apart from the wider macroeconomic effects, it remains unaffected as it neither conducts sales nor procures goods from these countries or regions directly impacted by the conflict. Moreover, the Group does not hold any assets in these regions.

1.4 Events after the closing date

In January 2023, the HOPE project (Hydrogen Offshore Production for Europe), led by a consortium coordinated by Lhyfe, received a positive assessment in the context of the 2022-TC01-10 Call for Proposals from Clean Hydrogen Partnership, co-funded by the European Union. Consequently, project partners have initiated the preparatory phase for the grant agreement expected to be finished in May 2023 at the latest. The project aims to develop, build and operate the first 10 MW renewable hydrogen production unit in the North Sea off the coast of Belgium by 2025.

During the first quarter of 2023, the Company entered into a refinancing agreement for containers dedicated to hydrogen transport for an amount of €0.7 million. This agreement has a duration of 7 years.

In March 2023, the Group acquired a 49% stake in the Finnish company Flexens, a developer of green hydrogen projects and so-called "Power-to-X" projects (transformation of electricity into another energy carrier) based on renewable energy sources.

1.5 General accounting policies

1.5.1 Accounting standards

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). As the Company's shares are listed on Euronext Paris, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, the Group's consolidated financial statements for the financial year ended 31 December 2022 have been prepared in accordance with IFRS as adopted by the European Union and applicable on 31 December 2022, incorporating international accounting standards (IAS and IFRS), the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC).

The standards applied are available on the European Commission's website (<https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A02002R1606-20080410>).

The accounting methodologies and application procedures used for the preparation of the summarised consolidated financial statements remain consistent with those used in the most recent annual consolidated financial statements.

The following standards, amendments and interpretations, mandatory for financial years beginning on or after 1 January 2022, have not had a significant impact on the financial statements:

- Amendment to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract, which clarifies that the costs to be taken into account to recognize a provision for an onerous contract should include both marginal costs and the allocation of other costs directly related to the contract;
- Amendment to IAS 16 - Property, Plant and Equipment, which prohibits deducting from the cost of an asset any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating. Instead, these proceeds and the costs of producing those items must be recognized in profit or loss;
- Amendment to IFRS 3, to update "Reference to the Conceptual Framework";
- Annual Improvements to IFRSs 2018-2020 Cycle. These amendments have no impact on the Group.

In addition, the Group has not chosen to apply in advance the standards, amendments, and interpretations that will be mandatory for financial years beginning on or after 1 January 2023. The Group is currently assessing the potential impacts of the aforementioned standards' implementation.

1.5.2 Significant accounting estimates and judgments

Consolidated financial statements preparation requires the use of reasonable estimates and assumptions by the Management which can affect the amounts of assets, liabilities, equity, income and expenses as presented in the financial statements, along with the information disclosed in the notes. Such estimates are based on the going concern assumption and rely on information available at the time of preparation.

The key judgments made by the Group's Management in preparing the consolidated financial statements concern the following:

- The achievement of the criteria for capitalisation of various ongoing research and development projects in accordance with IAS 38 and the assumptions used in conducting impairment tests (See Notes 1.7.1 and 3.1.1);
- The determination of the fair valuation of share-based payments (BSPCE, BSA and AGA) granted to executive founders, specific employees and external service providers. Calculating that fair value involves using models that rely on calculation assumptions (volatility, turnover, strike period, etc.) (See Notes 1.7.16 and 3.7.2 and 3.7.3);
- The application of IFRS 16, including the determination of discount rates and the lease term to be used in assessing lease liabilities for contracts with renewal or termination options (See Notes 1.7.4 and 3.1.2);
- The capitalisation of potential deferred taxes related to carryforward losses (See Note 3.14).

Further details are disclosed in the note on significant accounting policies. Final amounts may differ from these estimates due to changes in assumptions or different economic conditions.

These estimates may be revised if the circumstances on which they were based change or as a result of new information.

1.5.3 Segment information

IFRS 8 requires the identification of operating segments based on the internal reporting used by the primary operational decision-maker to make decisions about resource allocation and the Group's performance assessment. Lhyfe is structured internally to report to its Board of Directors, the primary operational decision-maker, on the basis of consolidated information at the Group's level. The Board of Directors makes strategic decisions and evaluates the performance of the Group on a monthly basis using the consolidated data at the Group's level. As a result, all Lhyfe's activities are regarded as a single operating segment for the purpose of IFRS 8.

For more information on financial performance indicators, refer to Note 1.7.23.

1.6 Scope and consolidation methods

1.6.1 Scope of consolidation

During the year 2022, the Group continued to expand by creating 15 subsidiaries, including 8 in France, dedicated to hydrogen production, and 7 abroad. All these subsidiaries are integrated into the scope of consolidation using the method of full integration (FI).

The Group also acquired a 39% stake in the Swedish company Botnia Hydrogen. As the Group does not have control over this company, it is consolidated using the equity method (EM) of accounting.

The Group is composed of 25 companies as of 31 December 2022.

Company	Place	31 December 2022			31 December 2021		
		Control in %	Ownership interests in %	Consolidation method	Control in %	Stake in %	Consolidation method
Lhyfe SA	France	100%	100%	Parent Company	100%	100%	IG
Lhyfe Bouin SAS	France	100%	100%	IG	100%	100%	IG
Lhyfe GmbH	Germany	100%	100%	IG	100%	100%	IG
Lhyfe Sombrero SAS	France	100%	100%	IG	100%	100%	IG
Territoires x Lhyfe SAS	France	100%	100%	IG	100%	100%	IG
Lhyfe Denmark ApS	Denmark	100%	100%	IG	100%	100%	IG
Lhyfe Lakrids ApS	Denmark	100%	100%	IG	100%	100%	IG
Lhyfe Netherlands BV	Pays-Bas	100%	100%	IG	100%	100%	IG
Lhyfe Sweden AB	Sweden	100%	100%	IG	100%	100%	IG
Lhyfe Buléon SAS	France	100%	100%	IG			
Lhyfe Bessières SAS	France	80%	80%	IG			
Lhyfe UK Ltd	United-Kingdom	100%	100%	IG			
Lhyfe Hidrogeno SL	Spain	100%	100%	IG			
Lhyfe Schwabisch Gmund GmbH	Germany	100 %	100 %	IG			
Lhyfe Production 1	France	100 %	100 %	IG			
Lhyfe Production 2	France	100%	100%	IG			
Lhyfe Production 3	France	100%	100%	IG			
Lhyfe Production 4	France	100%	100%	IG			
Lhyfe Production 5	France	100%	100%	IG			
Lhyfe Niedersachsen GmbH	Germany	100%	100%	IG			
Hydrogène Lhyfe Canada	Canada	100%	100%	IG			
Lhyfe Trelborg AB	Sweden	100%	100%	IG			
Botnia Hydrogen	Sweden	32%	39%	MEE			
Lhyfe Croixrault	France	100%	100%	IG			
Lhyfe Skive ApS	Denmark	100%	100%	IG			

1.6.2 Closing date of consolidated companies

The consolidated financial statements cover a period of 12 months and are closed on 31 December of each year.

Entities incorporated during the 2022 financial year will close their first financial year on either 31 December 2021 or 31 December 2022. For those closing their accounts on 31 December 2023, interim statements as of 31 December 2022 have been used for the purpose of the Group's consolidated accounts.

The annual financial statements for the reporting periods for the consolidated companies are adjusted and restated to be consistent with the accounting principles used in the preparation of the consolidated financial statements.

1.6.3 Consolidation methods

1.6.3.1 Subsidiaries

The subsidiaries are consolidated from the date of acquisition of control. Transactions as well as reciprocal assets and liabilities between consolidated companies are eliminated. Results from internal operations with controlled companies are fully eliminated.

Subsidiaries are all entities over which the Group exercises control. Control is defined according to three criteria: the power exercised over the entity, exposure to the entity's variable returns, and the ability to use the power over the entity to impact return of investment. This definition of control implies that power over an entity can be exercised in several ways and not only through the ownership of voting rights. The existence and effect of potential voting rights are taken into account in assessing control if they are substantive. Control is generally concomitant with the possession of over 50% of the voting rights, whether directly or indirectly. However, control may also exist with a lower ownership.

1.6.3.2 Associated companies

The term "associated companies" refers to all entities that the Group has significant influence over with regards to management and financial policy, without exercising control or joint control, and typically involves ownership of 20 to 50% of the voting rights. Associated companies are accounted for using the equity method, whereby they are initially valued at the acquisition cost, except in cases where the Group previously exercised control. Upon loss of control, the securities are subsequently valued at fair value through the income statement.

Subsequently, the Group's share of profits or losses of the associate is recorded in the income statement, on the line "Share of profit (loss) of equity-accounted investees". The Group's share of other items of Total comprehensive profit (loss) arising from associated companies is recorded on a separate line of the Total comprehensive profit (loss). If the Group's share of losses in an associate is equal to or greater than its ownership interest in it, the Group ceases to record its share of losses, unless it has a legal or implicit obligation to do so or has made payments on behalf of the associate. The goodwill related to an associate is included in the carrying amount of the investment, presented on a single line of the balance sheet "Investments in equity-accounted investees". Results on internal transactions with equity-accounted associated companies are eliminated up to the Group's percentage of ownership in these companies.

1.6.4 Conversion of accounts established in foreign currencies

1.6.4.1 Functional currency and presentation currency

The financial statements are presented in thousands of euros ("K Euros" or "K€"), which is the functional currency of the parent company Lhyfe S.A. For the purpose of presenting these consolidated financial statements, the assets and liabilities of foreign subsidiaries whose functional currency is different from the Euro are converted into Euros using the exchange rates in effect at the end of each financial year. Income and expenses are converted at the average exchange rate for the financial year. Any resulting foreign exchange differences are recorded in equity under the item "Currency translation reserves" in the Consolidated Statement of Changes in Equity.

1.6.4.2 Transactions and accounts denominated in foreign currencies

The activity of foreign subsidiaries included in the consolidation scope is considered as an extension of the parent company's activity. For this purpose, subsidiaries financial statements are converted using the historical exchange rate method. The application of this method results in an effect comparable to what would have been observed on the financial position and result (profit or loss) if the consolidating company had operated the foreign activity directly. At the closing date, monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate of the foreign currency on the closing date. The non-monetary items are converted at the historical exchange rate. All foreign currency translation adjustments are recorded in the income statement.

1.7. Accounting methods and valuation rules used

1.7.1 Development costs

1.7.1.1 Development expenses related to technologies

In accordance with IAS 38 Intangible Assets, research expenses are recognized as expenses in the year in which they are incurred.

Development expenses related to technology developed internally by the Group are recognized as intangible assets only if the following six criteria are cumulatively met:

- a) Technical feasibility necessary for the completion of the intangible asset for it to be available for use or sale;
- b) Group's intention to complete the intangible asset and use or sell it;
- c) Ability of the Group to use or sell this intangible asset;
- d) Demonstration of the probability of future economic benefits associated with the asset. The entity must show, among other things, the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used internally, its usefulness;
- e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) Ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalized development costs include external costs (commitments made to external suppliers or service providers - invoices, accounts payable, progress reports, etc.) and internal costs (valued based on the hours worked on these projects).

The amortization of intangible assets is calculated to fully allocate the cost of the intangible asset using a straight-line method over the estimated useful life (3 years), from the moment

the asset is usable and is recognized as Depreciation and amortization expenses of fixed assets.

The Group assesses the recoverability of intangible assets when there is an indication of impairment. For non-amortized intangible assets, an impairment test is performed at least once a year, as well as whenever there is an indication of impairment (see Note 1.7.5. Impairment of fixed assets).

1.7.1.2 Capitalized costs for projects under development

Expenses related to the development of future renewable hydrogen production sites are capitalized when IAS 38 criteria outlined above are cumulatively met.

Direct development costs, both external (commitments made to external suppliers or service providers - invoices, accounts payable, progress reports, etc.) and internal (valued based on the hours worked on these projects) are capitalized from the moment that the success of the corresponding projects is probable.

The Group usually considers that the IAS 38 criteria are met when a project enters the Tender Ready phase within the project portfolio, i.e., when the conditions defined by the Group as described below. These criteria differ depending on whether it is a project:

- related to an industrial application: a request from a potential client for the submission of a "binding" offer or the submission of such an offer is necessary for the process of obtaining subsidies,
- dedicated to a mobility application: a strategic investment decision after analysis of demand in a geographic area, capacity to serve demand, and potential grants.

All projects are reviewed at each closing date. When the conditions for the recognition of an internally generated asset are not met, project development expenses are recognized as expenses during the year in which they are incurred.

Expenses related to these projects cease to be capitalized upon the commissioning of hydrogen production sites. From the commissioning of the project, depreciation is calculated on a straight-line basis over the estimated useful life of the underlying asset.

When the Group believes that the probability of success diminishes as a result of unusual external factors, development expenses are impaired and recognized as "Impairment of non-current assets". When a project is abandoned, development expenses related to that project are recognized as expenses within "Other non-current operating income and expenses".

1.7.2 Other intangible fixed assets

Other intangible fixed assets are initially recognized at their acquisition cost.

They mainly include software and license usage rights as well as onshore research and development costs capitalized at mobility sites. Other acquired intangible fixed assets are presented in the balance sheet at their acquisition cost, reduced, if applicable, by accumulated depreciation and impairment losses.

The estimated useful lives for the current period are 36 months for concessions, software and patents.

Onshore research and development costs are amortized over a period of 36 months.

The methods of amortization, useful lives and residual values are reviewed at each closing date and adjusted if necessary.

1.7.3 Property, plant and equipment and other tangible fixed assets

Property, plant and equipment and other tangible fixed assets are valued at their acquisition cost (purchase price and ancillary costs), less accumulated depreciation and impairment losses. Subsequent expenditures are included in the asset's carrying amount or, if appropriate, recognized as a separate asset if it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be measured reliably. All repair and maintenance costs are recognized as expenses.

Property, plant and equipment and other tangible fixed assets are not subject to revaluation.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. Residual values are not considered as their impact is not significant. The most commonly used useful lives are as follows:

- Technical installations, machinery, equipment and tools: from 1 to 20 years;
- Building installations, fittings and fixtures: from 3 to 9 years,
- Transport equipment: from 4 to 5 years,
- Office and computer equipment: from 3 to 10 years.

1.7.4 Leases

Under IFRS 16, the Group is only a lessee.

The Group recognizes a right-of-use asset from the moment that it obtains the right to use the underlying asset, and a lease liability presented among current and non-current "Borrowings and financial liabilities".

When initially recognizing a lease, the right-of-use asset and lease liability are measured by discounting future rents over the lease term, taking into account assumptions about lease renewals or early termination if these options are reasonably certain to be exercised. The lease payments considered only include the fixed portion of the leases; any variable component, such as indexation to electricity sales revenue, is treated as an operating expense for the accounting period.

To determine the discount rates, the Group uses the marginal borrowing rate.

The Group has used the optional exemptions provided for short-term contracts (lease term, as defined by the standard, is less than one year) and those for low-value items (underlying asset value less than \$5,000). Therefore, the lease payments related to these contracts are recognized in the income statement on a straight-line basis over the lease term. Refer to Note 2.1.5 for External expenses.

Identified contracts refer to the real estate complexes leased by the Group. The lease term was determined taking into account both contractual terms and the economic environment of the contract (particularly when related to a project). The lease term for the Group's lease agreements is the non-terminable term.

The lease terms were individually defined by contract, based on the asset's typology:

- from 3 to 9 years for commercial office leases;
- 15 years for the Bouin real estate complex.

The discount rate used to calculate the lease liability is determined, for all assets, based on the marginal borrowing rate at the lease commencement date. This rate is the interest rate

that the lessee would obtain, at the commencement of the lease, to borrow funds, with similar duration, collateral and economic environment, to acquire the asset.

The impacts of the application of IFRS 16 are presented in Note 3.1.2.

1.7.5 Impairment of fixed assets

In accordance with IAS 36, the Group evaluates the recoverability of its long-term assets using the following process:

- For depreciated tangible assets and amortized intangible assets, the Group evaluates at each closing date whether there is an indication of impairment on these assets. These indications are identified with respect to external or internal criteria, such as a change in technology or a cessation of activity.
- For non-amortized intangible assets (mainly projects not yet available for use), an impairment test is carried out at least once a year, as well as whenever there is an indication of impairment.

If it is not possible to estimate the recoverable amount of the asset individually, the Group identifies the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest group of assets that includes the asset to be tested, the continued use of which generates cash inflows largely independent of the cash inflows generated by other groups of assets.

The Group has recognized each project as a CGU.

The value in use of a CGU is determined with reference to the expected future discounted cash flows from these assets, within the economic assumptions and operating conditions expected by the Company's Management. If applicable, an impairment test is performed by comparing the carrying amount of the CGU to the recoverable amount which is the higher of the fair value less costs to sell or the value in use. If the recoverable amount of the CGU exceeds its carrying amount, the CGU and the associated goodwill must be considered not impaired. If the carrying amount of the CGU exceeds its recoverable amount, an impairment loss is recognized. In practice, impairment tests are performed with respect to the value in use corresponding to the discounted value of estimated cash flows from the use of this CGU.

Future cash flows are derived from the fifteen-year business plan established and validated by the Management. Cash flow forecasts are taken into account without regard to restructuring that has not been initiated, growth investments or financial structure, in accordance with the standard. Cash flows are discounted using a discount rate that in practice corresponds to the weighted average cost of capital determined by the company after tax.

Impairment losses are recognized in profit or loss when the update of the tests results in a recoverable amount exceeding their carrying amount.

The key assumptions used to determine the recoverable amount of the various CGUs, including a sensitivity analysis, are presented and explained in more detail in Note 3.1.1.

1.7.6 Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is calculated using the weighted average unit cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The cost of finished goods includes the cost of acquisition, the cost of processing and other costs incurred to bring the inventory to its present location and condition.

1.7.7 Grants

In accordance with IAS 20, government grants are recognized only when it is reasonably certain that the grant will be received and that all the associated conditions will be fulfilled.

1.7.7.1 Grants

The Group receives government grants for its innovative projects or future renewable hydrogen production sites. These grants are recognized when the Group is reasonably certain that the grant will be received and that all the associated conditions will be fulfilled.

The grant is recognized as a liability (under “Other non-current liabilities”), pending the recognition of related costs (i) in profit or loss when the grants are related to non-capitalized projects (external expenses and employee expenses) or (ii) when the asset to which it relates is commissioned (in which case the grant will be recognized on a systematic basis over the useful life of the asset, at the rate of its amortization). These grants are recognized in profit or loss under “Other current operating income”.

Grants receivable are recognized under “Other current assets”.

1.7.7.2 Conditional advances

The Group also receives financial assistance in the form of conditional advances, which may be fully or partially repayable based on the funder’s recognition of technical or commercial success of the related project by the financing entity.

The amount resulting from the deemed benefit of the interest-free nature is considered a grant for accounting purposes. This deemed benefit is determined by applying a discount rate equal to the effective interest rate over the repayment period of the advances.

Upon initial recognition of conditional advances, the difference between their fair value (value of future cash flows discounted at a market rate) and the amount of cash received is recognized as a government grant under “Other Income” as the expenses funded by these advances are recognized in accordance with IAS 20.

In the event of a change in the repayment schedule of conditional advances, the Group makes a new calculation of the net carrying amount of the debt resulting from the discounting of the new expected future cash flows. The resulting adjustment is recognized in the income statement for the financial year in which the change is recognized, as financial result.

In case of a declared failure, any debt granted waiver is recognized in other operating income.

1.7.7.3 Research Tax Credit

The Research Tax Credit (Crédit Impôt Recherche, CIR) is a tax credit that can be used to pay corporate tax granted to companies by the tax authorities to encourage them to carry out technical and scientific research.

The characteristics of the Research Tax Credit are such that it is always refunded by the State to the company, either by offsetting it against the tax on profits payable or directly if the company has a zero or negative tax result. Therefore, the CIR falls within the scope of IAS 20 and is treated as a grant.

The portion of the CIR relating to research expenses that do not meet the conditions for capitalization is recognized under “Other current income”.

The portion of the CIR related to development expenses that do meet the conditions for capitalization is initially recognized under “Other non-current liabilities” and then recognized as income at the same rate as the amortization of the capitalized costs to which it relates.

Details regarding grants and conditional advances are presented in Notes 3.8.3 and 3.11.

1.7.8 Borrowing costs

In accordance with IAS 23, general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are recognized as part of the cost of those assets when it is probable that they will generate future economic benefits and the costs can be reliably measured.

“Qualifying” assets are those that require a long period of preparation to be completed for their intended use. Capitalization will cease when all activities necessary to complete the asset are, in all significant respects, completed.

All other borrowing costs are recognized as expenses.

The impacts related to borrowing costs of contracts are disclosed in Note 2.2.

1.7.9 Financial assets

In accordance with IFRS 9 – Financial Instruments, the main financial assets are classified into one of the following three categories:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVOCI);
- Financial assets measured at fair value through profit or loss (FVPL).

The classification determines the accounting treatment of these assets. It is determined by the Group at the initial recognition date, based on the contractual cash flow characteristics of these assets and the purpose for which they were acquired (business model).

Purchases and sales of financial assets are recognized on the transaction date.

1.7.9.1 Assets at amortized cost

It refers to financial assets held to collect contractual cash flows consisting solely of interest and repayment of principal at specified dates. These assets are initially recorded at their fair value, and then measured at amortized cost using the effective interest rate method. This category mainly includes cash and cash equivalents, trade receivables, and deposits and guarantees (mostly made up of security deposits and guarantees granted in the context of commercial leases).

Their recoverable amount is examined whenever there is any indication that the asset may have suffered an impairment, and at least at each closing date. If the recoverable amount is less than the carrying amount, an impairment loss is immediately recognized in the consolidated statement of net profit or loss.

1.7.9.2 Assets at fair value through profit or loss

A financial asset is classified as financial asset at fair value through profit or loss if it is held for trading purposes or designated as such upon initial recognition or if the contractual

cash flows do not solely consist of payments of principal and interest at specified dates (for example, derivative instruments). Financial assets are considered as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management policy or investment strategy. Directly attributable transaction costs are recognized in profit or loss at initial recognition of these assets. Financial assets at fair value through profit or loss are measured at fair value, with any resulting gain or loss, including any dividend income, being recognized in profit or loss.

However, derivatives documented in a cash flow hedge relationship are also classified in this category.

No asset at fair value through profit or loss was identified as of 31 December 2022.

1.7.9.3 Impairment

The Group applies the "expected credit loss" model to financial assets measured at amortized cost. Trade receivables are evaluated using the simplified approach of IFRS 9 - Financial Instruments. Impairment losses are calculated using the historical loss rate observed and adjusted for prospective events, taking into account both individual credit risks and economic prospects in the relevant market.

1.7.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, highly liquid short-term investments that are easily convertible into a known amount of cash and are subject to negligible risk of value change, and bank overdrafts. Bank overdrafts are included in the current liabilities in the statement of financial position, under short-term borrowings and financial liabilities. Investments with an initial maturity of more than three months from the acquisition date without the possibility of early withdrawal are excluded from cash and cash equivalents.

The Group does not hold any cash other than cash on hand.

1.7.11 Capital and share issuance costs

Equity instruments are recorded at their transaction price net of transaction costs when issued. Equity instruments are not subject to revaluation. If an equity instrument is cancelled or repurchased, the consideration paid is directly deducted from equity and no profit or loss is recognized in the income statement.

Costs directly related to capital increases are recognized as a deduction from the share premium, i.e. as a deduction from equity in accordance with IAS 32.

1.7.12 Provisions

In compliance with IAS 37, the Group recognizes provisions when there is a present legal or implied obligation resulting from past events, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation resulting from past or ongoing events, and the amount of such outflow of resources can be reliably estimated.

The amount recognized as a provision is the estimate of the expenditure required to settle the obligation, discounted if necessary as at the closing date. Provisions for risks include provisions for ongoing litigation. The amount of provisions corresponds to the most likely estimate of the risk.

The Group evaluates provisions based on the facts and circumstances relating to current obligations at the closing date, based on its experience and to the best of its knowledge, after consulting the Group's lawyers and legal advisors, if any, as of the closing date.

Contingent liabilities are not recognized but are disclosed in the notes unless the probability of an outflow of resources is remote and the impact is not significant.

1.7.13 Financial liabilities

1.7.13.1 Liabilities at amortised cost

In accordance with IFRS 9, they are initially recognized at fair value of the consideration transferred, and subsequently measured at amortized cost, using the effective interest rate method. Transaction costs and premiums directly attributable to the issuance of a financial liability reduce its initial fair value. They are subsequently amortized on an actuarial basis over the life of the liability, using the effective interest rate.

This category mainly includes bonds (debt components), bank loans and overdrafts, trade accounts payable and repayable conditional advances.

1.7.13.2 Derivative instruments

This category mainly includes derivative instruments documented in a fair value hedge relationship as well as other derivative instruments not eligible for hedge accounting.

The effective portion of changes in fair value of derivative instruments documented in a cash flow hedge relationship is recorded in other comprehensive income (with subsequent recycling). The other portion of changes in fair value (ineffective portion) is recognized in profit or loss.

1.7.14 Convertible bonds

The Group's issued bonds have been accounted for in accordance with IAS 32 - Financial Instruments: Presentation. Convertible bonds can be recognized, depending on the characteristics of the embedded conversion option, as:

- both a debt component and an equity component (where conversion is expected to occur by delivering a fixed number of equity instruments in exchange for a fixed cash amount); or
- both a debt component and a passive derivative (in all other cases).

1.7.14.1 Bonds qualified as financial instruments with equity components

Instruments whose conversion option meets the definition of equity instruments are considered as instruments composed of two elements: (i) a debt component (bond without conversion option) and (ii) an equity component (for the conversion option).

Upon initial recognition, the issue price of the convertible bonds should be allocated between the debt and equity components:

- the debt component is equal to the contractual cash flows of the bond (coupons and repayment value) discounted at the market interest rate applicable to a financial instrument with substantially similar characteristics and cash flows excluding the conversion option. The value of the debt component is reduced by the fair value of any issuer call option, and increased by the fair value of any investor put option (these calls and puts being valued as calls and puts on a plain vanilla bond);

- the equity component has a value equal to the difference between the fair value of the convertible bond and the fair value of the debt component. It is recorded in equity under the “Reserves” item.

The issuance costs are allocated between the two components proportionately based on their respective values.

Subsequently, the debt component is accounted for at amortized cost using the effective interest rate method, which includes coupons, any conversion premium, and the allocated portion of the issuance costs. The value of the liability on the balance sheet is thus increased each accounting period to rebuild its redemption value at maturity. Additionally, if the investor put and issuer call are not separated, their exercise probability must be re-estimated at each closing date, and the present value of expected future cash flows on the debt component adjusted accordingly. Any difference from the previous estimate is recognized in profit or loss.

The equity component is not subject to subsequent revaluation.

1.7.14.2 Bonds qualified as financial instruments with passive derivative components

Convertible bonds whose conversion option does not meet the definition of equity instruments are considered to be instruments composed of two elements: (i) a debt component (bond without the conversion option) and (ii) a derivative financial instrument component classified as a passive derivative (the conversion option).

1.7.15 Derivative instruments

The conversion option of convertible bonds has been separated, accounted for as a passive derivative due to a variable conversion ratio, and valued at fair value with recognition of changes in fair value in profit or loss in accordance with IFRS 9.

Derivative instruments are accounted for at fair value. Gains or losses resulting from the revaluation at fair value are recognized immediately in the consolidated income statement as they are realised.

1.7.16 Share-based payments

Since its creation, the Group has implemented several equity-settled remuneration plans in the form of “Bons de Souscription de Parts de Créateur d’Entreprise” (stock-options for employees in a start-up, BSPCE), “bons de souscriptions d’actions” (share warrants, BSA) or free share allocation plans (attribution gratuite d’actions, AGA) awarded to employees, consultants and/or executives.

In accordance with IFRS 2, the cost of transactions settled in equity instruments is recognized as expenses in exchange for an increase in equity over the period during which the right to benefit from the equity instruments vests.

The Group has applied IFRS 2 to all equity instruments granted to executive officers, external service providers and employees. The amount recognized as an expense is adjusted to reflect the number of rights for which it is estimated that the service and non-market performance conditions will be fulfilled, so that the final amount recognized is based on the actual number of rights that meet the service and non-market performance conditions at the vesting date. For share-based payments subject to other conditions, the fair value measurement at the awarding date reflects these conditions, and any differences between

the estimate and the actual outcome are not subsequently adjusted. The characteristics of the instruments and the impact of IFRS 2 are presented in Notes 2.1.6, 3.7.2 and 3.7.3.

1.7.17 Retirement commitments and other post-employment benefits

The Group is exposed to recognizing retirement commitments for French end-of-career indemnities.

Under the IAS 19 Amendment of April 2021 by the IFRS IC, the Group does not yet meet the criteria for recognizing a liability.

1.7.18 Revenue

The Group's income from ordinary operations is derived from the sale of goods or services and reflects the fair value of the consideration that the Group expects to be entitled to. IFRS 15 requires the Group to evaluate income recognition based on a five-step model.

Thus, for its contracts with customers, the Group identifies separate performance obligations (goods or services), determines the transaction price, allocates the transaction price of the contract to the performance obligations, and recognizes income when (or as) the performance obligations are satisfied.

A performance obligation is considered satisfied when the customer obtains control of the asset sold. Control is defined as the current and present ability to decide on the use of the asset and to obtain substantially all the residual economic benefits.

The pace of revenue recognition is contract-specific, examining the terms and performance obligations given in each specific contract. Based on each specific contract and the corresponding obligations, income from ordinary activities under IFRS 15 is either recognized at a point in time or over time. Income is recognized over time using the method that best describes the transfer of control pattern over time. The applied method is the cost input method, adjusted as time and goods are delivered to the customer.

The transaction price does not include a significant financing component to the extent that payment terms are reasonably short. It also does not include a significant variable consideration. Additionally, contract costs are recognized as expenses when incurred.

Revenue consists of revenue from the supply of hydrogen and revenue from the provision of hydrogen storage equipment to customers. The Group's customers receive and simultaneously consume the benefits provided by the supply of hydrogen or its availability. Consequently, revenue recognition related to these contracts is recognized as the gas is supplied or reserved capacity is made available. Lhyfe supplies hydrogen with its own equipment (containers). Customers do not hold any control rights over the assets identified within the scope of IFRS 16 "Leases".

As a result, hydrogen supply contracts do not contain a lease and revenue recognition is as follows:

- Hydrogen supply: revenue recognition related to these contracts is recognized as the gas is supplied or the reserved capacity is made available;
- Service provision (provision of containers): revenue recognition is recognized as the services are performed.

The Group's engineers with specific expertise in the relevant field also provide engineering consulting services. The corresponding revenue is recognized as the services are performed.

1.7.19 Income tax

Income tax includes both current and deferred taxes and is recognized in net profit or loss. There is no tax integration as of 31 December 2022.

1.7.19.1 Current taxes

Current tax includes the estimated amount of tax payable (or receivable) on taxable income (or loss) for a period and any adjustments to the amount of current tax payable relating to previous accounting periods. The amount of current tax payable (or receivable) is determined based on the best estimate of the amount of tax that the Group expects to pay (or receive), taking into account any related uncertainties. It is calculated based on tax rates that have been enacted or substantively enacted at the closing date. Current tax also includes any tax arising from the declaration of dividends.

The CVAE (Cotisation sur la Valeur Ajoutée des Entreprises) is considered as income tax.

Refer to Note 2.3 for more information on income tax.

1.7.19.2 Deferred taxes

Deferred tax is recognized based on temporary differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax assets and unused tax credits are recognized when it is probable that the Group will have future taxable profit against which they can be offset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the closing date.

The measurement of deferred tax should reflect the tax consequences that would arise from the manner in which the Group expects, at the closing date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are presented on a net basis (net deferred tax) for each tax-paying entity.

1.7.20 Earnings per share

Diluted earnings per share are calculated by dividing the net profit attributable to shareholders of the Group by the weighted average number of outstanding shares during the financial year, adjusted for the maximum impact of conversion of dilutive instruments into ordinary shares according to the treasury stock method. Treasury shares are not included in this calculation.

Dilution is defined as a decrease in earnings per share, or an increase in loss per share. Therefore, when the consolidated net result attributable to the shareholders of the Group is a loss, since the exercise of any outstanding subscription option, BSA, BSPCE, AGA, or conversion of any other convertible instruments would result in a reduction in loss per share, these instruments are then considered anti-dilutive and are excluded from the calculation of the loss per share. (See Note 2.4).

1.7.21 Related parties

Related parties presented in the consolidated financial statements are defined as:

- Parties controlled by the Group: no controlling interest or associate have been identified;
- Parties controlling the Group such as corporate shareholders;
- Individuals who are members of the Group's management or parties controlling the Group, or who have a significant influence on the Group.

Financial assets and liabilities relating to related parties are presented as non-current financial assets or liabilities if they are settled or become due within 12 months of the closing date of the reporting period. Otherwise, these items are presented as current financial assets and liabilities. Assets and liabilities related to related parties are discounted for their non-current portion if the time value effect is significant.

Information on related parties is presented in Note 4.2 in accordance with IAS 24.

1.7.22 Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method and presents separately the cash flows related to operating, investing and financing activities.

Operating activities correspond to the main revenue-generating activities of the entity and all other activities that do not meet the criteria for investing or financing. Cash flows related to operating activities are calculated by adjusting the net income for changes in working capital, non-cash items (such as depreciation, impairments, etc.), gains on disposal, other calculated income and expenses.

Cash flows related to investing activities correspond to cash flows related to the acquisitions and production of fixed assets, disposal of fixed assets and other investments.

Financing activities are operations resulting from changes in the size and composition of the entity's contributed capital and borrowings. Increases in capital, the issuance or redemption of convertible bonds and the issuance or repayment of bank loans are classified in this category. The Group has chosen to classify financial interests, as well as repayable advances and grants, in this category.

1.7.23 Alternative performance indicators

In addition to revenue, the two financial performance indicators defined by the Group are:

- EBITDA ("Earnings Before Interest, Taxes, Depreciation, and Amortization") which is directly displayed in the income statement and corresponds to operating profit (EBIT) before depreciation and impairments (See Note 2.1.3);
- net financial debt which corresponds to the Borrowings and financial liabilities reduced by Cash and cash equivalents (See Note 3.8).

These performance indicators are not intended to replace IFRS indicators and should not be construed as such. Rather, they are used in conjunction with IFRS indicators. While they are used by the Board of Directors as a critical factor in defining the objectives and measuring the performance of the Group, these indicators are neither required nor defined by IFRS.

As an internal metric of the Group's performance, these operational indicators are subject to certain limitations, and the assessment of the Group's performance is not restricted solely to these indicators.

2 Notes to the Income Statement

2.1 Current elements of operating activities

2.1.1 Segment information

The Group reports only one operating segment based on the reports it regularly reviews in order to make decisions on resource allocation to the segment and performance assessment.

As of 31 December 2022, two customers individually represent more than 10% of the revenue. Sales from these clients account for 64% of the Group's total sales.

2.1.2 Revenue

Le chiffre d'affaires consolidé du Groupe s'élève à 570 K€ en 2022, contre 197 K€ en 2021. The Group's consolidated revenue is €570K in 2022, compared to €197K in 2021. This increase is due to the start of operations at the Bouin site in the second semester of 2021. In 2022, the Group's activity benefits from the full-year operation of the Bouin site.

LIDL SNC and the Syndicat Départemental d'Energie et d'Equipements de la Vendée (the Vendée Departmental Energy and Equipment Union), two of the Group's clients, have committed to purchase hydrogen from Lhyfe Bouin, for a period of 3 years starting from 31 December 2022. These contracts provide for a gradual increase in the quantity of hydrogen supplied in response to the evolving usage patterns of these clients. In addition, the selling prices vary depending on the volumes of hydrogen delivered.

Hydrogen activity

The Group generated €570K in revenue from its hydrogen operations during the 2022 financial year due to the full-year operation during that period.

2.1.3 EBITDA

Performance indicator

The main financial performance indicator followed by the Group is EBITDA, as defined in Note 1.7.23. As the Group has identified only one segment for the two disclosed financial years, this indicator is monitored globally.

In thousands of Euros	31/12/2022	31/12/2021
Income from ordinary operations	570	197
Cost of goods sold	(394)	(176)
External expenses	(7,261)	(2,890)
Employee expenses	(11,254)	(3,005)
Taxes, levies and similar payments	(81)	(23)
Other current operating income and expenses	1,418	485
EBITDA	(17,002)	(5,411)

2.1.4 Cost of goods sold

In thousands of Euros	31/12/2022	31/12/2021
Purchases of non-inventory materials and supplies	536	176
Change in inventories	(142)	-
Cost of goods sold	394	176

The cost of goods sold mainly include electricity and water costs of purchasing necessary to produce hydrogen; their increase is linked to the growth of the activity of the production site located in Bouin.

2.1.5 External expenses

In thousands of Euros	31/12/2022	31/12/2021
Rentals and occupancy charges	740	92
Maintenance and repairs	127	27
Insurance premiums	70	47
Other external services	714	387
Seconded staff	993	646
Fees	2,543	764
Advertising, publications, public relations	612	463
Transport	124	36
Travel, and reception expenses	1,206	306
Postage and telecommunication costs	57	17
Bank fees	37	11
Other external expenses	38	94
External expenses	7,261	2,890

Rentals and occupancy charges: The increase in this item is mainly related to the expansion of the group's geographical locations throughout Europe, resulting in short-term rentals dedicated to local teams.

Other external services: This item mainly includes expenses related to finding projects that do not meet the criteria for capitalization under IAS 38. These expenses amounted to €714k in 2022 compared to €387k in 2021. The increase in this item is mainly linked to studies initiated by the Group for hydrogen production projects at sea, particularly the SEALHYFE project. For more information on development expenses, refer to Note 3.1.1.

Seconded personnel: The increase is mainly explained by new service providers and consultants necessary to support commercial development in France and abroad, but also engineering teams notably in the context of the offshore hydrogen production site commissioning (SEALHYFE).

Fees: The increase is mainly explained, by recruitment expenses incurred in 2022 related to the search specific or international talents, the involvement of specialized firms for market and grants research or international expansion support.

Travel and reception expenses: The increase is linked to the Group's workforce growth, internationalization of its activity, and fewer employee trips in 2021 due to the Covid-19 crisis.

Communication, press relations, trade shows: The increase in marketing and communication expenses reflects an intensification of press relations, participation in trade shows, and the organization of events, particularly internationally.

2.1.6 Workforce and employee expenses

In thousands of Euros	31/12/2022	31/12/2021
Salaries and wages	7,798	2,225
Social agencies - expenses	2,737	720
Share-based payments	719	59
Payroll expenses	11,254	3,005

Employee expenses allocated to capitalized development projects amounted to €1,315K in 2022 compared to €553K in 2021. For more information on development expenses, refer to Note 3.1.1.

The rise in employee expenses correlates with the increase in workforce during the financial year. They are presented in Full-Time Equivalent (FTE) below:

	31/12/2022	31/12/2021
Engineering	35	14
Business development	29	12
Operations	11	2
Support	25	7
Total FTEs	101	35

	31/12/2022	31/12/2021
Total FTEs	101	35
Total headcount at closing date	149	58

Share-based payments

As of 31 December 2022, share-based payment schemes consist of “Bons de Souscription de Parts de Créateur d’Entreprise” (stock-options for employees in a start-up, BSPCE), “bons de souscriptions d’actions” (share warrants, BSA) or free share allocation plans (attribution gratuite d’actions, AGA).

Expenses recorded under IFRS 2

The total cost of the plan to be recorded corresponds to the fair value of the plan. It is spread over the period of the service condition for the acquisition of shares. The expenses recorded in the consolidated financial statements under IFRS 2 - Share-based Payments for the year 2022 are as follows:

As of 31/12/2022	BSPCE employees	BSPCE premium	BSA	AGA 2022 MG	AGA 2022 MANAGERS - DGD	AGA 2022 MANAGERS	AGA 2022 NE1	AGA 2022 PC	Total
Recognized expenses	€35,093	€23,325	€5,465	€512,990	€21,015	€52,537	€45,683	€23,142	€719,249

2.1.7 Taxes

In thousands of Euros	31/12/2022	31/12/2021
Taxes on salaries and wages	79	23
Other taxes	2	0
Taxes, levies and similar payments	81	23

2.1.8 Other current operating income and expenses

In thousands of Euros	31/12/2022	31/12/2021
Income from grants	1,306	486
Other expenses	(136)	(1)
Other income	248	1
Other current operating income and expenses	1,418	485

Other current operating income and expenses amounted to €1,418k in 2022 compared to €485k in 2021. This item mainly includes income from grants intended to offset research expenses.

Income from grants increased during the 2022 financial year as a result of securing additional grants and the acceleration of research expenses they fund. Grants recognized in 2022 are mainly related to:

- CIR for €340k, taking into account the amount of €296k corresponding to the CIR portion related to capitalized development expenses recognized in Other non-current liabilities;
- BPI grants received for the Deeptech project, for €59k;
- European Commission grant received for the GreenHyScale project, for €98k;
- Grants received from the Pays de la Loire Region for the Sealhyfe and SEM-Rev projects, for €353k;
- ADEME grants received for the SEM-Rev project, for €371k.

For more information on grant-related liabilities, refer to Note 3.11.

2.1.9 Depreciation, amortization, impairment and provisions - Current operating expenses

In thousands of Euros	31/12/2022	31/12/2021
Depreciation expenses of tangible fixed assets	972	233
Amortization expenses of intangible fixed assets	91	28
Increase in provisions for liabilities	89	8
Depreciation, amortization, impairment and provisions – Current operating expenses	1,153	269

- **Depreciation of tangible fixed assets:** The depreciation of tangible assets mainly relates to the right to use the Bouin offices and industrial site, production tools on site and hydrogen transportation containers (see Note 3.1.2).
- **Amortization of intangible assets:** The amortization of intangible assets relates to software and capitalized research and development expenses (see Note 3.1.1).

2.1.10 Other non-current operating income and expenses

In thousands of Euros	31/12/2022	31/12/2021
Share of grant transferred to the income/loss for the year	28	-
Capital gains on fixed assets	1	-
Other non-current income and expenses	(1,039)	-
Other non-current operating income and expenses	(1,011)	-

The other non-current operating expenses in the year 2022 are mainly related to the costs associated with the IPO.

2.2 Financial result

In thousands of Euros	31/12/2022	31/12/2021
Interest expenses on bank loans	(46)	(27)
Interest expenses on bond loans	(6,630)	(2,980)
Interest expenses on lease liabilities	(98)	(45)
Change in fair value of derivative instruments	(75)	-
Costs of financial debt	(6,851)	(3,052)
Interest income	266	8
Other financial expenses	(57)	-
Other financial income and expenses	209	8
Financial result	(6,641)	(3,044)

The financial result is mainly composed of the Group's borrowing costs: paid interest, accrued interest, interest on lease liabilities, changes in fair value of derivatives on convertible bonds, and the cost of undiscounting repayable advances. Other financial income and expenses include interest income as well as foreign exchange gains or losses from financial transactions. The significant increase in financial expenses in the 2022 financial year is largely due to the inclusion of the discount on the conversion of OC LB1, LB3 and LB4 convertible bonds in the calculation of the effective interest rate of the bond loans (see Note 3.6.1). This expense, which impacts the financial result by €4.4 million in 2022, does not, however, affect the Company's cash position.

Under IAS 23 (see Note 1.9.7), borrowing costs related to fixed assets whose production is spread over a long period are capitalized. They amounted to €30K in 2022 and €86K in 2021.

2.3 Income tax

The reconciliation between the theoretical tax expense and the actual tax expense is presented below:

In thousands of Euros	31/12/2022	31/12/2021
Net profit (loss) before tax	(25,808)	(8,724)
Theoretical profit (loss) before tax	(25,808)	(8,724)
Theoretical tax rate	25%	25%
Theoretical tax income (expenses)	6,452	2,181
Tax deficit not capitalized for the year	(7,604)	(1,751)
Crédit d'impôts recherche	85	42
Share-based payments (IFRS 2)	(180)	15
Expenses related to IPO	1,441	-
Other taxes not recognized for temporary differences	(17)	(465)
Effect of tax rate variances	(177)	-
Other differences	(4)	(22)
Tax recognized in profit or loss	(4)	-

The Group has recognized deferred tax assets on carryforward losses up to the amount of net deferred tax liabilities calculated on temporary differences, in such a way that they offset each other (see Note 3.14).

2.4 Earnings per share

	31/12/2022	31/12/2021
Net profit (loss) attributable to shareholders (€)	(25,818,628)	(8,724,428)
Weighted average number of shares outstanding	36,649,036	19,336,900
Basis earnings (loss) per share (€)	-0,70	-0,45

The calculation presented above takes into account the subdivision of the nominal value of shares by 100 decided by the General Meeting of 3 March 2022.

The Group records a loss for each financial year, and therefore, no dilutive effect is to be noted in the calculation of earnings per share.

3 Notes on the balance sheet

3.1 Intangible and tangible fixed assets

3.1.1 Intangible fixed assets

During the year ended 31 December 2022, intangible fixed assets changed as follows:

Gross value In thousands of Euros	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Gross value as of 31/12/2021	1,308	303	22	60	1,692
Development costs	-	-	-	-	-
Additions	3,108	-	8	-	3,116
Capitalisations	-	-	-	-	-
Disposals	-	-	-	-	-
Other movements	(768)	768	-	-	-
Gross value as of 31/12/2022	3,649	1,071	30	60	4,809

Amortization In thousands of Euros	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Amortiz. & impair. as of 31/12/2021	-	-	1	5	6
Amortization	-	65	6	20	91
Reversal	-	-	-	-	-
Other movements	-	-	-	-	-
Amortiz. & impair. as of 31/12/2022	-	65	7	25	97

Net value In thousands of Euros	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Net value as of 31/12/2021	1,308	303	21	55	1,686
Development costs	-	-	-	-	-
Additions	3,108	-	-	8	3,116
Commissioning	-	-	-	-	-
Amortiz., impair. & provisions	-	(65)	(6)	(20)	-91
Disposals / reversals	-	-	-	-	-
Other movements	(768)	768	-	-	-
Net value as of 31/12/2022	3,649	1,005	15	43	4,711

Intangible fixed assets mainly consist of the Group's development costs for projects that meet the criteria for capitalization defined by IAS 38 (see Note 1.7.1).

These development costs are related to the design of an industrial and modular solution for the production of renewable on-shore hydrogen (€500K in the year to 31 December 2022, compared to €537K capitalized as of 31 December 2021), the design of proprietary software tools, including Qualifhy and HMS – Hydrogen Management System (€604K of capitalized costs in the year to of 31 December 2022 compared to €731K capitalized as of 31 December 2021), and capitalized costs related to projects under development for €2,001K as of 31 December 2022.

Non-capitalized research & development costs amounted to €959K as of 31 December 2022, compared to €667K as of 31 December 2021.

Other movements mainly relate to the capitalization of development costs related to on-shore projects.

R&D projects

The Group's research and development focuses on the following three projects:

- Design of a standard on-shore hydrogen production site

Based on the work done in Bouin, Lhyfe engineering teams persistently worked on the design of standard on-shore hydrogen production sites in anticipation of future increasing production capacity. The Group believes that the project costs meet the criteria for recognition as an asset due to the expected business prospects and profitability for the mobility sites. Therefore, the Group commissioned the solution at the end of 2022 (with related research and development costs). The engineering teams are now working on new solutions for larger sites or improvements to the existing solution.

- Design of a standard off-shore hydrogen production site

Work was initially launched as part of the planned deployment of off-shore platforms, which involves the engineering of two platform concepts in partnership with Chantiers de l'Atlantique and Sofresid. In 2021, the Group also launched a new research and development project called SEALHYFE, aimed at installing the first offshore electrolyzer in partnership with the Ecole Centrale de Nantes. The Group invested significant amounts in this project in 2022, leading to the inauguration of this pilot site in September 2022.

The Group believes that the project costs do not meet the criteria for recognition as an asset, as this research and development project has not yet reached sufficient maturity, according to the Group.

- Development of proprietary software tools

The Group launched various projects on software development, including an artificial intelligence project as part of a partnership signed with CEA Tech aimed at improving the productivity of hydrogen production sites through the development of the HMS (Hydrogen Management System). The Group believes that the project costs meet the criteria for recognition as an asset as it is intended to optimize the hydrogen production process.

Impairment test

Intangible fixed assets in progress were subject to an impairment test for each project (on-shore and software). The operational assumptions (revenue, margin, cash flow forecasts) used for the impairment test were based on data prepared in a business plan.

The recoverable amounts of these two projects were estimated using the following methodology:

- Future cash flows are derived from the "mobility" activity taken into account in the 15-year business plan (the operating life of on-shore production sites);
- The discount rate used is 12%.

The analyses carried out by the Management on the recognized projects did not lead to the recognition of impairments as of 31 December 2022.

Sensitivity

The sensitivity of the valuation of the CGU is presented when a reasonably possible change in a key assumption could lead to the carrying amount of the CGU exceeding its recoverable amount.

The sensitivity analysis performed did not reveal any impairment risk.

3.1.2 Property, plant and equipment and other tangible fixed assets

Au cours de l'exercice clos le 31 décembre 2022, les immobilisations corporelles ont évolué de la manière suivante :

Gross value In thousands of Euros	Under construction	Technical installations, machinery, equipment and tools	Other tangible assets	Total
Gross value as of 31/12/2021	1,100	3,592	335	5,028
Additions	7,900	58	439	8,397
Capitalizations	-	-	-	-
Disposals	-	-	(24)	(24)
Currency translation adjustments	-	-	(1)	(1)
Other movements	(1,897)	1,439	458	-
Gross value as of 31/12/2022	7,103	5,089	1,207	13,399

Depreciation In thousands of Euros	Under construction	Technical installations, machinery, equipment and tools	Other tangible assets	Total
Depreciation & impair. as of 31/12/2021	-	23	57	80
Depreciation	-	347	173	520
Reversals	-	-	(8)	(8)
Currency translation adjustments	-	-	-	-
Other movements	-	-	-	-
Depreciation & impair. as of 31/12/2022	-	370	221	592

Net value In thousands of Euros	Under construction	Technical installations, machinery, equipment and tools	Other tangible assets	Total
Net value as of 31/12/2021	1,100	3,569	278	4,948
Additions	7,900	58	439	8,397
Commissioning	-	-	-	-
Depreciation, impair. & provisions	-	(347)	(173)	(520)
Disposals / reversals	-	-	(16)	(16)
Currency translation adjustments	-	-	(1)	(1)
Other movements	(1,897)	1,439	458	-
Net value as of 31/12/2022	7,103	4,719	986	12,807

Property, plant, equipment and other tangible fixed assets mainly consist of assets related to the industrial site located at 2 Port du Bec in Bouin as well as assets related to the offices of the Company's headquarters at 1 ter mail Pablo Picasso in Nantes.

The other movements mainly consist of the commissioning of fixed assets in progress at the end of the previous year.

The fixed assets under construction at the end of 2022 are mainly related to equipment acquired as part of projects under development and the deployment of the SEALHYFE project at sea, as well as containers for the transportation of hydrogen.

Impairment indicator

No impairment indicators were identified for property, plant, equipment and other tangible fixed assets.

Leases – IFRS 16

Four lease agreements fall within the scope of IFRS 16.

The first is the lease agreement for the Bouin industrial site, which took effect on 12 April 2021 following the completion of the technical hall, for a duration of 15 years.

In addition, there are three lease agreements for the headquarters offices. On 1 April 2022, the Group took possession of a new lease for the Pablo Picasso offices, for a duration of 10 years. In the second half of the year, the lease duration was revised as the Group has entered into a lease for a building in the future state of completion which should be delivered by 2025.

Furthermore, the Group chose not to apply IFRS 16 to short-term leases or leases on low-value assets.

The nature of the right-of-use assets recognized in the assets for the reporting period is as follows:

In thousands of Euros	Right-of-use - Lease	Buildings and production equipment	Offices and office equipment	Land
Net value as of 31/12/2021	2,832	2,299	471	61
Additions	3,338	3,338	-	-
Revaluations	(2,335)	(2,335)	-	-
Amortization	(453)	(395)	(58)	-
Net value as of 31/12/2022	3,383	2,908	413	61

3.2 Investments in equity-accounted investees

As of 31 December 2022, the Group owns a 39.20% interest in Botnia Hydrogen, consolidated using the equity method.

Net value	Investments in equity- accounted investees
In thousands of Euros	
As of 31 December 2021	-
Additions	1,060
Profit or loss for the year	(7)
Currency translation adjustments	(15)
As of 31 December 2022	1,037

3.3 Inventories

Inventories amount to €142k as of 31 December 2022, consisting of maintenance parts related to the Lhyfe Bouin operating site.

No provisions for impairment of inventory were recorded during the financial year.

3.4 Trade receivables and related accounts

In thousands of Euros	31/12/2022	31/12/2021
Trade receivables	45	211
Invoices to be issued	18	13
Gross value – End of year	63	224
Impairment	-	-
Net value – End of year	63	224

Gross trade receivables amounted to €63K as of 31 December 2022 and €224K as of 31 December 2021.

As of 31 December of each reporting year, no credit risk was identified. Consequently, the Group did not recognize any impairment.

3.5 Other current and non-current assets

In thousands of Euros	31/12/2022	31/12/2021
Other financial assets	414	41
Government grants receivable	593	593
Other non-current assets	1,007	633
Government grants receivable	1,747	734
VAT receivables	2,176	1,383
Other tax and social security receivables	9	7
Suppliers with a debit balance	792	7
Prepaid expenses	344	178
Other current assets	2	38
Other current assets	5,070	2,345
Other assets	6,076	2,978

Other assets consist mainly of VAT receivables as well as grants receivables, for which the Group has secured a commitment from a third party or foresees fulfilling the necessary conditions for obtaining them.

Other financial assets are mainly comprised of deposits and issued guarantees.

Government grants receivable amount to €2,340K as of 31 December 2022, compared to €1,326K as of 31 December 2021. As of 31 December 2022, the non-current portion, amounting to €593K, corresponds to the retention guarantee on Greenhyscale aid to be received in 2026. The current portion relates to grants to be received in 2023 as well as to the Research Tax Credit (Crédit d'Impôt Recherche, "CIR") to be received.

The Group benefits from the CIR in France. It is collected during the year following its allocation to the extent that the Group meets the criteria for exemption from the 3-year

waiting period. A CIR receivable is recognized on the balance sheet for respective amounts of €636K and €551K as of 31 December 2022 and 31 December 2021.

VAT receivables consist mainly of deductible VAT on purchases made at the end of the year. As of 31 December 2022, they also include a VAT refund requested by Lhyfe SA of €821K and a VAT refund requested by Lhyfe Bouin of €765K. Prepaid expenses mainly relate to insurance, rental and annualized services.

3.6 Cash and cash equivalents

In thousands of Euros	31/12/2022	31/12/2021
Cash on hand	121,223	6,205
Cash equivalents	23,263	43,683
Short-term investments	-	-
Cash and cash equivalents	144,492	49,888

Term accounts and cash surpluses are cash equivalents to the extent that they can be mobilized at very short notice and at an insignificant cost.

3.7 Equity

Movements affecting the Group's equity during the 2022 financial year are detailed in the Statement of Changes in Equity.

3.7.1 Share capital, reserves and premiums

The table below details the movements that occurred in the Group's capital over the reporting years:

	Number of shares	Nominal value (€)	In thousands of Euros		
			Capital	Premium	Total
As of 31 December 2021	193,369*	0.01	1.9	3,939	3,941
Share capital increase - 3 March 2022	-	0.01	191.5	(191)	-
Nominal value subdivision - 3 March 2022	19,143,531	0.01	-	-	-
OC Conversion - 24 May 2022	15,039,401	0.01	150.4	47,651	47,801
Share capital increase related to IPO	13,524,147		135.2	112,423	112,558
Share capital increase - 24 May 2022	12,571,429	0.01	125.7	109,874	110,000
Share capital increase - 17 June 2022	952,718	0.01	9.5	8,327	8,336
Deduction of share capital increase expenses				(5,778)	(5,778)
As of 31 December 2022	47,900,448	0.01	479.0	163,821	164,300

* Before the subdivision by 100 of the nominal value of the shares decided by the general meeting on 3 March 2022

The Group's IPO resulted in a capital increase of €118.3 million for Lhyfe, including €8.3 million from the over-allotment option, in addition to the conversion of €47.8 million of convertible bonds into shares on settlement-delivery day.

The bonds convertible into shares ("OC L") issued in 2019 and subscribed by Noria, Océan Participations, Ouest Croissance and Les Saules were instruments composed of both debt and equity components. As such, an equity component had been recognized, net of

issuance costs, starting from 16 October 2019 for €575K. This equity component was maintained as equity upon the conversion of the convertible bonds during the financial year.

Furthermore, the capital increase resulting from the company's IPO led to the deduction of expenses in the amount of €5,778K from the share premium.

The inclusion of discounts on bond conversion, relating to OCA LB1, OCA LB3, OCA LB4, and OCA LB5, as described in paragraph 3.6.1 of the consolidated financial statements of the Registration Document, has an impact on the Group's consolidated reserves for €4,781K.

3.7.2 Stock-options for employees in a start-up (BSPCE) awarded to employees and one Executive Director and Share Warrants (BSA) awarded to one consultant

Description of the plans

The Chairman was authorised by the General Meeting of Shareholders to implement the following BSPCE and BSA plans:

- 8 April 2021: Issuance of 1,700 BSA giving the right to subscribe to ordinary shares, using the delegation given on the same day. Their strike period is 10 years. These BSA were awarded to one consultant;
- 12 April 2021: Issuance of 8,500 BSPCE Employees giving the right to subscribe to ordinary shares, using the delegation given on 19 April 2019. Their strike period is 10 years. These BSPCE Employees were awarded to specific employees;
- 12 April 2021: Issuance of 6,800 BSPCE Premium giving the right to subscribe to ordinary shares, using the delegation given on 19 April 2019. Their strike period is 10 years. These BSPCE Premium were awarded to the Executive Director and specific employees.

Evolution of the number of outstanding BSPCE and BSA

The following table summarises the number of outstanding BSPCE and BSA and their movements during the reporting period:

In figures	BSPCE Employees	BSPCE Premium	BSA Consultants	TOTAL
As of 31 December 2021*	8,500	6,800	1,700	17,000
Allocated during the financial year	-	-	-	-
Null and void	-	-	-	-
As of 31 December 2022	8,500	6,800	1,700	17,000
*Entitling the holder to the number of shares, after subdivision of the nominal value by 100:	850,000	680,000	170,000	1,700,000

Valuation of the fair value of the BSPCE and BSA

The following table summarises the approved plans being acquired as of 31 December 2022, as well as the fair value valuation methods for the associated options:

	BSPCE Employees	BSPCE Premium	BSA
Approval date by General Meeting	16/10/2019	16/10/2019	16/10/2019
Awarding date	12/04/2021	12/04/2021	08/04/2021
Number of instruments awarded ⁽¹⁾	8,500	6,800	1,700
Vesting period	4 year	3.7 year	4 year

Vesting conditions	Présence	Performance	Présence
Strike period	10 ans	10 ans	10 ans
Valuation methods used	Black and Scholes	Black and Scholes	Black and Scholes
Underlying share price *	€42.84	€42.84	€42.84
Strike price (1)	€42.84	€42.84	€42.84
Expected volatility **	30%	30%	30%
Risk-free rate ***	-0.31% à -0.44%	-0.31%	-0.35%
Expected maturity	5.5 à 7 year	6.8 year	7 year
Fair value of the option	€12.16	€12.76	€12.86

* Share price on the awarding date

** Based on the volatility usually observed for instruments of the same type

*** Risk-free obligation (State Loan) OAT France 5 and 7 years

(1) Following the subdivision of the nominal value by 100 and the creation of 100 new shares for one old share on 11 March 2022, each BSA and BSPCE gives the right to subscribe to 100 shares for a total price of €42.84.

3.7.3 Free share allocation plans

The Board of Directors was authorized by the Shareholders' General Meeting to implement the following AGA plans (Free Share Allocation plans) dated 20 September 2022:

- Issuance of 954,500 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the Chief Executive Officer (Président Directeur Général) of the Company;
- Issuance of 25,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the deputy general managers (Directeurs Généraux Délégués);
- Issuance of 67,500 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the Managers (Cadres) of the Company;
- Issuance of 85,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to one employee who is also a member of the Board of Directors;
- Issuance of 33,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to two key persons of the Company.

Valuation of the free share allocation plans approved for the 2022 financial year

The following table summarises the characteristics of the free share allocation plans approved for the 2022 financial year and the valuation components of these plans.

Characteristics of the plans	AGA 2022 MG	AGA 2022 MANAGERS - DGD	AGA 2022 MANAGERS	AGA 2022 NE1	AGA 2022 PC	Total
Awarding date	20/09/2022	20/09/2022	20/09/2022	20/09/2022	20/09/2022	
Vesting date	31/12/2027	31/12/2025	19/09/2025	19/09/2027	19/09/2026	
Number of shares awarded	954,500	25,000	62,500	85,000	33,000	1,160,000
Vesting period	5 year	3 year	3 year	5 year	4 year	
Service condition	31/12/2026	31/12/2024	31/12/2024	31/12/2026	31/12/2025	
Calculation of fair value						
Share price used *	€8.20	€8.20	€8.20	€8.20	€8.20	€8.20

Expected dividends **	-	-	-	-	-	-
Plan Fair Value ***	€7,826,900	€205,000	€512,500	€697,000	€270,600	€9,512,000

* Opening share price at the awarding date of the plans.

** Based on the history of dividends paid.

*** The fair value of the plan thus corresponds to the product of the number of shares allocated by the share price.

3.8 Borrowings and financial liabilities

The Group's net financial debt is as follows:

In thousands of Euros	31/12/2022	31/12/2021
Bank loans	3,866	3,176
Bond loans	12,160	48,738
Lease liabilities	3,778	2,984
Conditional advances	1,341	644
Accrued interest not yet due	1,206	2,800
Bank advances	3	-
Financial liabilities (B)	22,354	58,342
Cash and cash equivalents (A)	144,492	49,888
Net financial debt (B - A)	(122,137)	8,454

The following table presents the changes in non-current and current financial liabilities:

In thousands of Euros	31/12 2021	Issues	Repayme nts	Convers ion	Reclassi fications	Restat ements	31/12 2022
Bank loans	2,891	960			(491)	15	3,375
Bond loans	48,738	9,474		(47,021)	(766)	968	11,394
Lease liabilities	2,831				(577)	1,004	3,257
Conditional advances	644	857					1,341
Accrued interest not yet due							
Bank advances							
Non-current financial liabilities	55,103	11,291		(47,021)	(1,834)	1,828	19,368
Bank loans	285		(285)		491		491
Bond loans					(766)		766
Lease liabilities	154				577	(210)	521
Conditional advances							
Accrued interest not yet due	2,800	149				(1,743)	1,206
Bank advances		3					3
Current financial liabilities	3,238	151	(285)		1,834	(1,953)	2,986
Financial liabilities	58,342	11,442	(285)	(47,021)		(125)	22,354
Cash	49,888						144,492
Net cash	(8,454)						122,138

The changes related to bond loans consist, on the one hand, of the subscription to the OCA LB5 convertible bonds by Mitsui, for an amount of €10 million, minus €0.5 million in fees, and

on the other hand, of the conversion of the OCL, OC LB, OCA LB1, OCA LB3, OCA LB4, and OCA LB5 convertible bonds during the IPO for €47.8 million.

Other changes are related to the consideration of TIE (Effective Interest Rate) of bond loans, bank loans and repayable advances.

A new lease liability is recognized under the new lease agreement falling within the scope of IFRS 16 during the financial year. This relates to the lease agreement for the offices located at mail Pablo Picasso, as presented in Note 3.1.2.

Debt Schedule

The maturity of financial liabilities is summarized in the table below:

In thousands of Euros	Current	Non-current		Total
	Less than 1 year	1-5 years	More than 5 years	
Bank loans	491	2,714	661	3,866
Bond loans	766	6,891	4,503	12,160
Lease liabilities	521	1,242	2,015	3,778
Conditional advances	-	805	536	1,341
Accrued interest not yet due	1,206	-	-	1,206
Current accounts	3	-	-	3
Financial liabilities as of 31 December 2022	2,987	11,485	7,883	22,354
		19,368		

The contractual maturities are presented in the table below:

In thousands of Euros	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	TOTAL
Bank loans	491	574	778	789	638	661	3,931
Conditional advances	-	165	222	219	299	703	1,609
Bond loans	766	1,526	1,664	1,814	1,977	4,503	12,250
Lease liabilities	521	537	370	166	170	2,014	3,778
Accrued interest	-	-	-	-	-	-	-
As of 31 December 2022	1,778	2,803	3,033	2,988	3,084	7,883	21,568

Accrued but not yet due interests take into account the discount in the effective interest rate used for convertible bonds (see Note 2.2).

3.8.1 Convertibles bond loans

To finance its development, the Group has issued several convertible bond loans.

As of 31 December 2022, financial liabilities under the OCA amounted to €12,160K and correspond only to the convertible bonds OCA LB2 and OCA LB2 Bis.

The main characteristics of the issued OCAs are as follows:

July 2021 "LB2" OC

On 13 July 2021, the Company issued a convertible bond loan "LB2" for a total of 10,250,000 convertible bonds, with a unit nominal value of 1 Euro, representing a total amount of 10.25 million Euros. These bonds bear a variable interest rate, calculated based on the

achievement of ESG criteria (tons of CO2 avoided in the previous year) ranging from 8.8% to 9.2%. They mature on 13 July 2029 and are repaid annually from 13 July 2023.

These "LB2" OCA were classified as hybrid instruments, as the conversion option, due to a variable parity, does not qualify as an equity instrument. Therefore, these "LB2" OCA were fully accounted for as financial liabilities and at amortized cost. The conversion option was valued at fair value and accounted for separately as a passive derivative. Subsequent changes in fair value of the derivative are recognized as financial result.

"LB2 Bis" OC

On 14 December 2021, the Company issued a convertible bond loan "LB2 Bis" for a total of 2,000,000 convertible bonds, with a nominal value of 1 Euro per unit, i.e. a total amount of 2 million Euros. These bonds have a variable interest rate, calculated based on the achievement of ESG criteria (tons of CO2 avoided in the previous year) ranging from 8.8% to 9.2%. They mature on 14 December 2029 and are repaid annually from 15 July 2023.

These "LB2 Bis" OCA were classified as hybrid instruments, as the conversion option, due to a variable parity, does not qualify as an equity instrument. Therefore, these "LB2 Bis" OCA were fully accounted for as financial liabilities and at amortized cost. The conversion option was valued at fair value and accounted for separately as a passive derivative. Subsequent changes in fair value of the derivative are recognized as financial result.

3.8.2. Bank loans and borrowings

The loans granted to the Group, net of issuance fees, amounted to €3,176K as of 31 December 2021, and €3,866K as of 31 December 2022.

During the year ended 31 December 2022, the Group received a new loan. This loan was granted by Banque Populaire Grand Ouest on 19 December 2022, for an amount of €900K. It aims to finance the SEALHYFE project and bears an annual interest rate of 3.39%. After a 2-year repayment deferment period, the loan is repaid annually over 5 years starting in January 2025. Early repayment is possible at any time upon one month's notice and a penalty of 5% of the outstanding principal. This loan is guaranteed by the European Investment Fund for €630k. The four other loans outstanding as of 31 December 2021, were repaid in accordance with the repayment schedules.

The Group's facility agreements do not contain any covenants.

3.8.3. Conditional advances

The Group benefits from several forms of financial assistance as advances. They have been recorded as financial liabilities since the Group reasonably estimates that it can fully repay them, given the repayment terms.

Conditional advances amounted to €1,344K as of 31 December 2022, compared to €644K as of 31 December 2021.

The advances recorded in 2022 are as follows:

Deep Tech:

- Advance granted by BPI France Financement on 11 May 2020, financing research and development projects related to the design of a standard hydrogen onshore production site, preliminary studies related to hydrogen production at sea, and work related to artificial intelligence;

- The subsidised base is €5,528K, of which BPI finances 22.5% by subsidy and 22.5% by repayable advance, i.e. €1,244K. As of 31 December 2020, the Group received a first tranche of €622k discounted at 2% in accordance with IAS 20. No additional amount was collected as of 31 December 2022. The other tranches of advances are to be obtained upon presentation of progress reports in 2023;
- This advance will be repaid to BPI by quarterly payments over 4 years starting on 31 March 2024.

International prospecting insurance:

- Advance granted by BPI France Assurance Export on 11 August 2020, aimed at guaranteeing the Group against total or partial failure of its prospecting operations in Germany over the period from 1 July 2020 to 31 June 2023;
- The guaranteed budget is €400K. BPI France finances 65% of this project by conditional advance, i.e. €260K. As of 31 December 2020, the Group received 50% of this advance, i.e. €130K discounted at 2% in accordance with IAS 20. No additional amount was collected as of 31 December 2022;
- This advance will be repaid to BPI by quarterly payments over 3 years starting on 31 July 2022, in the event of commercial success in the relevant country.

Financing of the SEALHYFE project by ADEME:

- Advance granted by ADEME in August 2022 for a total amount of €243K as part of the financing of the SEALHYFE, project, a pilot site for renewable hydrogen offshore production.
- The Group received €36K in 2022 for this purpose;
- This advance will be repaid to ADEME in two annual payments, the first of which will take place 6 months after the end of the financial year in which the Investment Phase takes place.

Financing of the Corridor H2 project by the Occitanie Region:

- Advance granted by the Occitanie Region as part of the financing of the future hydrogen production site located in Bessières for a total amount of €4,103K;
- The Group received €821K for this purpose in 2022;
- This advance will be repaid to the Occitanie Region through monthly payments over a period of 7 years after a two-year deferment following the completion of the transaction.

Given the effective interest rates of the contracts close to 0%, and in accordance with IFRS 9 and IAS 20 standards, the difference in valuation between the discounted debt at a market rate and the received debt is recorded under "Other non-current liabilities". The Group estimated the market rate at 2% based on the rates applicable to its existing financial debts for the 2021 financial year and 3.39% for the 2022 financial year. Like a grant, this income is recognized in the income statement, under "Other current operating income", as expenses covered by this repayable advance are recorded. The amounts recorded under "Other non-current liabilities" amounted to €103K as of 31 December 2021 and €287K as of 31 December 2022.

3.8.4. Lease liabilities – IFRS 16

The lease liability is initially evaluated at the present value of the lease payments not yet paid at the effective date, discounted at the lessee's marginal borrowing rate, then repaid and undiscounted according to the rent payment schedule. The assets concerned are those presented in Note 3.1.2, namely the Nantes offices and the Bouin industrial site.

3.9 Derivative instruments

Derivative instruments are nil as of 31 December 2022 following the conversion of convertible bonds during the Company's IPO.

3.10 Trade accounts payable and related accounts

In thousands of Euros	31/12/2022	31/12/2021
Trade accounts payable	3,273	1,592
Invoices not yet received	1,313	471
Trade accounts payable and related accounts	4,586	2,063

Trade accounts payable correspond to short-term debts to the Group's suppliers, to be settled within a period of less than one year.

3.11 Other current and non-current liabilities

In thousands of Euros	31/12/2022	31/12/2021
Grants	8,769	6,544
Other liabilities	-	-
Other non-current liabilities	8,769	6,544
Social security liabilities	2,461	859
Tax liabilities	854	784
Other liabilities	5	5
Other current liabilities	3,320	1,646
Other liabilities	12,089	8,191

The other liabilities consist mainly of government grants recognized as advances on grants awarded. The Group accounts for the grants awarded separately from the expenses and financed assets.

The Group classifies grants according to the nature of the expenses of the subsidised base, as defined in the relevant contract. The monitoring of the expenses incurred by project enables the estimate of the grant share to be recognized in the income statement as "Other current operating income".

The following table summarises the state of the grants recognized in "Other non-current liabilities" and "Other current operating income" during the reporting period:

In thousands of Euros	Awarded	Received	Other liability	Other assets
			Deferred income	Grants receivable
<i>Crédit d'impôt Recherche</i>	551	76	461	551
Grants	12,261	4,348	6,083	775

TOTAL 31 December 2021	12,812	4,424	6,544	1,326
<i>Crédit d'Impôt Recherche</i>	636	551	757	636
Grants	21,486	7,340	8,012	1,051
TOTAL 31 December 2022	22,122	7,891	8,769	1,687

The main grants received by the Group are as follows:

- **Deep Tech development grant:** the grant was granted by BPI France Financement on 11 May 2020. This grant enabled to financeresearch and development projects related to the design of standard hydrogen onshore production sites of increasing capacity, preliminary studies related to offshore hydrogen production and work related to artificial intelligence. It amounts to €1,244K (i.e. 22.5% of the eligible expenditure base). 50% had been received on 31 December 2020. No additional collection has been done since then. The conditional advance part of the grant has an interest rate lower than the market rate equal to aid of €136K (see Note 3.8.3).
- **Financing Agreement – H2 OUEST:** confirmation of grant was obtained on 5 March 2021. It relates to the financing by ADEME of hydrogen production projects from wind energy (AAP mobility ecosystem) up to €908K, i.e., the equipment of the Bouin production site. As of 31 December 2021, the Group had received a 20% advance payment on the grant and had collected an additional amount of €545K during the year ended 31 December 2022;
- **“GreenHyScale” grant:** this grant, totalling €11,852K, granted by the European Commission, concerns a project led by a European consortium “GreenLab,” of which the Group is the only French partner relating to the development of a green hydrogen production site incorporating a new generation electrolyzer with a capacity of 100 MW;
- **Financing Agreement – VYhGO 2 Lorient:** this ADEME grant, totalling €3,067Kaims at financing the equipment of the production site located in Buléon, Morbihan. As of 31 December 2022, the Group had received a 20% advance payment on the grant and had thus collected €613K;
- **Financing Agreement – Corridor H2 Occitanie:** this financing agreement signed between the Group and the Occitanie Region aims to finance the hydrogen production equipment located in Bessières, notably through a grant of €1,893K. The Group collected €379K in grants in 2022 under this financing. The conditional advance included in this financial agreement has an interest rate lower than the market rate, equivalent to an aid of €185K (see note 3.8.3).
- **Financing Agreement – SEALHYFE:** in addition to the financing previously granted by the Pays de la Loire Region for the SEALHYFE project, ADEME granted an aid of €729K to the Group. This grant aims to finance the pilot site for offshore hydrogen production. The Group collected €109K under this aid in 2022.
- **Crédit d'Impôt Recherche (CIR, Research Tax Credit):** the CIR received is treated as a government grant. It relates to the research and development expenses incurred by the Group and amounts to €636K in 2022, compared to €551K in 2021. It is allocated to projects based on the underlying expenses.

The Group has recognized in other liabilities the amounts of grants for which it believes it meets the conditions for obtaining and receiving them.

3.12 Financial Instruments recorded in the balance sheet

In accordance with the Amendment to IFRS 7, the levels in the fair value hierarchy are as follows:

- Level 1: fair value based on quoted prices of the instrument in an active market;
- Level 2: fair value assessed using observable market data (other than quoted prices of the instrument included in level 1);
- Level 3: fair value determined using valuation techniques based on unobservable market data.

The financial instruments recorded in the balance sheet are detailed as follows for the reporting periods:

As of 31 December 2022 (In thousands of Euros)	Level	Net carrying amount	Fair value through profit or loss (1)	Debt at amortised cost (2)	Fair value
Financial ASSETS					
Net trade receivables	2	63	-	63	63
Other financial assets	2	5,284		5,284	5,284
Trade accounts payable	2	147	-	147	147
Cash and cash equivalents	2	144,492	144,492	-	144,492
Total Financial assets		149,985	144,492	5,494	149,985
Financial LIABILITIES					
Long-term borrowings and financial liabilities	2	19,476	-	19,476	19,476
Short-term borrowings and financial liabilities	2	3,079	-	3,079	3,079
Trade accounts payable and other liabilities	2	3,940	-	3,940	3,940
Other financial liabilities	2	12,084	-	12,084	12,084
Other payables	2	5		5	5
Total Financial liabilities		38,584	-	38,584	38,584

Note (1) – Fair value through profit or loss: the fair value of financial assets held for sale corresponds to the market value of the assets

Note (2) – Debt at amortised cost:

- The net carrying amount of current financial assets and liabilities is considered to be an approximation of their fair value;
- The fair value of borrowings and financial liabilities was estimated using the discounted future cash flow method at a market rate.

3.13 Provisions

In thousands of Euros	31/12/2022	31/12/2021
Current provisions	44	-
Non-current provisions	53	8
Provisions	97	8

Current provisions have been made for ongoing litigation.

Non-current provisions correspond to a provision for periodic inspection of commissioned hydrogen transport equipment. It amounted to €53K at 31 December 2022, compared to €8K at 31 December 2021. A provision of €44K was made in this regard during the 2022 financial year.

3.14 Deferred tax assets and liabilities

In thousands of Euros	31/12/2022	31/12/2021
Deferred tax assets	-	314
Deferred tax liabilities	-	(314)
Net deferred taxes	-	0

No deferred tax assets have been recognized beyond deferred tax liabilities in the Group's consolidated financial statements as of 31 December 2022 and 2021.

The carryforward losses are presented in the table below. They mainly come from French companies and can be carried forward indefinitely.

In thousands of Euros	31/12/2022	31/12/2021
Capitalized tax deficit (taxable base)	-	-
Non-capitalized tax deficit (taxable base)	36,297	7,004
Total tax deficit carryforward	36,297	7,004

4 Other information

4.1 Financial risk management

The Group's main financial instruments comprise of non-current financial assets, trade receivables, financial liabilities, trade accounts payable and cash. The purpose of managing these instruments is to finance the Group's business activities. The Group's policy is not to subscribe financial instruments for speculative purposes.

The main risks to which the Group is exposed are liquidity risk, interest rate risk and credit risk.

Liquidity risk

Since its inception, the Group has financed its growth by strengthening its equity through successive capital increases, financing certain investments through leasing, securing grants and government aid for innovation, as well as medium-term bank borrowing and the issuance of convertible bonds.

As of 31 December 2022, the Group's cash and cash equivalents amounted to €144.5 million, and the external funding available to the Group is detailed in Note 3.6. The Company's facility agreements do not include covenants.

The Group will continue to have significant financing needs for the development of its activities. Its ability to generate cash flows equivalent to its needs in the future is uncertain.

The Group may not be able to obtain additional capital when needed, or that this capital may not be available on acceptable financial terms for the Group. If the necessary funds were not available, the Group could be forced to slow down both its research and development and commercial efforts. In view of the Group's net cash available as of 31 December 2022, its liquidity horizon is well over 12 months.

Interest rate risk

The only exposure to interest rate risk is related to fixed-term accounts and deposits.

Given the current low level of remuneration for this type of investment, the Group considers that any +/-1% change would have a non-significant impact on its net profit/loss in view of the losses generated by its operating activity.

The Group has no variable-rate debt except for the OC LB2 and LB2 Bis convertible bonds, owing that the return rate of these convertible bonds is capped at 9.2% (compared to an interest rate range between 8.8% and 9.2%).

Currency risk

Subsidiaries located outside the euro zone (Denmark, Sweden, United Kingdom and Canada) do not generate significant conversion risk for the Group due to very limited activity at this stage.

The currency risk on operational transactions remains limited. The entire revenue and activity products are in Euros for all financial years, and currency costs are not significant.

The Group has not taken out any hedging arrangements to protect its activity against fluctuations in exchange rates given the insignificant nature of the transactions carried out in currencies.

Depending on the development of its activity, the Group cannot exclude greater exposure to currency risk. The Group will then consider adopting an appropriate policy to cover these risks. If it were unable to take effective hedging measures in the future to cover fluctuations in exchange rates, its financial position could be affected.

Credit risk

Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions, as well as exposures related to customer credit, including unpaid receivables and transactions engaged.

The credit risk related to cash, cash equivalents and deposits with banks and financial institutions is not considered significant, as the Group has liquidity and investments only with first-class banks.

The credit risk related to customer credit is considered controlled by the Group, as the customer portfolio is mainly composed of large industrial or public players.

4.2 Transactions with related parties

The related parties with whom transactions are conducted include associates and joint-venture companies directly or indirectly held by the Company, and entities that directly or indirectly own a stake in the Group.

These transactions are concluded on arm's length basis and presented in the following table:

In thousands of Euros	31/12/2022	Dirigeant	Actionnaires
Trade receivables and related accounts			
Trade accounts payable and related accounts			
Current account			
Purchases of fixed assets			
External expenses	24	24	
Revenue			

Transactions with related parties correspond exclusively to the provision of services to Fresh Future (Matthieu Guesné).

Remuneration of executives

The key management personnel are the employees members of the Company's Board of Directors, including the CEO and two deputy general managers (directeurs généraux délégués). At the previous year-end closing, only the executive's remuneration was presented:

In thousands of Euros	31/12/2022	31/12/2021*
Fixed remuneration*	529	95
Variable remuneration	340	10
Post-employment benefits	-	-
Share-based payments	606	-
Benefits in kind		-
Remuneration of executives	1,475	105

* Only the CEO's remuneration is shown in the above table for the financial year 2021. The remuneration presented above is gross and therefore does not include employer's social charges.

The general meetings of shareholders held on 11 May 2021 and 3 March 2022, respectively, set the remuneration of the Presiding Company (Fresh Future SARL) through which Mr Matthieu Guesné was remunerated under the self-employed regime (TNS) until 11 March 2022.

There are no post-employment benefits, other long-term benefits or severance payments.

4.3 Fees of Auditors and members of their network

Le tableau ci-dessous présente les honoraires au titre des travaux menés par les Commissaires aux comptes au cours des 2 exercices présentés :

In thousands of Euros	31/12/2022		31/12/2021	
	Baker Tilly Strego	Deloitte	Baker Tilly Strego	Deloitte
Legal audit	27	73	11	15
Services other than the financial statements certification	15	142	2	-
Auditors' fees	42	215	13	15

The services other than the financial statements certification presented above mainly consist of due diligence in connection with the Company's IPO in the first half of 2022 and acquisitions.

4.4 Off-balance sheet commitments

The commitments mentioned in this accompanying note include all off-balance sheet commitments identified by the Group as significant and made to third parties. They are as follows:

- Security interests in personam (guarantees);
- Security interests in rem (mortgages, pledges).

In thousands of Euros	31/12/2022	31/12/2021
Commitments taken		
Pledges	1,691	2,122
<i>o/w equipment</i>	861	1,122
<i>o/w business</i>	830	1,000
Guarantees given	388	-
Total Commitments taken	2,079	2,122
Commitments received		
Guarantees received	-	-
Total Commitments received	-	-
Net Commitments	2,079	2,122

Guarantees on demand granted by the Group:

The Group granted a guarantee on demand to the lessor of the premises located at Mail Pablo Picasso, Zac Pré Gauchet in Nantes on 23 March 2022 for an amount of €388K.

Pledges

Pledges have been granted by the Group for the benefit of the lending institutions:

- The Loan granted by Crédit Agricole Atlantique Vendée for €1,000K on 28 April 2021 is secured by the pledge of Lhyfe business (fonds de commerce). The outstanding principal as of 31 December 2022 is €830K.
- The Loan granted by Crédit Mutuel Océan for €1,000K on 22 December 2021 is secured by the pledge of the electrolyzer and a compressor. The outstanding principal as of 31 December 2022 is €861K.

Commitments received

As part of the electricity supply contract signed by Lhyfe Bouin and Vendée Energie to supply the Bouin production site, the Group has a monetary reserve amounting to €276K. This reserve may be used by Lhyfe Bouin for future electricity needs, particularly when the volumes consumed by the production site exceed those guaranteed by the supply contract.

APPENDIX 2
Annual Financial Statements



Société anonyme
Siège social : 1 ter mail Pablo Picasso – 44000 Nantes
R.C.S. Nantes 850 415 290

Annual financial statements

Financial year ended 31 December 2022

Annual statements

Balance sheet (Assets)

In thousands of Euros	31/12/2022			31/12/2021
	Gross	Depr. & amort.	Net	Net
Fixed Assets				
Intangible assets				
Formation expenses				
Development costs	768	1	767	
Concessions, patents & similar rights	81	32	50	75
Goodwill				
Other intangible assets	3,510		3,510	1,283
Advances & payments on account re intangible assets				
Property, plant and equipment				
Land				
Constructions				
Technical installations, machinery, equipment & tools	2,192	133	2,058	746
Other property, plant & equipment	1,031	203	828	254
Property, plant and equipment under construction	6,999		6,999	1,026
Advances and payments on account re property, plant & equipment				
Financial fixed assets				
Equity-accounted equity interests				
Other equity interests	1,158		1,158	42
Receivables from equity interests	1,650		1,650	200
Portfolio investments				
Other long-term securities	296	13	283	0
Loans				
Other financial fixed assets	384		384	36
TOTAL (I)	18,069	382	17,687	3,662
Current assets				
Inventories and work in progress				
Raw materials, other supplies				
Work in progress, goods				
Work in progress, services				
Intermediate and finished goods				
Goods for resale				
Advances & payments on account paid on orders	9		9	4
Receivables				
Trade receivables & related accounts	745		745	4,089
Other	10,410		10,410	2,571
Unpaid subscribed, called-up capital				
Investment securities				
Treasury shares				
Other securities				
Cash Instruments				
Cash	142,332		142,332	48,889
Prepaid expenses	311		311	162
TOTAL (II)	153,806		153,806	55,714
Bond issuance costs to be spread over several periods (II)	61		61	553
Bond redemption premiums (IV)				
Currency translation difference - asset (V)				
OVERALL TOTAL - ASSETS (I to V)	171,937	382	171,555	59,929

Balance sheet (Liabilities)

In thousands of Euros	31/12/2022	31/12/2021
Share capital	479	2
Issue, merger, contribution premiums	163,888	4,006
Revaluation differences		
Equity accounting valuation difference		
Reserves:		
- Statutory reserve		
- Reserves pursuant to articles of association or contract		
- Regulated reserves		
- Other reserves		
Retained earnings	(7,436)	(1,989)
Profit or loss for the financial year	(17,393)	(5,447)
Investment grants	1,583	839
Regulated provisions		
TOTAL (I)	141,122	(2,588)
Other shareholders' equity		
Proceeds of the issuance of participating securities	91	91
Conditional advances	658	622
Other		
TOTAL (I b)	749	713
Provisions for contingencies and future expenses		
Provisions for contingencies	44	
Provisions for future expenses	53	8
TOTAL (II)	97	8
Borrowings and debts		
Convertible bonds	13,438	51,105
Other bond issues		
Borrowings and debts with credit institutions	3,090	2,229
Borrowings and sundry financial liabilities	39	39
Advances and payments on account received on orders in progress		
Trade payables and related accounts	4,495	1,808
Tax and social security liabilities	2,806	1,527
Payables re fixed assets and related accounts	0	
Other debts	726	182
Cash instruments		
Deferred income	4,992	4,907
TOTAL (III)	29,587	61,796
Translation differences - liabilities (IV)		
OVERALL TOTAL - LIABILITIES (I to IV)	171,555	59,929

Income statement

In thousands of Euros	From 01/01/2022 to 31/12/2022	From 01/01/2021 to 31/12/2021
Operating income		
Sales of goods for resale	352	
Sales of goods produced		
Sales of services rendered	456	128
Net revenue	808	128
Change in inventory of finished goods and work in progress		
Own work capitalised	3,009	920
Operating grants received	966	278
Reversals of depreciation, amortisation and provisions, transfers of expenses	155	78
Other income	1	0
TOTAL (I)	4,938	1,405
Operating expenses		
Purchases of goods for resale (including customs duties)	341	
Change in inventories (goods for resale)		
Purchases of raw materials and other supplies	7	13
Change in inventories (raw materials and other supplies)		
Other external purchases and expenses*	9,812	2,951
Taxes and similar payments	79	28
Salaries and wages	7,078	2,311
Social security contributions	2,802	748
Depreciation and amortisation expenses on fixed assets	825	224
Transfers to provisions re fixed assets		
Transfers to provisions re current assets		
Transfers to provisions for contingencies and future expenses	89	8
Other expenses	120	1
TOTAL (II)	21,152	6,286
* Including:		
- Redevances de crédit-bail mobilier	2	1
- Redevances de crédit-bail immobilier		
OPERATING PROFIT OR LOSS (I - II)	(16,214)	(4,881)
Profit allocated or loss transferred (III)		
Loss borne or profit transferred (IV)		
Financial income		
Financial income from equity interests		
Income from other long-term securities and receivables		
Other interest and similar income	273	11
Reversals of provisions and transfers of expenses		
Positive exchange differences		
Net income on disposals of investment securities		
TOTAL (V)	273	11
Financial expenses		
Depr. and amort. charges and transfers to provisions	13	
Interest and similar expenses	2,119	1,270

	From 01/01/2022 to 31/12/2022	From 01/01/2021 to 31/12/2021
Negative exchange differences		
Net expenses on disposals of investment securities		
TOTAL (VI)	2,132	1,270
PROFIT OR LOSS FROM FINANCIAL ACTIVITIES (V - VI)	(1,859)	(1,258)
PROFIT OR LOSS FROM ORDINARY ACTIVITIES BEFORE TAX (I-II+III-IV+V-VI)	(18,073)	(6,139)
Exceptional income		
From operating transactions		0
From capital transactions	88	3,231
Reversals of provisions and transfers to expenses		
TOTAL (VII)	88	3,231
Exceptional expenses		
On operating transactions	1	0
On capital transactions	41	3,075
Exceptional depr. & amort. charges and transf. to prov.	2	15
TOTAL (VIII)	44	3,090
PROFIT OR LOSS FROM EXCEPTIONAL ACTIVITIES (VII - VIII)	44	141
Employee profit sharing (IX)		
Income taxes (X)	(636)	(551)
TOTAL INCOME (I + III + V + VII)	5,299	4,648
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)	22,692	10,095
PROFIT OR LOSS (total income - total expenses)	(17,393)	(5,447)
(1) of which income relating to previous financial years	0	0
(2) of which expenses relating to previous fin. years	1	0
(3) of which income concerning related entities	19	3
(3) of which interest concerning related entities	0	0

Highlights of the financial year

Financing

During the 2022 financial year, the Company benefited from various sources of funding, including raising capital, securing bank financing and grants.

Capital operations and convertible bond issues prior to the IPO (Initial Public Offering)

During the General Meeting held on 3 March 2022, and as part of the Company's planned IPO, shareholders approved the amendment to the terms and conditions of the OC L and OC LB convertible bonds issued by the Company on 16 October 2019. The amendment stipulated that these convertible bonds would be fully and automatically converted in the event of an IPO on a regulated market for a minimum total issuance amount of at least 50 million Euros.

With the same goal, on 3 March 2022, shareholders adopted the following decisions:

- Increase in share capital by incorporating share premiums of 191,452.31 Euros to raise the share capital from 1,933.69 Euros to 193,369.00 Euros;
- Conversion of the corporate form of the Company into a Société Anonyme à Conseil d'Administration (Public Limited Company with a Board of Directors);
- Subdivision of the nominal value of the Company's shares by issuing 100 new ordinary shares with a nominal value of 0.01 Euro each in exchange for one old share with a nominal value of 1.00 Euro. Following the share split, the share capital was thus divided into 19,336,900 ordinary shares with a nominal value of 0.01 Euro each.

Partnerships

On 31 March 2022, the Company and Mitsui & Co., Ltd. ("Mitsui"), one of the leading Japanese conglomerates specialising in trade and investment, signed a Memorandum of Understanding to develop renewable green hydrogen produced by Lhyfe and support its international expansion.

As part of this strategic alliance, Mitsui subscribed to new convertible bonds in Lhyfe for a total amount of 10 million Euros. Thus the conglomerate subscribed to 233,427 bonds convertible in new ordinary shares with a nominal value of forty-two euros and eighty-four cents (42.84 Euros) each, and the transfer of funds was completed on 11 April 2022. During the IPO, these bonds were converted with an issuance price discounted by 10%. As of 31 December 2022, Mitsui owns 2.65% of the Company's capital.

IPO

Lhyfe's IPO resulted in a capital increase of 118.3 million Euros, including 8.3 million Euros from the over-allotment option, as well as the conversion of 47.8 million Euros of convertible bonds into shares on the settlement-delivery date.

Trading of the shares began on 23 May 2022, on the regulated market Euronext in Paris at a price of 8.75 Euros per share, representing a valuation of approximately 411 million Euros. This transaction resulted in the issuance of 13,524,147 new ordinary shares, bringing the Company's capital to 479,004.48 Euros, divided into 47,900,448 ordinary shares after the settlement-delivery of the over-allotment option.

EDPR notably invested 25 million Euros in this transaction and acquired 5.96% of the Company's capital.

Grants and subsidies

As part of its activities, the Company has also received various grants and subsidies to fund its research and development activities and the equipment of production sites being deployed.

In January 2022, the Company received the first instalment stipulated in the financing agreement signed with ADEME in December 2021 for the construction of the hydrogen production site in Lorient. This payment amounts to €613K out of a total granted amount of €2,845K. In this context, the Company incorporated a subsidiary to undertake the project resulting from this agreement. Lhyfe Morbihan - whose corporate name has been changed to Lhyfe Buléon - was registered on 11 February 2022.

On 23 June 2022, Lhyfe received approval from the government for France 2030's participation in the "SEALHYFE" project. The project consists of developing, assembling and operating a 1 MW containerised electrolysis solution at the SEM-REV offshore test site for one year. This financing provided by the State and operated by ADEME amounts to €971K and was contracted in the third quarter of 2022.

In this regard, the Company received a total amount of €146K (including subsidy and repayable advance) as an advance payment under the contract.

Research & Development

For its research and development activities, the Company benefited from a research tax credit of €636K.

In 2022, the research and development projects initiated in previous years were carried forward.

Design of a standard offshore hydrogen production site

On 23 September 2022, the Company inaugurated its first pilot site for renewable offshore hydrogen production. Through this pilot site, the Company produced the first kilograms of renewable green hydrogen during the last quarter of 2022. This production unit, installed on a floating platform, is intended to operate automatically, in the most extreme conditions and will be connected to a floating wind turbine. After a first phase of tests at the quayside for approximately 6 months, the SEALHYFE platform will join the test area in the SEM-REV, about 20 km off the coast of Le Croisic. SEALHYFE has the capacity to produce up to 400 kg of renewable green hydrogen per day, equivalent to 1 MW of power.

Design of a standard onshore hydrogen production site

Following the commissioning of the Bouin production site in September 2021, the technical teams persistently worked on the design of standard onshore hydrogen production sites with increasing production capacities. The Company, having completed the design of the solution for the construction and engineering of production sites dedicated to mobility of a capacity of 5 MW, commissioned the solution at the end of 2022 (with related research and development costs amounting to €768 K).

Artificial Intelligence and software

Throughout 2022, the Company pursued its research and development programme for artificial intelligence and more generally software created by the Company. Consequently, CEA Tech delivered its first findings following the partnership established in 2020, allowing Lhyfe teams to continue their work on this subject.

International expansion

Continuing its international expansion, on 18 February 2022, the Company registered its Spanish subsidiary, Lhyfe Hidrogeno aiming to drive the Company's commercial expansion in this country. The Company owns 100% of the capital and voting rights of Lhyfe Hidrogeno.

On 3 May 2022, the Company extended its reach to the United Kingdom by incorporating Lhyfe UK to strengthen its business growth in the region. The Company owns 100% of the capital and voting rights of this subsidiary.

In September 2022, the Company acquired a stake in Botnia Hydrogen, a Swedish-based company that will carry out a renewable hydrogen production project. While the Company does not control the company in accordance, it is the largest shareholder in this company, with 39% of the share capital as of 31 December 2022.

During the last quarter of 2022, the Company incorporated a subsidiary in Canada, Hydrogène Lhyfe Canada, of which it owns 100% of the capital and voting rights.

Incorporation of project companies

Simultaneously, the Company has been expanding its operations in Europe throughout the 2022 financial year by establishing numerous entities focused on the onshore renewable hydrogen production:

- Lhyfe Morbihan, whose company name was changed to Lhyfe Buléon, incorporated on 11 February 2022 to carry out the project located in Buléon, in the Morbihan area;
- Lhyfe Bessières, incorporated on 27 April 2022 to carry out the project in the Occitanie Region;
- Lhyfe Production 1 to 5, incorporated in October and November 2022 to carry out their future projects in France;
- Lhyfe Schwabisch Gmund GmbH, incorporated in September 2022 to carry out the project of the same name in Germany;
- Lhyfe Niedersachsen GmbH, incorporated in July 2022 to carry out another project in Germany;
- Lhyfe Croixrault, incorporated on 19 October 2022 to carry out a project in Hauts-de-France;
- Lhyfe Trelborg AB, incorporated in October 2022 to carry out another project in the extreme south of Sweden;
- Lhyfe Skive, incorporated in December 2022 to carry out a project in Denmark.

Growth of workforce in France and Europe

The Company's workforce has grown by 1.4 times within a year due to the steady increase in the number of projects to be developed and the size of the Company. The Company plans to sustain significant growth in the forthcoming years.

Offices

The Company signed a commercial lease for new offices located in Nantes on 15 March 2022, to ensure a convenient space for new recruitments as part of its plan to expand its workforce. This lease took effect on 1 April 2022 and the Company took possession of the premises during the second half of 2022.

Impact of the crisis in Ukraine

In light of the ongoing conflict between Russia and Ukraine, the Company has assessed the situation and concluded that, apart from the wider macroeconomic effects, it remains unaffected as it neither conducts sales nor procures goods from these countries or regions directly impacted by the conflict. Moreover, the Company does not hold any assets in these regions.

Events after the closing date

In January 2023, the HOPE project (Hydrogen Offshore Production for Europe), led by a consortium coordinated by Lhyfe, received a positive assessment in the context of the 2022-TC01-10 Call for Proposals from Clean Hydrogen Partnership, co-funded by the European Union. Consequently, project partners have initiated the preparatory phase for the grant agreement expected to be finished in May 2023 at the latest. The project aims to develop, build and operate the first 10 MW renewable hydrogen production unit in the North Sea off the coast of Belgium by 2025.

During the first quarter of 2023, the Company entered into a refinancing agreement for containers dedicated to hydrogen transport for an amount of €0.7 million. This agreement has a duration of 7 years.

Events after the closing date

In January 2023, the HOPE project (Hydrogen Offshore Production for Europe), led by a consortium coordinated by Lhyfe, received a positive assessment in the context of the 2022-TC01-10 Call for Proposals from Clean Hydrogen Partnership, co-funded by the European Union. Consequently, project partners have initiated the preparatory phase for the grant agreement expected to be finished in May 2023 at the latest. The project aims to develop, build and operate the first 10 MW renewable hydrogen production unit in the North Sea off the coast of Belgium by 2025.

During the first quarter of 2023, the Company entered into a refinancing agreement for containers dedicated to hydrogen transport for an amount of €0.7 million. This agreement has a duration of 7 years.

In March 2023, the Company acquired a 49% stake in the Finnish company Flexens, a developer of green hydrogen projects and so-called "Power-to-X" projects (transformation of electricity into another energy carrier) based on renewable energy sources.

Accounting rules and methods

[Articles R. 123-195 and R. 123-198 of the French Commercial Code]

Notes to the balance sheet and income statement for the financial year ended 31/12/2022 with total assets of 171,554,860 Euros before distribution and to the income statement for the financial year, presented in list form and showing a loss of 17,393,002 Euros.

The financial year lasted 12 months, from 01/01/2022 to 31/12/2022.

The notes and tables presented below are an integral part of the financial statements.

The financial statements were prepared in accordance with the provisions of the French Commercial Code, the French general accounting chart (plan comptable général) and French regulation no. 2020-11 of the French Accounting Standards Authority (Autorité des Normes Comptables) as updated to take account of the various supplementary regulations at the date of preparation of the financial statements.

General accounting conventions were applied in accordance with the principle of prudence, with the following underlying assumptions:

- going concern,
- consistency of accounting methods from one period to the next,
- independence of reporting periods, and in accordance with the general rules on the preparation and presentation of financial statements.

The basic method used to value items in the accounts is the historical cost method.

Information on transactions entered in the balance sheet and income statement

Only material information is mentioned in the notes.

Development expenses related to technologies

Development expenses related to technology developed internally by the Company are recognized as intangible assets only if the following six criteria are cumulatively met:

- a) Technical feasibility necessary for the completion of the intangible asset for it to be available for use or sale;
- b) Company's intention to complete the intangible asset and use or sell it;
- c) Ability of the Company to use or sell this intangible asset;
- d) Demonstration of the probability of future economic benefits associated with the asset. The entity must show, among other things, the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used internally, its usefulness;
- e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) Ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalized development costs include external costs (commitments made to external suppliers or service providers - invoices, accounts payable, progress reports, etc.) and internal costs (valued based on the hours worked on these projects).

The amortization of intangible assets is calculated to fully allocate the cost of the intangible asset using a straight-line method over the estimated useful life (3 years), from the moment the asset is usable and is recognized as Depreciation and amortization expenses of fixed assets.

The Company assesses the recoverability of intangible assets when there is an indication of impairment. For non-amortized intangible assets, an impairment test is performed at least once a year, as well as whenever there is an indication of impairment.

Capitalized costs for projects under development

Expenses related to the development of future renewable hydrogen production sites are capitalized when criteria outlined above are cumulatively met.

Direct development costs, both external (commitments made to external suppliers or service providers - invoices, accounts payable, progress reports, etc.) and internal (valued based on the hours worked on these projects) are capitalized from the moment that the success of the corresponding projects is probable.

The Company usually considers that those criteria are met when a project enters the Tender Ready phase within the project portfolio, i.e., when the conditions defined by the Company as described below. These criteria differ depending on whether it is a project:

- related to an industrial application: a request from a potential client for the submission of a "binding" offer or the submission of such an offer is necessary for the process of obtaining subsidies,
- dedicated to a mobility application: a strategic investment decision after analysis of demand in a geographic area, capacity to serve demand, and potential grants.

All projects are reviewed at each closing date. When the conditions for the recognition of an internally generated asset are not met, project development expenses are recognized as expenses during the year in which they are incurred.

Expenses related to these projects cease to be capitalized upon the commissioning of hydrogen production sites. From the commissioning of the project, depreciation is calculated on a straight-line basis over the estimated useful life of the underlying asset.

When the Company believes that the probability of success diminishes as a result of unusual external factors, development expenses are impaired. When a project is abandoned, development expenses related to that project are recognized as expenses

Other intangible fixed assets

Other intangible fixed assets are initially recognized at their acquisition cost.

They mainly include software and license usage rights as well as onshore research and development costs capitalized at mobility sites. Other acquired intangible fixed assets are presented in the balance sheet at their acquisition cost, reduced, if applicable, by accumulated depreciation and impairment losses.

The methods of amortization, useful lives and residual values are reviewed at each closing date and adjusted if necessary.

Property, plant and equipment and other tangible fixed assets

Property, plant and equipment and other tangible fixed assets are valued at their acquisition cost (purchase price and ancillary costs), less accumulated depreciation and impairment losses. Subsequent expenditures are included in the asset's carrying amount or, if appropriate, recognized as a separate asset if it is probable that the future economic benefits associated with the asset will accrue to the Company and the cost of the asset can be measured reliably. All repair and maintenance costs are recognized as expenses.

Depreciation and amortisation

Depreciation and amortisation are calculated by the straight-line method over the estimated useful life. Residual values are not accounted for, as their impact is not material. The most widely-used depreciation and amortisation periods are as follows:

▪ Research and development costs:	3 years
▪ Concessions, patents, licences	3 years
▪ Technical and industrial installations	2 to 20 years
▪ Building fixtures and fittings	3 to 9 years
▪ Transport equipment	4 to 5 years
▪ Office and computer equipment	3 years
▪ Office furniture	10 years

Financial fixed assets

Equity securities

The acquisition cost of shares held by the Company in companies it controls or in which it exercises a significant influence, either directly or indirectly, is recorded under equity securities.

The net book value of the "equity securities" is their acquisition or contribution cost on the date they were first recorded on the Company's balance sheet.

On any other date, the equity securities are valued at their value in use for the company determined inter alia according to criteria based on profitability, growth prospects and the assets held.

If their net book value is higher than their current value, an impairment is recorded for the difference.

Treasury shares and liquidity contract

Transactions relating to the liquidity contract entered into by the Company with a financial intermediary are recorded in accordance with Notice (Avis) no. 98-D issued by the Urgent Issues Committee of the French National Accounting Board (Conseil national de la comptabilité) and with Bulletin no. 137 – March 2005 of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes), i.e.:

- treasury shares held are recorded in account 277 “Treasury Shares”. Impairment is recognised by reference to the average stock market price for the last month of the financial year if that price is lower than the purchase cost. The first-in – first out method is used to determine the result of any sales.
- cash paid to the intermediary and not yet used is entered in account 276 “Other long-term receivables”.

Other financial fixed assets

Loans, deposits and other financial fixed assets are valued at their nominal value. A provision for impairment is made if their current value is lower than their book value.

Receivables

Receivables are valued at nominal value. An impairment is recognised if the net realisable value is lower than the book value.

Pension commitments

The Company’s commitments for lump-sum retirement payments to its employees are mentioned under financial commitments given but are not recorded in the accounts.

Pension commitments are estimated retrospectively pro rata temporis (individual entitlements built up at retirement date, prorated at the calculation date) based on the assumption that the employee will retire voluntarily at 65 years of age (age retained despite the legal reform for reasons of simplification given the non-material effect of the changes on calculation of the provision for the 2022 financial year) taking account of the following:

- parameters specific to each company employee (age at year end, length of service, status, mortality rate and gross annual salary),
- data specific to the company (collective bargaining agreement, assumption concerning growth of the wage bill, forecast employee turnover, and social security contribution rates),
- discount rate of 3.77%.

Any amounts covered by a specific insurance policy are mentioned under commitments received.

At 31 December 2022 and in accordance with recommendation 2003-R01 of the French Accounting Board, the amount of the commitments is zero.

Deferred and accrued income

At 31 December 2022, the Company recognised deferred income of €4,992K and accrued income of €1,051K in respect of the progress of the expenses incurred, associated with the various grant and research agreements signed.

Grants

The net total amount of grants paid in 2022 was €883K, excluding retention monies required under some agreements. The grants were recorded as deferred or accrued income according to the allocation timelines of the grants and of the expenses incurred by the year end.

Conditional advances

The company received assistance in the form of an advance in 2022 in connection with the “SEALHYFE” project. The anticipated total amount of the advance is €243K; an initial payment of €36K was received in 2022.

Concept of current and exceptional profit or loss

All items relating to ordinary activities are included in the profit or loss from ordinary activities, even where they are exceptional in terms of their frequency and amount.

Only items not relating to the company’s ordinary activities are recognised in the exceptional profit or loss.

Transactions in foreign currencies

Expenses and income in foreign currencies are recorded at their reporting currency equivalent using the exchange rate in effect on the date of the transaction. Debts, receivables and cash in foreign currencies are shown on the balance sheet at their reporting currency equivalent using the exchange rate in effect at the year end. Any difference resulting from adjusting foreign currency debts and receivables to the year-end rate is recognised on the balance sheet under “translation difference”.

A provision for contingencies is established for all or part of the amount of unrealised exchange losses not offset by gains.

Provisions

Provisions are established when, at the end of the financial year, the company has an obligation to a third party which is likely or certain to lead to an outflow of resources to the third party, without at least equivalent consideration expected from the third party.

This may be a legal, regulatory or contractual obligation or arise out of the company’s practices.

The estimate of the amount of the provisions is the outflow of resources the company is likely to bear to settle its obligation.

Deferred expenses

Bond issuance costs:

The company has opted to spread its bond issuance costs over several periods.

The total amount of the deferred expenses is €733,5K, spread in equal amounts over the terms of the relevant bond issues:

- €34,8K over 7 years;
- €15,1K over 7 years;
- €22,6K over 7 years;
- €180,2K over 302 days;
- €480,8K over 151 days.

The amount of the amortisation charges expensed was €513,7K at 31 December 2022.

The net amount remaining to be deferred is €61,4K recognised in account 481600 – Bond issuance costs.

Average number of employees

	31/12/2022	31/12/2021
Managers	83	34
Supervisors		
Employees		
Workers		
Apprentices under contract		1
TOTAL	83	35

Composition of the share capital

RELEVANT ACCOUNT HEADINGS	Number	Nominal value	Amount in Euros
1-Shares making up the share capital at the beginning of the financial year	193,369	0.01	1,934
2-Shares issued during the financial year	47,707,079	0.01	477,071
3-Shares redeemed during the financial year		0.01	
4-Shares making up the share capital at the end of the financial year (1+2-3)	47,900,448	0.01	479,004

Notes relating to certain balance sheet headings

Financial fixed assets

Financial fixed assets comprise equity securities (€1,158K), blocked receivables from those equity interests (€1,650K), security deposits (€144K) and a liquidity contract (€535K).

Liquidity contract and treasury shares

At 31 December 2022, the contract broke down as follows:

- Liquidity: €239K
- Treasury shares: €296K

Change in treasury shares:

Number of treasury shares	
Held at 01/01/2022	-
Acquired during the period	114,878
Sold during the period	81,139
Held at 31/12/2022	33,739

An impairment provision of €13K has been established for the treasury shares, i.e. the whole of the impairment existing at the year end:

Name of the intermediary	Number of shares	Cost price	Historical valuation	Average price 12/2022	Valuation at year end	Unrealised capital loss
Portzamparc - BNP Paribas Group	33,739	€8.77	295,842	€8.38	282,797	13,046

Share capital, reserves and premium

The table below details the movements that occurred in the Company's capital over the reporting years:

	Number of shares	Nominal value (€)	In thousands of Euros		
			Capital	Premium	Total
As of 31 December 2021	193,369*	0.01	1.9	3,939	3,941
Share capital increase - 3 March 2022	-	0.01	191.5	(191)	-
Nominal value subdivision - 3 March 2022	19,143,531	0.01	-	-	-
OC Conversion - 24 May 2022	15,039,401	0.01	150.4	47,651	47,801
Share capital increase related to IPO	13,524,147		135.2	112,423	112,558
Share capital increase - 24 May 2022	12,571,429	0.01	125.7	109,874	110,000
Share capital increase - 17 June 2022	952,718	0.01	9.5	8,327	8,336
Deduction of share capital increase expenses				(5,778)	(5,778)
As of 31 December 2022	47,900,448	0.01	479.0	163,821	164,300

* Before the subdivision by 100 of the nominal value of the shares decided by the general meeting on 3 March 2022

The Company's IPO resulted in a capital increase of €118.3 million for Lhyfe, including €8.3 million from the over-allotment option, in addition to the conversion of €47.8 million of convertible bonds into shares on settlement-delivery day.

Furthermore, the capital increase resulting from the company's IPO led to the deduction of expenses in the amount of €5,778K from the share premium.

Stock-options for employees in a start-up (BSPCE) awarded to employees and one Executive Director and Share Warrants (BSA) awarded to one consultant

Description of the plans

The Chairman was authorised by the General Meeting of Shareholders to implement the following BSPCE and BSA plans:

- 8 April 2021: Issuance of 1,700 BSA giving the right to subscribe to ordinary shares, using the delegation given on the same day. Their strike period is 10 years. These BSA were awarded to one consultant;
- 12 April 2021: Issuance of 8,500 BSPCE Employees giving the right to subscribe to ordinary shares, using the delegation given on 19 April 2019. Their strike period is 10 years. These BSPCE Employees were awarded to specific employees;
- 12 April 2021: Issuance of 6,800 BSPCE Premium giving the right to subscribe to ordinary shares, using the delegation given on 19 April 2019. Their strike period is 10 years. These BSPCE Premium were awarded to the Executive Director and specific employees.

Evolution of the number of outstanding BSPCE and BSA

The following table summarises the number of outstanding BSPCE and BSA and their movements during the reporting period:

In figures	BSPCE Employees	BSPCE Premium	BSA Consultants	TOTAL
As of 31 December 2021*	8,500	6,800	1,700	17,000
Allocated during the financial year	-	-	-	-
Null and void	-	-	-	-
As of 31 December 2022	8,500	6,800	1,700	17,000
*Entitling the holder to the number of shares, after subdivision of the nominal value by 100:	850,000	680,000	170,000	1,700,000

Valuation of the fair value of the BSPCE and BSA

The following table summarises the approved plans being acquired as of 31 December 2022, as well as the fair value valuation methods for the associated options:

	BSPCE Employees	BSPCE Premium	BSA Consultants
Approval date by General Meeting	16/10/2019	16/10/2019	16/10/2019
Awarding date	12/04/2021	12/04/2021	08/04/2021
Number of instruments awarded ⁽¹⁾	8,500	6,800	1,700
Vesting period	4 years	3.7 years	4 years
Vesting conditions	Presence	Performance	Presence
Strike period	10 years	10 years	10 years

⁽¹⁾ Following the subdivision of the nominal value by 100 and the creation of 100 new shares for one old share on 11 March 2022, each BSA and BSPCE gives the right to subscribe to 100 shares for a total price of €42.84.

Free share allocation plans

The Board of Directors was authorized by the Shareholders' General Meeting to implement the following AGA plans (Free Share Allocation plans) dated 20 September 2022:

- Issuance of 954,500 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the Chief Executive Officer (Président Directeur Général) of the Company;
- Issuance of 25,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the deputy general managers (Directeurs Généraux Délégués);
- Issuance of 67,500 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to the Managers (Cadres) of the Company;
- Issuance of 85,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to one employee who is also a member of the Board of Directors;
- Issuance of 33,000 AGA giving the right to subscribe to ordinary shares, using the delegation given on 14 April 2022. Their strike period is 10 years. These were awarded to two key persons of the Company.

Valuation of the free share allocation plans approved for the 2022 financial year

The following table summarises the characteristics of the free share allocation plans approved for the 2022 financial year and the valuation components of these plans:

Characteristics of the plans	AGA 2022 MG	AGA 2022 MANAGERS - DGD	AGA 2022 MANAGERS	AGA 2022 NE1	AGA 2022 PC	Total
Awarding date	20/09/2022	20/09/2022	20/09/2022	20/09/2022	20/09/2022	
Vesting date	31/12/2027	31/12/2025	19/09/2025	19/09/2027	19/09/2026	
Number of shares awarded	954,500	25,000	62,500	85,000	33,000	1,160,000
Vesting period	5 years	3 years	3 years	5 years	4 years	
Service condition	31/12/2026	31/12/2024	31/12/2024	31/12/2026	31/12/2025	

Conditional advances

The Company benefits from several forms of financial assistance as advances.

Conditional advances amounted to €749K as of 31 December 2022, compared to €713K as of 31 December 2021.

The advances recorded in 2022 are as follows:

- **Deep Tech :**

- Advance granted by BPI France Financement on 11 May 2020, financing research and development projects related to the design of a standard hydrogen onshore production site, preliminary studies related to hydrogen production at sea, and work related to artificial intelligence;
- The subsidised base is €5,528K, of which BPI finances 22.5% by subsidy and 22.5% by repayable advance, i.e. €1,244K. As of 31 December 2020, the Company received a first tranche of €622k. No additional amount was collected as of 31 December 2022. The other tranches of advances are to be obtained upon presentation of progress reports in 2023;
- This advance will be repaid to BPI by quarterly payments over 4 years starting on 31 March 2024.

- **International prospecting insurance:**

- Advance granted by BPI France Assurance Export on 11 August 2020, aimed at guaranteeing the Company against total or partial failure of its prospecting operations in Germany over the period from 1 July 2020 to 31 June 2023;
- The guaranteed budget is €400K. BPI France finances 65% of this project by conditional advance, i.e. €260K. As of 31 December 2020, the Company received 50% of this advance, i.e. €130K discounted at 2% in accordance with IAS 20. No additional amount was collected as of 31 December 2022;
- This advance will be repaid to BPI by quarterly payments over 3 years starting on 31 July 2022, in the event of commercial success in the relevant country.

- **Financing of the SEALHYFE project by ADEME:**

- Advance granted by ADEME in August 2022 for a total amount of €243K as part of the financing of the SEALHYFE, project, a pilot site for renewable hydrogen offshore production.
- The Company received €36K in 2022 for this purpose;
- This advance will be repaid to ADEME in two annual payments, the first of which will take place 6 months after the end of the financial year in which the Investment Phase takes place.

Notes relating to certain income statement headings

Information required by Article L820-3 of the French Commercial Code

The total amount of the statutory auditor's fees in the income statement is €257,820 excluding tax for the statutory audit of the accounts and advice and services relating to the audit engagement.

Operating grants

Grant income increases in 2022 as a result of more grants being received and the acceleration of the research expenditure they fund. The grants recognised in 2022 mainly relate to:

- Grants received from the BPI, concerning the Deeptech project and the "Emergence of the hydrogen sector in industrial areas" programme for K59 € and K76€;
- The grant received from the European Commission, concerning the GreenHyScale project for K98€;
- Grants received from the Pays de la Loire Region for the Sealhyfe and SEM-Rev projects, for K353€;
- Grants received from the ADEME for the SEM-Rev project for K371 €.

The main grants received by the Company are as follows, which can be accounted as operating grants or capital grants, received by the Company are the following:

- **Deep Tech development grant:** the grant was granted by BPI France Financement on 11 May 2020. This grant enabled to finance research and development projects related to the design of standard hydrogen onshore production sites of increasing capacity, preliminary studies related to offshore hydrogen production and work related to artificial intelligence. It amounts to €1,244K (i.e. 22.5% of the eligible expenditure base). 50% had been received on 31 December 2020. No additional collection has been done since then.
- **Financing Agreement – H2 OUEST:** confirmation of grant was obtained on 5 March 2021. It relates to the financing by ADEME of hydrogen production projects from wind energy (AAP mobility ecosystem) up to €908K, i.e., the equipment of the Bouin production site. As of 31 December 2021, the Company had received a 20% advance payment on the grant and had collected an additional amount of €545K during the year ended 31 December 2022. These elements are to be transferred to the Lhyfe Bouin entity;
- **"GreenHyScale" grant:** this grant, totalling €11,852K, granted by the European Commission, concerns a project led by a European consortium "GreenLab," of which the Company is the only French partner relating to the development of a green hydrogen production site incorporating a new generation electrolyzer with a capacity of 100 MW;
- **Financing Agreement – VYhGO 2 Lorient:** this ADEME grant, totalling €3,067K aims at financing the equipment of the production site located in Buléon, Morbihan. As of 31 December 2022, the Company had received a 20% advance payment on the grant and had thus collected €613K;

- **Financing Agreement – SEALHYFE:** in addition to the financing previously granted by the Pays de la Loire Region for the SEALHYFE project, ADEME granted an aid of €729K to the Company. This grant aims to finance the pilot site for offshore hydrogen production. The Company collected €109K under this aid in 2022.

The Company has recognized in other liabilities the amounts of grants for which it believes it meets the conditions for obtaining and receiving them.

Research tax credit

As part of its research activities the Company incurred expenses qualifying for a research tax credit; an application for the credit has been made to the tax authorities in the amount of 636,255 Euros booked at year end.

Other information

Consolidated financial statements

In accordance with Article L. 233-1 6 of the French Commercial Code, the Company prepares consolidated financial statements, including the accounts of its subsidiaries by the full consolidation method with the exception of Botnia Hydrogen, for which the equity-accounting method is used.

The consolidated financial statements are prepared in accordance with the IFRS.

A copy of the consolidated financial statements may be obtained from Lhyfe's registered office.

Remuneration of management bodies

This information is not provided in these notes, as doing so would result in disclosure of an individual's remuneration.

List of transactions with related parties

There is no information to disclose as transactions between related parties pursuant to Article R123-198 of the French Commercial Code were entered into on an arms-length basis or with directly or indirectly wholly-owned companies.

Financial commitments

Commitments given

Nature of commitments given	Amount in thousands of Euros
Discounted bills not yet due	
Bonds and sureties	
Equipment leasing	
Real estate leasing	
Other commitments	1,218
TOTAL	1,218

Other commitments

On demand guarantees granted:

On 23 March 2022, Lhyfe granted a first-demand guarantee for €388,000 in favour of the lessor of the premises at Mail Pablo Picasso, Zac Pré Gauchet, Nantes.

Pledges (nantissements)

The Company granted pledges in favour of lenders:

The Loan of €1,000,000 granted by Crédit Agricole Atlantique Vendée on 28 April 2021 is secured by a pledge over Lhyfe's business as a going concern (nantissement du fonds de commerce). The capital outstanding at 31 December 2022 was €830,000.

Commitments received

None.

List of subsidiaries and equity interests

Subsidiaries	Capital ----- Shareholders' equity	Percentage held ----- Dividends received	Gross value of shares ----- Net value of shares	Loans granted ----- Sureties	Revenue ----- Profit or loss
Lhyfe Bouin 2, Port du Bec 85230 Bouin - France	1,000 ----- (802,379)	100 -----	1,000 ----- 1,000	4,282,840 -----	756,002 ----- (562,036)
Lhyfe GmbH Allensteinerstraße 20 77694 Kehl - Allemagne	25,000 ----- (2,175,448)	100 -----	25,000 ----- 25,000	2,036,256 -----	69,174 ----- (1,557,435)
Lhyfe Sombrero SAS 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 ----- (1,351)	100 -----	1,000 ----- 1,000	1,580 -----	----- ----- (2,032)
Territoires x Lhyfe SAS 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 ----- (1,351)	100 -----	1,000 ----- 1,000	1,580 -----	----- ----- (2,032)
Lhyfe Denmark ApS Store Kongensgade 68 1264 København K - Danemark	5,378 ----- (161,283)	100 -----	5,396 ----- 5,396	310,667 -----	181,028 ----- (89,609)
Lhyfe Lakrids ApS Store Kongensgade 68 1264 København K - Danemark	5,378 ----- 3,074	100 -----	5,396 ----- 5,396	-----	----- ----- (1,632)
Lhyfe Sweden AB Box 3294 103 65 Stockholm - Suède	2,467 ----- (575,692)	100 -----	2,466 ----- 2,466	639,012 -----	69,394 ----- (597,833)
Lhyfe Netherlands B.V. 15e verdieping 1077XV Amsterdam - Pays-Bas	1,000 ----- (179,950)	100 -----	1,000 ----- 1,000	199,155 -----	----- ----- (149,155)
Lhyfe Bessières (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 ----- 1,000	80 -----	800 ----- 800	-----	-----
Hydrogène Lhyfe Canada 3900-1 Place Ville-Marie Montréal (Québec) H3B4M7 - Canada	7 ----- 7	100 -----	7 ----- 7	-----	-----
Lhyfe Skive ApS Store Kongensgade 68 1264 København K - Danemark	5,378 ----- 5,379	100 -----	5,401 ----- 5,401	-----	-----
Lhyfe Buléon (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 -----	100 -----	1,000 ----- 1,000	5,433 -----	-----
Lhyfe Production 1 (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 -----	100 -----	1,000 ----- 1,000	-----	-----
Lhyfe Croixrault (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 -----	100 -----	1,000 ----- 1,000	-----	-----
Lhyfe Production 2 (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000 -----	100 -----	1,000 ----- 1,000	-----	-----

Subsidiaries	Capital	Percentage held	Gross value of shares	Loans granted	Revenue
	Shareholders' equity	Dividends received	Net value of shares	Sureties	Profit or loss
Lhyfe Production 3 (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000	100	1,000		
Lhyfe Production 4 (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000	100	1,000		
Lhyfe Production 5 (1 ^{ère} clôture 2023) 1 ter mail Pablo Picasso 44000 Nantes - France	1,000	100	1,000		
Lhyfe Niedersachsen GmbH Stau 123 26122 Oldenburg - Allemagne	25,000	100	25,000		
Lhyfe Schwabisch Gmünd GmbH Robert-von-Ostertag-Straße 4 73525 Schwäbisch Gmünd - Allemagne	12,500	100	12,500	198,076	
Lhyfe Hidrogeno 4 c.o. Audalia Nexia 28036-Madrid - Espagne	3,000	100	3,000		
Lhyfe Trellborg AB Box 3294 103 65 Stockholm - Suède	(258,912)		3,000		(261,912)
Lhyfe UK LTD 3 More London Riverside London SE1 2AQ - Royaume-Uni	2,248	100	2,273	228,708	
	1	100	1		
	(267,831)		1		(276,002)

Equity interests	Capital	Percentage held	Gross value of shares	Loans granted	Revenue
	Shareholders' equity	Dividends received	Net value of shares	Sureties	Profit or loss
Botnia Hydrogen Fredsgård 11 LGH 1502 Stockholms län - Suède	78,938	39,2	1,059,929		
	2,282,356		1,059,929		(19,769)

Statement of fixed assets

	Gross value at beginning of financial year	Increases Revaluation in the financial year	Acquisitions receivables transfers
Intangible fixed assets			
Formation expenses and development costs			768
Other intangible assets	1,365		2,995
TOTAL	1,365		3,763
Property, plant and equipment			
Land			
Constructions on own land			
Constructions on third-party land			
Gen. instal., fixtures and fittings, constr.			
Technical installations, machinery, equipment & tools	748		1,444
Gen. instal., fixtures and fittings, sundry	61		314
Transport equipment	70		8
Office and computer equipment, furniture	179		439
Returnable packaging and sundry			
Property, plant and equipment under construction	1,026		5,973
Advances and payments on account			
TOTAL	2,084		8,178
Financial fixed assets			
Equity-accounted equity interests			
Other equity interests	242		2,566
Other long-term securities	0		296
Loans and other financial fixed assets	36		347
TOTAL	279		3,209
OVERALL TOTAL	3,727		15,150

	Reductions		Gross value of fixed assets at end of financial year
	Transfer	Disposals	
Formation expenses and development costs			768
Other intangible assets	768		3,592
TOTAL	768		4,360
Land			
Constructions on own land			
Constructions on third-party land			
Gen. instal., fixtures and fittings, constr.			
Technical installations, machinery, equipment and tools			2,192
Gen. instal., fixtures and fittings, sundry			375
Transport equipment			78
Office and computer equipment, furniture		40	579
Returnable packaging and sundry			
Property, plant and equipment under construction			6,999
Advances and payments on account			
TOTAL		40	10,222
Equity-accounted equity interests			
Other equity interests			2,808
Other long-term securities	0		296
Loans and other financial fixed assets	0		384
TOTAL			3,488
OVERALL TOTAL	768	40	18,069

Statement of depreciation and amortisation

DEPRECIABLE AND AMORTISABLE FIXED ASSETS	Amount at beginning of fin. year	Increases	Reductions	Amount at end of fin. year
Intangible assets				
Formation expenses and development costs		1		1
Other intangible assets	6	26		32
TOTAL	6	26		33
Property, plant and equipment				
Land				
Constructions on own land				
Constructions on third-party land				
Gen. instal., fixtures and fittings, constr.				
Technical installations, machinery, equipment and tools	3	131		133
Gen. instal., fixtures and fittings, sundry	4	54		58
Transport equipment	18	18		36
Office and computer equipment, furniture	34	84	8	110
Returnable packaging and sundry				
TOTAL	59	286	8	337
OVERALL TOTAL	65	312	8	369

Deferred expenses

Movements in the financial year affecting deferred expenses	Net amount at beginning of financial year	Increases	Depr. and amort. expenses for the fin. year	Net amount at end of financial year
Bond issuance costs to be spread over several periods	553	23	514	61
Bond redemption premiums				

Statement of receivables

	Gross amount	Liquidity of the asset	
		Due at less than 1 year	Due at more than 1 year
Financial fixed assets			
Receivables from equity interests	1,650		1,650
Loans (1) (2)			
Other financial fixed assets	384		384
Current assets			
Doubtful or disputed trade receivables			
Other trade receivables	745	745	
Receivables representing securities lent			
Employees and related accounts	2	2	
Social security and other social agencies	1	1	
Income taxes	636	636	
Value added tax	1,156	1,156	
Other taxes, duties and similar payments			
Sundry			
Group and shareholders (2)	6,272	6,272	
Sundry debtors (of which receivables relating to securities repo transactions)	2,341	1,748	593
Prepaid expenses	311	311	
TOTAL	13,499	10,873	2,626

(1) Amount of loans granted during the financial year

(1) Amount of repayments received during the financial year

(2) Loans and advances granted to shareholders who are natural persons

Statement of debts and payables

Debts and payables	Gross amount	Maturity profile of the liabilities		
		Due at less than 1 year	Due	
			At more than 1 year	At more than 5 years
Convertible bond loans (1)	13,438	1,188		12,250
Other bond loans (1)				
Borrowings and debts with credit institutions (1)				
- at max. 1 year from origin	2	2		
- at more than 1 year from origin	3,088	369	2,205	514
Borrowings and sundry financial liabilities (1) (2)	39		39	
Trade payables and related accounts	4,495	4,495		
Employees and related accounts	1,188	1,188		
Social security and other social agencies	915	915		
Income taxes				
Value added tax	597	597		
Guaranteed bonds re deferred payment of taxes and duties				
Other taxes, duties and similar	107	107		
Payables re fixed assets and related accounts	0	0		
Group and shareholders (2)	0	0		
Other debts and payables (including payables relating to securities repo. transactions)	726	726		
Payables representing securities borrowed				
Deferred income	4,992	477	4,514	
TOTAL	29,587	10,064	6,758	12,764
(1) Borrowing taken out during the financial year	11,026			
(1) Borrowing repaid during the financial year	47,947			
(2) Borrowing and debts taken out from shareholders who are natural persons				

Change in shareholders' equity

Items	Amount in thousands of Euros
Shareholders' equity N-1 after profit or loss and before AGM	(2,588)
Distributions	
Shareholders' equity at beginning of the financial year	(2,588)
Changes in share capital	477
Change in issue, merger, contribution premiums...	(159,882)
Change in retained earnings	(5,447)
Change in investment grants and regulated provisions	744
Appropriation of N-1 profit or loss to shareholders' equity (excluding distributions)	5,447
Changes during the financial year	161,103
Shareholders' equity at the end of the financial year before profit or loss	158,515
Loss for the financial year	(17,393)
Shareholders' equity at the end of the financial year after profit or loss and before AGM	141,122

Accrued expenses and accrued income

ACCRUED EXPENSES INCLUDING IN THE FOLLOWING BALANCE SHEET HEADINGS	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Convertible bond loans	1,188	1,054
Other bond loans		
Borrowing and debts with credit institutions	21	3
Borrowings and sundry financial debts		
Trade payables and related accounts	1,652	411
Tax and social security liabilities	1,683	675
Payables re fixed assets and related accounts		
Other debts and payables		
TOTAL	4,543	2,143

ACCRUED INCOME INCLUDED IN THE FOLLOWING BALANCE SHEET HEADINGS	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Receivables from equity interests		
Other long-term securities		
Loans		
Other financial fixed assets		
Trade receivables and related accounts	192	8
Other receivables	1,123	133
Investment securities		
Cash	37	4
TOTAL	1,351	145

Deferred income and prepaid expenses

DEFERRED INCOME	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Operating income	4,992	4,907
Financial income		
Exceptional income		
TOTAL	4,992	4,907
PREPAID EXPENSES	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Operating expenses	311	162
Financial expenses		
Exceptional expenses		
TOTAL	311	162

Statement of provisions and impairment

NATURE OF PROVISIONS	Amount at start of the fin. year	Increase during the fin. year	Reduction reversals at end of the fin. year	Amount at end of fin. year
Regulated				
Provisions for reconstitution of deposits				
Provisions for investments				
Provisions for price increases				
Accelerated tax depreciation				
Tax prov. for establishments abroad before 01/01/1992				
Tax prov. for establishments abroad after 01/01/1992				
Provisions for prêt loans to assist former employees to establish a business				
Other related provisions				
TOTAL				
Contingencies and future expenses				
Provisions for disputes		44		44
Provisions for guarantees given to clients				
Provisions for losses on futures markets				
Provisions for fines and penalties				
Provisions for foreign exchange losses				
Provisions for pensions & similar obligations				
Provisions for taxes				
Provisions for renewal of property, plant and equipment				
Provisions for major maintenance and refurbishment	8	45		53
Provisions for soc. sec. and tax charges on holiday pay				
Other provisions for contingencies and future expenses				
TOTAL	8	89		97
NATURE OF IMPAIRMENT	Amount at start of the fin. year	Increase during the fin. year	Reduction reversals at end of the fin. year	Amount at end of fin. year
Impairment				
Intangible assets				
Property, plant and equipment				
Equity-accounted equity interests – fixed assets				
Equity securities – fixed assets				
Financial fixed assets		13		13
Inventories and work in progress				
Trade receivables				
Other impairment provisions				
TOTAL		13		13
OVERALL TOTAL	8	102		110
Of which transfers and reversals: - operating		89		
Of which transfers and reversals: - financial		13		
Of which transfers and reversals: - exceptional				

Breakdown of the exceptional profit or loss

Breakdown of the exceptional profit or loss	Expenses	Income
Income from disposals of property, plant and equipment		32
Investment grants recognized in income statement		11
Gain from purchase of treasury shares		45
Operating expenses from previous financial years	1	
Carrying amounts of property, plant and equipment disposed of	32	
Loss from purchase of treasury shares	10	
Exceptional depreciation and amortisation charges	2	
TOTAL	44	88

Transfer of expenses

Transfer of expenses	Amount
Group re invoicing	155
TOTAL	155

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