MCPHY ENERGY

Half-year Financial Report

June 30, 2024

Contents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 3

CONSOLIDATED STATEMENT OF NET INCOME 4

CONSOLIDATED STATEMENT OF CASH FLOW 5

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY 6

HALF-YEARLY FINANCIAL INFORMATION AT JUNE 30, 2024 7

1. ABOUT THE COMPANY 7
   1.1. Highlights for the period 7
   1.2. Post-closing events 8
2. ACCOUNTING PRINCIPLES AND METHODS 10
   2.1. General principles 10
   2.2. Scope and methods of consolidation 11
   2.3. Currency conversion 11
   2.4. Use of estimates 12
   2.5. Segment reporting 12
   2.6. Research and Development 12
3. SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME 13
   3.1. Intangible non-current assets 13
   3.2. Tangible non-current assets 14
   3.3. Deferred taxes 14
   3.4. Inventories 15
   3.5. Trade and other receivables 15
   3.6. Cash and cash equivalents 16
   3.7. Provisions for risks and charges 17
   3.8. Borrowing and financial debt 17
   3.9. Other current liabilities 18
   3.10. Assets and liabilities held for sale 18
   3.11. Revenue 20
   3.12. Other income from operating activities 20
   3.13. Amortization and provisions 20
   3.14. Other operating income and charges 21
   3.15. Expected effective tax rate for the year and integrated 21
   3.16. Earnings per share 21
   3.17. Scope and methods of consolidation 22
   3.18. Headcount 22
   3.19. Related party transactions 22

HALF-YEARLY ACTIVITY REPORT 23

1. HIGHLIGHTS AND ACTIVITY 23
2. POST-CLOSING EVENTS 23
3. COMMENTS ON THE CONSOLIDATED QUANTIFIED DATA 25
   3.1. Commercial activity 25
   3.2. Consolidated results 25
   3.3. Outlook 26
   3.4. Other elements 26
4. RELATED PARTY TRANSACTIONS 27
5. RISKS AND UNCERTAINTIES 28

PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 30

1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 30
2. DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

€K	06/30/2024	12/31/2023
Goodwill	1 741	1 741
Intangible non-current assets	3 974	2 516
Tangible non-current assets	38 126	33 702
Securities consolidated using the equity method	-	-
Other assets	13 477	13 311
Deferred tax assets	50	38
NON-CURRENT ASSETS	**57 369**	**51 308**
Inventories	10 997	7 647
Trade and other receivables	26 701	20 126
Tax assets due	4 135	1 991
Cash and cash equivalents	57 630	63 021
CURRENT ASSETS	**99 464**	**92 785**
ASSETS HELD FOR SALE	**13 699**	**19 185**
TOTAL ASSETS	**170 531**	**163 277**

€K	06/30/2024	12/31/2023
Capital	3 511	3 360
Issue premiums	130 788	171 525
Treasury shares	(377)	(1 407)
Accumulated retained earnings	(74 736)	(85 235)
GROUP EQUITY	**59 186**	**88 243**
Investment subsidies	9 833	6 800
Borrowings and financial debt maturing > 1 year	32 678	2 863
Provisions > 1 year	5 148	3 602
Deferred tax liabilities	641	641
NON-CURRENT LIABILITIES	**48 300**	**13 906**
Borrowings and financial debt maturing < 1 year	1 043	2 108
Provisions < 1 year	6 923	7 448
Trade and other payables	12 009	13 391
Other current liabilities	41 371	36 479
CURRENT LIABILITIES	**61 346**	**59 424**
LIABILITIES HELD FOR SALE	**1 699**	**1 704**
TOTAL EQUITY AND LIABILITIES	**170 531**	**163 277**

[1] Unaudited data

CONSOLIDATED STATEMENT OF NET INCOME[2]

€K	06/30/2024	06/30/2023	12/31/2023
Revenue	9 503	7 032	18 774
Other income from operating activities	638	690	1 130
INCOME FROM CURRENT OPERATIONS	**10 141**	**7 722**	**19 905**
Goods consumed	(10 767)	(6 221)	(17 903)
Change in inventories of finished products, work in progress	432	1 000	1 898
Payroll charges	(13 542)	(11 193)	(24 146)
External charges	(10 843)	(12 815)	(24 171)
Taxes and duties	(133)	(83)	(202)
Amortization	(1 644)	(1 162)	(2 804)
Depreciation and provisions	(978)	(2 094)	(2 781)
Other operating income and expenses	-	-	(0)
CURRENT OPERATING INCOME	**(27 334)**	**(24 845)**	**(50 205)**
Other operating income and charges	(5 017)	(8)	-
NET OPERATING INCOME	**(32 350)**	**(24 853)**	**(50 205)**
Other financial income and expenses	846	1 541	3 357
Cost of gross financial debt	(545)	(187)	(572)
COST OF NET FINANCIAL DEBT	**301**	**1 354**	**2 786**
Corporate tax	(0)	(7)	(14)
Income from equity affiliates	-	-	-
NET INCOME FROM ORDINARY ACTIVITIES	**(32 049)**	**(23 506)**	**(47 433)**
Income from activities held for sale or discontinued	-	-	-
NET INCOME (LOSS) FOR YEAR	**(32 049)**	**(23 506)**	**(47 433)**

[2] Unaudited data

CONSOLIDATED STATEMENT OF CASH FLOW[3]

€K	06/30/2024	06/30/2023	12/31/2023
Net income for year	**(32 049)**	**(23 506)**	**(47 433)**
(1) Net allowances for amortization and provisions - non-current assets	6 613	1 162	2 646
(2) Net allowances for amortization and provisions - provisions	1 021	2 056	2 899
Depreciation, amortization, and impairment	**7 634**	**3 218**	**5 545**
Other income and expenses	**354**	**349**	**928**
(3) Elimination of proceeds of disposals	-	-	(12)
(4) Elimination NBV	46	-	(4)
Gains (losses) on disposals	**46**	**-**	**(16)**
CASH FLOW AFTER COST OF NET DEBT AND TAXES	**(24 015)**	**(19 939)**	**(40 976)**
Cost of net financial debt	**529**	**144**	**348**
Tax expense (income)	**0**	**(328)**	**(876)**
CASH FLOW AFTER COST OF NET DEBT AND TAXES	**(23 486)**	**(20 123)**	**(41 504)**
(Taxes paid) tax credits	**1 053**	**(10)**	**(28)**
Reduction (increase) in inventories	**(3 726)**	**(2 796)**	**(3 251)**
Reduction (increase) in clients	**(3 879)**	**(2 990)**	**(2 882)**
Reduction (increase) in other receivables	**(2 707)**	**546**	**1 362**
Increase (reduction) in trade payables	**(1 342)**	**(5 627)**	**(3 368)**
Increase (reduction) in other payables	**(969)**	**2 746**	**2 771**
Operating subsidies received (consumed)	**7 249**	**(1 565)**	**(4 523)**
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(27 806)**	**(29 819)**	**(51 422)**
Acquisition of intangible non-current assets - net	**(1 159)**	**(1 014)**	**(1 641)**
Acquisition of tangible non-current assets - net	**(6 699)**	**(6 631)**	**(22 881)**
Acquisition of financial non-current assets - net	**(175)**	**(309)**	**(560)**
Investment subsidies received (consumed)	**(167)**	**-**	**4 300**
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(8 199)**	**(7 954)**	**(20 781)**
Capital increase sums received	**2 669**	**20**	**295**
Net disposal (acquisition) of treasury shares	**-**	**-**	**-**
Proceeds drawn from new borrowings	**30 066**	**36**	**1 032**
Repayment of borrowings	**(2 224)**	**(839)**	**(1 612)**
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**30 511**	**(782)**	**(284)**
Effect of changes in exchange rates	**103**	**61**	**46**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5 391)**	**(38 495)**	**(72 441)**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**63 021**	**135 463**	**135 463**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**57 630**	**96 968**	**63 021**

[3] Unaudited data

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

	Number of shares	Capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation adjustments	Other reserves	Equity attributable to the owners of the Company	Non-controlling interests	Total Equity
01-jan-23	**27 959 095**	**3 355**	**191 621**	**(60 297)**	**(895)**	**(126)**	**1 272**	**134 930**	**-**	**134 930**
Recognition of prior losses			(20 386)	20 386				-	-	-
Capital increase								-	-	-
Share issue warrants exercised								-	-	-
Options and BSPCE exercised	18 705	2	93					**95**	-	95
Allocation of free shares	20 000	3	(3)					-	-	-
Cost of payments in shares							928	**928**	-	928
Other variations			200			(4)	4	**200**	-	200
Other comprehensive income						47	(13)	**34**	-	34
Net income (loss) for year				(47 433)				**(47 433)**	-	(47 433)
Variation in equity					271		(783)	**(512)**	-	(512)
31-dec-23	**27 997 800**	**3 360**	**171 525**	**(87 344)**	**(624)**	**(83)**	**1 408**	**88 242**	**-**	**88 242**
Recognition of prior losses			(43 254)	43 254				-		-
Capital increase								-		-
Share subscription warrants exercised	1 262 000	151	2 517					**2 668**		2 668
Options and BSPCE exercised								-		-
Allocation of free shares								-		-
Cost of payments in shares							354	**354**		354
Other variations				10				**10**		10
Other comprehensive income						(29)		**(29)**		(29)
Net income (loss) for year				(32 049)				**(32 049)**		(32 049)
Variation in equity					247		(257)	**(10)**		(10)
30-jun-24	**29 259 800**	**3 511**	**130 788**	**(76 129)**	**(377)**	**(112)**	**1 505**	**59 186**	**-**	**59 186**

HALF-YEARLY FINANCIAL INFORMATION ON JUNE 30, 2024

1. ABOUT THE COMPANY

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

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

The headquarters of the Company was relocated at the end of July 2024[4] to the site of its Belfort gigafactory (Aéroparc - 1615 Avenue de la Grande Piste, 90150 Foussemagne, France) (the "**Gigafactory**") and it is now listed on Euronext Growth Paris (ISIN code: FR0011742329, symbol: ALMCP).

The information provided in appendix to the consolidated financial statements is an integral part of the consolidated financial statements of McPhy on June 30, 2024, approved by the Board of Directors of the Company on October 28, 2024.

1.1. Highlights for the period

Revenue for the first half-year of 2024 is reported as €9.5 million. This performance represents 35% growth in relation to published data for H1 2023, generated by contracts that are now active, such as Plansee, AAK, HYPE and CEOG. Revenue is divided between the delivery of McLyzer large capacity electrolyzers and the Piel range (96%) as well as the delivery of stations (4%).

The commercial momentum for this period was illustrated by two significant contracts won by McPhy, one of which is in the industrial sector:

- a firm order for the supply of a McLyzer 800-30 4MW electrolyzer and the associated spare parts with Swedish company AAK, a major global player in the transformation of edible oil; and
- A contract to supply a 1 MW McLyzer and a McFilling 350 station (subcontracted to Atawey as part of the sale of the station business) as part of the "Rouen Vallée Hydrogène" project to support

[4] As a reminder, the previous headquarters was located at the Atawey site where the discontinued Stations activity took place (see below). This decision to relocated taken by the Board of Directors will be subject to ratification by the next Company Shareholders' general meeting.

Normandy's energy transition with the VALOREM group. A second contract covers the maintenance of all equipment for a period of 8 years.

These new projects have materialized firm orders amounting to €13 million for the first half of 2024, raising the order book to €26 million on June 30, 2024, an increase of 9% compared to December 31, 2023.

On June 13, 2024, McPhy officially inaugurated the Gigafactory, the first electrolyzer gigafactory in France and one of the largest in Europe. The new production site was built in 16 months and offers 22,000 m² of modern, innovative and responsible space, capable of meeting current technological challenges and satisfying growing demand.

As announced in March 2024, in mid-June McPhy implemented its funding plan for a total amount of €60 million (the "**Funding Plan**") through a €30 million bond issue, convertible to new ordinary shares and/or exchangeable against existing ordinary shares (OCEANEs) to the benefit of EDF Pulse Holding and EPIC Bpifrance (acting on behalf of the French State under the French Tech Sovereignty Agreement of December 11, 2020), in equal parts. Pursuant to the Financing Plan, it is also specified that on June 30, 2024, Vester Finance had subscribed to a total number of 1,262,000 Company shares as part of the equity financing line implemented in December 2023 (beyond the agreed minimum use of €2 million).

1.2. Post-closing events

McPhy continued its Funding Plan with two further operations in July 2024:

- The completion, on July 11, of its financing lease for the Gigafactory for an amount of €16 million;
- The sale of its hydrogen station activity to Atawey on July 16. The final amount of sale was set at €12 million with payments in installments until December 31, 2025[5], along with a potential eran-out depending on future orders related to the scope of activity transferred.
  Over 40 employees transferred to Atawey to enable it to strengthen its know-how, combine feedback from historical players in hydrogen, and consolidate expertise.

As indicated above:

- The Company's headquarters were relocated to the Gigafactory;
- Effective on August 9, 2024, McPhy shares were transferred from Euronext Paris to Euronext Growth.

[5] An initial payment of €1 million was received on the effective date of transfer. The balance of €11 million and interest will be paid as and when Atawey's financing plan will be completed on the combined activity and otherwise, in Atawey shares.

The Group also signed an agreement with Indian conglomerate Larsen & Toubro (L&T) to extend the technology transfer and the exclusive license for the 4 MW McPhy XL product[6]. This is a major milestone in the partnership between L&T and McPhy, reinforcing their commitment to a collaborative approach to supplying advanced electrolyzer solutions for the green hydrogen sector.

[6] As a reminder, in 2023 the L&T group and McPhy signed an exclusive Technology licensing and assistance agreement on the Company's electrolyzer technology, for the following scope: (India and countries of the South Asian Association for Regional Cooperation (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives), as well as the Gulf States (Saudi Arabia, United Arab Emirates, Oman, Qatar, Kuwait, Bahrain).

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles

The consolidated financial statements were produced based on the company accounts as of June 30, 2024 and were not subject to limited examination by statutory auditors.

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

These financial statements do not include all the information required for an end-of-year closure, but rather a selection of explanatory notes, and must be read in comparison to the Group's consolidated financial statements as of December 31, 2023.

By virtue of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, the principles of recognition, valuation and presentation used to prepare the consolidated financial statements are compliant with the standards and IFRS interpretations as adopted by the European Union available on the European Commission website: https://ec.europa.eu/commission/index_en.

The going concern assumption was adopted by the Board of Directors for the financial statements on June 30, 2024, given the net cash position of €57 million as of June 30, 2024, the business plan and cash flow forecast for 2024 and 2025, as well as the intended financing initiatives.

It is based on the following fundamental assumptions: on the one hand, the achievement of business plan targets and compliance with cash flow forecasts for a scope refocused on the electrolyzer business, and on the other hand, the completion of the financing actions undertaken for the amounts and within the timetable planned, namely:

- The financing lease on the Gigafactory to the amount of €16 million;
- The payment of the fixed price of €11 million in cash over the next 14 months following the sale of its station activity to Atawey (excluding any earn-out payable in cash and conditional on the receipt of future orders concerning the scope of activity transferred); and
- The effective use of the equity financing line set-up with Vester Finance on December 19, 2023 (depending on market conditions and compliance with exercise conditions).

2.2. Scope and methods of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and the companies it controls. The group consolidation scope only comprises fully consolidated companies, because the Company acting as the consolidating entity holds a controlling majority stake (see note 3.17 in this report).

2.3. Currency conversion

Functional currency and reporting currency

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

Transactions in currency

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

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

Exchange rate EUR against currencies		Average rate S1-2024	Average rate S1-2023	Closing date rate 06/30/2024	Closing date rate 06/30/2023
Singapore dollar	SGD	1.456	1.444	1.451	1.473
US dollar	USD	1.081	1.081	1.070	1.087

2.4. Use of estimates

The preparation of financial statements requires that Management use estimates and reasonable assumptions, likely to impact the amounts relating to assets, liabilities, equity, income, and charges recognized in the accounts, as well as on the information provided in the appendix. These estimates are based on an assumption of going concern and are calculated according to the information available at the time of their production. The main estimates concern:

- The choice of capitalization of research and development projects in progress,
- Capitalization of deferred tax assets on losses carried forward,
- The period of use of assets owned by the Company,
- Provisions for pension obligations,
- Provisions for guarantees,
- Projected cash flow consumption,
- Remaining costs to cover projects where revenue is recognized according to the degree of cost completion.

The estimates may be revised if the circumstances on which they were based evolve or new information is obtained.

2.5. Segment reporting

Accounting standard IFRS 8 requires that operational segments are identified based on the internal reporting used by the Company. McPhy Energy has only one identifiable operating segment for which the Group is able to publish information in accordance with IFRS 8.

2.6. Research and Development

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

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

In respect to the first half-year 2024, capitalized research and development costs amounted to €0.7 million, compared to €0.6 million for the same period in 2023.

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

A NOTES TO THE BALANCE SHEET

3.1. Intangible non-current assets

K EUR	Goodwill	Concessions, patents, licenses	Capitalized development expenses	Other	Total
Gross value					
At 12/31/2023	**1 741**	**1 859**	**1 811**	**(168)**	**5 243**
Other acquisitions	-	30	-	1 129	**1 159**
Disposals / internal transfers	-	-	-	-	**-**
Other variations	-	302	(316)	14	**-**
Assets held for sale	-	635	(284)	495	**847**
At June 30, 2024	**1 741**	**2 826**	**1 211**	**1 470**	**7 248**
Accumulated amortizations and impairments					
At 12/31/2023	**-**	**(944)**	**(42)**	**-**	**(986)**
Amortization for fiscal year	-	(281)	(3 330)	-	**(3 611)**
Other variations	-	-	-	-	**-**
Assets held for sale	-	(101)	3 165	-	**3 064**
At June 30, 2024	**-**	**(1 325)**	**(207)**	**-**	**(1 533)**
Net values at December 31, 2023	**1 741**	**915**	**1 768**	**(168)**	**4 257**
Net values at June 30, 2024	**1 741**	**1 500**	**1 004**	**1 470**	**5 716**

Goodwill is not amortized and is subjected to an impairment test at the end of each financial year. The Company has not identified any indication of loss in value on June 30, 2024. The “Other” item includes R&D spending capitalized on current projects and investments in intangible assets (information system).

3.2. Tangible non-current assets

K EUR	Land and buildings	Plant and machinery	Other tangible	Other	Total
Gross value					
At 12/31/2023	**5 204**	**4 861**	**30 735**	**-**	**40 800**
Acquisitions	14	186	5 069		**5 269**
Lease agreements	189	-	35		**225**
Disposals / internal transfers	26 641	(158)	(26 991)		**(508)**
Assets held for sale	(96)	227	236		**367**
At June 30, 2024	**31 953**	**5 116**	**9 084**	**-**	**46 152**
Accumulated amortizations and impairments					
At 12/31/2023	**(1 775)**	**(3 922)**	**(1 401)**	**-**	**(7 098)**
Amortization for fiscal year	(456)	(165)	(1 889)		**(2 510)**
Amortization of lease agreements	(206)	(76)	(190)		**(473)**
Disposals / internal transfer	-	156	306		**462**
Assets held for sale	0	(64)	1 657		**1 592**
At June 30, 2024	**(2 438)**	**(4 071)**	**(1 517)**	**-**	**(8 026)**

The electrolyzer Gigafactory was commissioned in February 2024, at a cost of €26.6 million. This resulted in a transfer from the “Assets under construction” item (“Other tangible”) to the “Land and buildings” item. The site extension at the San Miniato facility continued, to the amount of €2.0 million for the period.

3.3. Deferred taxes

€K	12/31/2023	Impact on reserves	Impact on OCI	Impact on net income	06/30/2024
Provisions for pensions - retirement benefits	26				26
Other social payments (IDA)	15				15
Currency translation adjustments	(27)			25	(2)
Lease agreements	1 163	(425)		(84)	654
Neutralization IDA/IDP	(1 139)	495			(643)
Deferred taxes - assets	**38**	**71**	**-**	**(59)**	**50**
Other social payments (IDP)	(665)				(665)
Lease agreements	(1 115)	434		62	(619)
Neutralization IDA/IDP	1 139	(495)			643
Deferred taxes - liabilities	**(641)**	**(61)**	**-**	**62**	**(641)**
Deferred taxes - net	**(603)**	**9**	**-**	**3**	**(591)**

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

3.4. Inventories

€K	06/30/2024	12/31/2023
Raw materials, supplies and other purchasing	10 749	7 376
Inventories - Work in progress	-	-
Inventories - Finished and intermediate products	521	544
Other	-	-
Total gross value	**11 270**	**7 920**
Total impairment	**(273)**	**(273)**
Total net value	**10 997**	**7 647**

The increase in component inventories reflects the purchasing required for the manufacture of stacks associated with a key contract.

3.5. Trade and other receivables

€K	06/30/2024	12/31/2023
Trade receivables and related accounts (1)	16 243	12 407
State and other bodies (2)	3 836	3 671
Deferred charges	793	690
Sundry (3)	5 897	3 467
Total gross value	**26 769**	**20 235**
Total impairment	**(68)**	**(109)**
Total net value	**26 701**	**20 126**

The "Trade receivables and related accounts" item comprises:

- Trade receivables to the amount of €6,405 K, for which the risk assessment did not reveal any additional impairments to recognize;
- Contract assets by application of IFRS 15, to the amount of €9,836 K;
- The "Miscellaneous" item includes advance payments made to suppliers to the amount of €5,625 K.

3.6. Cash and cash equivalents

€K	06/30/2024	12/31/2023
Short-term deposits	53 096	53 000
Cash and cash equivalents	4 333	9 476
Interest incurred not due on cash and equivalents	201	546
Cash and cash equivalents	**57 630**	**63 021**

3.7. Provisions for risks and charges

€K	12/31/2023	Provisions	Uses	Unused reversals	Other variations	06/30/2024
Disputes	-	-	-			-
Pensions and retirement benefits	570	62	(21)			611
Other risks and charges	7 461	325	(849)			6 936
Provisions for guarantees	3 018	1 717	(212)			4 523
Provisions for risks and charges	**11 049**	**2 104**	**(1 083)**	**-**	**-**	**12 071**
Non-current	3 602	1 779	(233)			5 148
Current	7 447	325	(849)			6 922
Total	**11 049**	**2 104**	**(1 083)**	**-**	**-**	**12 071**

Over the period, in terms of provisions for risks and charges, a net provision of €668 K was recorded, including €908 K in relation to losses on completion of current contracts.

3.8. Borrowing and financial debt

€K	12/31/2023	Issues	Repaid	Reclassified	06/30/2024
Bank borrowing	630	-	-	-	630
Bonds - non-current	-	30 000	-	-	30 000
Other borrowing and assimilated liabilities - non-current	217	66	66	1	349
Lease agreements	2 016	-	-	(317)	1 699
Non-current financial debt	**2 863**	**30 066**	**66**	**(317)**	**32 678**
Bank borrowing	125	-	(50)	-	75
Bonds - current	1 000	-	(1 000)	-	-
Other borrowing and assimilated liabilities - non-current	51	-	-	-	51
Lease agreements	932	34	(581)	533	917
Current financial debt	**2 108**	**34**	**(1 631)**	**533**	**1 043**

The €30 million bond borrowing corresponds to the June 2024 issue of bonds convertible to new ordinary shares and/or exchangeable against existing ordinary shares (OCEANEs) to the benefit of EDF Pulse Holding and EPIC Bpifrance (acting on behalf of the French State under the French Tech Sovereignty Agreement of December 11, 2020), in equal parts.

3.9. Other current liabilities

€K	06/30/2024	12/31/2023
Subsidies	30 158	27 448
Tax and employee-related liabilities	5 683	5 273
Other payables	2 318	2 070
Deferred income	3 212	1 688
Other current liabilities	**41 371**	**36 479**

The “Subsidies” item for a net amount of €29.5 million includes payments by Bpifrance in respect of the public aid granted under the European IPCEI scheme for the electrolyzer Gigafactory project in Belfort (€37.1 million), net of the portion recognized against eligible expenses incurred in respect of fiscal years 2022 and 2023, as well as the first half of 2024 (€7.6 million).

3.10. Assets and liabilities held for sale

A non-current asset or a group of directly related assets and liabilities is held for sale when its book value will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale, and the sale must be highly probable.

These assets or groups held for sale are measured at the lower of the book value and fair value net of transaction costs. They are no longer amortized. Associated assets and liabilities held for sale are presented on specific lines of the consolidated financial statements.

As the station business sold to Atawey after the closure of the accounts, is neither a Cash-Generating Unit (CGU) nor an operating segment under IFRS 8, it is not considered a "component" or "discontinued operation" as defined by IFRS 5. Consequently, the income statement has not been restated. However, in view of the sale occurring in July 2024 and the material nature of the assets and liabilities of this business, they are presented on June 30, 2024 (as at December 31, 2023) on specific lines in the assets and liabilities of the consolidated financial statements. Consistent with the definition of the scope of disposal, assets and liabilities held for sale include the assets and liabilities attached to the business, in particular inventories, movable assets, customers, the leased Grenoble industrial site, other intangible assets and a share of the Group's goodwill. They do not include operating receivables and payables relating to the Stations business, as these are excluded from the scope of the disposal. The share of goodwill has been allocated based on relative fair value. The fair value of assets held for sale, net of disposal costs, was determined considering only the fixed portion of the sale price. Due to a slowdown in the mobility market and the uncertainty surrounding Atawey's product policy, the variable portion of the price conditional on receipt of future orders was not taken into account. The fair value thus determined is below the book value of net assets and an impairment was recorded on assets held for sale to the amount of €4.2 million.

B NOTES TO THE INCOME STATEMENT

3.11. Revenue

Revenue on June 30, 2024 amounted to €9,503 K, compared with €7,032 on June 30, 2023.

The distribution of the revenue by geographical area presented below reflects the country of the client billed.

€K	06/30/2024		06/30/2023		12/31/2023	
Western Europe	8 615	91%	6 330	90%	15 418	82%
Eastern Europe	66	1%	9	0%	12	0%
Middle East / Africa	23	0%	258	4%	358	2%
Americas	201	2%	82	1%	204	1%
Asia / Pacific	598	6%	353	5%	2 782	15%
TOTAL	**9 503**	**100%**	**7 032**	**100%**	**18 774**	**100%**

3.12. Other income from operating activities

€K	06/30/2024	06/30/2023
Other income	70	50
Operating subsidies	386	300
Extraordinary income from previous years	16	5
Investment subsidies transferred to income for the period	167	-
Other CIR tax credits not classified as tax income or expense	-	335
Other income from operating activities	**638**	**690**

3.13. Amortization and provisions

€K	06/30/2024	06/30/2023
Intangible non-current assets	429	78
Tangible non-current assets	1 214	1 080
Gains (losses) from asset retirements		
Amortization	**1 644**	**1 158**
Provisions	2 104	3 936
Reversals of provisions	(1 126)	(1 837)
Net provisions	**978**	**2 099**
Net recurring operational provisions	**2 622**	**3 257**
Non-recurring provisions / reversals		
Gains (losses) from asset retirements		
Net operational provisions	**2 622**	**3 257**

3.14. Other operating income and charges

€K	06/30/2024	06/30/2023
CURRENT OPERATING INCOME	**(27 334)**	**(24 845)**
Other operating income and charges	(5 017)	(8)
NET OPERATING INCOME	**(32 350)**	**(24 853)**

This item comprises an impairment on non-current assets and inventories held for sale to the amount of €4.2 million and an €0.8 million impairment of goodwill.

3.15. Expected effective tax rate for the year and integrated

The company does not expect to incur a significant tax expense for fiscal year 2024, given the ordinary tax deficits declarable in France and abroad.

3.16. Earnings per share

On June 30, 2024, net diluted earnings per share amounted to (€0.97), compared with (€0.84) as of June 30, 2023.

	06/30/2024	**06/30/2023**
Weighted average number of shares in circulation	29,123,038	27,859,593
Dilutive effect of options	3,867,550	90,913
Number of shares after effect of dilutive instruments	32,990,588	27,950,506
Net earnings - Group share *(in thousands of euros)*	(32,049)	(23,506)
Net diluted earnings per share *(€)*	(0.97)	(0.84)

Net diluted earnings per share is obtained by dividing the net income group share by the weighted average number of shares, net of the maximum impact of the conversion of dilutive instruments into ordinary shares.

C OTHER INFORMATION

3.17. Scope and methods of consolidation

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

Companies	Country	06/30/2024	06/30/2023	Notes
Fully consolidated companies				
McPhy Energy S.A.	France	Parent	Parent	Design, manufacture, and marketing
McPhy Energy Italia Sprl	Italy	100%	100%	Design, manufacture, and marketing
McPhy Energy Deutschland GmbH	Germany	100%	100%	Engineering and marketing
McPhy Energy Northern America Corp.	USA	100%	100%	Marketing
McPhy Energy Asia Pacific Pte. Ltd	Singapore	100%	100%	Marketing

3.18. Headcount

The headcount of the Company and its fully consolidated subsidiaries totals 258 people on June 30, 2024 compared to 265 people at December 31, 2023.

3.19. Related party transactions

No significant transactions with related parties occurred over the period, except for transactions related to the implementation of the Financing Plan (as explained in Section 1 above).

Also refer to Section 4 of the Half-Yearly Activity Report below.

HALF-YEARLY ACTIVITY REPORT

1. HIGHLIGHTS AND ACTIVITY

Revenue for the first half-year of 2024 is reported as €9.5 million. This performance represents 35% growth in relation to published data for H1 2023, generated by contracts that are now active, such as Plansee, AAK, HYPE and CEOG. Revenue is divided between the delivery of McLyzer large capacity electrolyzers and the Piel range (96%) as well as the delivery of stations (4%).

The commercial momentum for this period was illustrated by two significant contracts won by McPhy, one of which is in the industrial sector:

- a firm order for the supply of a McLyzer 800-30 4MW electrolyzer and the associated spare parts with Swedish company AAK, a major global player in the transformation of edible oil; and
- A contract to supply a 1 MW McLyzer and a McFilling 350 station (subcontracted to Atawey as part of the sale of the station business) as part of the "Rouen Vallée Hydrogène" project to support Normandy's energy transition with the VALOREM group. A second contract covers the maintenance of all equipment for a period of 8 years.

These new projects have materialized firm orders amounting to €13 million for the first half of 2024, raising the order book to €26 million on June 30, 2024, an increase of 9% compared to December 31, 2023.

On June 13, 2024, McPhy officially inaugurated the Gigafactory, the first electrolyzer gigafactory in France and one of the largest in Europe. The new production site was built in 16 months and offers 22,000 m² of modern, innovative and responsible space, capable of meeting current technological challenges and satisfying growing demand.

As announced in March 2024, in mid-June McPhy implemented its funding plan for a total amount of €60 million (the "**Funding Plan**") through a €30 million bond issue, convertible to new ordinary shares and/or exchangeable against existing ordinary shares (OCEANEs) to the benefit of EDF Pulse Holding and EPIC Bpifrance (acting on behalf of the French State under the French Tech Sovereignty Agreement of December 11, 2020), in equal parts. Pursuant to the Financing Plan, it is also specified that on June 30, 2024, Vester Finance had subscribed to a total number of 1,262,000 Company shares as part of the equity financing line implemented in December 2023 (beyond the agreed minimum use of €2 million).

2. POST-CLOSING EVENTS

McPhy continued its Funding Plan with two further operations in July 2024:

- The completion, on July 11, of its financing lease for the Gigafactory for an amount of €16 million;
- The sale of its hydrogen station activity to Atawey on July 16. The final amount of sale was set at €12 million with payments in installments until December 31, 2025[7], along with a potential eran-out depending on future orders related to the scope of activity transferred.

  Over 40 employees transferred to Atawey to enable it to strengthen its know-how, combine feedback from historical players in hydrogen, and consolidate expertise.

As indicated above:

- The Company's headquarters were relocated to the Gigafactory;
- Effective on August 9, 2024, McPhy shares were transferred from Euronext Paris to Euronext Growth.

The Group also signed an agreement with Indian conglomerate Larsen & Toubro (L&T) to extend the technology transfer and the exclusive license for the 4 MW McPhy XL product[8]. This is a major milestone in the partnership between L&T and McPhy, reinforcing their commitment to a collaborative approach to supplying advanced electrolyzer solutions for the green hydrogen sector.

[7] An initial payment of €1 million was received on the effective date of transfer. The balance of €11 million and interest will be paid as and when Atawey's financing plan will be completed on the combined activity and otherwise, in Atawey shares.
[8] As a reminder, in 2023 the L&T group and McPhy signed an exclusive Technology licensing and assistance agreement on the Company's electrolyzer technology, for the following scope: (India and countries of the South Asian Association for Regional Cooperation (Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives), as well as the Gulf States (Saudi Arabia, United Arab Emirates, Oman, Qatar, Kuwait, Bahrain).

3. COMMENTS ON THE CONSOLIDATED DATA

3.1. Commercial activity

Revenue for the first half of 2024 is reported as €9,503 K, compared with €7,032 K for H1 2023, up 35% thanks to contracts that are now active, such as Plansee, AAK, HYPE and CEOG. The distribution of the revenue by geographical area presented below reflects the country of the client billed.

K EUR	30/06/2024		30/06/2023		31/12/2023	
Europe de l'Ouest	8,615	91%	6,330	90%	15,418	82%
Europe de l'Est	66	1%	9	0%	12	0%
Moyen Orient / Affrique	23	0%	258	4%	358	2%
Amériques	201	2%	82	1%	204	1%
Asie Pacifique	598	6%	353	5%	2,782	15%
TOTAL	**9,503**	**100%**	**7,032**	**100%**	**18,774**	**100%**

3.2. Consolidated results

Throughout the first half of 2024, the Group has pursued its commercial and industrial growth strategy, while controlling its spending. In this backdrop, payroll charges increased by 21%, reflecting the recruitment of 28 new employees during the half-year (and a total of 70 over the past 12 months), increasing the workforce to 258 employees as of June 30, 2024. Nonetheless, other external expenses amounted to €10.8 million, down 15% mainly due to lower spending on the use of external personnel. Consequently, EBITDA fell to (€24.7) million compared to (€21.6) million for the same period in 2023. Current Operating Income was reported as (€27.3) million and Net Operating Income at (€32.0) million, after impairment of assets held for sale (station activity sold to Atawey) to the amount of €5.0 million. Net cash use amounted to (€5.4) million for the first half of 2024, with the use of €46.8 million related to the continued investment in the construction and outfitting of the Gigafactory, and the increase in working capital requirement associated with the development of the activity, offset by the €41.4 million increase in resources mainly generated by a €30 million bond issue and the second installment of the IPCEI subsidy[9]. On June 30, 2024, McPhy holds a cash position of €56.7 million, compared to €63 million at December 31, 2023 and the necessary latitude to pursue its projects.

[9] IPCEI - Important Project of Common European Interest

3.3. Outlook

Given its order book, its business outlook and the lead times in project completion due to their size and complexity, McPhy anticipates revenue growth of between €18 million and €22 million for 2024.

3.4. Other elements

Net assets on June 30, 2024 amount to €59.2 million, broken down as follows *(in € million)*:

K EUR	06/30/2024	30/06/2023
ASSETS		
Goodwill	1 741	2 487
Other non-current assets	55 628	48 436
Current assets	41 833	37 486
Cash and cash equivalents	57 630	96 968
Assets held for sale	13 699	-
LIABILITIES		
Non-current liabilities	48 300	15 296
Current liabilities	61 346	58 552
Liabilities held for sale	1 699	
NET ASSETS	**59 186**	**111 529**

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

Cash position as at January 1st, 2024	**63 021**	**135 463**
USES		
Cash flow from operations	(24 015)	(19 939)
Increase in working capital requirement	(10 937)	(8 254)
Operating subsidies received	7 249	(1 565)
Net investment	(8 199)	(7 954)
Loan repayments	(2 224)	(839)
RESOURCES		
Capital increase	2 669	20
New borrowing	30 066	36
Cash position at closing on June 30, 2024	**57 630**	**96 968**

4. RELATED PARTY TRANSACTIONS

No significant transactions with related parties occurred over the period, except for transactions related to the implementation of the Company's Financing Plan, and more specifically:

- On June 12, 2024, the Company signed subscriptions agreements with EDF Pulse Holding and EPIC Bpifrance (acting on behalf of the French State under the French Tech Sovereignty Agreement of December 11, 2020, as part of the Company's issue of bonds convertible to new ordinary shares and/or exchangeable against existing ordinary shares[10].
- Subsequent to an agreement in principle on a banking pool (including Bpifrance SA) during the first half of 2024 and as indicated in the post-closing events, as part of the implementation of a property credit lease concerning its Gigafactory, McPhy also signed a sale agreement followed by a property credit lease agreement with said banking pool on July 11, 2024.

We must also clarify that:

- The partnership agreements (Memorandum of Understanding and technology co-development agreement) between the Company and Technip Energies were terminated by mutual agreement in early 2024; and
- The cooperative agreement between EDF, Hynamics and the Company concerning the performance of tests to experimentally validate the industrial use of electrolyzers on the EDF R&D Lab site in Les Renardières (under an agreement of June 24, 2022 and as modified by later amendments) expired during the first half of 2024.

[10] As a reminder, the subscription agreements for said convertible bonds were signed in March 2024.

5. RISKS AND UNCERTAINTIES

Except for the risks indicated in section 2.1 "Risk factors" of the 2023 Universal Registration Document filed with the AMF in 2024, as well as in section 3 “Risk Factors” of the Prospectus for admission to trading on Euronext Growth Paris, Management has not identified the occurrence of new risks over the six-month period. However, Management has reviewed its risk factor in section 3.3.2 “Risks associated with liquidity and uncertain additional financing” of the Prospectus. The risk factor has been updated as follows.

Description of the risk

Since the Group was created, it has funded its growth by extending its equity through successive capital issues (with the acquisition of stakes by Bpifrance, the EDF group, Chart Industries and Technip Energies), refinancing certain investments using credit leases, obtaining subsidies and government aids for innovation, as well as short and medium-term bank borrowing. Cash and cash equivalents amounted to almost €57 million on June 30, 2024; financial debt (excluding credit leases and long-term contracts) was below €1 million.

On the date of this Half-Year financial report, given its available liquidity, the Company declares that from its standpoint, McPhy’s consolidated net working capital is sufficient to meet its recurrent obligations over the next 12 months.

To enhance its resources, McPhy may need to raise further funds in the future, particularly in the event of postponement of its business plan, to act on tangible business opportunities, to permit the acquisition of other companies or technologies, or to meet a market need not addressed at this time. The Group’s capacity to raise further funding will depend on the applicable financial, economic and contextual conditions, alongside other factors over which it has no or only limited control. In this respect, if the renewable energies or hydrogen market were to develop less rapidly or differently than foreseen, the appetite for investors in this field may shrink and McPhy may encounter difficulties in achieving its growth objectives or business development objectives. Moreover, the Group cannot guarantee that additional funds will be made available when it needs them, and where applicable, that said funds be available at acceptable conditions, especially given the higher cost of credit. If the necessary funding is not available, the Company may be obliged to limit or postpone the deployment of its production capacities or the development of new products, depriving it of access to new markets, or from maintaining its competitive positioning. This situation may impair McPhy’s business continuity.

Also, insofar as the Company raises capital by issuing new shares or instruments which offer future access to the Company’s capital (such as a new equity financing line or convertible bond issue), its current shareholders may be diluted in varying proportions.

Key risk mitigation measures deployed in the Group

The Group considers that it will have the necessary financial resources to finance its growth until early 2026, considering:

- The deployment of current projects on time and on budget estimated at the end of September 2024;
- The payment of the fixed price of €11 million in cash over the next 14 months following the sale of its station activity to Atawey (excluding any eran-out payable in cash and conditional on the receipt of future orders concerning the scope of activity transferred); and
- The effective use of the equity financing line set-up with Vester Finance on December 19, 2023 (depending on market conditions and compliance with exercise conditions).

PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Jean-Baptiste Lucas, Chief Executive Officer

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

I certify that, to the best of my knowledge, the summary financial statements for the half-year ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of McPhy Energy SA and all consolidated companies, and that the half-year financial report attached presents a true and fair view of significant events occurring during the first six months of the fiscal year, their impact on the accounts, the main related-party transactions, and that it describes the main risks and uncertainties for the remaining six months of the fiscal year.

October 28, 2024

Jean-Baptiste Lucas

Chief Executive Officer