

Lhyfe

PRODUCER AND SUPPLIER OF
GREEN & RENEWABLE HYDROGEN

FOR MOBILITY AND INDUSTRY

2023 UNIVERSAL REGISTRATION DOCUMENT

2023

UNIVERSAL REGISTRATION DOCUMENT

including the annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This universal registration document has been approved on 25 April 2024 by the *Autorité des marchés financiers* (AMF), 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.24-005.

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 2025 and, during this period and at the latest at the same time as the securities 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.

Copies of this universal registration document are available free of charge at the Company's registered office at 1 ter mail Pablo Picasso, 44000 Nantes, France, as well as in electronic form on the Company's website (fr.lhyfe.com) and on the AMF website (www.amf-france.org).

A glossary including financial and technical terms is available on page 236.

CONTENTS

1 Presentation of the Group 5

1.1. General presentation of the Group 6
1.2. Description of the green hydrogen market 8
1.3. Group strategy: rapid, large-scale deployment of green hydrogen production sites 18
1.4. Project financing and profitability 20
1.5. Project development, construction and operation 22
1.6. A significant lead in the production of green hydrogen using offshore wind power 26
1.7. Lhyfe assets 30
1.8. Pipeline and objectives 31
1.9. Important events since the creation of the Company 38
1.10. Group regulatory environment 39
1.11. Industrial property 44

2 Corporate Social and Environmental Responsibility 45

2.1. The Group's general policy in terms of CSR 46
2.2. Environmental information 48
2.3. Social information 51
2.4. Societal information 54

3 Corporate governance 57

3.1. General principles of corporate governance 58
3.2. Board of Directors and Committees 59
3.3. General management 74
3.4. Remuneration and benefits of corporate officers 76
3.5. Application of the recommendations of the Middlenext Code 88
3.6. Related-party and similar agreements 89
3.7. Other information 90

4 Risk factors and risk management 93

4.1. Risk factors 95
4.2. Insurance and risk management 110

5 Comments on the 2023 financial year 111

5.1. Financial situation 112
5.2. Analysis of the business and consolidated results 114
5.3. Cash, capital and financing 118
5.4. Investments 128

6 Financial Statements 129

6.1. Consolidated financial statements 130
6.2. Statutory auditors' report on the consolidated financial statements 169
6.3. Individual financial statements 172
6.4. Statutory auditors' report on the individual financial statements 202
6.5. Other information regarding Lhyfe S.A. 205
6.6. Significant change in the Company's financial position 207

7 Capital and Shareholders 209

7.1. Share capital, shares and securities issued by Lhyfe SA 210
7.2. Shareholding 217
7.3. Dividends and financial communication 223

8 Additional Information 225

8.1. Legal information 226
8.2. Organisational structure 227
8.3. Persons responsible 230
8.4. Historical financial information incorporated by reference 230
8.5. Documents available to the public 230
8.6. Concordance tables 231

Glossary 236

A word from the Chairman and Chief Executive Officer



Matthieu Guesné

Founder & Chairman and Chief Executive Officer

"Lhyfe among the leaders in French green hydrogen production"

2023 was marked for Lhyfe by numerous operational and commercial milestones, confirming the reality of green hydrogen as a vector for decarbonation and Lhyfe's position among the leaders in French green hydrogen production.

In 2023, Lhyfe doubled its revenue and signed new customers in France and Germany, reflecting the ramp-up of its Bouin production site. The Group continued to deploy onshore green hydrogen production sites across Europe: two sites were inaugurated in France, and several sites are under construction in France and abroad. The pipeline of projects likely to support the Group's future growth represents circa 10 GW, and includes bulk, on-site and backbone projects.

In 2023, the Group also distinguished itself by operating the world's first offshore green hydrogen production pilot platform from May to November. This is a key first step on the road to becoming one of the first players in the world to deploy the offshore sites required for mass production of green hydrogen.

All these achievements reflect our unique positioning on several fronts: firstly, because we are a pure player in green hydrogen, with full expertise of the entire value chain, from identifying opportunities to developing, building and operating production units and directly marketing the green hydrogen produced. Our expertise enables us to manage projects of increasing size from start to finish, as part of a gradual transition to industrial scale.

Secondly, our historical integrated model, which consists of developing our own projects and holding our assets over the very long term to create long-lasting value, is now complemented by a model based on co-development with investor partners, whether financial or industrial, wanting to finance and own high-quality green hydrogen production projects and entrust their development to Lhyfe. This co-development model should accelerate Lhyfe's achievement of its profitability target. Lhyfe believes that this hybrid model, which is both integrated and focused on investor partners, enables it to deploy sustainable assets that are profitable over the long term and contribute to decarbonising mobility and industry.

Reflecting the Group's growing expertise and the ongoing transition to industrial scale, the French government confirmed, in early 2024, its significant support for Lhyfe's future green hydrogen production site at Gonfreville-L'Orcher, near Le Havre, with an installed electrolysis capacity of 100 MW, in the form of a grant of up to €149 million. This support is a mark of confidence in Lhyfe and a true recognition of the work accomplished. This project meets the challenges and decarbonisation needs of a major industrial port such as Le Havre.

In 2023, Lhyfe also distinguished itself in terms of financial strategy by strengthening its financial resources through the signature of its first long-term corporate financing. This financing reflects the trust and support of our banking partners for our project and our ambitions.

Last but not least, Lhyfe is a group of women and men who share the same vision of a new energy model based on green hydrogen, which will enable us to offer a more breathable world to our children. To be as close as possible to its projects, Lhyfe now employs 195 people in 8 countries, who work and commit themselves on a daily basis, guided by shared values of courage, optimism and solidarity.

Lhyfe looks forward to 2024 with confidence, enthusiasm, and the renewed ambition to become a major player in the decarbonisation of the heavy mobility and industrial sectors, and an independent European leader in the green hydrogen market.

1 Presentation of the Group

1.1. General presentation of the Group 6

1.1.1. A pioneer in onshore and offshore green hydrogen 6
1.1.2. Presentation of a typical project 8

1.2. Description of the green hydrogen market 8

1.2.1. Green hydrogen: a pillar of decarbonisation 8
1.2.2. Green hydrogen at the heart of European and national decarbonisation strategies 11
1.2.3. Decarbonising industry 12
1.2.4. Decarbonising mobility 14
1.2.5. Support schemes for green hydrogen 15
1.2.6. Competitive environment 17

1.3. Group strategy: rapid, large-scale deployment of green hydrogen production sites 18

1.4. Project financing and profitability 20

1.4.1. Project financing 20
1.4.2. Project structuring and profitability 21

1.5. Project development, construction and operation 22

1.5.1. Project development 22
1.5.2. Construction of production assets 24
1.5.3. Operation of production assets 25

1.6. A significant lead in the production of green hydrogen using offshore wind power 26

1.6.1. The need to deploy offshore production sites 26
1.6.2. Major advances in offshore 28

1.7. Lhyfe assets 30

1.7.1. A multi-disciplinary team of engineers 30
1.7.2. An agnostic approach to green hydrogen production technologies 30
1.7.3. Proven industrial expertise in industrial onshore and offshore green hydrogen production 30
1.7.4. A modular approach enabling initial projects to be scaled up 30
1.7.5. Software tools and data management at the heart of the industrial process 31

1.8. Pipeline and objectives 31

1.8.1. Presentation of the pipeline 31
1.8.2. Presentation of projects 33
1.8.3. Objectives 37

1.9. Important events since the creation of the Company 38

1.10. Group regulatory environment 39

1.10.1. Challenges of the regulatory package specific to the hydrogen market 40
1.10.2. Recent developments in French hydrogen regulations 41
1.10.3. Regulations relating to facilities operated by the Group 42
1.10.4. Regulations governing Group electricity purchase contracts 43
1.10.5. Regulations governing the transport of hazardous goods 43

1.11. Industrial property 44

1.11.1. Protecting know-how 44
1.11.2. Brands 44
1.11.3. Domain names 44

1.1. General presentation of the Group

1.1.1. A pioneer in onshore and offshore green hydrogen

Lhyfe was born of a project initiated in 2017 by Matthieu Guesné, then Director of CEA Tech Pays de la Loire and Bretagne, resulting in the creation of the Company in April 2019. Lhyfe is a green hydrogen producer, the first player in the world to boast combined field experience of onshore and offshore green hydrogen production.

Lhyfe commissioned its first industrial site in Bouin (Vendée) in the second half year of 2021. Being directly connected to a wind farm, the site is the only one of its kind in the world. It was designed in under two years and currently offers a production capacity of up to 300 kg/day of green hydrogen, which should rise to one tonne/day in 2024 to meet growing demand.

Green hydrogen is produced by the electrolysis of water using electricity from a renewable energy source and is considered to be one of the pillars of the environmental transition because its production process[1] generates no greenhouse gases and it can replace fossil fuels and therefore lower the amount of carbon generated by sectors such as heavy industry and transport. High-carbon hydrogen is produced from fossil fuels (mainly "grey" hydrogen) and widely used in industrial processes. It still accounts for 98% of the hydrogen consumed today.

The Group already operates one production site in France and several other sites are currently under construction or development in France and abroad. The Group is also one of the pioneers of green hydrogen produced from offshore wind turbines, as it operated the world's first offshore hydrogen production pilot platform between September 2022 and November 2023.

From the outset, to enable mass production of green hydrogen at low cost, which is essential to meet significant current and future decarbonisation needs, Lhyfe opted for the mass offshore production of green hydrogen, as the load factor for offshore wind is particularly attractive. Lhyfe launched and successfully operated its first industrial offshore pilot, Sealhyfe, for several months off the coast of Le Croisic in France. A multitude of lessons have been learnt and have already benefited Lhyfe's onshore and offshore projects.

Decarbonising the most polluting uses

Lhyfe intends to be a key player in a low-carbon future. The Group targets two priority markets that are among the biggest emitters of greenhouse gases: the heavy mobility sector (trucks, buses, trains and, in time, sea and air transport) and the industrial sector, where chemical production (ammonia, methanol, etc.), steel production and glass production are priority targets.

- Lhyfe is currently deploying several 5 to 10 MW sites dedicated to the production of hydrogen delivered in bulk containers (bulk projects). The aim is to develop an expansive network by 2025/2026, primarily in France and Germany, with decentralised production sites supplying catchment areas within a radius of around 200 km around each site. These sites serve industrial and mobility customers consuming quantities ranging from a few kilos to a tonne of green hydrogen a day.
- In parallel, the Group is developing larger-scale production units with industrial customers directly on their sites (on-site projects). The industrial operator will be the site's main consumer but the Group could oversize the equipment so it will be able to supply local mobility uses.
- Finally, the Group also plans to install certain units in locations chosen for their proximity to the future European hydrogen transmission network (backbone projects), enabling it to address the needs of a wide variety of customers who will be delivered via these infrastructures once deployed.

A description of the main features of bulk, on-site and backbone projects is provided in paragraph 1.1.3 of the Universal Registration Document.

This deployment objective is based on the onshore and offshore expertise acquired, a high-quality pipeline (detailed in Section 1.8 of the Universal Registration Document) and a research and development programme led by the Group's engineering team, addressing the design of onshore and offshore production sites with an electrolysis capacity up to several tens of megawatts.

A hybrid model, both integrated and investor-oriented

The Group is a key player in the green hydrogen value chain. As an independent producer of green hydrogen, it uses electrolysis technologies developed by equipment manufacturers to bring renewable energies closer to the uses that require decarbonisation in the mobility and industrial sectors.

Upstream of the value chain, the Group obtains its supplies from:

- renewable energy producers, mainly of wind and solar power, for the electricity used to produce the Group's green hydrogen by water electrolysis; and
- equipment manufacturers of electrolysers, compressors or containers, who benefit from the experience of the Group as it is a pioneer in the production of green hydrogen in a rapidly developing technological sector.

The Group currently operates on an **integrated** *develop, build, own and operate* model. In this respect, it handles all stages of green hydrogen production in-house:

- obtaining permits and authorisations;
- engineering and design (*front-end engineering and design* or FEED);
- construction (*engineering, procurement, and construction* or EPC);
- financing;
- operation;
- and sales and deliveries of green hydrogen.

In this way, the Group has complete control over each of these stages, from prospecting new customers to the distribution of green hydrogen to end customers. Depending on the project, the Group intends to hold a majority or minority stake in its production sites.

1 A detailed description of the Group's expertise in the water electrolysis process can be found in Section 1.6 of the Universal Registration Document.

The Group also intends to deploy **a co-development model** with partner investors, where it will assume responsibility for all stages apart from financing, which is primarily done by the investors. The latter will compensate the Group for its services as project developer and manager of the site in which they will hold a majority stake.

This dual positioning should enable the Group to develop a resilient business model with high visibility, based on:

- the sale of green hydrogen through (i) a portfolio of diversified customers for each of the bulk green hydrogen production sites, for which contracts will be signed for periods varying from 3 to 5 years (as is already the case at Bouin). These contracts are expected to be renewed in stages over time; (ii) a principal industrial customer for on-site projects, who will in principle commit to a 15-year contract; and (iii) for the backbone projects, a large number of industrial customers who will be supplied by pipeline once the infrastructure has been deployed;
- revenue from co-development activities with investors, based on (i) development-related income recorded at the start of the projects concerned and (ii) revenue generated from services sold to the projects and from the management of these assets.

Booming demand for green hydrogen

With proven onshore know-how and a unique experience curve in offshore production, the Group is ideally positioned to make the most of booming demand for green hydrogen, which is expected to accelerate sharply to 430 million tonnes a year by 2050[1], almost 4.5 times higher than the total demand for hydrogen observed in 2022. These growth expectations are supported by a number of converging factors:

- a target of producing 10 million tonnes of renewable hydrogen (RFNBO – renewable fuels of non biological origin) in Europe by 2030[2];
- a target of importing 10 million tonnes of renewable hydrogen (RFNBO) into Europe by 2030[2];
- a target for the use of renewable hydrogen (RFNBO) equal to 42% of all hydrogen used in industry in 2030[3];
- a new EU target of 42.5% renewable energy across the EU by 2030[4];
- the deployment of mechanisms to subsidise and support investment and the production of green hydrogen, at both European and national levels;
- the rise in demand for non-fossil fuels[5], which is encouraging major emitters to implement decarbonisation plans;
- strong public-sector support through numerous investment programmes in zero-carbon projects;
- the desire of regions to regain autonomy in their energy management;
- lower costs for renewable electricity and electrolysers;
- the proliferation of very large-scale projects in terms of electrolysis capacity[6]; and
- more generally, a growing interest in projects that have a positive impact on the environment.

A dynamic pipeline serving a European ambition

The Group's technical and commercial skills have enabled it to become a major player in the sector in just over five years of existence. As a result, on 31 December 2023, the Group's pipeline (detailed in Section 1.8 of the Universal Registration Document) represents a total installed generation capacity of 9.9 GW. Among the projects in the pipeline, several projects representing a total of 39 MW are in the Construction stage at the date of the Universal Registration Document (detailed in paragraph 1.8.2.2 below).

On the basis of this pipeline, the Group aims to become a leader in the production of green hydrogen in Europe, through the swift deployment of green hydrogen production sites. By 2025, Lhyfe aims to become a major player in mobility in France and Germany, where national ambitions for the deployment of infrastructure and applications are becoming clearer and are speeding up.

Differentiating factors and strengths

To achieve its objectives, since its creation the Group has invested in developing key assets to establish itself as a major player in the sector:

- a team of specialist engineers addressing all Group areas of expertise from engineering to operation, and working on all components of the production units (electrolysers, compressors, purification units, software, measurements);
- expertise in the main electrolysis technologies;
- proven expertise in the development and management of an onshore and offshore green hydrogen production site;
- a modular approach to its production sites;
- a comprehensive software solution focused on *data management* and, eventually, artificial intelligence.

Objectives: profitability targeted from 2026

In this context, Lhyfe's ambitions are reflected in the following objectives:

- For 2024:
  - 2024 revenue four times higher than in 2023
  - Installed capacity of 20 MW, representing a production capacity of up to 8 tonnes/day
- For 2026:
  - 2026 Group adjusted EBITDA margin[7] target of 10% for 2026 revenue of €100 million
- In 2030:
  - An objective of 3 GW of assets under management[8]
  - A Group adjusted EBITDA margin above 30%

The Group's objectives are detailed in paragraph 1.8.3 of the Universal Registration Document.

1 Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023 – International Energy Agency
2 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
3 EU rules for renewable hydrogen - Briefing Towards climate neutrality - European Parliament - European Parliamentary Research Service - April 2023
4 Directive (EU) 2023/2413 of the European Parliament and Council of 18 October 2023 - Amendments to the Renewable Energy Directive (RED)
5 World Energy Outlook 2023 - Executive Summary - International Energy Agency
6 Hydrogen Insights 2023 - Hydrogen Council and McKinsey - May 2023
7 "Group adjusted EBITDA margin" is defined in the Glossary at the end of the Universal Registration Document.
8 "Assets under management" is defined in the Glossary at the end of the Universal Registration Document.

1.1.2. Presentation of a typical project

All the 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 how the green hydrogen produced is used.

The main characteristics of bulk, on-site and backbone projects are described below:

Features	Bulk	On-site	Backbone
Description	Bulk model with a diversified customer base, mobility players but also industrial players, delivered via containers.	On-site model, with a principal customer, generally an industrial operator with significant needs for green hydrogen, supplied via a direct connection.	Backbone model involving a project connected via pipeline to a hydrogen transport network
Location	Located at the heart of a pre-identified catchment area, with a radius of approx. 200 km to limit transport costs which could impair the competitiveness of green hydrogen	Close to an industrial site	Close to a dedicated hydrogen transport network, notably the European backbone
Source of renewable electricity	(i) By direct connection to the renewable electricity source, (ii) via contracts (*power purchase agreement* or PPA[1]) with producers of renewable energies, or (iii) on the grid, with synchronisation of hydrogen production with renewable electricity production now possible thanks to tools developed by Lhyfe.		
Electrolysers	Three technologies available, depending on the characteristics of the project (see paragraph 1.7.2 below)		
Output	5 MW to 10 MW Small-scale units designed to serve local needs delivered by road	20 MW to several hundred MW Variable-size units depending on the needs of industrial customers	50 MW to several hundred MW Variable-size units depending on the needs of industrial customers
Sale of green hydrogen	Multiple contracts for short (<1 year), medium (3 to 5 years) or even long (10 years) terms	Main contract with the customer to which the production unit is connected for a long period (generally between 10 and 15 years).	Multiple long-term contracts with customers also connected to the backbone (generally between 10 and 15 years)

Through their large size, the on-site and backbone sites will also be able to meet mobility needs around the site, under contractual arrangements in line with those applicable to bulk hydrogen sales.

The financial structuring and profitability of bulk, on-site and backbone projects are described in Section 1.4 of the Universal Registration Document.

1.2. Description of the green hydrogen market

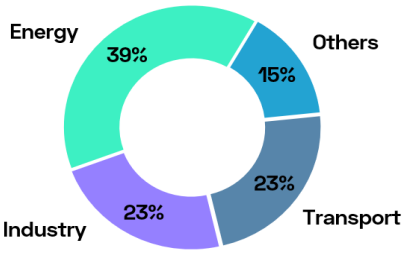
1.2.1. Green hydrogen: a pillar of decarbonisation

Greenhouse gases are naturally occurring gases in the Earth's atmosphere that trap the sun's rays, stabilising the planet's surface temperature at a reasonable level. Since the 19th century, the concentration of greenhouse gases in the atmosphere has been rising steadily, largely due to emissions of carbon dioxide (CO_2) and methane.

The accumulation of greenhouse gases, most of which are the result of human activity, is leading to climate change, manifested in an intensification of extreme weather phenomena: severe droughts accompanied by fires, cyclones, rising sea levels, falling agricultural yields, extinction of species, and so on.

The central role of hydrogen in the energy transition

For 2018, CO_2 emissions globally and by sector are broken down as follows:



Percentage of CO_2 emissions worldwide by sector in 2018[2]

1 "Power Purchase Agreement" is defined in the Glossary at the end of the Universal Registration Document.
2 International Energy Agency, *The role of CCUS in low-carbon power systems*, July 2020.

Green hydrogen will play a central role in the energy transition by being used in two of the sectors with the highest CO_2 emissions after energy production itself: industry (23% of emissions) and transport (also 23% of emissions):

- in industry, hydrogen is used directly for its chemical properties in the production of hydrocarbons, ammonia, chemicals and methanol. It is also used as a fuel in the production of steel, glass and electronic components. The challenge here is to replace hydrogen produced using traditional methods, which emit high amounts of CO_2, with hydrogen produced from renewable resources – essentially electricity;
- in the transport sector, hydrogen is used directly in a fuel cell to power an electric motor on a lorry, train, ship, car, etc., replacing fossil-derived fuels (petrol, diesel, etc.).

Properties of hydrogen

Hydrogen or dihydrogen (H_2) is an invisible, odourless gas. Of all the chemical elements, it is the lightest and most abundant in the universe. On Earth, hydrogen is rarely present in a pure state, but it is a component of water and hydrocarbons. Its use emits no CO_2 – just water and oxygen – so it has a zero carbon footprint.

Hydrogen has an energy density two to three times greater than oil. In other words, 1 kg of hydrogen contains as much energy as around 3 kg of oil. Hydrogen has a very low density at atmospheric pressure. Even when stored at a pressure of 350 bar, the hydrogen molecule remains in gaseous form, so it still takes up 13 times more space than petrol[1].

Once hydrogen has been produced, it therefore needs to be transformed so that it can be stored in a reasonable volume:

- either by compressing it to 700 bar: 7 litres of hydrogen can therefore contain as much energy as 1 litre of petrol;
- or by liquefying it at a temperature of -253 °C to compress it further: 4 litres of liquid hydrogen are then equivalent to 1 litre of petrol[2]; this liquefaction process is more energy-intensive than compression, consuming between 8 and 12 kWh per kg of hydrogen.

Hydrogen production

Hydrogen is produced in different ways, leading to different product names:

Type of hydrogen	Production method	Estimated[3] CO_2 emissions for the production of 1 kg of hydrogen[4]
"Grey" hydrogen	From fossil fuels, by steam reforming of natural gas, coal gasification or co-produced from hydrocarbons	9.2 to 11.1 kg
"Blue" hydrogen	From fossil fuels, by steam reforming of natural gas, but where the CO_2 emitted during its production is captured, then reused or stored	1.2 to 3.9 kg
"Green" hydrogen produced from renewable energy sources	By water electrolysis[5]	0.3 to 1.0 kg

Note that the European taxonomy raises the question of the status of hydrogen produced from nuclear energy (see Section 1.10 of the Universal Registration Document).

"Green" hydrogen has the dual advantage of emitting a negligible amount of CO_2 when it is produced and when it is used, making it an essential component of decarbonisation policies.

By 2050, green hydrogen could avoid 80 gigatonnes (Gt) of cumulative CO_2[6]emissions.

International commitments to reduce greenhouse gas emissions

Faced with the effects of greenhouse gases on the climate, reducing greenhouse gas emissions has become an unavoidable necessity.

The COP21[7] held in 2015 set the maximum threshold for global warming at +2°C by 2100 compared with the pre-industrial era, in order to limit climate change. This objective was reaffirmed at COP26[8] in 2021. To limit global warming to +2 °C by 2100, the Intergovernmental Panel on Climate Change (IPCC) stresses the need to cut global CO_2 emissions by 25% by 2030 and lower them to zero by 2070[9]. At the COP28 in 2023, the objective of limiting global warming to +1.5 °C (compared with pre-industrial temperatures) was reaffirmed. To date, 93 countries have adopted "zero emission" targets and 55 countries have set up carbon trading schemes[10].

1 Union Française de l'Electricité, France in the vanguard of combating climate change with low-carbon hydrogen, November 2021.
2 Union Française de l'Electricité, France in the vanguard of combating climate change with low-carbon hydrogen, November 2021.
3 Estimates for 2030. Note that CO_2 capture technologies for the production of "blue" hydrogen are still under development.
4 Hydrogen Council, *Hydrogen decarbonisation pathways - Potential Supply Scenarios*, January 2021.
5 Electrochemical process that uses electricity to separate the hydrogen from the oxygen in the water molecule (H_2O).
6 Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero, A critical cost-competitive energy vector*, November 2021.
7 The international climate conference held in Paris in 2015, bringing together the States that have committed to the United Nations Framework Convention on Climate Change (UNFCCC) since 1992.
8 International Climate Conference held in Glasgow in 2021.
9 IPCC Special Report on the consequences of global warming of 1.5 °C above pre-industrial levels and associated global greenhouse gas emission trajectories, in the context of strengthening the global response to climate change, sustainable development and poverty reduction, 2019.
10 Hydrogen Council, McKinsey Company, *Hydrogen for Net-Zero, A critical cost-competitive energy vector*, November 2021.

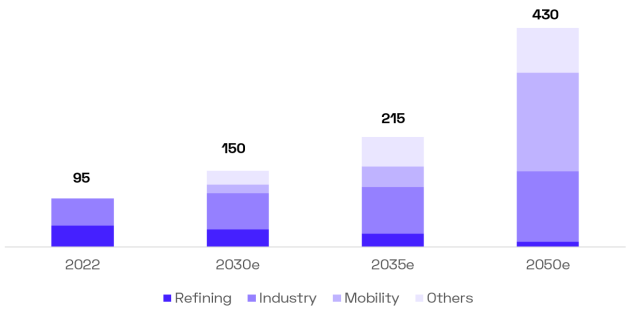
At European level, in 2019 the European Commission presented the Green Deal for Europe (*Green Deal*), which is a roadmap for making the European Union climate neutral by 2050. In 2021, the Commission published a climate package with the aim of turning the ambition of carbon neutrality into concrete political action and aiming to reduce the European Union's CO_2 emissions by at least 55% by 2030 compared to 1990 levels. The REPowerEU plan, proposed in 2022 by the European Commission following Russia's invasion of Ukraine, aims to diversify Europe's gas supply, in particular by increasing green hydrogen production and imports, and to reduce the overall use of fossil fuels more swiftly. Lastly, the European AFIR regulation (on the deployment of an alternative fuels infrastructure) now requires the installation of hydrogen stations every 200 km on the main traffic routes in Europe.

In France, the Law 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 for tackling climate change. Revised in 2020, this law now aims to achieve carbon neutrality by 2050, an objective also enshrined in EU legislation through the 'Fit For 55' package negotiated by France during its presidency of the European Union in 2022. Furthermore, in November 2022, France set itself the target of halving French industrial emissions over the next decade (a 55% reduction in greenhouse gases by 2030). In this context, public support for the financing of industrial decarbonisation projects (energy, hydrogen, automotive, aeronautics and space) is a major component of the France 2030 Plan strategy.

Demand and production of green hydrogen set to rise sharply

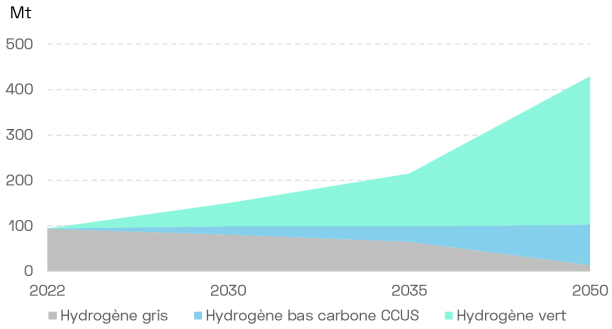
Global demand for hydrogen is expected to reach 95 megatonnes (Mt) in 2022, representing growth of 50% since the start of the millennium. Almost all of this demand comes from refining and industrial uses[1] and has been almost entirely met by hydrogen derived from fossil fuels.

If we are to achieve our goal of zero emissions by 2050, the use of hydrogen will have to increase significantly in existing applications, as well as in new applications in heavy industry, heavy road transport, shipping and aviation. In a zero-emission scenario, demand for green hydrogen would increase by almost 4.5 times compared with 2022, reaching 430 Mt by 2050, with half of this demand going to industry and transport.



Expected growth in global hydrogen demand (in millions of tonnes, per year)[2]

Technological options for producing low-carbon hydrogen currently account for only a very small proportion of global hydrogen production, with less than 1 Mt in 2022[3] or 0.7% of the total. In 2022, water electrolysis accounted for around 0.1% of the world's hydrogen production, with over 70% of production capacity located in China, the United States, the Middle East, India and Russia[4]. In Europe, water electrolysis represented around 0.3% of hydrogen production capacity in 2022[5]. In the zero-emission scenario, the hierarchy of technological options should be reversed: the bulk of low-carbon hydrogen production should be "green", i.e. derived from water electrolysis using renewable electricity, to represent 80% of total low-carbon hydrogen production (with 3,300 GW of installed capacity) compared with 20% for fossil fuels (with carbon capture) in 2050[6].



Expected increase in global green hydrogen production (in millions of tonnes, per year)[7]

This proliferation in the use of electrolysis has been made possible by technological developments.

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*". Alkaline electrolysis is the traditional and dominant technology with 60% of capacity in 2022, followed by PEM electrolysis, representing around 30%[8].

In terms of electrolyser technologies, Lhyfe is agnostic and uses the technology best suited to each project (see paragraph 1.7.2 below).

1 *Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023.*
2 *Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023.*
3 *Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023.*
4 International Energy Agency, *Global Hydrogen Review 2023.*
5 Clean Hydrogen Monitor 2023.
6 *Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023.*
7 *Net Zero Roadmap – A Global Pathway to Keep the 1.5 °C Goal in Reach – Update 2023.*
8 International Energy Agency, *Global Hydrogen Review 2023.*

1.2.2. Green hydrogen at the heart of European and national decarbonisation strategies

A growing number of countries are developing plans to engage the decarbonisation potential of hydrogen. More than 60 countries around the world have adopted national strategies for the development of the clean hydrogen[1] economy and, since 2020, many of them have set up associated financial support programmes.

European level

The European Union announced a Hydrogen Strategy in July 2021[2], which aims to realise the potential of hydrogen through investment, regulation, market creation and research and innovation. The European Union's priority is to develop renewable hydrogen produced mainly from wind and solar energy. It sets a number of targets, including achieving a capacity of at least 40 GW of electrolysers for the production of renewable hydrogen by 2030.

Against the backdrop of Russia's invasion of Ukraine, in March 2022 the European Union also presented its REPowerEU plan to make Europe independent of Russian fossil fuels well before 2030[3].

The plan provides a real boost for the hydrogen industry, with an additional 15 Mt of renewable hydrogen produced per year between now and 2030, on top of the 5.6 Mt planned as part of the "Fit for 55" package. The target volume now includes 10 Mt of hydrogen produced in Europe and 10 Mt of hydrogen imported from various sources.

The plan includes the following measures: i) speeding up the implementation of the "important projects of common European interest" (IPCEI) concerning Hydrogen, ii) increasing the budgets dedicated to hydrogen within the framework of the Innovation Fund (whose budget is based on the revenues from the European Union Emissions Trading Scheme, estimated at €38 billion planned until 2030), iii) creation of a European Hydrogen Bank including a price premium mechanism for selected projects which will receive a subsidy in the form of a fixed premium per kilogram of hydrogen produced for a maximum period of ten years; the aim is to close the gap between the cost of hydrogen produced using green energies and that of hydrogen produced using fossil energies: the first auctions took place in the second half of 2023, iv) support for the deployment of the first "Hydrogen Valleys" as part of the Clean Hydrogen Partnership between 2023 and 2025, and 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*")[4].

As part of the "Fit for 55" package, to encourage the development of distribution networks conducive to the deployment and operation of heavy goods vehicles, the European AFIR regulation (regulation on the deployment of an infrastructure for alternative fuels) requires the installation of hydrogen filling stations with a distribution capacity of 1 tonne/day every 200 km on the main roads (TEN-T network), and at every major urban node.

At Member State level

Many European countries have announced investment plans worth billions of euros.

In the member countries of the European Union, national plans have been revised or are in the process of being revised, in light of the regulatory provisions adopted at European level in 2023 (in particular as part of the Green Pact legislative package and the REPowerEU strategic plan) or will be adopted very shortly in 2024 (Regulation establishing common rules for the internal markets in natural and renewable gas and hydrogen)[5]. Ambitions for the deployment of electrolysis capacity have been revised upwards, and the intentions of governments have been clarified with regard to production support mechanisms over 10 or 15 years of operation of the first renewable and low-carbon hydrogen production plants announced since 2020.

In September 2020, the French government presented a national strategy for the development of low-carbon hydrogen, representing a real change of scale in public support for green hydrogen. Public support of €9 billion is planned up to 2030 to help achieve a target of 6.5 GW of installed electrolysis capacity[6], through i) the funding of ADEME calls for projects, ii) the funding of hydrogen projects under the Important Project of Common European Interest (IPCEI) mechanism, aimed at supporting R&D and the industrialisation of electrolysers to produce low-carbon hydrogen and deploy these solutions in industry, and iii) a new support mechanism for the production of low-carbon hydrogen with a dedicated budget of €4 billion, for which the first call for projects will be launched in the first half of 2024. In early 2024, a revised national strategy will be published with increased objectives as announced in February 2023[7]. The main pillars of the revised strategy are as follows:

- Propose an operational plan for hydrogen hubs. Pooling production in these hubs should reduce costs and encourage the development of low-carbon industrial activities.
- Access to low-carbon electricity for these hubs is also a key issue in this work. Large electrolysers will need to be able to conclude competitive long-term contracts with electricity suppliers.
- This strategy must also include the development of hydrogen-related equipment, which will enable France to secure a crucial position in a fast-growing global market.

1 National Hydrogen Strategies and Roadmap Tracker database from the Centre on Global Energy Policy at Colombia University.
2 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.
3 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.
4 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.
5 See section XXX dedicated to the presentation of public policies supporting the development of the hydrogen economy.
6 National strategy for the development of low-carbon hydrogen in France, Press kit, 8 September 2020.
7 Ministry for the Economy, Finance and Industrial and Digital Sovereignty, *Industry: towards a new hydrogen strategy for France*, 6 February 2023.

In Germany, the target of 5 GW installed by 2030 has been doubled to 10 GW and new support mechanisms to encourage the deployment of hydrogen in industrial and infrastructure applications have also recently been announced or updated: (i) a budget dedicated to the application of AFIR regulations, (ii) regional subsidy programmes for hydrogen filling stations and local programmes for the purchase of hydrogen-powered heavy-duty vehicles, (iii) the government's contribution to the estimated €20 billion investment plan in the hydrogen network by 2032, contributing to the construction of a 9,700-kilometre pipeline network to transport hydrogen across Germany and to its neighbouring countries, (iv) a €4 billion budget dedicated to the CCFD (*carbon contracts for difference*[1]) programme open to certain manufacturers and (v) a budget dedicated to IPCEI projects in Germany, both for steel production and the construction of the hydrogen network.

Similarly, in the Netherlands, the national installed capacity target of 4 GW by 2030 has been doubled to 8 GW by 2032.

In the UK, the initial target of 5 GW of installed capacity has also been doubled to 10 GW, with the introduction of a highly advantageous 15-year production support subsidy mechanism (*Hydrogen Allocation Rounds*) aimed at closing the operating cost gap between low-carbon hydrogen and high-carbon fuels. This mechanism was the subject of a first call for projects in 2023 and a second edition has been launched for 2024.

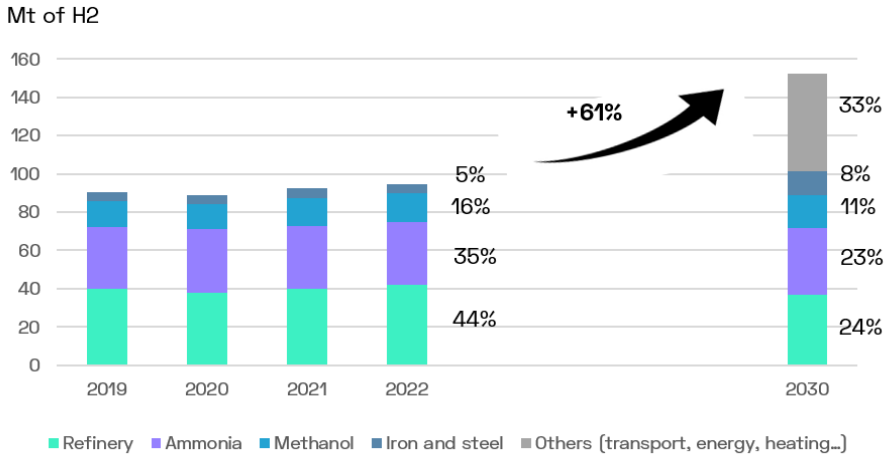
In Spain, the national target for installed capacity is 4 GW by 2030 and several Spanish government subsidy programmes (H2 Pioneros) are currently being rolled out to support initiatives in renewable energies, green hydrogen and energy storage.

1.2.3. Decarbonising industry

The chemical industry has been using hydrogen for a long time, in particular for the production of ammonia and methanol. It is also an essential component in the oil refining process. More recently, green hydrogen represents one of the best solutions for replacing fossil fuels in order to decarbonise certain sectors of heavy industry where direct electrification is not possible or not sufficient (steel, cement and glass production). Green hydrogen is also an energy carrier.

In 2022, global hydrogen consumption in industry amounted to 95 Mt, an increase of almost 3% compared with 2021[2]. Strong growth was reported in all the major consuming regions, with the exception of Europe, where industrial activity has been affected by the sharp rise in natural gas prices as a result of the conflict in Ukraine.

98% of this hydrogen is grey. Of the remaining 2%, 1.7% is blue hydrogen and 0.3% is green hydrogen.



Distribution and development of hydrogen uses worldwide (IEA)

In 2022, according to the IEA, 95% of hydrogen uses will be split between:

- oil refining (44%), where hydrogen is mainly used in fuel desulphurisation;
- the production of ammonia (NH3) and its derivatives (35%), mainly used as fertilisers but also as additives for the operation of particle filters in diesel vehicles equipped with a nitrogen oxide (NOx) treatment system;
- the production of methanol and other chemicals (16%) where the synthesis process requires the hydrogen molecule as an input. Methanol is widely used in the chemical industry as a raw material for the synthesis of other products, notably formaldehyde (used in the manufacture of paints and explosives, but also for many resins, some of which are used in the manufacture of plywood).

Many other molecules in the chemical industry require hydrogenation, notably in the pharmaceutical industry (vitamin C or active ingredients), in the synthesis of hydrogen peroxide, in the production of nylon or fatty alcohols, used in cosmetic creams or washing-up liquids.

The remaining 5% corresponds to other uses, the main ones including:

- reductive or controlled atmospheres in furnaces for the heat treatment of metals in rolling mills or in flat glass production plants;
- hydrogenation uses in the food industry (production of sorbitol as a sweetener, or hydrogenating food-grade oils to make them last longer and last better).

1 See paragraph 1.2.1.3 of the Universal Registration Document.
2 International Energy Agency, *Global Hydrogen Review 2023*.

The need for decarbonisation, linked to regulatory requirements and the gradual reduction in CO_2 quotas, is generating significant demand to replace it with green hydrogen. For example, in 2023, the European Union adopted the RED III Directive, which requires member states to ensure that by 2030, 42% of all hydrogen used in industry comes from RFNBO sources, rising to 60% by 2035.

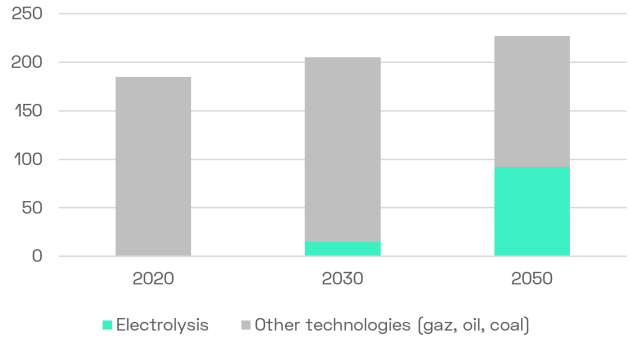
The Group's main objectives for industrial applications of hydrogen are the chemical industry as a whole, the steel sector and the heating and combustion needs of industry in general.

Chemical industry

Grey hydrogen is already well established in the chemical industry, accounting for 51% of its use in 2022.

As well as replacing grey hydrogen consumption in existing chemical applications (ammonia for nitrogen fertilisers, methanol as an intermediate product in the chemical industry, nylon production, hydrogen peroxide, various hydrogenation applications, etc.), new uses are emerging, as clean ammonia and clean methanol should be used on a large scale in:

- clean fuels for maritime transport: clean ammonia and e-methanol are both seen as future solutions for decarbonising maritime freight (which accounts for 3% of global CO_2 emissions). The development of e-methanol should begin earlier, as it is less complex to produce and store than ammonia;



Breakdown of ammonia production methods (IEA)[1]

- long-distance hydrogen transport: several northern European countries that do not have enough capacity to produce low-carbon hydrogen would have to import it from non-European countries or from southern Europe. E-methanol and clean ammonia (produced from green hydrogen in particular) are preferred to liquid hydrogen, as they are less complex to store on large ships.

Another new use for clean hydrogen in chemistry concerns e-fuels (synthetic fuels) and SAF (*sustainable aviation fuels*). According to IRENA[2], the aviation sector contributes 2% of global CO_2 emissions and around 12% of total transport sector emissions. There are many types of sustainable aviation fuels and several of them can use hydrogen for their synthesis, such as i) hydro-treated vegetable oils, which are among the most certified and promising sustainable aviation biofuels for scale-up and cost-effective use, currently and up to 2030, ii) electrofuels, also known as *power-to-liquids*, which can be very low-carbon transport fuels. Their manufacture involves combining green hydrogen with sources of "green" carbon or waste, CO or CO_2 resulting from the combustion or fermentation of biomass or biomass-derived products (biofuel, wood, waste from renovation and demolition work, agricultural residues, sewage sludge, animal meal, paper, etc.). Although the production costs of these electrofuels are expected to improve over time, their capacity to compete with aviation biofuels is likely to remain elusive for the foreseeable future.

Steel sector

The primary steel sector, where manufacturers operate integrated steelworks incorporating blast furnaces, which are particularly high emitters of CO_2, is responsible for around 8% of CO_2 emissions worldwide.

These players should replace blast furnaces and basic oxygen converters with direct iron ore reduction units and electric arc furnaces. Direct reduction units are supplied with raw material in the form of pellets, which are produced in plants that prepare iron ore by mixing it with lime and binding agents. Hydrogen is starting to be used to replace coal (coke) in ore reduction, but only to a limited extent at present, because natural gas is also a significant reducing agent and represents a less expensive alternative for steel manufacturers, which also makes it possible to achieve a significant level of decarbonisation.

In Europe, the potential for green hydrogen is nonetheless significant for the steel sector, with additional demand for green hydrogen estimated at 1.7 Mt in 2030[3].

Heating and combustion requirements in industry

Process heating and combustion needs all across industry are under the spotlight, and more particularly so in industrial sectors where green hydrogen will naturally play an important role, where direct electrification is not possible and where biogas is not (or not sufficiently) available. In this context, the glass and metallurgy sectors represent a huge potential market for green hydrogen, much more so than heating applications such as industrial boilers for example, where direct electrification or biogas (when available) are cheaper, simpler and more efficient solutions. Total green hydrogen demand for process heat is estimated at around 0.4 Mt of hydrogen per year[4] in 2030 (up from almost zero in 2023).

A number of players in this sector have already carried out tests with grey hydrogen in their industrial furnaces or on small-scale installations used as research and development tools, and some are even taking part in subsidised research and innovation programmes. The results will be used to validate technologies suitable for the new fuel (burners, furnace refractories, etc.). Equipment suppliers, particularly in the glass and metallurgy industries, have been developing these new tools, materials and technologies for several years, as they anticipate the development of hydrogen as a replacement for fossil fuels.

1 International Energy Agency, *Global ammonia production by technology and scenario, 2020-2050.*
2 International Renewable Energy Agency, *Reaching zero with renewables, Biojet fuels,* 2021.
3 Hydrogen Europe, *Clean Hydrogen Monitor 2023.*
4 Hydrogen Europe, *Clean Hydrogen Monitor 2023.*

Heating and combustion applications for the metallurgy and glass industries also generally require oxygen which can be co-produced by electrolysers, since combustion with enriched air or better still, pure oxy-combustion, often enables significant reductions in fuel consumption (by an order of magnitude of 20 to 40% if the combustion air is not already preheated).

Other uses

Other uses have emerged in recent years, such as hydrogen consumption for test benches in fuel cell plants, although the volumes are still modest. Nevertheless, these uses will be a significant outlet for green hydrogen in the future, as will hydrogen ICE engine test benches.

Finally, many existing or new uses of hydrogen in industry will not generally be priorities for Lhyfe, although they may become so in exceptional cases, such as methanation (synthesis of methane from green hydrogen and bio-origin CO_2), injection of hydrogen into the natural gas network, electricity generation (for example, by injecting hydrogen into gas turbines), refining of petroleum products, or the cement industry.

1.2.4. Decarbonising mobility

Hydrogen is also a promising solution for the transition to zero-emission mobility, contributing to the decarbonisation of the transport sector and running alongside battery-powered electric vehicles. With indirect electrification technology that eliminates the limits on range and recharging time imposed by battery-powered vehicles, hydrogen addresses the uses that are most difficult to decarbonise and will contribute significantly to meeting the following needs:

- high vehicle availability;
- need for fast refuelling;
- need for long-range capability;
- heavy-duty transport;
- exposure to very cold temperatures;
- lack of electric charging points.

There are many applications, including road transport (lorries, coaches, buses, light commercial vehicles, cars, etc.), rail (trains where direct track electrification is not possible), maritime and river (light craft, ferries, CTV – *Crew Transfer Vessel)*, air (aircraft) and space (rockets) or even *off-road* mobility (construction machinery, handling equipment in the logistics sector, in ports or airport hubs, race vehicles, etc.).

Obligations to decarbonise mobility

The development of hydrogen mobility markets reflects major European directives implicating governments, vehicle manufacturers and distribution networks, as well as national public policies. These policies were initially designed for road mobility, but specific applications are also supported depending on the country (trains, boats, port areas, etc.).

In Europe, the most advanced countries have historically been France and Germany, with most Member States and the UK now also having their own national strategies.

Alongside the "Fit for 55" package, a number of factors make hydrogen an obvious solution for certain mobility applications:

- The European Union has set major targets for Member States, including a target of 5% for the use of alternative fuels by 2030, which includes 1% for RFNBO. These objectives should be achieved through the application of national laws and tax incentives, as part of a hydrogen strategy backed by public funding.
- Vehicle manufacturers (OEMs or *Original equipment manufacturers*) have binding CO_2 emission reduction targets that are leading them to introduce and sell zero-emission vehicles such as battery-operated electric or hydrogen vehicles. These targets have just been revised upwards: OEMs will have to achieve reductions in CO_2 emissions of 20% in 2025 compared with 2019, 45% in 2030, 65% in 2035 and 90% in 2040, over the lifetime of vehicles sold during the financial year.

Heavy mobility: towards significant use of green hydrogen

As far as mobility is concerned, the potential should lie first and foremost in heavy and intensive road mobility, which will play a key role in Europe. However, other applications are expected to emerge rapidly in the maritime, river and air sectors, which will need to be addressed on a case-by-case basis.

Based on the size of the fleets in circulation and the different uses to which they are put, the majority of hydrogen should eventually be consumed by heavy goods vehicles, as the use of hydrogen is more obvious on long-distance journeys that are the most difficult to decarbonise. This is a particularly large market, with around 6.5 million HGVs on the road in Europe and which cover more distance on average than other vehicles.

The light commercial vehicle market also represents a major opportunity, with 30 million vehicles on the road in Europe and intensive uses that are particularly well-suited to hydrogen.

At present, the mobility market mainly comprises captive fleets, generally in the passenger transport sector (bus, taxi) or waste management (refuse collection), which operate around the first hydrogen ecosystems.

There has been a sharp acceleration in the deployment of commercial vehicles and the arrival of the first hydrogen-powered heavy-duty vehicles and coaches in Europe. The first interoperability solutions are being rolled out, enabling hydrogen-powered heavy-duty vehicles to complete the long-distance journeys and missions for which they are intended.

To achieve the target of a 45% reduction in CO_2 emissions by 2030 as proposed by the European Commission, ACEA (*European Automobile Manufacturers' Association*) estimates that the introduction of 70,000 to 85,000 hydrogen-powered trucks on the road by 2030 would be necessary, provided that the appropriate infrastructures (charging points, service stations offering hydrogen) are installed[1].

This strong trend is supported by the penetration of hydrogen vehicles in sales of 16 tonne goods vehicles and larger in Europe[2]. It is estimated that there will be between 50,000 and 60,000 hydrogen-powered 16-tonne heavy-duty vehicles and larger on the road by 2030, confirming the figures envisaged by ACEA.

Based on 50,000 heavy-duty vehicles on the road:

- Total annual consumption would represent around 464,000 tonnes of green hydrogen per year, or more than 3 GW of installed electrolysis capacity[3].
- the decarbonisation potential would be significant: based on an assumption of 90 tonnes of CO_2 emitted per year for this type of vehicle[4], the use of green hydrogen would avoid the emission of 4.5 million tonnes of CO_2 per year.

In terms of the passenger car market, while the rapid deployment of battery-powered electric cars can be observed due to an infrastructure and manufacturer offers already existing on the market, it remains difficult to predict the penetration rate for hydrogen cars, even if the technology is ready and makes sense in certain cases (long-distance journeys, lack of electrical infrastructure depending on location).

Significant deployment of distribution stations expected in Europe

As a producer and supplier of green and renewable hydrogen, Lhyfe's offer is aimed at fuel distributors, for public fuelling stations and stations dedicated to captive vehicle fleets.

The network of hydrogen fuelling stations is being developed around the needs of heavy-duty mobility, as this is the most important market in terms of the capacity required and the level of availability expected. It will enable us to move towards technical and industrial standards that will reduce costs for the entire sector. Once this network is in place, we will be able to address other uses. The AFIR requires stations to have a capability of at least 1 tonne/day, as well as the capacity to dispense hydrogen at 350 bar and 700 bar for all types of hydrogen vehicle on the road.

There are currently almost 250 hydrogen stations in Europe[5], of varying sizes and capacities. Most of them are still fuelled by grey hydrogen, but their conversion to green hydrogen sources is now under way.

Application of the European AFIR regulation could lead to the deployment of several hundred additional stations in Europe. For its part, ACEA considers that a network of at least 700 (truck-compatible) stations will be needed by 2030 to meet the expectations of heavy-duty vehicle operators.[6]

Lhyfe Heroes: a platform designed for mobility players

To facilitate the transition of mobility players to green hydrogen and the emergence of a genuine hydrogen ecosystem, in November 2022 Lhyfe launched the first digital platform for all project developers who want to switch to green hydrogen or who have already begun the transition process. The platform is also aimed at "trusted vendors" who want to offer mature solutions ready for deployment, namely distributors who install stations, refuelling specialists, manufacturers of hydrogen vehicles, manufacturers of electricity generators, consultancy and research organisations, etc.

Among the services offered by the platform are a simulator enabling users to assess their green hydrogen needs and the amount of CO_2 avoided, a catalogue listing the players in the sector, an Ecosystems module enabling users to identify the green hydrogen pioneers around them and set up joint projects. The latest addition is a Grouped Offer service enabling local players to group together to benefit from competitive prices on hydrogen vehicles available due to the economies of scale generated by the volume of orders.

To date, Lhyfe Heroes has more than 30 partners and registers more than 15,000 visits per month, particularly from France, Germany and the UK. Using feedback from users of the Lhyfe Heroes platform, the Group facilitates the coordination of all the players in the value chain to meet customer expectations and contribute to the deployment of hydrogen applications.

1.2.5. Support schemes for green hydrogen

Green hydrogen is massively supported to offset the additional production costs compared with grey hydrogen through various support mechanisms based on subsidies, important projects of common European interest, carbon quotas and contracts for difference.

Subsidies and repayable advances

In France, ADEME finances renewable or low-carbon hydrogen projects through subsidies or repayable advances as part of calls for projects. As the operator of the France Relance plan and the Future Investment Programme (PIA)[7], ADEME is at the heart of the French support system for the hydrogen industry.

1 ACEA, *Fact sheet: CO_2 standards for heavy-duty vehicles*, February 2023.
2 Roland Berger views on H2 market developmen, December 2023.
3 Group estimates based on average number of kilometres driven per year and average fuel consumption per vehicle.
4 Based on a 4x2 tractor unit, the model most commonly used in Europe - Source: International Council on Clean Transportation, *Working paper 2021-2035*, September 2021.
5 Source: H2Stations.org.
6 ACEA, *Trucks and buses: EU agrees on most ambitious C02-reduction targets globally*,18 January 2024
7 The Future Investments Programme (PIA), managed by the General Secretariat for Investment (SGPI), was set up by the French government to finance innovative and promising investments across the country, to help France increase its potential for growth and jobs.

ADEME issued two calls for tenders as part of the national strategy to accelerate the development of low-carbon hydrogen[1]:

- the "Hydrogen Territorial Ecosystems" call for projects, designed to encourage the deployment of complete ecosystems, combining production and distribution infrastructure and the use of hydrogen in industry and mobility. 46 projects representing 35 ecosystems have already benefited from this scheme between 2018 and 2020, and new ecosystems will be supported via the €175 million closure in 2023; and
- the call for "Technology building blocks and demonstrators" projects, the aim of which is to support innovation work to develop and demonstrate components and systems associated with the production, transport and use of hydrogen. It is funded by the PIA, which is a combination of subsidies and repayable advances.

The subsidies and repayable advances received by the Company in relation to these calls for tenders are detailed in paragraph 5.3.1.2 of the Universal Registration Document.

At European level, in 2022 the European Union invested more than €1.1 billion in seven large-scale innovative projects under the Innovation Fund set up by the European Green Pact[2]. Subsidies 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 for projects. The subsidies support projects aimed at bringing cutting-edge technologies to market in energy-intensive sectors, as well as in the hydrogen, carbon capture, use and storage, and renewable energy sectors.

Important Project of Common European Interest (IPCEI)

The European Commission has also encouraged Member States to undertake projects in the hydrogen sector that could qualify as an "important project of common European interest" (IPCEI), a European mechanism designed to promote innovation in strategic industrial fields of the future through transnational European projects[3]. This mechanism authorises the public authorities of the Member States to finance initiatives beyond the limits usually set by European regulations on State aid.

IPCEIs are major projects designed to remedy market failures or other major systemic failures in a context based on common European interests. In particular, they must make a significant contribution to achieving the EU's strategic objectives, involve several EU countries, involve private funding by the beneficiaries and generate positive spin-offs throughout the EU.

In December 2020, 22 European Union countries and Norway signed a manifesto paving the way for a cleaner hydrogen value chain and committing to launch IPCEIs in the hydrogen sector. These IPCEIs are organised in the form of thematic "waves" combining around fifty projects led by companies in different European countries and pursuing a common objective contributing to the emergence of the hydrogen market.

Waves 1. Hy2Tech "Technological development" and 2. Hy2Use "Decarbonisation of industry" projects have completed their evaluation process by the European Commission, and most of the projects have been approved for funding by the Member States that submitted them to the European Commission. Wave 3. Hy2Infra "Infrastructures" was the subject of a final decision by the European Commission in February 2024, and funding decisions by the Member States are expected in the first half of 2024. Finally, wave 4. Hy2Mobility "Mobility" is still being assessed by the European Commission and a final decision should be issued by the Commission in the first half of 2024.

Carbon quotas

Carbon markets, also known as Emissions Trading Schemes (ETS), are regulatory tools designed to facilitate the achievement of all or some politically determined[4] greenhouse gas emission reduction targets. In 2005, the European Union set up a carbon market: the European Union Emissions Trading Scheme (EU-ETS).

Each year, European member states determine the number of quotas to which the companies are entitled. Once the quotas have been allocated to the facilities, there are two possible scenarios:

- the company's greenhouse gas emissions are lower than the allocated quota, so the company can sell its quotas on the carbon market or decide to keep them for later, which is referred to as saving quotas; or
- the company's greenhouse gas emissions are higher than the allocated quota: if this is the case, the company buys additional quotas on the carbon market and can also borrow quotas.

Operators therefore have an interest in reducing the proportion of these emissions, as the cost of reducing them is lower than the market price of the quota. By reducing their emissions, operators can therefore sell their emissions quotas and benefit from the difference. From 2013 onwards, fewer and fewer allowances were allocated free of charge[5].

The price of a tonne of CO_2 on the European market rose sharply in 2021, peaking at €100 in February 2023, before falling to a level close to €50 in February 2024.

1 Government, National low-carbon strategy: launch of two calls for projects to build hydrogen ecosystems and develop technology building blocks and demonstrators for the production, transportation and use of hydrogen, Press release No. 327 of 26 October 2020.
2 The European Green Pact is the European Union's new growth strategy, designed to put Europe on track for the transition to a climate-neutral, fair and prosperous society, with a modern, competitive and resource-efficient economy.
3 European Commission, *State aid: Commission adopts revised state aid rules for important projects of common European interest*, Press release of 25 November 2021.
4 French Ministry for Ecological Transition (https://www.ecologie.gouv.fr/marches-du-carbone).
5 French Ministry for Ecological Transition (https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-du-climat/21-le-systeme-europeen-dechange-de).

On 14 July 2021, the European Commission presented a proposal for the reform of the European carbon market, which includes 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[1] in 2026 Expected changes to the European Union's Emissions Trading Scheme are likely to push the price of carbon above €100 per metric tonne of CO_2 in 2030 and up to €150 in 2050[2].

An upward trend in the price per tonne of CO_2 will be essential to encourage countries to meet their net emission reduction targets, and to make alternative energies, including green hydrogen, competitive with traditional fossil fuels in sectors that are difficult to decarbonise, as well as with grey hydrogen produced from these fossil fuels. The final version of this reform was adopted in the first half of 2023 and enacted in national by the Member States from the second half of 2023.

Contracts for difference (*CFD*) and carbon contracts for difference (CCFDs)

As CO_2 prices may be insufficient to drive 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 (*CFDs*) which will apply to producers of renewable hydrogen (and low-carbon in some countries such as France), alongside carbon contracts for difference (*CCFDs*) which will apply to consumers of renewable hydrogen (and low-carbon in some countries such as France).

The CFD system is based on a long-term contract between the producer of clean energy and a public counterparty. This contract reduces the risk for the producer by guaranteeing a sale price (in the form of a premium paying the difference between the market price and the guaranteed price) over the period required to make a reasonable return on 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) over the required period (the time it takes for normal market conditions to be established and for the clean solution itself to have a competitive price).

The European Union and several Member States are in the process of setting up this type of mechanism, where companies that win tenders will receive a premium equivalent to the difference between the cost of the carbon-reduction technology (such as green hydrogen) and the price of carbon quotas[3]. In the second quarter of 2023, the European Hydrogen Bank launched its first call for tenders associated with the CFD system.

1.2.6. Competitive environment

The hydrogen market is undergoing a major transformation and is set to experience strong growth in the coming years. This will attract a wide variety of players, both large and small, already present on 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 that the entire ecosystem, is evolving and far from stable. The business models of these players are varied and they may operate in some or all of the Group's areas of activity. Depending on how the green hydrogen produced by the Group is used (industrial or mobility applications) and the geographical areas where the Group is or will be present, its competitors are and will be different; they could also be suppliers, partners or customers.

Any type description of the Group's competitors is therefore at a given point in time, and will forcibly evolve. Taking a medium-term view (2024-2026), and on the basis of the activities and announced projects of the main players in Europe, the companies that the Group currently identifies as current or potential competitors in the context of calls for tenders in Europe are, as of the date of the Universal Registration Document, the following[4]:

Air Liquide

A major producer of "grey" hydrogen but Air Liquide is increasing its presence on the "blue" and "green" hydrogen market, notably with the construction of a 20 MW PEM electrolyser in Bécancour, Canada, in 2020, and the Normand'Hy project planning the construction of a 200 MW PEM green hydrogen production unit on the same site. Total investment amounts to more than €400 million, including €190 million financed by the French government as part of the Stimulus Plan.

In 2023, Air Liquide inaugurated the electrolyser gigafactory alongside Siemens Energy, with the Air Liquide Normand'Hy project as its first customers. It also launched TEAL Mobility, a 50/50 joint venture with TotalEnergies, to develop a network of over 100 hydrogen stations for heavy-duty vehicles on major European roads.

Engie

The Engie group is present across the entire value chain of renewable hydrogen, from the production of renewable energy to the end uses of hydrogen. It aims to develop 4 GW of green hydrogen production capacity by 2035.

Engie is currently involved in several hydrogen-related projects, including HyGREEN Provence (production, storage and distribution of renewable hydrogen in salt caverns on an industrial scale using local renewable electricity production), Zero Emission Valley (network of 20 hydrogen refuelling stations by 2030 in the Auvergne-Rhône-Alpes region).

Everfuel

Everfuel is a listed Danish company founded in 2017 by NEL Fuel AS. Everfuel is a developer and operator of green hydrogen production projects for industry and zero-emission mobility across Europe. Everfuel's current portfolio of projects in Denmark includes over 1.3 GW of electrolysis capacity. In 2023, the company teamed up with Hy24, an infrastructure fund dedicated to clean hydrogen, to create a joint venture aimed at accelerating the development of green hydrogen production through electrolysis in the Nordic countries.

1 Communication from the European Commission, "Adjusting to Fit for 55": Reaching the EU's 2030 climate target on the road to climate neutrality, 14 July 2021.
2 France Hydrogène, *Trajectory for major hydrogen ambitions*, September 2021.
3 Bloomberg, *2H 2021 Hydrogen Market Outlook*, August 2021.
4 The information in this Section is taken from the respective website of each company.

Hynamics (EDF)

Hynamics, is a subsidiary of the EDF Group and was created in 2019. It is a producer and distributor of low-carbon and renewable hydrogen. Hynamics is currently involved in the first stage of the installation of a renewable hydrogen station to supply 5 buses and light commercial vehicles in the Auxerre region, in the construction at Hemmingstedt, near Heide, in the state of Schleswig-Holstein in Germany, of an electrolyser powered by wind farms in the North Sea, and the promotion of hydrogen as a key component in the energy transition of river and sea transport through projects at the Port of Ostend, the Port of Amsterdam and the Port of Paris.

HY2GEN

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

H2V

H2V is a French company established in 2016; it produces hydrogen by water electrolysis using renewable energy. H2V offers its customers turnkey plants and is currently working on several projects under development in France and Europe.

Iberdrola

Spanish group Iberdrola is a producer of renewable electricity and natural gas with activities in more than 31 countries worldwide. The Group also wants to produce and supply green hydrogen from clean energy sources. The Group recently joined forces with Swedish company H2 Green Steel to produce renewable hydrogen in Spain by 2025 or 2026.

Linde

Already a major producer of "grey" hydrogen, Linde has announced its intention to expand into the "green" hydrogen market. Linde has formed a dozen partnerships with manufacturers of fuel cell electric vehicles, energy companies and renewable energy producers. As an example, starting in 2015, Linde participated with Siemens, the RheinMain University of Applied Sciences, and Mainzer Stadtwerke in the Energiepark Mainz project, which involved creating an electrolysis system to absorb excess wind energy in the Mainz-Hechtsheim business park.

Orsted

Orsted was created in 2006; it is a listed Danish company specialising in green energy (offshore wind and onshore renewable energies). It is also developing a number of projects to produce green hydrogen and green fuels with partners in Germany, Belgium, the Netherlands and Denmark, in particular for industrial use as well as for land, sea and air transport.

Qair

Founded more than 30 years ago, Qair is a French company and independent electricity producer that operates power generation assets exclusively from renewable sources (onshore and offshore wind, solar, hydro, eco-combustion and renewable hydrogen), including France's first offshore wind turbine off Le Croisic. Qair recently launched the construction of a unit to produce renewable hydrogen (Hyd'Occ project) from offshore wind-generated electricity, in the Occitanie region of France. Qair is also developing large-scale projects in Iceland and Brazil.

Vattenfall

Vattenfall is a Swedish company that produces and distributes green electricity. It is wholly owned by the Swedish state and operates mainly in Sweden, Germany, the Netherlands, Denmark, the United Kingdom, Finland and France. It specialises in the installation of onshore and offshore wind facilities. It is investing in projects to produce green hydrogen for use in industry and transport.

1.3. Group strategy: rapid, large-scale deployment of green hydrogen production sites

Lhyfe's *business model* is to be present throughout the project value chain – from identifying opportunities to operating production units and directly marketing the green hydrogen produced.

Lhyfe has developed unique expertise in project development as well as the construction and operation of production plants.

This vertical positioning gives the Group (i) extensive control over costs and process quality, (ii) control over rare skills and (iii) control over the key success factors at this stage in the development of the green hydrogen industry.

Lhyfe believes that this approach, which combines the activities of a developer and an independent producer of green hydrogen, gives it a unique ability to deploy projects that generate significant returns when they are completed. This involves managing risks, creating long-term relationships of trust with stakeholders, controlling project costs and optimising their financing terms.

In terms of the deployment of its production sites, Lhyfe generally owns a controlling stake in the capital of the project companies owning the sites it operates. This integrated model is now evolving, as the Group also intends to deploy a co-development model with partner investors, financiers or industrial operators, who are interested in financing and owning high-quality green hydrogen projects and entrusting their development to Lhyfe. Under this model, the Group will be responsible for all stages except financing, which is mainly conducted by investors. The latter will compensate the Group for its services as project developer and manager of the sites where they will own the majority of the capital.

The Group believes that this hybrid model, which is both integrated and geared towards investor partners, enables it to deploy high-quality assets that are sustainable and profitable over the long term. It will also enable it to benefit from:

- in the case of proprietary assets: recurring and resilient revenues over the long term, based on green hydrogen sales contracts;
- in the case of assets developed with investor partners: revenues received from the start of the project in respect of development costs, reflecting the expertise and unique know-how of Lhyfe's teams, and recurring long-term revenues in respect of site management by Lhyfe.

The different types of Group projects (bulk, on-site and backbone) may be driven by either branch of the business model, whatever their size.

The Group anticipates that an initial partnership concerning a 1 GW portfolio of project will be concluded by the end of fiscal year 2024.

This stronger model, focused on accelerating Group profitability, would enable Lhyfe to generate income over the long term and improve its return on equity.

To establish itself as a major player in the decarbonisation of the heavy-duty mobility and industrial sectors, and to become an independent European leader in the green hydrogen market, the Group has adopted a strategy based on two pillars to make the most of market opportunities by providing a response tailored to the expectations of its customers.

Deploy onshore green hydrogen production sites across Europe, with installed capacity set to grow

To achieve European leadership, we need to increase the capacity of our sites. To this end, the Group has embarked on a structured, step-by-step approach to developing units of several hundred megawatts, whether alone or in co-development.

The degree of maturity of the industry and especially that of its equipment manufacturers (electrolyser and compressor manufacturers, etc.), means that such an approach is essential.

After facing several regulatory and technical challenges (*software*, *sourcing* and expert skills in equipment, connection to a renewable energy source and management of intermittence, seawater purification stage, etc.) to design the first unit with a capacity of 750 kW, then units with a 5 MW capacity, the Group considers that it is able to scale up its facilities. The Group is therefore planning its industrial strategy in three successive stages, based on replicating its first units on a larger scale (scalability), thereby meeting both the technical challenges posed by increasing the size of units and the investment schedule of its future customers:

- 2022/2024: deployment of 5 to 10 MW sites featuring several electrolysers;
- 2025/2026: deployment of 10 to 20 MW sites featuring several electrolysers;
- beyond 2026: deployment of sites generating several tens or even hundreds of megawatts.

The Group is counting on the ongoing enhancement of its production software tool, populated with data from Group production sites, to continue optimising site yields.

Becoming the first player in the world to have the offshore sites needed for mass production of green hydrogen

Replacing the use of fossil fuels with green hydrogen requires mass production, which requires very large quantities of renewable electricity. Only wind power has sufficient international potential, and offshore wind in particular offers a particularly attractive load factor. For example, the potential of wind power in the North Sea alone represents 11 times Europe's energy consumption. On a global scale, the potential of offshore wind power covers 18 times European consumption.

This is why the Group considers the development of offshore green hydrogen production to be the most appropriate solution for meeting the exponential growth in demand between now and 2030, while helping to remove a number of obstacles. It should make it possible to:

- take advantage of a particularly attractive source of energy, which should help to bring down the cost of green hydrogen;
- provide a means of accelerating the development of marine renewable energies by helping to control connection costs (transporting hydrogen to shore via a gas pipeline costs around 3 times less than connecting it to the electricity grid, which is a genuine lever for profitability) and developing areas that are currently difficult to exploit because the constraints of connecting to the electricity grid impair the profitability of projects;
- preserve onshore grid infrastructures, which are already experiencing interconnection issues with wind farms, highlighting their under-designed capability to absorb power peaks from offshore wind turbines, which is forcing some operators to take measures to reduce their output. Connecting a green hydrogen production unit to these fields should prevent them from being shut down, even temporarily, and make them more profitable;
- convert offshore oil and gas infrastructures. Hundreds of platforms in the North Sea will have to be shut down over the next ten years. Converting them to produce green hydrogen is feasible, and currently represents a more attractive economic opportunity than dismantling them. For example, dismantling platforms in the UK will cost £16.6 billion over the next ten years.

To provide the most appropriate response to this new challenge, Lhyfe has embarked on a major incremental research programme, with the Bouin site as its core focus. From this production unit built onshore and which is replicable at sea, with operational efficiency that has been demonstrated onshore, two other stages have been carried through collaborative projects with offshore specialists, to accelerate the skills acquisition curve and become the first player in the world to offer combined field experience in the onshore and offshore production of green hydrogen:

- the successful design and commissioning of Sealhyfe, the world's first floating electrolyser, as part of the SEM-REV project was inaugurated in September 2022 in the port of Saint-Nazaire. It was operated at sea from May to November 2023 (see paragraph 1.6.2 of the Universal Registration Document);
- defining offshore site concepts through an ecosystem of collaborative projects to develop sites that are either connected to a floating wind turbine, integrated with pre-existing platforms or integrated with new *ad hoc* platforms.

The results of the Sealhyfe experiment are already being incorporated into the HOPE project, which is the second stage in Lhyfe's offshore ambitions. It aims to scale up and market green hydrogen produced at sea. This 10 MW project will be able to produce up to 4 tonnes per day of green hydrogen at sea, which will be transferred to land by pipeline, compressed and distributed to customers.

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

With a substantial lead over other players in the sector, Lhyfe offers genuine experience in the field of offshore green hydrogen production. This dual onshore and offshore expertise should be a decisive advantage for future calls for tenders in France and abroad such as Germany, Denmark and the Netherlands.

1.4. Project financing and profitability

The information below is provided based on a majority holding by Lhyfe in the production sites it develops, and not on a majority holding by third parties, as might be the case in the co-development model with partner investors which the Group now intends to implement, and where the Group chooses to develop and operate an asset on behalf of third-party investors.

This new co-development model will be based on the following principles:

- the initial development of the project will be financed by the Group;
- once the partnership has been concluded, the bulk of the project financing requirements will be met by the partner(s), who will hold a majority capital stake in the project company;
- the Group will receive remuneration in the form of:
  - development costs received early in the life of the project, reflecting the initial development costs borne by the Group as well as the expertise and unique know-how of Group experts in developing green hydrogen projects,
  - recurring long-term income from Group management of the site, through contracts covering the asset lifetime.

The precise financial structure of the co-development model will be detailed once the first partnership has been concluded on the basis of the principles detailed above.

1.4.1. Project financing

From the earliest stages of project development, the Group draws up a specific financing strategy. Once development is sufficiently advanced, the Group begins a process of obtaining suitable and competitive financing. At the same time, it moves forward on securing the financial parameters of the project and structuring finance with pre-selected lenders, via an extensive due diligence process and the negotiation of financing contracts. The Group relies on its central legal department and financing team to complete these negotiations.

Depending on the nature of the project(s), financing may be provided by the project company holding the assets, or through an intermediate holding company that owns several project companies.

The Group endeavours to obtain financing on behalf of each project company and each intermediate holding company (in the case of grouped projects) that has no link with other Group assets or limited links with the Company.

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

- equity and quasi-equity of the project company (capital provided by Lhyfe, quasi-equity or mezzanine financing, particularly in the form of convertible bonds, provided by Lhyfe or banks): generally between 10 and 30% of total financing;
- project company bank debt: generally between 30 and 50%;
- subsidies where available, which can reduce the equity or debt component or both, and represent up to 40% of the financing; and
- lease financing of storage containers (for bulk projects).

In terms of sequencing:

- the financing of the early stages of the project, i.e. from the Early Stage up to and including the Awarded stage (see the description of the pipeline in Section 1.8 of the Universal Registration Document) is done using Lhyfe's own resources. All or part of the corresponding costs are then passed on to the project company; and
- secondly, to finance or refinance the construction of the sites (Construction stage), the Company actively seeks external financing solutions.

Borrowing conditions, and in particular the level of debt for a particular project, depend on a number of factors:

- *Expected cash flow from the project*. Expected cash flows depend on:
  - the amount invested;
  - Sales contracts for the hydrogen produced and expected hydrogen production: hydrogen sales contracts may have a shorter duration than the financing period (e.g. for bulk projects). In this case, it is possible to continue servicing the debt by renewing the sales contracts. In all events, the lenders incorporate the risk of renewing or re-signing hydrogen sales contracts in the cost of financing, while also relying on the guarantees and sureties they hold over the project and the project company; and
  - production-related costs, mainly electricity: the cost of supplying renewable electricity can be affected by various factors, the impact of which the Group seeks to limit by implementing a strategy detailed in paragraph 1.5.1.1 of the Universal Registration Document;

- *Counterparty risk*. Financing arrangements may depend on the creditworthiness of suppliers, subcontractors, co-investors and, where the hydrogen purchaser is a private company, the purchaser itself (see paragraph 4.1.4.6 "Counterparty risk" of the Universal Registration Document);

Based on the factors described above, as well as other factors, lenders will determine the *minimum debt service coverage ratio*, i.e. the maximum amount of forecast cash flows from the project they are prepared to finance. In some cases, lenders will also require a *maximum gearing ratio* to ensure a minimum percentage of equity in the project concerned. The term of the financing agreements (which can range from seven to fifteen years) is not necessarily the same as the term of the hydrogen sales contracts.

1.4.2. Project structuring and profitability

The Group intends to target projects, and therefore tender procedures, on completion of which it is offered the possibility of concluding hydrogen sales contracts with reputable counterparties. These hydrogen sales contracts must be able to provide the Group with a relatively stable source of income over the long term, thereby transforming the market risk into a limited counterparty risk. In addition, the presence of reputable counterparties and reduced counterparty risk should make it easier to obtain financing on favourable terms, which should enable the Group to improve the competitiveness of its offerings.

The Group intends to adopt a rigorous approach when participating in tender procedures. To assess its responses, the Group first conducts a modelling analysis based on assumptions that are generally prudent and insofar as possible, corroborated by independent studies and validated by internal analyses. These assumptions include the following:

- asset lifetime;
- the expected returns from the hydrogen sales contract, for its entire duration and, where applicable for any additional period, the returns from hydrogen sales on the market;
- the cost of supplying renewable electricity;
- 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 charges, in each case based on available studies and previous *due diligence* studies.

Based on these assumptions, the Group calculates its internal rate of return at the time of its bid (IRR) to determine whether it will generate a sufficient margin to justify submitting a bid, given the risks attached to the project (in particular country risks). The IRR takes into account the following elements:

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

In most cases, to ensure that the project is profitable, the Group's project finance team establishes an estimate based on an appropriate financial model. Lenders sometimes use the same model as part of their *due diligence*.

If the project achieves an acceptable level of IRR, the Group submits its bid.

Note that, between the initial offer and the *financial closing*, the IRR may vary. This may be due to:

- variations in the contractual terms of agreements with equipment suppliers, starting with electrolysers and construction contractors, between their initial proposals and the final documents; or
- a detailed analysis of site limitations.

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

- cost optimisation, in particular by renegotiating supply, construction or operation and maintenance agreements;
- extension of the useful life of projects beyond the Group's internal assumption of 15 years;
- potential improvements in technology, particularly electrolysers, which can be replaced by more efficient models;
- optimisation of production processes using software tools developed by the Group (see paragraph 1.7.5 below).

The structure and profitability profile of projects varies according to the specific features of each project, but the Group strives to develop a resilient, high-visibility business model by replicating, as far as possible, the following model depending on the type of project:

- for bulk projects, each project will be backed by a portfolio of diversified customers, with hydrogen sales contracts lasting in principle from three to five years, with an option to renew (as is already the case at Bouin). Customers will have to commit to buying a guaranteed minimum volume of hydrogen at a predefined sale price, indexed to a number of parameters. The electricity purchase price will be fixed to reflect predefined sale prices and avoid exposure to electricity prices. The diversification of customers for a single production site should make it possible to pool the risk generated by different durations of electricity purchase agreements and hydrogen sales contracts.
- for on-site projects, each project will be backed by a main customer. With regard to electricity purchases, the Group will adapt its strategy according to its ability to pass on electricity price fluctuations to customers (purchase at spot price or purchase at pre-negotiated prices over the term of the contract).
- for backbone projects, each project will be backed by several long-term contracts with industrial operators, also connected to the backbone (generally between 10 and 15 years).

In terms of financing, each project has its own specific financing structure which can combine, depending on the case, public support where available (subsidies or repayable advances), equity or quasi-equity, or "project" debt.

On this basis, the Group establishes estimated average project IRRs for bulk, on-site and backbone projects, taking into account the risks that could arise from a mismatch between variable project costs and sale prices, and an estimate of production delays and additional costs.

The Group's systematic presence as the developer on its projects allows it to freely implement its high quality standards during their development and construction, and to ensure total control over their management. The Group optimises its operational and industrial assets by implementing shared systems and services and uniform procedures, while streamlining decision-making.

Depending on the case, the Group may hold a majority stake or even a minority stake in the project companies.

A partial holding is considered to exist if the Group chooses, for example, to grant a stake to commercial partners in order to facilitate its inclusion in a project, or when a local tender procedure makes the participation of a local public entity in the project a condition for acceptance of the bid. In all events, the Group will seek to agree on standard clauses with the other shareholder in a *joint venture*, enabling it to buy back the stake it does not hold.

1.5. Project development, construction and operation

The different stages in the life cycle of a project, from development to operation, are shown below.

The duration of these stages may vary depending on the size and nature of each project. The detailed description of the pipeline set out in Section 1.8 of the Universal Registration Document indicates the different stages and milestones that the Company considers when a project progresses from one stage to another. It is important to note that even if a project has not passed a milestone enabling it to move from one stage to the next in terms of the milestones the Company has set, it may still initiate one or more assignments for the next stage upstream, as it deems appropriate.

1.5.1. Project development

1.5.1.1. An international team of experts and developers

Faced with a very fast-growing hydrogen market in general and in the European Union in particular, alongside an increasing number of projects, Lhyfe has chosen to invest in its *business development* capabilities to put in place a team as quickly as possible to ensure a head start on tenders. At the same time, the team is looking for potential customers for the green hydrogen produced by Lhyfe, and for sites and sources of renewable electricity likely to be able to supply production units near to potential customers. This approach enables us to identify the most interesting opportunities more swiftly.

As of 31 December 2023, the team comprised 53 employees and *business developers*. It is headed by Taia Kronborg, whose biography is presented in paragraph 8.2.2 of the Universal Registration Document.

Business development

The role of the business development team is to identify potential customers for the Group in all the countries where it operates, in both the mobility and industrial sectors:

- In the field of mobility, the sales team targets all mobility players, both public and private. These include local authorities wishing to develop hydrogen-powered mobility in their areas, hydrogen service station operators, carriers, logistics site managers, heavy vehicle fleet managers, and so on.
- In the industrial sector, the sales team can target manufacturers looking to replace grey hydrogen with green hydrogen, or to introduce hydrogen into their production process.

This team remains in charge of the commercial aspects throughout project development and the operation of the production assets. As such, it negotiates hydrogen sales agreements.

Search for subsidies

Part of the team led by Taia Kronborg is dedicated to finding and securing financial aid in the form of subsidies for all projects developed by Lhyfe.

Site development

This team of developers is responsible for identifying potential sites for Group production units, ensuring the availability of land, securing the necessary permits for the production of hydrogen by water electrolysis, securing connections to the electricity grid and access to water resources. All the while taking into account geographical constraints and the proximity of infrastructures such as the future European hydrogen transport network (*European Hydrogen Backbone*) and matching the needs of the business development team.

Renewable electricity

Part of the team is also responsible for negotiating electricity purchase agreements. The strategy for sourcing electrical energy and any complementary actions (such as load balancing or network services) designed to reduce the total cost per kWh is a key component of the Group's expertise in optimising the final cost of green hydrogen. It is based on three aspects:

- a supply of renewable electricity via agreements with producers and aggregators to guarantee the best renewable electricity offer at all times. The Group has chosen to work with a large number of suppliers;
- a strategy of providing complementary services. The sizing (generation capacity) and management strategy of the generation unit enables the Group to optimise the production load over relevant periods of the electricity market and to participate in network services such as system services; and

- an optimised production unit design, including the most efficient and reliable components) to guarantee the most reliable and controllable production possible.

The Group relies on *power purchase agreements* or PPA with producers operating wind, solar, and hydro-electric assets to address the majority of estimated energy needs for hydrogen production sites. Energy management is done for the Group as a whole, rather than on a project-by-project basis. In 2023, the Group continued to consolidate its network of renewable electricity supply partners and signed two long-term PPAs with renewable electricity producers in France (VSB énergies nouvelles for 16 years, Kallista Energy for 15 years). More recently, in January 2024, Lhyfe also secured its supply of renewable electricity in Germany by signing a 15-year PPA with EDPR.

The development team relies on a specially dedicated IT tool, "Qualifhy", developed by the R&D team for developers. It can be used to determine the suitability of a given site and the expected uses of renewable electricity sources around that site, while adjusting the technical characteristics: electrolyser power, electrolyser technology, storage, etc. A Soleau envelope has been filed for the *Lhyfe Qualifhy* software.

Project review and validation

When a promising opportunity is identified, the development team carries out preliminary studies and surveys. As it progresses and obtains the results of preliminary studies and investigations, the team informs management of its assessments and preliminary conclusions. In this way, from the earliest stages of development, management is able to assess whether the risk-return profile of the project justifies additional investment and is reflected in the achievement of milestones.

Once the Group is satisfied that the project is viable, greater resources are mobilised, in particular through project validation by the management team and the financial and budgetary modelling for the project.

Group projects are reviewed regularly throughout the year to assess their rate of progress and their potential for completion. In this context, the Group may have to suspend a project, temporarily or otherwise, to allocate its capital and resources to a more profitable project or one that is more likely to be completed.

Permits and authorisations

Once the project has been validated and the construction stage begins, the development team is responsible for obtaining the permits and authorisations required to build and operate the site.

Specific permits and/or authorisations may be required, depending on the specific characteristics of a project and in particular its size, such as those relating to protected species, deforestation, town planning or others. The Group applies for these additional permits and authorisations at the same time as the building permit, or failing that beforehand.

It is also during this stage of the project that the necessary steps, and frequently the authorisations, associated with the specific nature of hydrogen production facilities are taken. In France, these are governed by the facilities classified as environmentally-sensitive (ICPE) regime, but each EU country has equivalent regulations. These regulations are detailed in paragraph 1.10.3 of the Universal Registration Document.

Significant projects requiring major works, or having a pronounced aesthetic or architectural impact, can sometimes be challenged by certain stakeholders through administrative appeals. In this case, the Group takes a proactive stance to respond to objections and work with local stakeholders from the outset of project development, thereby limiting the risk of opposition.

1.5.1.2. Strategic partnerships for project development

The Group has teamed up with a number of strategic partners to expand its project development opportunities.

Strategic alliance with Mitsui & Co, Ltd. ("Mitsui")

In March 2022, the Group and Mitsui entered into a strategic alliance accompanied by an investment of around €10 million by Mitsui. The alliance is designed to enable the Group to (i) study and promote business opportunities by identifying potential buyers of green hydrogen, (ii) strengthen the Group's competitiveness by creating priority 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 in its international development in new strategic markets and (v) identify and promote opportunities for collaboration between the two entities to contribute to the Group's future growth.

Mitsui was also granted a non-voting seat on the Board of Directors (see Section 3.2 of the Universal Registration Document).

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

In May 2022, the Group signed a collaboration agreement with EDP Renováveis, S.A. through the wholly-owned subsidiary EDP Renewables Europe, S.L.U. ("EDPR"), which was accompanied by a €25 million investment from EDPR. EDPR is a Portuguese company specialising in renewable energies, 75% owned by EDP Group, historically Portugal's national electricity producer, transporter and distributor, now listed on Euronext Lisbon. In addition to being a leader in renewable energies, EDPR's ambition is to deploy 1.5 GW of green hydrogen production capacity by 2030.

This agreement lays the foundations for the two parties to work together to identify, develop, build, and manage green hydrogen production projects. 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 condition that the Group retains more than 50% of the capital and voting rights of the project company) 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 identify new projects in which they could invest together, as well as in research and development and the supply of equipment.

The agreement also stipulates that if EDPR were to eventually hold 20% or more of the Company's capital, shareholders would be asked to elect an EDPR representative to the Board of Directors, who would also be a member of the Audit Committee and the Appointments and Remuneration Committee. As of 31 December 2023, EDPR held 5.96% of the capital.

Cooperation and business development agreement with Plug Power

In the second half of 2022, the Group and Plug Power Inc., a leading supplier of electrolysers, signed a cooperation and business development agreement to continue working together 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.

Acquisition of a stake in Finnish project developer Flexens

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

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

Offshore collaboration agreement with CIP

In November 2023, Lhyfe, Flexens and CIP, the world's largest fund manager of renewable energy investments and a global leader in offshore wind, green hydrogen and energy islands, jointly launched the Åland Energy Island project. The aim is to develop hydrogen production on the Åland Islands in Finland integrated with the installation of multi-gigawatt offshore wind turbines for use both on the Åland Islands and more widely in this region of Europe. This project would support the objectives of the Åland Islands and the European Union in terms of energy independence and decarbonisation.

Offshore collaboration agreement with Centrica

In March 2023, Lhyfe signed a memorandum of understanding with Centrica, the UK energy group that owns British Gas, to jointly develop the production of green, renewable hydrogen at sea in the UK. The two companies will study the possibility of collaborating on a pilot site for the production of green hydrogen in the southern stretch of the North Sea.

Offshore cooperation agreement with Capital Energy

In June 2023, Lhyfe and Spanish energy producer and distributor Capital Energy signed an agreement to jointly develop offshore renewable hydrogen projects off the coasts of Spain and Portugal. The two companies will develop hydrogen production units at selected sites where Capital Energy is currently developing offshore wind farms.

Agreement with Horisont Energi

The Group has signed a memorandum of understanding with Horisont Energi, a provider of clean energy and carbon transport and storage services, for the joint development of solutions to supply renewable green hydrogen to ammonia production plants in Norway and Europe, and to supply the ammonia market for the maritime sector, which is of significant size in Norway. An initial project to develop renewable hydrogen and green ammonia production plants could be located in northern 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.

1.5.2. Construction of production assets

The Group has set up a team of more than 70 employees dedicated to the design and *engineering, procurement and construction* (EPC) aspects of the production units.

It includes the design office, with all the expertise needed for engineering (process, power electronics, civil engineering, mechanics, process control), the site installation and commissioning teams, and all the project support staff (project managers, buyers, planners, *document controller*, etc.). These teams are involved in the final stages of development, to ensure that projects are technically and legally consolidated, and are already present in the countries where the Group's development is most advanced (e.g. Germany, Sweden and Denmark).

The Group is responsible for the *front end engineering design* (FEED), including the choice of electrolysis technology used as well as the selection of equipment and service suppliers. It is both project owner and project manager.

During the construction stage, the Group coordinates all the activities required to deploy a hydrogen production site, including:

- Civil engineering: site preparation, geotechnical studies, soil analysis and building construction.
- Process design: overall plant diagram, equipment list, detailed documentation, *Piping & Instrumentation Diagram* (P&ID), functional analysis, line lists).
- Piping: all piping interconnections (nitrogen, hydrogen, oxygen, cooling, water, air) is covered.
- Electricity: power balance, single-line diagram of the entire hydrogen production site up to its connection to the electricity production asset.
- Automation: definition of the control architecture, production of specifications (for hardware and software), integration of all high-level supervision via SCADA (*Supervisory Control and Data Acquisition* – an industrial supervision system that processes a large number of measurements in real time and remotely controls installations).
- Procurement of equipment and selection of subcontractors: service providers are selected on a project-by-project basis, generally through a competitive bidding process or similar, with very high standards of quality and performance in the choice of solutions and the quality of work carried out. The Group targets specialised and financially sound companies to offer the best possible guarantees. It negotiates the terms and conditions of equipment purchases. The service provider generally assumes the risks of delay and performance in accordance with the penalty clauses stipulated in the contracts.

For the main equipment (electrolysers, compressors and containers), the Group selects a supplier through a competitive bidding process and then signs an agreement for the supply, transport and maintenance of this equipment. The Group seeks to conclude cooperation agreements with the leading equipment manufacturers, 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 agreement, which also covers roadworks for the site, the construction and management of construction areas, the construction of foundations and the erection of works.

The Group:

- supervises the appropriate implementation of the project technical design that it has developed and contracted with the service providers concerned;
- liaises with local authorities and landowners;
- liaises with the electricity supplier on technical matters – in particular the installation of a direct connection if one exists;
- provides a link to the grid, particularly if the renewable electricity is partially drawn from the grid;
- conducts ongoing risk management;
- manages quality control of the work, assembly, and installation, as well as the project commissioning stage and performance tests.

For each of its projects, the Group creates a contingency budget to cover unforeseen costs incurred during construction, which is revised downwards as the risks are removed.

1.5.3. Operation of production assets

Once construction is complete, the team in charge of the *operation and maintenance* (O&M) aspects takes delivery of the production unit from the EPC team, which remains in support during the first year of operation.

Whether or not it has full control of the production unit throughout its lifetime, the Group is the operator and sets up a three-tier organisation to optimise management of the O&M aspects of its production units:

- At Group level, the O&M teams work alongside the EPC team to define maintenance and site supervision requirements and to accept production units (*commissioning*);
- At regional level, a mobile maintenance team is in charge of corrective maintenance operations;
- At production sites, an O&M team is responsible for the day-to-day maintenance of installations (with the Group's local partners), for special packaging operations such as hydrogen storage containers delivered to customers on bulk projects, and to deliver preventive maintenance services to customers.

These services are provided by the Group to project companies under an O&M contract.

Maintenance

The Group implements the following maintenance strategy for its production units:

- A minimum one-year warranty and training for O&M teams is systematically included as part of the first purchase of major equipment in the construction stage. In the same way, the EPC team provides support to the O&M teams in the first year after commissioning, to ensure that the plant is running smoothly;
- Once the equipment is handed over, the Group intends to integrate maintenance operations at its plants as far as possible. 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 may evolve as the Group develops its in-house skills, particularly in equipment maintenance, enabling it to limit its reliance on suppliers.

The Group also has a spare parts management policy that enables it to anticipate its needs and react quickly when necessary.

Supervision of operations

The management and operation of assets after project completion is ensured by continuous monitoring, supervision and analysis from a centralised Remote Operation Centre (ROC). The ROC technicians use a range of tools, including a sophisticated IT system (known as SCADA) for remote management of all 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 take action as quickly as possible whenever necessary. The Group has also introduced a central maintenance tool to optimise and manage maintenance at all its sites in Europe.

The Group has also developed an algorithmic system called "HMS" (*Hydrogen Management System*) that automatically optimises its production and delivery costs, in particular by minimising energy consumption. This algorithm is fully integrated into the software tools deployed elsewhere (SCADA, Harmony) to ensure global optimisation according to customer needs.

Logistics

Group on-site production units will be connected to their industrial customers via a pipeline that will deliver the green hydrogen produced directly to the industrial site, while bulk hydrogen, intended for a variety of customers - e.g. mobility-related uses - is delivered in bulk to customers via a system of vehicle-borne containers. The Group owns and manages the containers, plans and conditions them, and outsources their transportation to its carrier partners.

As logistics is a major cost item, particularly because of the cost of containers and their transportation to customers, the Group seeks to optimise the management of its business logistics as much as possible.

It has developed an in-house tool, Harmony, which anticipates customer consumption of green hydrogen, based on their theoretical consumption adjusted for their actual consumption. In this way, it can ensure optimum management of its production as well as the scheduling and transportation of containers in real time, and minimise deliveries of hydrogen that will not be consumed by customers.

Lhyfe also ensures the reliability of its logistics activity through partnerships with key carriers and framework agreements with its container suppliers.

Through this expertise and the tools it has developed internally, Lhyfe has been able to guarantee a service rate of 99.91% over 2023.

As the customer experience is essential, Lhyfe develops additional tools to provide a simple interface between customers and logistics, in particular through the Lhyfe Heroes application (see paragraph 1.2.4 for a description of Lhyfe Heroes).

Safety and risk management

To ensure the safety of its facilities, employees and partners, the Group has implemented a global policy with a number of different layers:

At Group level	Group-wide HSE policy
	Technical safety standards for site design, applying to the whole Group
	Technical documentation and specific training for each functional team
At site level	Technical and operational procedures specific to each production site, incorporating local regulations and operating permit requirements

The Group has also put in place appropriate and effective procedures detailing the operational safety rules relating to Group operations and activities, compulsory safety training and authorisations and the use of individual and collective protective equipment. Emergency management procedures are also in place.

1.6. A significant lead in the production of green hydrogen using offshore wind power

To achieve its goal of decarbonising the heavy mobility and industrial sectors, Lhyfe must rise to the challenge of producing green hydrogen on an immense scale. This is why the Group is seeking to complement its proven expertise in onshore production sites by becoming the first player in the world to develop the knowledge building blocks and sufficient technical capacity to produce green hydrogen offshore. The Group intends to respond appropriately to the significant increase in initiatives in this area worldwide, in particular by issuing dedicated calls for tender.

Lhyfe is already ready for this stage. From the outset, the Group set medium-term objectives of being able to produce green hydrogen at sea at sites of up to several hundred megawatts, in the knowledge that offshore production would offer great potential while providing a response to an array of issues. To this end, a dedicated R&D programme comprising several complementary stages has been underway since late 2019.

1.6.1. The need to deploy offshore production sites

The development of offshore hydrogen production appears to be the most appropriate solution for meeting the exponential growth in demand between now and 2030, while helping to remove a number of obstacles. The main challenges are as follows.

Utilise a particularly attractive energy source available in considerable quantities

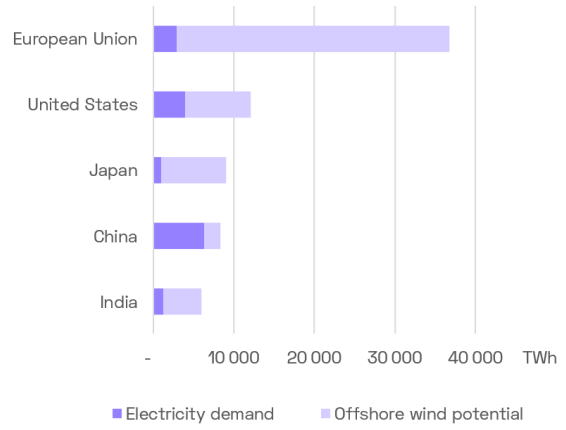
The production of hydrogen from renewable energies is particularly sensitive due to the proportion of electricity in its cost price (and therefore in its market price) and the need for a sufficiently high electricity production load factor (the ratio between actual electricity production and 100% of installed capacity).

In other words, only renewable energy sources combining high capacity factors and low electricity costs will be sufficient for cost-competitive hydrogen production. To date, electricity generated from onshore wind power is the cheapest form of renewable electricity, costing between €40 and €60 per MWh. Solar photovoltaic production can also be very cheap in sunny regions. The price of offshore wind power has fallen considerably in recent years, and current prices range between €40 and €50 per MWh. Furthermore, the wind load factor at sea is much higher than on land, reaching over 40% and sometimes over 50%, with peaks of up to 60%[1]. The sizeable load factor offered by offshore wind offsets the higher operational costs.

In this sense, offshore wind is the best solution for the autonomous production of green hydrogen: it is abundant (the potential North Sea deposit alone represents almost 18 times European electricity consumption[2]), powerful, less intermittent, more competitive and has no 'land' limits. Despite prices that have largely fallen in recent years (€44 per MWh at Dunkirk)[3] making it all the more attractive, today's offshore wind market remains far from achieving its full potential. Actually putting this renewable electricity production into practice poses major challenges, not least because of the investment needed in electrical infrastructure to transport peak electricity

1 International Energy Agency, *Offshore Wind Outlook 2019*, November 2019.
2 International Energy Agency, *Offshore Wind Outlook 2019*, November 2019.
3 CRE Energy Regulation Commission, Decision No. 2019-124.

production to shore, and the growing variability due to the large time gap between supply and demand. By coupling an electrolysis system to offshore wind farms, surplus electricity can be converted into hydrogen and stored, transported, and later used on demand.



Electricity demand (light blue) and offshore wind potential (dark blue) in selected countries, in TWh[1]

Accelerating the deployment of offshore wind farms

The increase in the capacity of offshore wind farms is leading to increasingly expensive connection costs, topping €1 billion for a site offering capacity above 1 GW[2]. Coupling an offshore wind farm with green hydrogen production capacity will help keep connection costs under control by carrying energy back to shore as hydrogen rather than electricity. Transporting hydrogen via onshore pipeline costs around 3 times less than an electricity connection[3], which is a real lever for profitability.

By controlling the cost of connection, the potential for deploying new offshore wind farms will be much greater. Coupling with hydrogen means that wind farms can be located further from the coast. This makes it possible to build in areas where it is currently difficult to operate, due to the constraints of connecting to the electricity grid, which impact on the profitability of projects. Moreover, far-offshore wind farms should offer a particularly attractive load factor thanks to their open sea location.

Last but not least, social acceptability is a major obstacle for offshore wind projects today. This is due both to the visibility of the turbines from the shore and to the size of the farms, which can disrupt local fishing, shipping and the environment. Lhyfe's ambition is to relocate the platforms a further 50 km away, so that they will have no visual impact.

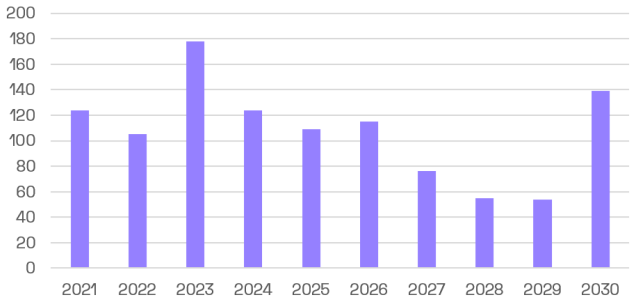
Avoid exacerbating the shortcomings of onshore network infrastructures

Against a backdrop of significant development of wind farms supported by incentive policies, numerous issues with interconnecting wind farms to the grid highlight the fact that the infrastructures are insufficiently sized to absorb the power peaks generated by wind turbines. In Europe, for example, operators are forced to cut back on their electricity production potential for lack of infrastructure and/or sufficient consumption. Connecting green hydrogen production to these fields should make it possible to avoid shutting down wind turbines, and thus generate greater profitability.

Conversion of existing dedicated platforms (oil and gas)

The decline in offshore oil and gas production in Europe represents a real opportunity for the deployment of green hydrogen production modules at sea coupled with renewable electricity sources. In a zero-emission scenario, oil consumption would fall by 75% between 2020 (almost 90 million barrels per day) and 2050 (24 million barrels per day), natural gas consumption by 55%, and coal consumption by 90%[4]. Hundreds of North Sea platforms will have to be shut down over the next ten years.

Reusing and transforming this platform and pipeline infrastructure to produce hydrogen is possible and currently makes better economic sense than dismantling it. For example, dismantling platforms in the UK alone will cost £16.6 billion over the next ten years[5]. According to DNV GL, 52% of oil and gas players expect hydrogen to account for a large part of the energy mix by 2030, and 21% acknowledge already having a position in the hydrogen market[6].



Number of oil rigs to be shut down in the North Sea between 2021 and 2030[7]

The development of an offshore hydrogen production solution would pave the way for possible reallocation of this expenditure and the development of a sustainable green hydrogen production sector.

1 International Energy Agency, *Offshore wind technical potential and electricity demand in selected countries*, 2018.
2 EnerData, TenneT awards €1bn offshore grid contract to Alstom (Germany), 27 February 2013.
3 Offshore Wind Industry Council, *Offshore Wind and Hydrogen - Solving the integration challenge*, July 2020.
4 International Energy Agency, *Net Zero by 2050 - A Roadmap for the Global Energy Sector*, October 2021.
5 UK Oil and Gas Industry Association, *Decommissioning Insight 2021*.
6 DNV GL, *Heading for Hydrogen*, May 2020.
7 UK Oil and Gas Industry Association, *Decommissioning Insight 2021*.

Significant interest from governments and offshore players

In concrete terms, countries such as Germany and the Netherlands are now working to develop the hydrogen industry, particularly offshore hydrogen. Germany, for example, is planning to launch special tenders for the industrial-scale production of green hydrogen, according to the Ministry of Economic Affairs and Energy's draft national hydrogen strategy[1]. The call for proposals specifies:

"The European Union, in particular the North Sea, has geographically suitable and profitable sites for wind energy, offering great potential for the production of green hydrogen. The necessary infrastructure and options for additional tenders for renewable energy production will be relevant topics (implementation as from 2020)."

At the same time, Denmark and the Netherlands are making progress on an energy island concept aimed at the mass production of renewable electricity and hydrogen. Denmark is preparing to issue the first calls for tenders.

Virtually all the major offshore players (Shell, RWE, Gasunie, Orsted, Siemens, etc.) have announced that they are already working on concepts for the mass production of hydrogen at sea. A report by a US industry coalition – including Chevron and Shell – estimates that offshore hydrogen could generate 700,000 new jobs and revenues of US$140 billion a year in the US by 2030 and up to 3.4 million new jobs and revenues of US$750 billion a year by 2050[2].

1.6.2. Major advances in offshore

To deliver the most appropriate response to this new challenge, Lhyfe has embarked on a major incremental R&D programme based on the Bouin site, which alone incorporates the fundamentals of future offshore sites, i.e. connecting an electrolyser directly to a renewable energy source and pumping seawater, then desalinating for use in the electrolysis system. The site is also located in the immediate vicinity of the ocean, on a port, and is therefore subject to the environmental conditions prevalent at sea.

From this onshore proof of concept of an offshore solution, with operational efficiency that has been demonstrated, two other stages have been defined and completed through collaborative projects teaming Group engineers with offshore specialists, to accelerate the skills acquisition curve and become the first player in the world to offer combined field experience in the onshore and offshore production of green hydrogen:

Design of the world's first floating electrolyser as part of the Sealhyfe project

To support the development of offshore hydrogen production facilities, Lhyfe has installed an electrolyser on a floating barge. This is the world's first floating electrolyser designed to study and overcome the challenges of producing hydrogen at sea. The SEM-REV offshore site at Le Croisic in Brittany (France) was chosen to carry out this test stage in real-life conditions. As this project is an R&D demonstrator, it is not part of the pipeline.

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

The SEM-REV site is equipped with all tools needed for offshore data collection. It consists of a secure, reserved area of 1 km² marked by 4 buoys, 20 km from Le Croisic, and equipped with oceanographic and meteorological sensors (wind, waves and water currents).

This site is an ideal place to test the development of offshore green hydrogen due to:

- the presence of a 2 MW floating wind turbine directly connected to the electrolyser and a connection between the site and the onshore grid, enabling the supply of electricity at any time;
- permits already in place for technological experimentation;
- proximity to Lhyfe's registered office and to the Bouin onshore hydrogen plant which operates a 750 kW electrolyser.

The barge was inaugurated in September 2022 in the port of Saint-Nazaire, when testing began. It was then moored out at sea in May 2023 and connected directly to an existing floating wind turbine. The electrolyser has a capacity of 1 MW.



Sealhyfe platform off the coast of Le Croisic, on the SEM-REV site

The Sealhyfe project is equipped with a 1 MW electrolyser supplied by Plug. It was designed to demonstrate that offshore hydrogen production from renewable energies is already a reality. More specifically, the aim of this experiment was to:

- demonstrate the ability of Lhyfe to operate an industrial-scale production unit (1 MW) in an isolated environment,
- Prove the reliability of the electrolysis technology under severe environmental conditions, representative of the operating conditions of future large-scale offshore sites;
- provide a database of operating data enabling the optimisation and reliability-upgrade of production processes, with testing of the technologies used with a view to scaling them up to sites offering tens and hundreds of times larger capacities.

A range of measurement and data collection instruments have been installed on board Sealhyfe to ensure detailed monitoring and control of all production unit parameters, from September 2022 to November 2023, both at quayside and at sea.

1 Bundesministerium für Wirtschaft und Energie, *Die Nationale Wasserstoffstrategie*, June 2020.
2 Fuel Cell and Hydrogen Energy Association, *Road map to a US hydrogen economy – Reducing emissions and driving growth across the nation*, October 2021.

After 14 months of testing, the data collected and the lessons learned are of high magnitude:

- System responsiveness and flexibility: As offshore hydrogen production is particularly appropriate to delivering services to the electricity grid, Lhyfe has repeatedly tested system flexibility and responsiveness in a wide range of configurations. The experiment also confirmed the system's ability to manage the variability of wind energy in the specific conditions of an offshore location. The electrolysis system was operated as part of the planned research tests, including at maximum production capacity: the performance achieved was as high as on land, confirming the reliability of the equipment.
- Robustness: throughout the experiment, the production system equipment designed by Lhyfe was tested under extreme conditions (platform movement, environmental stress). Sealhyfe has experienced five major storms, including Ciaran, which swept along the Atlantic coast in October 2023 with waves over ten metres high and winds of over 150 km/h. A full diagnostic of the production system equipment once it was back on land confirmed that all the equipment had returned unharmed and in operating condition.
- Equipment and system optimisation: throughout the experiment, on-board and remotely-controlled measuring instruments were used to identify ways of optimising the efficiency and reliability of Lhyfe production resources on other projects: safety systems, electrical architecture, automation, fluid and stock management, etc.
- Remote control: the quayside benchmark testing stage successfully de-risked the project: the vast majority of impacts specific to offshore hydrogen production have been identified and improved. The site was then operated exclusively remotely from the Lhyfe control centre, using supervision and control tools specifically developed by the company. The experiment enabled validation of the software and algorithms for producing green, renewable hydrogen, and a reduction in the number of operations required in the marine environment. In total, Lhyfe performed fewer than ten maintenance operations.
- Regulatory developments: as part of this world first, Lhyfe also worked with the French authorities to define the operating rules for a green hydrogen production unit operating in the middle of an urban, industrial and port environment, and also capable of operating in the open sea.

Generally speaking, the Sealhyfe project has enabled Lhyfe to develop its expertise in the constraints associated with offshore industrial deployment, in particular through its experience of integrating a plant on an isolated floating barge offshore.

Lhyfe now has unrivalled feedback on offshore green hydrogen production (integration on floating objects and operation). Demonstrating this expertise will be a decisive advantage when it comes to future calls for tenders in France and abroad.

Other offshore projects: HOPE and Åland Energy Island

The results of this experiment are already being incorporated into the HOPE project, the second stage in Lhyfe's offshore ambitions. This project, which Lhyfe presented with a consortium of nine partners, was selected by the European Commission as part of the "Clean Hydrogen Partnership" and received a €20 million subsidy, supplemented by a €13 million subsidy from the Belgian government. With HOPE, Lhyfe and its partners are changing scale and aiming to market green hydrogen produced offshore: from 2026, this unprecedented project (10 MW) will be able to produce up to four tonnes/day of offshore green hydrogen, which will be transported to land by pipeline, compressed and distributed to customers.

On a larger scale, in November 2023, Lhyfe launched the Åland Energy Island project jointly with CIP, the world's largest fund manager for renewable energy investments, and Flexens, to develop hydrogen production on the Åland Islands in Finland. The production will be integrated with the installation of offshore wind turbines offering a capacity of several gigawatts. This project demonstrates how green hydrogen can become part of a vast integrated renewable energy system thanks to its ability to store and transform renewable electricity. The green hydrogen produced is intended for use both on the Åland Islands and more widely in this region of Europe, thus supporting the objectives of the Åland Islands and the European Union in terms of energy independence and decarbonisation.

Development of concepts suited to different offshore infrastructures

At the same time, Lhyfe has initiated the development of a number of offshore concepts to prepare for the emerging and promising market.

Two centralised offshore hydrogen production concepts and one decentralised hydrogen production concept are being developed through a number partnerships (e.g. Chantiers de l'Atlantique, CIP) and projects (e.g. the HOPE project):

- Centralising hydrogen production on fixed monopiles or jackets. This concept is based on the experience acquired in the deployment of electrical substations in the offshore wind energy sector.
- Centralisation of hydrogen production on jackup units. This concept enables the reuse of existing *oil & gas* assets. The ease of installing and removing this type of asset offers great potential for deploying the concept, as it would optimise the investment and operating costs involved in these projects.
- Decentralisation of hydrogen production by integrating the hydrogen production process directly into the wind turbine base. In this case, each offshore wind turbine directly houses the hydrogen production process.

All the concepts are designed to cope with the harsh environment at sea and are optimised for limited maintenance time. The modules are remotely controlled from the shore to ensure cheap but reliable delivery of hydrogen to end customers. The hydrogen is transported via pipeline to an onshore substation where it is compressed in containers for later shipment.

Through these concepts, Lhyfe aims to assess the suitability and effectiveness of different types of infrastructure capable of adapting to Lhyfe's green hydrogen production process.

These three concepts have now reached a sufficient stage of maturity and Lhyfe is now preparing to respond to future requests for proposals. The development of these concepts enables the Group to make the best technological choices depending on the constraints of each project.

1.7. Lhyfe assets

To achieve its objectives, since its creation the Group has invested in developing key assets to establish itself as a major player in the sector:

- a team of specialist engineers covering all Group fields of expertise;
- expertise in the main electrolysis technologies;
- Proven expertise in the development and management of an onshore and offshore green hydrogen production site;
- a modular approach to its production sites;
- a comprehensive software solution focused on *data management* and in time artificial intelligence.

1.7.1. A multi-disciplinary team of engineers

As of 31 December 2023, the team of engineers in charge of designing production units and Group R&D comprised 74 employees. The managers of the principal technical areas all have substantial experience in their field of expertise (automation, artificial intelligence, *machine learning*, engineering, electrolysers and compressors, power electronics, logistics, etc.).

1.7.2. An agnostic approach to green hydrogen production technologies

The Group is agnostic when it comes to electrolyser technologies: it masters the three major technologies on the market (alkaline electrolysers, proton exchange membrane (PEM) electrolysers and pressurised alkaline electrolysers), which enables it to choose the most appropriate technology when designing a project. It also generates a competitive advantage over competitors who focus on just one of the electrolyser technologies.

Finally, Group policy is to secure its supplies of key equipment. For example, the Group has placed orders with:

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

1.7.3. Proven industrial expertise in industrial onshore and offshore green hydrogen production

Building on the success of its first onshore production site at Bouin in Vendée (France), and of the Sealhyfe offshore platform trial, the Group now has proven expertise in the production of green hydrogen on land and at sea, which is already working to benefit Lhyfe's onshore and offshore projects.

The construction and subsequent operation of these two units have enabled the Group to validate its approach and technological choices. The Group handles the entire development process for its projects: design, construction and operation.

The Bouin site has also enabled the Group to develop expertise in all aspects of green hydrogen production, including fluids, thermodynamics, compression, electrolysis technology, etc.

Finally, the operation of the Bouin site has enabled the Group to develop considerable expertise in the software management of its production tools. This has enabled it to optimise the production process, particularly by managing intermittence and raising yields.

1.7.4. A modular approach enabling initial projects to be scaled up

On the one hand, the Group develops sites with a modular structure that makes it easier to scale them up as demand increases. An initial level of capacity is installed, but the site can then host additional electrolysers, helping to increase the power installed on the initial site and improve the profitability of the project.

Furthermore, the hydrogen production solution developed by the Group at its Buléon and Bessières sites, known as the "containerised" approach, can be replicated on a larger scale at the Group's future production sites.

Thanks to this approach, the Group is already in a position to propose moving to mass production of 100% green hydrogen.



Buléon site in Morbihan, France

At Buléon, as at the Bessières site, the production unit has adopted a new containerised format, which has the dual advantage of reducing the footprint of its sites and promoting their scalability, to support the development of uses in the regions.

On a site of around 6,800 m2, the Buléon site consists of a series of containerised buildings for different functions (driver reception, control room, electrical conversion, water electrolysis, compression, quality control, etc.), a traffic area for trucks and loading bays for trucks transporting the hydrogen to distribution points and customers.

These two new sites in Brittany and Occitanie - each with five times the production capacity of the historic site - meet the growing demand for green, renewable hydrogen on the market, and once again demonstrate the Group's ability to rapidly deploy hydrogen production infrastructures.

1.7.5. Software tools and data management at the heart of the industrial process

Right from the design stage of its first project at the Bouin site, the Group chose to put software tools and *data management* at the heart of its industrial process. Convinced that software tools would be a key element in its development and in optimising its production of green hydrogen, the Group and its teams have developed a software suite covering all aspects of its integrated business model, from initial project development to hydrogen sales.

The Group has a team of eight experts in software, data analysis and development, who have worked on the deployment of the following software suites:

- **Harmony**: This software enables the scheduling of hydrogen production and management of hydrogen container deliveries to customers. The software was developed using the operational excellence acquired through operation of the first hydrogen production site in Bouin and learning from the data acquired. It also incorporates the latest algorithms developed by the team to optimise the cost of hydrogen production based on delivery constraints and the availability and cost of renewable electricity.
- **Qualifhy**: Qualification and dimensioning of hydrogen production sites according to the constraints inherent to the production site (availability of renewable energy, customer consumption profile, size of site, etc.).
- **SCADA**: This software enables centralised supervision of all the hydrogen production sites deployed by the Group.
- **Monitor**: This solution is used to monitor the various parameters of hydrogen production sites (operational data, site efficiency, ageing, etc.).

1.8. Pipeline and objectives

1.8.1. Presentation of the pipeline

The Group has defined these different project stages and the milestones between them on the basis of a number of criteria, reflecting:

- customer tendering processes, particularly in industry;
- application processes to obtain subsidies, whether relating to a specific project or not;
- the intrinsic stages in the development of a production unit, for industrial and mobility applications; and
- the resources that the Group needs to commit in order to bring the project through each of these stages.

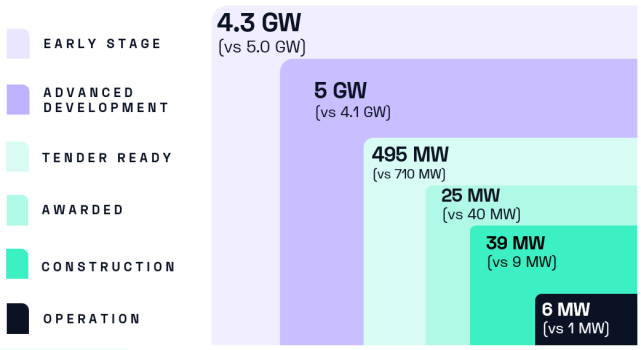
Moreover, these criteria differ depending on whether the application is industrial or mobile (for a description of project types, please refer to paragraph 1.1.3 of the Universal Registration Document).

These stages and the milestones that determine the transition from one to the other are as follows:

Stage	Description and milestones
Early stage	***Industrial applications*** Determination of (i) the needs of the potential customer, (ii) the stages and potential timetable for project development and construction, (iii) its technical specifics, (iv) any subsidies that may be available, and (v) the hydrogen price details to be presented to the customer. ***Mobility applications*** Analysis of the needs of potential customers in the geographical area. Analysis of (i) the renewable energy sources available locally (preferably with a direct connection), (ii) the availability of land, (iii) the stages and potential timetable for project development and construction, (iv) its technical specifics, (v) any subsidies that may be available, and (vi) hydrogen price details.
"M0" milestone	For an industrial application, either the potential customer requests that the Group submit a *non-binding offer*, or that the submission of such an offer is required in the subsidy application process; for a mobility application, the Group reviews how the site is positioned in relation to the Group's other mobility projects and production sites.
Advanced development	***Industrial applications*** During this stage the Group will submit a non-binding offer to the potential customer or as part of the subsidy application process. To this end, the Group will determine (i) the preliminary technical specifications, including an estimate of capital expenditure (capex) and operating expenditure (opex), (ii) the preliminary commercial specifications, (iii) the preliminary development and construction schedule and (iv) details of any subsidies available and the conditions for obtaining them. This will enable it to draw up a preliminary *business plan*. ***Mobility applications*** The aim of this stage is to de-risk implementation of the project and calculate estimates for the cost and sale price of the hydrogen produced, in particular to prepare applications for subsidies. To this end, the Group will determine (i) the preliminary technical specifications including an estimate of capital expenditure (capex) and operating expenditure (opex), (ii) an estimate of the future bulk market in the geographical area, (iii) the preliminary development and construction schedule and (iv) details of available subsidies 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 that the Group submits a *binding offer*, or that the submission of such an offer is required in the subsidy application process; for a mobility application, a strategic decision is required on the best sites in terms of demand in the geographical area, the capacity to serve this demand and the possible subsidies.

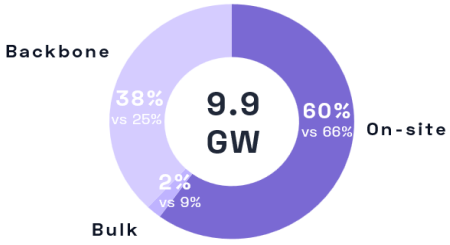
Stage	Description and milestones
Tender ready	***Industrial applications*** During this stage, the Group prepares the binding offer for the potential customer or as part of the process of obtaining subsidies. To this end, the Group will determine (i) the definitive technical specifications, including a more detailed estimate of capital expenditure (capex) and operating expenditure (opex), (ii) the definitive commercial specifications, (iii) the development and construction schedule and (iv) the internal project review. ***Mobility applications*** During this stage, all the technical details are determined to reduce the risks inherent in implementing the project and to calculate more detailed estimates for inclusion in the business plan. To this end, the Group will determine (i) the definitive technical specifications, including a more detailed estimate of capital expenditure (capex) and operating expenditure (opex), (ii) expectations in terms of demand for the hydrogen produced, (iii) the development and construction schedule and (iv) the internal project review.
"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 subsidy or subsidies have been obtained (and the customers will sign during the next stage); for a *mobility* application, final decision to validate the site selected in terms of demand in the geographical area, capacity to serve this demand and possible subsidies.
Awarded	***Industrial applications*** During this stage, all contractual documentation is negotiated and finalised with the customer, and the subsidies are definitively obtained (if this is not already the case). The project is approved by the applicable Company body, which depends on the size of the project. ***Mobility applications*** During this stage, the agreements and authorisations required by the project are negotiated: (i) land rights, (ii) permits, and (iii) subsidies where applicable. The renewable electricity sourcing strategy is defined and where appropriate, a direct connection to the renewable electricity source. The project is approved by the applicable Company body, which depends on the size of the project.
"M3" milestone	For an industrial application, signature of the contractual documentation with the customer, project *kick-off*, creation of the project company, *long-form term sheet* with the financing banks and final decision by the applicable Company body, depending on the size of the project; for a mobility application, project *kick-off*, creation of the project company, preparation of the *long-form term sheet* with the financing banks and final decision by the applicable Company body, depending on the size of the project.
Construction	This stage is subdivided into (i) detailed engineering, (ii) works and (iii) commissioning of the facility. ***Detailed engineering***: the permit application file is submitted to the authorities for assessment if this has not been done during the Awarded stage, detailed technical documentation is drawn up, equipment is purchased, subcontractors are consulted and engaged, equipment manufacture is launched. *"Detailed engineering" milestone*: final investment decision, initial payment for equipment to start manufacturing (unless the Group has already ordered the equipment in advance to ensure its availability), all permits obtained, on-site work started. ***Works***: the work (civil engineering, piping, electricity, inspection) to be carried out on the site begins and the equipment is installed. *"Works" milestone*: commissioning of the RTE connection (or equivalent) where applicable, on-site acceptance testing of the equipment, mechanical finishing. ***Commissioning***: this includes pressure and leak tests, control and safety loop tests, full start-up of the unit, functional tests and finally the performance test.
"M4" milestone	Signature of site acceptance tests and handover to the O&M team.
Operations	The site is installed, commissioned and operational.

As of 31 December 2023, the Group had a pipeline of more than 75 projects in 12 countries, representing a total investment of more than €10 billion and a total installed capacity of 9.9 GW (vs. 9.8 GW on 31 December 2022), broken down by stage as follows:



As anticipated, the overall size of the pipeline is stabilising at around 10 GW of total installed capacity, with the Group regularly reviewing its projects under development in order to focus its resources on the most promising projects.

Breakdown of Group projects by type of project in MW on 31 December 2023 (vs. 31 December 2022) is as follows:

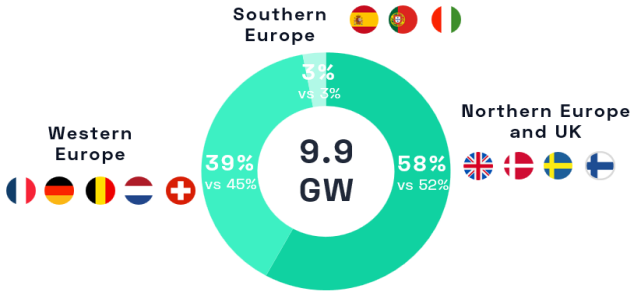


Backbone projects are those located as close as possible to the future European hydrogen backbone or a secondary network, enabling a wide range of customers to be supplied via these infrastructures once they have been deployed.

The types of projects are described in paragraph 1.1.3 of the Universal Registration Document.

The decrease in the proportion of on-site projects (previously referred to as Industry projects) and bulk projects (previously referred to as Mobility projects) in relation to the pipeline at the end of December 2022 is explained by the development of new backbone projects in place of other projects, particularly in the Early Stage and Advanced Development stages. This reflects progress in developing the European hydrogen backbone and secondary networks.

Breakdown of Group projects by geographical area in MW on 31 December 2023 (vs. 31 December 2022) is as follows:



The respective portions of the different geographical areas defined by the Group have remained stable compared with the pipeline at the end of December 2022.

1.8.2. Presentation of projects

The Group stands out for its unique industrial expertise in the green hydrogen industry: since the end of 2021, it has operated a green electrolytic hydrogen production site in France and has eight projects under construction in France, Germany and Sweden.

1.8.2.1. Sites in the Operations stage

Bouin — Vendée, France — **0.75 MW** — Bulk

On the Port-du-Bec site in Bouin in Vendée (France), just a few metres from the ocean, the Group inaugurated its first production site for mobility applications in September 2021. It produces industrial quantities of the world's first green hydrogen, using an electrolyser powered directly by Vendée Energie turbines that are located nearby and directly connected to the plant.

Equipped with an electrolyser with a total capacity of 0.75 MW, this site produces up to 300 kg of green hydrogen per day. Electricity from the Bouin wind farm is purchased under a contract signed in December 2021 with Vendée Energie (shareholder in Vendée Hydrogène, itself a shareholder in the Company). This contract covers current production and is for a five-year term, renewable by agreement between the parties.

The water used for the electrolysis at this coastal site comes from underground salt water, thus preserving 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 collecting, inspecting, analysing and exploiting production data. The use of software tools in Group production processes is described in paragraph 1.7.5 below.



Bouin production site in Vendée (France)

The launch of operations at the Bouin site has validated the Group's commercial arguments and competitiveness. The green hydrogen produced at Bouin currently supplies, in particular, the fuelling stations of La Roche-sur-Yon, Sables d'Olonne and Saint Gilles Croix de Vie operated by the Syndicat départemental d'énergie et d'équipement de la Vendée (SYDEV, indirectly a shareholder in Vendée Hydrogène, itself a shareholder in the Company), enabling around fifty heavy-duty vehicles, buses and refuse collection vehicles to run on green hydrogen. The contract signed in December 2021 provides for the delivery of hydrogen by the Group for a four-year term, at a variable price depending on the forecast quantities consumed. The contracts with SYDEV were concluded at market prices and include no special conditions in light of its status as an indirect shareholder of the Company.

A refuelling station at a Lidl 50,000 m² logistics hub in Carquefou is also supplied by green hydrogen, enabling the hundred or so handling vehicles used on the site to be refuelled in 2 to 3 minutes (compared with several hours to recharge the lead-acid battery used up to now). This means they are available 98% of the time (compared with 50% with lead-acid technology).

In 2023, the portfolio of customers served from the Bouin site has been expanded following the signature of new green hydrogen sales agreements (Hype, Brétéché, Hyliko, Manitou, John Deere, etc.). Lhyfe has also started to build up its portfolio across the Rhine, with the first customers delivered in Germany (Hypion, etc.).

To meet the growing demand from customers in the region, production capacity at the Bouin site has been increased (authorisation and equipment orders received). The current installed production capacity of 0.75 MW will be increased to 2.5 MW (i.e. up to 1 tonne of green hydrogen produced per day) in 2024. On-site storage capacity, currently around 700 kg, will be increased to almost 5 tonnes.



Handling equipment and refuelling station at the Lidl warehouse in Carquefou (France)

Buléon — Morbihan, France — **5 MW** Bulk

In the second half of 2022, the Group obtained planning permission for a unit capable of producing up to 2 tonnes of green hydrogen per day (i.e. an installed electrolysis capacity of 5 MW) located in Buléon, in the Morbihan region of Brittany. This unit is supported by ADEME to the tune of €2.8 million and is the Group's second hydrogen production site, but the first in the new containerised format.

Construction work took place in 2023. Inaugurated in December 2023, this unit should be commercially operational in the first half of 2024.

The site will supply green hydrogen to two refuelling stations, for which the design, construction, operation and maintenance were awarded to consortium comprising HyGO, GNVert and Lhyfe under a Global Performance Contract by the Lorient conurbation. The Group will supply the green hydrogen for a period of 10 years.



Lhyfe Buléon, Morbihan, France

1.8.2.2. Projects in the Construction stage

In addition to the increase in capacity at the Bouin plant mentioned above, the projects in the Construction stage detailed below represent a total of 39 MW at the date of the Universal Registration Document.

Bessières — Haute-Garonne, France — **5 MW** Bulk

The Group is in the process of installing a production unit capable of producing up to 2 tonnes of green hydrogen per day (i.e. an installed electrolysis capacity of 5 MW) at Bessières, in the Haute-Garonne region.

This project won the Corridor H2 call for projects, backed by the Occitanie region, which aims to decarbonise freight and passenger transport on a North/South axis running from the Mediterranean to the North Sea, by developing the use of green hydrogen.

The unit was inaugurated in December 2023 and should be commercially operational at the end of the commissioning period planned for the first half of 2024.



Lhyfe Bessières, Occitanie, France

Schwäbisch Gmünd — Bade-Wurtemberg, Germany — **10 MW** Bulk

In Schwäbisch Gmünd, Germany, construction of the production site (delivering up to 4 tonnes of green hydrogen per day, representing an installed electrolysis capacity of 10 MW), began in the second half of 2023 and will continue into 2024. The production site 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 — Sweden — **1.5 MW** Bulk

As part of the Botnia Hydrogen consortium, Lhyfe is leading a project to develop hydrogen production and refuelling facilities in northern Sweden. The first unit, with an installed electrolysis capacity of 1.5 MW, will be used mainly for heavy-duty vehicles and buses. Construction is in progress.

Deutsche Bahn, Tübingen — Bade-Wurtemberg, Germany — **1 MW** On-site

In December 2020, Deutsche Bahn and Siemens Mobility announced a joint project to build hydrogen-powered trains to replace the 1,300 diesel-powered trains in the German national rail fleet by 2050. More broadly, the aim of the H2goesRail project is to ensure a cleaner future for German rail transport.

The Group has been chosen to supply green hydrogen as part of the H2goesRail project. The production site in Tübingen, in the south of Germany, is set to supply hydrogen-powered trains running on the Pforzheim-Horb-Tübingen line from 2024. The site has been installed and is ready for the customer to start operations.

Brake — **10 MW** Bulk
Basse-Saxe, Germany

In Brake, Lower Saxony, Lhyfe has launched the construction of a production unit designed to produce up to 4 tonnes of green hydrogen per day (representing an installed electrolysis capacity of 10 MW) to supply local uses in mobility and industry. This production unit is located in the port area of Niedersachsen Ports (NPorts), Germany's largest public port operator, and will be the first in the northern German region to make bulk green hydrogen available to a wide market. The foundation stone was laid on 1 February 2024.

Croixrault — **5 MW** Bulk
Somme, France

In Croixrault, in the Hauts-de-France region, Lhyfe has obtained all the permits and authorisations needed to launch the construction of a production unit designed to produce up to 2 tonnes of green hydrogen per day (an installed electrolysis capacity of 5 MW) to supply local uses in mobility and industry. This production unit is the first in the Hauts-de-France region to make renewable hydrogen available to a wide market. It is located on the Mine d'Or industrial park, alongside the A29 motorway.

Sorigny — **5 MW** Bulk
Indre-et-Loire, France

At Sorigny in Touraine, as part of the Hy'Touraine project, Lhyfe is also building a unit to produce up to 2 tonnes of green hydrogen per day (an installed capacity of 5 MW) to supply local uses in mobility and industry.

1.8.2.3. Other projects in development

The Group has many other projects in its pipeline at various stages of development, some of which are presented below.

Gonfreville-l'Orcher — **100 MW** On-site
Seine-Maritime, France

In March 2024, Lhyfe announced that it had been awarded a French government subsidy of up to €149 million to build a green hydrogen production plant with an installed electrolysis capacity of 100 MW, near Le Havre in Normandy. This support from the French government confirms Lhyfe's status as a key player in the renewable hydrogen industry and its confidence in the know-how and skills of Lhyfe's experts, who are pioneers in the industry.

The site is located close to the Yara plant in Le Havre, which has a decarbonisation roadmap incorporating the use of green hydrogen. Yara is interested in Lhyfe's project and will explore all possible opportunities for collaboration to decarbonise its industrial process.

The Lhyfe production site, which would be built on a 2.8-hectare site in Gonfreville-l'Orcher, is due to open in 2028.

This project has been driven by Lhyfe for over two years and has been approved by the European Commission as part of the third wave of IPCEI projects (Important Projects of Common European Interest) involving hydrogen.



3D illustration of the future site at Gonfreville-l'Orcher

Delfzijl — **200 MW** Backbone
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 province of Groningen in the north of the country. This plant could reach a production capacity of around 55 tonnes of green hydrogen per day (representing an installed electrolysis capacity of 200 MW).

Completion of the project is subject to obtaining the necessary operating licences and building permits, as well as a financial investment decision. The updated timetable for the project provides for commissioning in 2028 at the earliest.

GreenHyScale — **100 MW** On-site
Skive, Denmark

Among its many projects in France and abroad, the Group has been chosen to operate part of the new GreenLab Skive AS ("GreenLab") industrial park near Skive in Denmark, one of the first official and regulated energy test areas in Europe.

The Group is part of the GreenHyScale consortium, coordinated by GreenLab, which signed an agreement with the European Executive Agency for Climate, Infrastructure and the Environment (CINEA) in response to the European Union's "Green Deal 2.2" funding call, for the installation of a 100 MW production site incorporating a new generation of 6 MW electrolysers, to be set up in 2025 to supply around 30 tonnes of green hydrogen per day.

Given the uncertainties inherent to an industrial project of this scale, and in particular in view of the development stages required to meet the timetable agreed with the European Union, in summer 2023 the consortium decided to temporarily suspend the reimbursement of future development costs as previously set up under the European Union subsidy scheme (Green Deal funding), and to work on a revised plan and timetable. As a result, Lhyfe has decided to postpone its investment decision relating to this industrial project. This decision is part of the Group's agile management of its project portfolio and allocation of resources, notably through regular assessment of the risk/return ratio on each project.

AdvancedH2Valley — Vallée de la Loire, France — **11,5 MW** Bulk

The AdvancedH2Valley project, led by a consortium of 18 members and coordinated by Lhyfe, builds on the first successful achievements of H2Ouest and VhyGO (Vallée Hydrogène Grand Ouest), two hydrogen ecosystems initiated by Lhyfe. Its aim is to accelerate the deployment of green hydrogen in France's Loire Valley by 2025, and to prepare for the future large-scale hydrogen economy on Europe's Atlantic coast. The project includes the development of 11.5 MW of new green hydrogen production capacity, new distribution assets and new uses for hydrogen in the transport and industrial sectors, as well as their continuous improvement over a two-year demonstration stage.

In February 2024, the consortium was awarded a subsidy of €8.9 million to implement the entire project. Part of these funds will benefit Lhyfe's site projects in Western France.

SouthH2Port — Storgrundet, Sweden — **600 MW** Bulk

In 2022, the Company and Skyborn renewables, one of the world's largest developers of onshore and offshore wind energy, signed a memorandum of understanding for the SouthH2Port project, which aims to install and directly connect a green hydrogen production site to Storgrundet, Skyborn's planned offshore wind farm in Söderhamn, Sweden. The proposed site will be built in stages and is expected to be fully operational when the Storgrundet wind farm is commissioned.

The Company will design, build and operate the hydrogen production site in collaboration with Skyborn. The Storgrundet offshore wind farm has a planned installed capacity of 1 GW and a planned green hydrogen production capacity of 600 MW, producing up to 240 tonnes of hydrogen per day. In 2023, ABB joined Lhyfe and Skyborn to lead the large-scale integration of renewable hydrogen production from offshore wind power into the Power-to-X system of the SouthH2Port project.

Trelleborg — Sweden — **5 MW** On-site

The Group and Trelleborgs Energi, a Swedish energy company, have embarked on an initial preliminary design stage to set up local production of green hydrogen in the south of the country. The initial study concerns the capacity to produce 5 MW of green hydrogen in Trelleborg, Sweden.

Trelleborg is a major transport hub, which will require a supply of hydrogen for the distribution stations and the hydrogen vehicles already on order.

Port de Saint-Nazaire — Loire-Atlantique, France — **210 MW** On-site

Lhyfe has won the call for expressions of interest (AMI) launched at the end of 2022 by Nantes Saint-Nazaire Port to set up an industrial green hydrogen production and distribution unit on the Montoir-de-Bretagne site (Loire-Atlantique). This industrial unit will offer a production capacity of 85 tonnes per day (installed electrolysis capacity of 210 MW), and should be located to the north of the Multivrac terminal. It is scheduled for completion in 2028.

Fonderies du Poitou — Ingrandes, Maine-et-Loire, France — **On-site + Bulk**

Together with its partner TSE, a French independent solar power producer, Lhyfe has announced plans to lay the foundations for an industrial park focused on green energy and the circular economy on the former site of the Fonderies du Poitou, including the installation of a solar photovoltaic farm and a green hydrogen production unit.

Bussy Saint-Georges — Seine-et-Marne, France — **5 MW** Bulk

Lhyfe and Thevenin & Ducrot (AVIA), an energy distributor for mobility, have been selected by the town of Bussy-Saint-Georges and its partners as part of the Call for Expressions of Interest (AMI) to set up a green hydrogen industry in Seine-et-Marne. Lhyfe intends to build a green hydrogen production site with a capacity of 2 tonnes per day (representing an installed electrolysis capacity of 5 MW), which would be the first in the region to offer containerised delivery. It would also supply the Avia distribution station operated by Thevenin & Ducrot, as well as an industrial player, via a direct pipeline.

Le Cheylas — Isère, France — **5 MW** Bulk

Lhyfe plans to build a green hydrogen production plant with a capacity to produce 2 tonnes of green hydrogen per day (an installed electrolysis capacity of 5 MW) at Le Cheylas (between Grenoble and Chambéry), on the former waste storage site of steel manufacturer Ascométal. This follows the signature of a hydrogen sales contract with HYmpulsion, the company responsible for creating the hydrogen infrastructure for the Zero Emission Valley (ZEV) project in the Auvergne-Rhône-Alpes region.

From 2025, and for a period of 10 years, Lhyfe will supply HYmpulsion with up to 1.6 tonnes of green hydrogen per day to meet the needs of HYmpulsion's 7 hydrogen stations in the Alps, as well as those of regional manufacturers, as a replacement for grey hydrogen or natural gas.

Duisburg — Rhénanie-du-Nord-Westphalie, Germany — **20 MW** Bulk

In Germany, Lhyfe and Duisport, the company that owns and manages the port of Duisburg, the largest inland port in the world, have announced that they are investigating the construction of the first hydrogen electrolysis production plant in the port of Duisburg. Lhyfe will initially carry out the feasibility study. The planned hydrogen production facility could produce up to 8 tonnes of green hydrogen per day, representing an installed electrolysis capacity of 20 MW. The updated timetable for the project provides for commissioning in 2026 at the earliest.

Vallmoll — Tarragone, Spain — **15 MW** — On-site + Bulk

Lhyfe has launched its first green hydrogen production plant project in Spain, with a production capacity of up to 5 tonnes per day (representing an installed electrolysis capacity of 15 MW). This site should benefit from a subsidy of around €14 million obtained as part of the Spanish H2 Pioneros programme. The plant will be located on an industrial estate in Vallmoll (Tarragona province) and will meet the demand for green hydrogen from a number of industrial companies in the region.

Lubmin — Mecklembourg-Poméranie-Occidentale, Germany — **800 MW** — Backbone

Lhyfe's ambition is to produce up to 330 tonnes of green hydrogen per day (representing an installed electrolysis capacity of 800 MW) at one of the largest production sites to be built in the Mecklenburg-Vorpommern region of Germany, with a planned commissioning date of 2029. As part of Lhyfe's backbone development strategy, this plant will supply Germany's central network of dedicated gas pipelines, for which the German government recently unveiled a €20 billion financing plan.

Perl — Sarre-Lorraine-Luxembourg, Germany — **70 MW** — Backbone

Lhyfe is developing a 70 MW green hydrogen plant in Perl, Saarland (Germany). Construction is scheduled to start in the first half of 2027. The unit plans to inject up to 30 tonnes of green hydrogen a day into the pipeline of the mosaHYc cross-border hydrogen transport network.

Epinal — Vosges, France — On-site + Bulk

Lhyfe has been chosen by the Communauté d'Agglomération d'Epinal (Epinal urban community) following the consultation led by the Vosj'innove territorial development association to set up a green hydrogen network from the end of 2027. In Epinal, Lhyfe aims to build and operate a large-scale green hydrogen production site (several tens of MW of installed electrolysis capacity), to serve not only uses in the Epinal area, but also trans-regional and cross-border uses.

Wallsend — North Tyneside, United Kingdom — **20 MW** — On-site + Bulk

Lhyfe is developing its first production unit in the UK, located on the historic brownfield site of the Neptune Bank power station in Wallsend. It could produce up to 8 tonnes of green hydrogen per day (representing an installed electrolysis capacity of 20 MW).

1.8.3. Objectives

The objectives and trends presented below do not constitute forward-looking data or estimates of the Group's profits, but are the result of its strategic orientations. They are based on data, assumptions and estimates considered to be reasonable by the Group at the date of the Universal Registration Document.

The figures, data, assumptions, estimates and targets presented below are liable to change or to be modified, depending among other things, on changes in the regulatory, economic, financial, competitive, legal, accounting and fiscal environment, or on other factors of which the Group was not aware at the date of the Universal Registration Document.

In addition, the materialisation of certain risks described in Chapter 4 of the Universal Registration Document could have a negative impact on the Group's activities, financial position, market situation, results or prospects and therefore call into question its ability to achieve the objectives presented in this paragraph. To achieve these objectives, the Group's strategy and its implementation must be successful.

As of 31 December 2023, the Group has a pipeline of over 75 projects in 12 countries, representing a total installed capacity[1] of 9.9 GW (see paragraphs 1.8.1 and 1.8.2 above).

The Group, which has seen a great deal of interest from leading investors in financing these projects, has decided to adapt its strategy to complement its historical business model of developing, building and operating its own projects with a model based on co-developing projects with investors.

Under this partnership model, projects are financed and majority-owned by the Group's partner(s), which means that the number of projects majority-owned by the Group is reduced and the outlook for sales is lower. However, the Group will be paid development costs when the project is initiated, reflecting the expertise and unique know-how of Lhyfe specialists in terms of developing hydrogen projects, and recurring long-term revenues from Group management of the site. This remuneration structure will boost the Group's profitability.

This new strategic development plan is set out in Section 1.3 above.

On the basis of this strategy, the Company has set itself a new trajectory reflecting (i) the adaptation of its business model, geared towards accelerating its profitability, and (ii) the Group's agility in allocating its resources, based on the following objectives:

- **for the fiscal year ending 31 December 2024**, to quadruple its revenue compared with the fiscal year ending 31 December 2023, with a revenue target of around €5 million. The Company also estimates that at this date, the Group will have a total installed capacity of around 20 MW (vs. 55 MW previously);
- **for the fiscal year ending 31 December 2026**, Group adjusted EBITDA margin[2] of 10% on consolidated revenue of around €100 million (vs. Group adjusted EBITDA[3] at break-even on consolidated revenue of €200 million and total installed capacity of 200 MW previously);

1 "Total installed capacity is defined in the Glossary at the end of the Universal Registration Document.
2 "Group adjusted EBITDA margin" is defined in the Glossary at the end of the Universal Registration Document.
3 "Group adjusted EBITDA" is defined in the Glossary at the end of the Universal Registration Document.

- **By 2030**, to have a total installed capacity of 3 GW of assets under management[1] and a Group adjusted EBITDA margin in excess of 30% (vs. long-term previously). As an indication, at this date, the net share of assets held by Lhyfe[2] should be around 20%.

These objectives are summarised in the table below:

	Total installed capacity	Turnover	Group adjusted EBITDA margin
Financial year 2024	20 MW *(vs. 55 MW previously)*	x4 compared with 2023, i.e. around €5 million *(new target)*	-
Financial year 2026	- *(vs. 200 MW previously)*	Around €100 million *(vs. €200 million previously)*	10% *(vs. 0% previously)*
Estimates for 2030	**Assets under management** 3 GW of assets under management (vs. total installed capacity previously)	-	Above 30% *(vs. long-term previously)*

All of these targets are based in particular on the following assumptions:

- the achievement of long-term market trend forecasts described in paragraph 1.2.1 of the Universal Registration Document;
- achievement of the management team's forecasts regarding the quantities of green hydrogen sold by the Group and its sales price by type of market concerned (see paragraph 1.2.1 of the Universal Registration Document);
- the Group's ability to raise the financing needed to complete the projects in its pipeline;
- estimated average IRRs per Group project;
- the probability of completion that the Group assigns to each project in the pipeline, which varies according to its position in the pipeline and the nature of the project;
- the Group's ability to anticipate and manage this growth effectively, in particular by recruiting and integrating the dedicated employees, supporting the increase in the sales teams and making the necessary technological investments; and
- improvement of the know-how and deployment of the optimisation tools developed by the Group.

1.9. Important events since the creation of the Company

The Group's history since its creation can be divided into four periods:

Creation (2015-2017)	
2013	Matthieu Guesné joined the CEA (leading patent filer on hydrogen in France)
2017	Birth of the Lhyfe project
Development (2018-2019)	
2018	First site identified at Bouin (France)
2019	October: first funds raised
	4th quarter: start-up of several R&D projects, including one relating to the production of green hydrogen at sea
Industrialisation (2020-2021)	
2020	June: creation of the German subsidiary
	2nd half-year: first R&D collaboration agreements linked to the production of green hydrogen at sea
2021	2nd half-year: second financing round
	2nd half-year: creation of subsidiaries in Denmark, the Netherlands and Sweden
	2nd half-year: first industrial production at the Bouin site
Expansion (2022-2023)	
2022	February: creation of the Spanish subsidiary
	March: Mitsui raises funds
	May: IPO on Euronext Paris
	September: creation of the UK subsidiary
2023	February: start of construction of the second production site in Buléon, Brittany
	March: launch of construction of the third production site in Bessières, Occitanie
	March: acquisition of a 49% stake in Finnish project developer Flexens
	September: start of construction of the Schwäbisch Gmünd and Brake production sites in Germany
	December: first syndicated loan and inauguration of the Buléon and Bessières production sites

1 "Assets under management" is defined in the Glossary at the end of the Universal Registration Document.
2 "Net share of assets held by Lhyfe" is defined in the Glossary at the end of the Universal Registration Document.

1.10. Group regulatory environment

The Group's hydrogen production, transport and sales activities, including the purchase of the electricity needed for production, are subject to numerous regulations in all the countries in which Lhyfe operates.

There is also a set of regulations specific to the emerging market for the production, transport, distribution and sale of "renewable" or "low-carbon" hydrogen and access to renewable energy sources - mainly electricity - to produce this hydrogen.

These regulatory packages are being drawn up in the most advanced countries as they implement their hydrogen strategy, with the stated aim of facilitating the development of this market as part of the energy transition (Net Zero Scenarios).

Each of the countries and regional organisations (such as the European Union), as well as each of the authorities involved in this process, is moving forward at its own pace and in a way that is not necessarily coordinated with the others[1]. Since 2023, however, efforts have been made to improve coordination, particularly in the areas of standardisation and certification. For example, the International Partnership for Hydrogen and Fuel Cells in the Economy (IPHE) has developed a common global methodology for accounting for GHG emissions throughout the life cycle of hydrogen and its derivatives (production, conversion, transport to the end customer)[2]. This document will play a crucial role in the development of an international standard by the International Organization for Standardization (ISO). A technical specification has already been published at the end of 2023[3] and a draft international standard will be published by the end of 2024. The European framework, in the form of regulations and/or directives, is currently being drawn up and negotiated. On 15 December 2021, the European Commission adopted a series of legislative proposals, including a proposal to revise Regulation 715/2009 on conditions for access to the natural gas distribution networks and a proposal to revise Directive 2009/73 on common rules for the internal markets in natural gas, renewable gas and hydrogen. In December 2023, the Council and Parliament reached a provisional political agreement on the directive, in particular on 1) the differentiation between transmission system operators (TSOs) and distribution system operators (DSOs) for hydrogen, 2) the creation of a supervisory body for hydrogen network operators (ENNOH), 3) greater coordination between network development plans for hydrogen, electricity and natural gas, and 4) customer protection. This provisional agreement must now be formally adopted by the two institutions. Discussions on the regulation are continuing and it should be agreed between the two institutions in the coming months.

Finally, concerning the definition of the different categories of clean hydrogen, in February 2023 the European Commission adopted the delegated acts to the revised Renewable Energy Directive (EU) 2018/2001 (known as "RED III") determining the criteria for qualifying hydrogen and its derivatives as "renewable". Work is still in progress to specify, as part of the Gas package, the Europe-wide definition of the different categories of low-carbon hydrogen, in particular the differentiation of the different low-carbon hydrogen categories. The set of regulations specific to the hydrogen market covers a wide range of subjects, including:

- The determination of the different categories of hydrogen increasingly refers precisely to the carbon content of the hydrogen produced and the energy sources used. The reference to colours such as "green", "blue" or "grey" hydrogen, which was too imprecise, is gradually disappearing from the regulations; countries are gradually adopting standards that will make it possible to certify the origin and carbon content of hydrogen.
- determining the certification schemes that will make it possible to prove the nature of hydrogen, via voluntary certification schemes approved by the European Commission for renewable hydrogen as a liquid and gaseous *Renewable Fuel of Non-Biological Origin* or RFNBO in accordance with the delegated act to Directive (EU) 2018/2001 or other certification schemes defined at national level and will make it possible to prove the carbon content of low-carbon hydrogen;
- the nature of and access to the various forms of financial aid (including tax and/or tariff aid) granted by the European Union, the Member States and their local authorities to any player in the hydrogen market - from producer to user, including research & development, equipment manufacturers and plant constructors - 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, mainly electricity;
- access to and use of transmission (pipeline network) and distribution infrastructure;
- the degree of separation, mandatory or otherwise, of hydrogen production, transport, distribution and sales activities - as with electricity and gas;
- the regulatory framework applicable to call for tenders for the construction and operation of production units, by both public and private players; and
- for users, the possibility of easily changing supplier, benefiting from preferential regulated tariffs, long-term contracts or any other incentive (including penalties for using high-carbon hydrogen) to use hydrogen.

1 Global Hydrogen Monitor, IEA, December 2023. Chapter 6 Policies - Part "Standards, certification and regulations" page 163 and following.
2 https://www.iphe.net/_files/ugd/45185a_8f9608847cbe46c88c319a75bb85f436.pdf.
3 https://www.iso.org/standard/65628.html.

1.10.1. Challenges of the regulatory package specific to the hydrogen market - definition of the different categories of hydrogen according to their production method and carbon intensity.

Defining and certifying the nature of hydrogen according to the way it is produced and its carbon intensity is a cross-cutting issue for this regulatory package, as it may largely determine access to other measures facilitating the development of the market.

In the European Union, the definition of renewable hydrogen and its derivatives was adopted 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 & Decarbonised Gas Package, which is slated for adoption during 2024 for subsequent application in the Member States. In the UK, the Low Carbon Hydrogen Standard[1] was adopted in 2023. In the United States and Canada, work is underway to adopt similar standards.

Direct financial aid, tariffs or taxes, access to transport and distribution infrastructures, rules relating to calls for tender and incentives for users will be associated with different definitions of the hydrogen in question - depending on the country and even the subject in question.

Example of France

At the date of the Universal Registration Document, the legislation applicable to the hydrogen produced by Lhyfe in France remains article L. 811-1 of the Energy Code, which states that:

"*For the purposes of this code, "hydrogen" is the gas composed, in a proportion determined by order of the Minister responsible for energy, of dihydrogen molecules, obtained after implementation of an industrial process.*

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 exclusively one or more of these same 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 as defined in articles L. 315-1 and L. 315-2. In all cases, its production process emits a quantity of carbon dioxide equivalents per kilogram of hydrogen produced that is below or equal to a given threshold.

Low-carbon hydrogen is hydrogen whose production process generates emissions below or equal to the threshold used to qualify as renewable hydrogen, without being able to qualify as renewable hydrogen because it does not meet the other criteria.

High-carbon hydrogen is hydrogen that is neither renewable nor low-carbon.

Hydrogen that is co-produced during an industrial process whose function is not to obtain this hydrogen and which is self-consumed, under the meaning assigned to this term in Article L. 813-2, within the same process, is not considered low-carbon hydrogen for the purposes of the code. It does not count towards the decarbonisation objective set out in item 10 of line 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 legal text therefore defines the essential criterion of a threshold for the quantity of CO_2, expressed by weight, generated by the hydrogen production process. At the date of the Universal Registration Document, the implementing regulations had not yet been published. The CO_2 threshold could be set at 3 kg per kg of hydrogen produced.

Above the threshold, even if the other criteria are met, the hydrogen is "high-carbon". Below this threshold, hydrogen is considered "low-carbon". For hydrogen to be "renewable", one of the following two criteria must be met:

- produce hydrogen by water electrolysis using electricity from renewable energy sources; or
- use only other sources of renewable energy that do not conflict with uses that allow them to be used directly.

Lhyfe produces its hydrogen by water electrolysis, using renewable electricity. The electrolysis and other elements of the production process and, for mobility applications, the distribution of hydrogen to refuelling stations, produce a small amount of CO_2. On the other hand, depending on the source of the electricity used, even if it is produced from renewable energy sources, hydrogen production can generate more or less CO_2. The methodology for calculating the carbon content for the production of hydrogen by water electrolysis has not been defined, but ADEME proposes a "*cradle to gate*" approach that includes emissions from the manufacture of electricity production infrastructure through to the production of hydrogen, as follows:

- if the hydrogen production site is directly connected to the wind or solar farm, the amount of CO_2 generated is low: 0.70 kg CO_2/kg H_2 for a wind energy source;
- if the hydrogen production site draws electricity from the grid without any link to renewable production, the production of hydrogen by water electrolysis would generate CO_2 more significantly, estimated by the same ADEME study at 2.77 kg CO_2/kg H_2 for the French electricity mix, 19.8 kg CO_2/kg H_2 for the average European electricity mix.

This is because the electricity drawn from the grid at a given time reflects the "energy mix" of the electricity fed into the grid at that time, a mix that depends on the generation resources online at the time – hydroelectricity, nuclear, fossil-fired (including gas), biomass, wind, solar, etc. The production of electricity transmitted on the grid has therefore generated a certain quantity of CO_2, which varies over time. This quantity is not, or only with difficulty, predictable, since the grid operator will call on the generation resources needed to meet demand at any time (electricity cannot be stored), according to its own order of priority. Although the grid operator may wish to favour generation from renewable energy sources, it is dependent on the intermittent nature of these sources and other factors such as the marginal cost of other generation sources or their availability.

1 https://www.gov.uk/government/publications/uk-low-carbon-hydrogen-standard-emissions-reporting-and-sustainability-criteria.

In Europe, the proposal to revise Directive 2009/73 on common rules for the internal markets in renewable and natural gases and hydrogen (procedure 2021/0425/COD) was the subject of a provisional agreement between the Council and the European Parliament in December 2023 and remains to be finalised in 2024. The proposal retains a single category, "low-carbon" hydrogen. This hydrogen is defined as "hydrogen whose energy content comes from non-renewable sources and which meets a level of 70% reduction in greenhouse gas emissions". The methodology that will be used to determine how and on what basis this hydrogen will be certified as "low-carbon" (with the possibility of having several subsets depending on production methods and carbon intensity) will be the subject of an implementing regulation, the adoption of which is provided for in the proposal for a directive before 31 December 2024.

Another concept incorporated in the delegated acts to Directive (EU) 2018/2001 on the definition of renewable hydrogen and its derivatives (definition of *Renewable Fuels of Non-Biological Origin* (RFNBO)) is that of "additionality". Many players are seeking access to electricity generated from renewable energy sources, and the pace of construction of wind and solar farms is not keeping pace with the growth in this demand. Given this shortfall, the regulations could consider that certain uses of this electricity contribute more than others to the fight against global warming. Despite the fairly general consensus on the role that hydrogen should play in this fight, it may be that, in certain situations or in certain areas or territories, the regulations give priority to other uses of electricity from renewable sources - starting with its direct injection into the grid - and seek to favour these uses. One possible way of doing this is to require that any player using renewable electricity to produce renewable hydrogen must ensure that an equivalent quantity of renewable electricity is injected into the grid to be available for other uses.

1.10.2. Recent developments in French hydrogen regulations

1.10.2.1. Order of 17 February 2021 on hydrogen

Order no. 2021-167 of 17 February 2021 on hydrogen (the "Hydrogen Order") incorporates rules applicable to hydrogen into the Energy Code.

The Hydrogen Order provides for two hydrogen traceability systems to identify "renewable" and "low-carbon" hydrogen: the "traceability guarantee" (article L. 821-2 of the Energy Code) and the "guarantee of origin" (article L. 821-3 of the Energy Code), both valid for 12 months from the end of the hydrogen production they certify. If the "renewable" or "low-carbon" hydrogen produced is not mixed with another type of hydrogen or another gas between the production and consumption stages, the guarantee issued is transferred at the same time as the hydrogen produced and is called a traceability guarantee. 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 and consumption stages, or when the guarantee is likely to be sold independently of the hydrogen produced.

In addition, the Hydrogen Order 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 Energy Code), to develop the French electrolysis sector in line with the national strategy. This support may take the form of operating subsidies, or a combination of financial aid for investment and operating subsidies, awarded on the basis of a call for tenders. This aid is granted for a maximum period of 20 years. In practice, this corresponds to the lifespan of the first industrial sites to mass-produce clean hydrogen by water electrolysis. However, in the event of a change in the objectives of the multi-annual energy programme, this support scheme could be totally or partially suspended, for new applications and subject to the continuation of aid already granted.

These hydrogen production support schemes are set out in the Fit-for-55 European legislative package, which aims to implement the European Green Deal and achieve the objectives of the Paris Agreement. They will make up for the funding shortfall needed to make the price of renewable or low-carbon hydrogen competitive with the high-carbon alternatives currently used, and create favourable conditions for the development of the "clean" (renewable and low-carbon) hydrogen market in Europe. These policies of massive public support for the development of "clean" hydrogen are being implemented all over the world.

1.10.2.2. The 2021 Climate and Resilience Act

French Act no. 2021-1104 of 22 August 2021 on combating climate change and building resilience to its effects, known as the "Climate and Resilience Act", simplifies the procedure for occupying public land for renewable or low-carbon hydrogen production facilities, in order to speed up their development. Based on the principle set out in article L. 2122-1 of the French General Code on the Ownership of Public Property (CGPPP), anyone occupying the public domain must hold a title authorising them to do so. The grant of a right of occupation is normally subject to a "prior selection procedure", which is a competition organised freely by the public authority when the occupation of the public domain is intended "for economic use", unless otherwise stipulated by law. The Climate and Resilience Act adds to this list of exceptions "renewable" or "low-carbon" hydrogen production facilities using water electrolysis that receive public support under article L. 812-2 of the French Energy Code (article L. 2122-1-3-1 of the CGPPP).

In addition, the Climate and Resilience Act allows local authorities to play an active role in the development of hydrogen, by participating in the capital of companies whose corporate purpose is the production of "renewable" and "low-carbon" hydrogen. Municipal authorities and their groupings can now participate in the capital of both public limited companies and simplified joint stock companies (article L.2253-1 of the French General Code for Local Authorities - "CGCT"). The same applies to the department authorities (article L. 3231-6 of the CGCT) and regional bodies (article L. 4211-1, 14° of the CGCT). Similarly, the derogation enshrined in Article 42 of the Energy-Climate Law no. 2019-1147 of 8 November 2019 allowing municipal authorities and their groupings as well as departments and regions to grant advances "at market price" to renewable energy production companies has been extended to "renewable" or "low-carbon" hydrogen production companies. For example, if they need financing, hydrogen production companies can call on their shareholders for a loan rather than resorting to a capital increase, which can take longer.

1.10.3. Regulations relating to facilities operated by the Group

Like any other flammable gas or liquid, hydrogen presents risks due to its physical and chemical properties. Hydrogen can ignite or explode in the event of a leak.

All Lhyfe hydrogen electrolysis production facilities and means of transport include the following:

- an electrolyser;
- a compression unit; and
- a container for storing and transporting the hydrogen produced.

These facilities are covered by environmental regulations relating to facilities classified as environmentally-sensitive (ICPE) and Installations, Ouvrages, Travaux et Activités (IOTA), as well as by labour regulations relating to explosive atmospheres (ATEX). The first two regulations impose procedures prior to the construction and operation of facilities, followed by monitoring during their operation. The third concerns the measures to be implemented to prevent the formation of explosive atmospheres and to protect the employees concerned.

ICPE regulations

With regard to ICPE regulations, any operation likely to create risks or cause pollution or nuisance, particularly for the health and safety of local residents, is potentially an ICPE under Articles L.511-1 et seq. of the French Environment Code.

The activities and types of facilities covered by the legislation on classified facilities are listed in a text known as the "ICPE nomenclature". This legislation makes them subject to a legal regime of authorisation, registration, and declaration with periodic control, or just a declaration depending on the severity of the risks and negative aspects generated for health and the environment.

As of the date of the Universal Registration Document, the Bouin plant is subject to the ICPE authorisation regime.

Depending on the size of facilities, Lhyfe production units could be subject to a declaration or authorisation regime on a case-by-case basis, and even fall into the SEVESO category above certain thresholds.

The production of hydrogen in "industrial quantities" is subject to environmental authorisation under heading 3420-a of the ICPE-classified facility regulations, pursuant to the European directive on industrial emissions (also known as the "IED" directive).

Storage is governed 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 declaration 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 "Seveso" high threshold regime if the quantity exceeds 50 tonnes, and to the "Seveso" low threshold regime if the quantity is less than 5 tonnes.

As a result, a facility that exceeds or falls below certain thresholds will not be subject to the same regulatory mechanism and will have to take all the necessary steps to meet the conditions of the new regime. These regulatory and procedural formalities can be more or less restrictive, costly and time-consuming depending on the level of classification: application for authorisation with impact study, public enquiry, hazard assessment, financial guarantees, etc.

IOTA regulations

With regard to the regulations on IOTA, the facilities and works concerned are those "carried out for non-domestic purposes by any natural or legal person, public or private, and resulting in withdrawals from surface or groundwater". IOTA regulations therefore apply to projects requiring water to be taken from or discharged into the aquatic environment, whether a river, groundwater, sea or ocean. IOTA regulations also depend on the quantity of water used. Group production units may be subject to this regulation depending on the water withdrawal method and the wastewater release process implemented for each site.

ATEX regulations

The ATEX regulations contain provisions on explosion protection designed to prevent the risk of explosive atmospheres forming or, 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 gas, vapour, mist or dust, in which, after ignition, combustion spreads to the entire unburned mixture. Such a situation could arise in the event of a leak or other malfunction at Group facilities (or those of its customers). To prevent explosions, the employer shall take appropriate technical and organisational measures in the following order of priority:

- prevent the formation of explosive atmospheres; and
- if the nature of the activity makes it impossible to prevent the formation of explosive atmospheres, prevent their ignition and mitigate the harmful effects of an explosion on the health and safety of workers.

These measures may be supplemented by measures to prevent the propagation of explosions and are reviewed periodically and whenever there is a significant change in work 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 precise criteria defined by the French Labour Code.

Where explosive atmospheres may form and present a risk to the health and safety of workers, the employer shall take the necessary measures to ensure that:

- the working environment is safe;
- adequate supervision is provided and appropriate technical resources are used;
- explosion protection training for workers is provided;
- insofar as necessary, workers are equipped with work clothing designed to protect against the risk of ignition.

The employer prepares and updates an explosion protection document, which forms part of the single risk assessment document. Updates are compulsory in the event of significant modifications, extensions or alterations to premises, equipment or work organisation. This document also specifies the coordination measures when several companies are likely to be present in the same workplace.

1.10.4. Regulations governing Group electricity purchase contracts

Regulation (EU) No. 1227/2011 of the European Parliament and of the Council on the integrity and transparency of the wholesale energy market (REMIT) came into force in 2011 to support open and fair competition on Europe's wholesale energy markets. By prohibiting all transactions based on insider information and all market manipulation, REMIT lays the foundations for greater market transparency and integrity, and ultimately protects the interests of companies and consumers. REMIT also deters market players from manipulating the market, while guaranteeing confidence in the operation of these markets and promoting their integration. In doing so, it also protects the interests of businesses and consumers.

REMIT reporting obligations apply to the Group insofar that it purchases significant volumes of electricity under power purchase agreements.

1.10.5. Regulations governing the transport of hazardous goods

Hydrogen is classified as a dangerous good 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 decree of 29 May 2009 (as amended) on the transport of hazardous materials by land, known as the "TMD decree", applicable to transport operations in France.

Each dangerous good, such as hydrogen, is coded with very precise characteristics (UN number, hazard class, classification code, packaging group, special provisions, tunnel restriction code).

Packaging approved to contain dangerous goods must be specifically marked to identify compliance with ADR requirements.

All dangerous goods must be packaged in appropriate, approved packaging. Depending on the classification of the goods (in particular the packaging group), different types of packaging are proposed in the "packaging instructions". These instructions must be followed when packaging goods for road transport.

Vehicles and transport equipment are subject to precise technical specifications. To ensure that these standards are properly applied, international agreements provide for approval procedures and technical inspections, which are then incorporated into national legislation.

All goods transported under the ADR must be accompanied by a transport document commonly known as a "Dangerous Goods Declaration". Compulsory details identify the load in terms of quality and quantity.

It is the responsibility of the person in charge of any establishment where loading or filling takes place to ensure that the provisions applicable to the transport of dangerous goods are observed. In particular, it must ensure that:

- the transport document and written safety instructions for the driver are included in the on-board documents;
- the driver holds a valid training certificate appropriate to the type of transport method;
- the transport unit has valid certificate(s) of approval(s) suitable for the transport activity; and
- the transport unit is correctly signed and placarded on leaving the establishment.

For the transport of parcels, it must also ensure that:

- prohibitions on mixed loads are respected; and
- loaded packages are properly stowed and secured.

If this is not ensured, transport will not be authorised. Security, as it applies to the transport of dangerous goods, is defined as "all the measures to be taken to minimise the theft or improper use of dangerous goods that could endanger people, property or the environment".

As such, all transport of dangerous goods is subject to a number of obligations, including:

- Goods are only handed over to duly identified carriers;
- each crew member must be in possession of an identification document;
- bearing their photograph;
- temporary accommodation areas (terminals, vehicle depots, etc.) are secure, well lit and not accessible to the public; and
- all participants in a transport operation must have received security training.

Furthermore, the participants in the chain must draw up a security plan for the transport of dangerous goods identified by the regulation as "high risk" (chapter 1.10 of the ADR). The safety plan makes it possible to minimise and control risks in particular:

- driver aggression;
- attempted theft of dangerous goods; and
- diversion of dangerous goods.

In addition to the checks that may be carried out by the applicable authorities, a "safety adviser" must be appointed in all companies whose business involves the transport of dangerous goods by road, or the packaging, loading, filling or unloading operations associated with such transport. The role of the safety advisor is to help prevent risks to people, property and the environment.

In particular, the advisor must check compliance with ADR rules and guide the company in operations relating to the transport of dangerous goods. They are also responsible for overseeing transport-related tasks and operations. Their tasks are as follows:

- ensure compliance with regulations on the transport of dangerous goods;

- advise the company on operations involving the transport of dangerous goods;
- produce an annual report for company management or, where appropriate, a local public authority, on the company's activities relating to the transport of dangerous goods. This report must be kept for five years by the company and must be made available to any competent authority to establish infringements of legislation on the transport of dangerous goods; and
- ensure that an accident report is produced, analysing the causes of the accident, with written recommendations to prevent a recurrence. This report must be sent to the head of the company no later than four months after the accident, and the company must keep it on file with the authorities for five years.

In terms of civil liability, the hazardous nature of the material transported does not change the legal regime governing liability under transport law. The regulations governing the transport of dangerous goods make it possible to identify the contractual commitments of the parties involved in the transport operation, and therefore to determine any essential breaches. Penalties are specified under the French Transport Code.

1.11. Industrial property

The Group's industrial property rights consist mainly of rights to distinctive signs such as trademarks and domain names. These property rights held by the Group are registered or in the process of being registered in the countries where the Group operates, to ensure suitable protection. The Group has also put in place measures to protect the know-how it has developed.

1.11.1. Protecting know-how

Rather than filing patents, the Group protects its know-how preventively and defensively.

Preventive measures currently being deployed or already deployed include the development of an internal trade secret policy, the secure storage of confidential information, the regular review of what is confidential and what is not, and the inclusion of non-disclosure clauses in agreements signed by the Group where the exchange of confidential information is highly likely and/or necessary.

Defensive measures have been put in place by filing Soleau envelopes, which is a simple and inexpensive means of proving the date of certain concepts and proving the prior existence of the Group's innovation to a competitor. However, Soleau envelopes do not confer industrial property rights and are valid for 10 years. Compared with filing patents, filing Soleau envelopes is not public and makes it possible to date the origin of the creation.

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

1.11.2. Brands

The Company has registered the following trademarks:

Brand	Geographical area	Number	Date	Protected classes
Lhyfe	France	4377042	Filed on 18 July 2017 and registered on 24 November 2017[1]	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 03 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 11 May 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

1.11.3. Domain names

The Company has registered several domain names, mainly around its "Lhyfe" name, including "lhyfe.com", which is used by the Group's website.

1 Transferred to the Company on 20 December 2019

2

Corporate Social and Environmental Responsibility

2.1. The Group's general policy in terms of CSR 46

2.2. Environmental information 48

2.2.1. Group environmental policy 48
2.2.2. Climate change 49
2.2.3. Pollution 50
2.2.4. Circular economy 50
2.2.5. Protecting biodiversity 51

2.3. Social information 51

2.3.1. Employment 51
2.3.2. Organisation of work 52
2.3.3. Health and safety 52
2.3.4. Employee relations 53
2.3.5. Training 53
2.3.6. Diversity policy 53

2.4. Societal information 54

2.4.1. Societal commitments 54
2.4.2. Subcontractors and suppliers 54
2.4.3. Preventing corruption 55
2.4.4. Human rights 55

Faced with the observed consequences of climate change and its current and future impact on our way of life, Lhyfe has been an active player in the decarbonisation movement from the outset. By producing green hydrogen, the Company aims to contribute to efforts to decarbonise mobility and industry.

This decarbonisation goal can only be achieved by implementing a clear strategy and must be accompanied by an awareness of the importance of environmental, social and societal issues, both by the Group's management team and employees and by its stakeholders.

Lhyfe's values, combining respect for nature and people, make it a company that is deeply committed to environmental and social issues. This dual component also feeds into the Group's societal approach, which seeks to limit any negative impact it may have while promoting positive actions and approaches in favour of the environment and the preservation of a healthy and sustainable lifestyle.

This chapter sets out Lhyfe's ambitions in terms of corporate social and environmental responsibility (CSR). As the Company is not required to publish a declaration of non-financial performance (*déclaration de performance extra-financière*), in accordance with Articles L. 225-102-1, L. 22-10-36 and R. 22-10-29 of the French Commercial Code, the information provided is voluntary.

2.1. The Group's general policy in terms of CSR

Environmental, social and societal issues are, by their very nature, central to the Group's concerns.

Green hydrogen, i.e. hydrogen produced from renewable (particularly wind or solar) or low-carbon electricity, has the advantage of emitting very little CO_2 when it is produced and none at all when it is used, making it an essential component of decarbonisation policies.

The green hydrogen market is currently booming, with increasing demand from the mobility and industrial sectors for a growing number of applications and uses. Increasing the Group's demand for and production of green hydrogen automatically generates significant environmental benefits.

However, the emergence of a green hydrogen market will also lead to the creation of new jobs, particularly in regions where the Group operates.

Finally, as it develops its business, the Group is committed to respecting human rights throughout its value chain and strives to develop high-quality, trust-based relationships with its stakeholders, while respecting local communities.

CSR governance

In accordance with its internal regulations, the Board of Directors has set up a Social and Environmental Responsibility Committee, whose remit is to examine the Group's CSR strategy, ambitions, policies and commitments and monitor the Group's actions in this area and their deployment; to examine environmental and social risks in conjunction with the Audit Committee and the impact of environmental and social issues in terms of investment, performance and image; and finally, to carry out an annual review of a summary of the non-financial ratings obtained by the Group. The composition, powers and operation of the Social and Environmental Responsibility Committee are described in paragraph 3.2.2.2 of the Universal Registration Document.

CSR issues are coordinated by Nolwenn Belléguic, Head of Human Resources and Communications, and supported and implemented by internal leads in each business unit.

Action plan

In March 2023, the Group drew up an action plan setting out its strategic priorities in terms of CSR, which was reviewed by the Social and Environmental Responsibility Committee and approved by the Board of Directors.

Figures concerning the action plan

The action plan includes more than 80 actions and lists around ten priority actions.

The table below sets out these ten priority actions and their status as of the date of the Universal Registration Document:

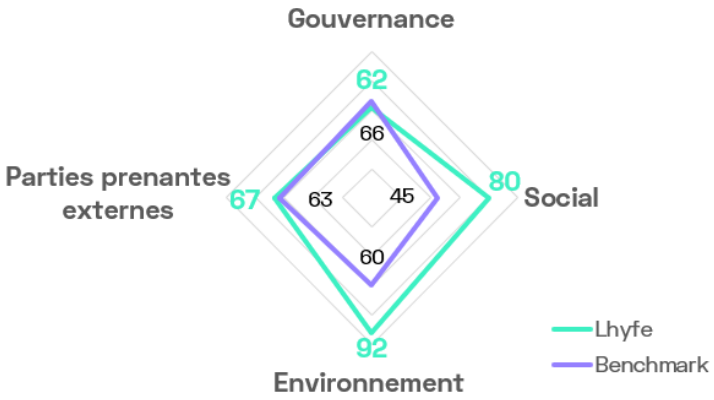
	Action identified	Status
Environmental actions	Obtaining of carbon footprint certifications	Action completed in 2023 with: ○ an analysis of the life cycle of the hydrogen produced by the Group at the Bouin site certified by Bureau Veritas ○ Registration of the hydrogen produced in Bouin under the CertifHy certification scheme
	Transparency on the origin and distribution of the energy sources used by the Group	In 2023, the Group's energy consumption was audited by Bureau Veritas as part of the audits mentioned above. All the energy consumed comes from directly connected wind or solar farms or, failing that, from power purchase agreements (PPAs) with guarantees of origin.
	Assessment of the dependence of the Group's activities on raw materials, particularly in terms of scarcity, price and supply	Action to be taken
Social action	Calculation of the professional gender equality index, analysis and incorporation of the results in the Group's social and pay policy	Action taken in 2024 in respect of financial year 2023, see paragraph 2.3.6 of the Universal Registration Document
Societal actions	Development of relationships based on trust with local communities by organising information meetings, open days and visits to our production sites	This is an ongoing initiative and part of the Group's transparency approach towards local populations, which must be implemented for each of the Group's current or future production sites
	Creation of a virtuous ecosystem through partnerships with local entities, with the aim of promoting the transition to hydrogen mobility	Action carried out, in particular with the setting up of Lhyfe Heroes, a digital platform connecting leaders of projects considering the use of use green hydrogen or who have already started the process and are looking to equip themselves, on the one hand, and players in the "hydrogen" ecosystem (service station construction companies, distributors, vehicle manufacturers, etc.), on the other (see paragraph 1.2.4 of the Universal Registration Document)
Group governance and organisation	Obtaining quality certifications (including ISO 9001)	Action carried out in 2023, with ISO 9001:2015 certification. This certification, which is valid for the registered office in Nantes and the production site in Bouin, guarantees that Lhyfe has put in place a quality management system that enables it to supply its products and services in accordance with customer requirements and applicable legal and regulatory requirements
	Establishment of a system for decentralising the Group in the various countries in which it operates	Action in progress
	Establishment of an internal organisation and architecture dedicated to dealing with CSR issues	Action in progress; CSR issues are coordinated by Nolwenn Belléguic, Head of Human Resources and Communications, and supported and implemented by internal leads in each business unit. Special recruitment for managing these issues is planned.
	Review of the succession plan	The succession plan is regularly reviewed in accordance with Recommendation 17 of the Middlenext Code.

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 67/100 for 2021 (according to the new methodology adopted in 2022).

In 2023, EthiFinance updated this rating: the score awarded for 2022 is **75/100**, compared with an average score of 55/100 for a panel of companies in the same sector[1], ranking Lhyfe 8th in its sector. Lhyfe was awarded the Gold Level for its CSR performance in 2022.





Group score (based on 2022 data) compared with the panel in the 4 areas assessed by EthiFinance

2.2. Environmental information

2.2.1. Group environmental policy

The very purpose of Lhyfe, the production of green hydrogen for mobility and industry, is dedicated to the environment. The green hydrogen produced by the Group can replace the fossil fuels currently used in mobility and industry. In addition to its green hydrogen production business, the Group has an ambitious environmental policy, making use of all the levers at its disposal.

Assessment related to the European taxonomy

The Group asked EthiFinance, on a voluntary basis, to assess its activities in relation to the European taxonomy resulting from Regulation (EU) 2020/852 and Delegated Regulation (EU) 2021/2139, which set out screening criteria for economic activities that contribute "substantially" to "climate change mitigation and adaptation" (the "European Taxonomy"). EthiFinance therefore assessed the eligibility and the alignment of the Group's revenue with the European Taxonomy. EthiFinance estimated that 100% of the Group's revenue for financial year 2023 was eligible to the European Taxonomy and that 61% of this revenue was aligned:

- the Group's revenue for financial year 2023 corresponds to several activities that are listed among the activities contributing to the "climate change mitigation" objective: manufacture, storage and transport of hydrogen;
- as part of the analysis of its alignment with European taxonomy:
  - the revenue for financial year 2023 meets 100% of the technical screening criteria defined in the European Taxonomy for these activities. As regards notably the "manufacture of hydrogen" activity, it complies with the requirement to reduce greenhouse gas emissions throughout the life cycle by 73,4% for hydrogen, i.e. emissions of less than 3 tonnes of CO_2 equivalent per tonne of hydrogen;
  - the revenue for financial year 2023 satisfies 5 "*Do No Significant Harm*" or DNSH principles for the "manufacture of hydrogen" activity, namely (i) climate change adaptation, (ii) sustainable use and protection of water and marine resources, (iii) transition to a circular economy, (iv) pollution prevention and control and (iv) protection and restoration of biodiversity and ecosystems. However, it only partially satisfies some of these 5 principles when it comes to storage and transport.
- it complies with the "minimum social safeguards": the Group's ethics charter and anti-corruption policy fully cover all relevant issues and therefore meet minimum safeguards in the areas of international human rights.

As a reminder, for financial year 2021 (the last year for which revenue were assessed against the European Taxonomy), 100% of revenue were eligible and aligned. Since 2021, the share of transport and storage in the Group's total revenue has increased, thus explaining the difference in alignment score compared with 2023, as these activities still only partially meet some of the 5 DNSH principles.

1 Sector benchmark based on the 2023 ratings of 50 companies in the Utilities sector.

2.2.2. Climate change

Emissions of greenhouse gases (GHGs), in particular CO_2, are causing climate change, resulting in an intensification of extreme weather events. Green hydrogen will play a key role in the energy transition by intervening in two of the most CO_2 emitting sectors after energy production itself, industry and mobility (see paragraphs 1.2.3 and 1.2.4 of the Universal Registration Document).

The green hydrogen produced by the Group therefore helps to reduce CO_2 emissions. In order to accurately measure its impact in this area, the Group has set up a system for monitoring CO_2 emissions in two ways:

- an annual review of the greenhouse gas emissions generated by its annual activities;
- monitoring the carbon life cycle of hydrogen produced at each site.

Annual review of greenhouse gas emissions

The Group carries out an annual assessment, on a voluntary basis, to analyse the direct and indirect greenhouse gas emissions generated by all its activities (at consolidated scope level), using the GHG Protocol methodology (the methodology adopted by Directive (EU) 2022/2464, known as the "CSRD" for Corporate Sustainability Reporting Directive), with the following scopes:

- Scope 1 corresponds to direct greenhouse gas emissions from sources owned or controlled by the Group;
- Scope 2 relates to indirect emissions resulting from the production of electricity, steam, heat or cooling purchased or acquired and consumed by the Group;
- Scope 3 corresponds to other indirect emissions (not included in Scope 2 GHG emissions) produced in the Group's value chain, including upstream and downstream emissions.

CO_2 emissions (in tCO_2)[1]				
Scope	**2023**	**2022**	**2021**	**Analysis of changes**
Scope 1	29.2	70.1	0	Scope 1 emissions correspond to direct emissions linked to the operation and construction of sites.
Scope 2	64.5	53.7	7.4	Scope 2 emissions relate to the electricity used to produce the hydrogen. The higher the volume of green hydrogen produced, the higher the volume of emissions.
Scope 3	2,630.6	1,462.8	836.0	Scope 3 emissions relate mainly to site construction, business trips as well as goods and services used at corporate level.

Analysis of CO_2 emissions linked to the life cycle of the renewable hydrogen produced

To date, there is no international legal framework or global consensus on the characterisation of hydrogen as green, renewable, low-carbon or carbon-neutral (see Section 1.10 of the Universal Registration Document).

Until now, the international reference has been the "Methodology for Determining Greenhouse Gas Emissions Associated with Hydrogen Production" published in November 2022 by the IPHE *(International Partnership for Hydrogen and Fuel Cells*), an international intergovernmental partnership of countries and the European Commission, whose aim 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 the carbon footprint of products (CFP), in a manner consistent 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 Appendix V of said Directive.

As of 2023, all hydrogen produced by the Group is awarded the "CertifHy Green Hydrogen" label, which guarantees the traceability of the hydrogen.

The assessment was carried out at the Lhyfe plant in Bouin 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 bars and transport to the customer's plant. However, as the storage and delivery stages are extremely sensitive to the distance from the production site to the customer site and to the average consumption of the vehicle, the assessment is divided into two subsystems:

- *Cradle to Gate*: on-site hydrogen production;
- *Gate to Customer*: compression, storage and transport.

This data was compiled with the help of a third-party organisation and has been certified by Bureau Veritas.

Subsystem	**CO_2 emissions (in $kgCO_2$/kg of green hydrogen produced)**
Cradle to Gate - Hydrogen production at 30 bars, operation and maintenance	0.992
Gate to Customer – Compression and storage of hydrogen at 350 bars, distribution	0.330
Total	**1.322**

1 At consolidated scope level.

The CO_2 emitted by Lhyfe to produce one kilogram of green hydrogen is therefore 0.992 $kgCO_2$, eleven times less than that emitted by hydrogen produced by steam reforming of natural gas (so-called "grey" or "carbonaceous" hydrogen), which is 11.1 $kgCO_2/kgH_2$[1].

Measures taken to control CO_2 emissions

As well as producing green hydrogen, the Group is seeking to reduce its CO_2 emissions in all areas of its business:

- **Design of production units**: production site buildings are eco-designed.
- **Construction of production units**: the Group prioritises local service providers and equipment manufacturers for the construction of its production sites, in order to limit the CO_2 emissions generated by their travel and transport.
- **Delivery**: green hydrogen is delivered using low-emission lorries, with the aim of using lorries that use green hydrogen where possible.
- **Other travel**: the Group tracks CO_2 emissions generated by employee travel. A hydrogen-powered vehicle and an electric vehicle have been acquired and the Group encourages remote working and the use of bicycles. The Group has, for example, set up a cycling plan for employees at its registered office in Nantes, which includes bike maintenance and repair workshops, visibility kits, a suitable infrastructure on the premises (secure parking, changing rooms, showers and helmet and clothing racks) and training in safe cycling. At the end of 2023, cycling was the main mode of transport for employees based in Nantes and Paris, with a modal share of 71%. The Group's efforts have been rewarded with a "Pro-Bike Employer" gold medal, awarded in 2023 by Qualianor Certification on behalf of the French Federation of Bicycle Users.



- **Registered office**: The Group's registered office, located at 1 ter mail Pablo Picasso in Nantes, France, has been awarded the Breeam[2] "Very Good" label, after taking into account a number of parameters relating to thermal and visual comfort, indoor air quality, energy performance, water savings, the environmental and carbon impact of materials and pollution management, attesting to Lhyfe's commitment to sustainability and environmental protection.

  As part of the Group's ongoing development, Lhyfe plans to move its registered office to a new building currently under construction in Nantes. The construction and fitting-out of this building, designed to achieve the Breeam "Very Good" label like the current registered office, is in line with the Group's environmental approach, offering greater energy efficiency and more use of renewable energies, as well as an even stronger ambition to reduce its carbon footprint.

2.2.3. Pollution

Production process

The process of producing green hydrogen by electrolysis of water emits only oxygen and produces no waste. At the Bouin site, the water used in the production process comes from an underground salt water table originating from the sea. All the brine is returned to the water table, with no additives. The residual water recovered after compression is also filtered and returned to the original water table to minimise the site's impact on the natural environment. Acids used to wash the filters are collected and reprocessed. Potassium hydroxide is used to activate the electrolysis reaction but remains in a closed circuit. The oily residue from post-compression water treatment is also collected and reprocessed.

Waste

The Group seeks to continuously improve its environmental impact in terms of the waste it produces.

The waste generated by Lhyfe in the course of its activities consists mainly of household waste, waste from selective collection, waste brought to waste collection centres and the recovery of hazardous chemical products. All waste generated by Lhyfe is collected and recycled. During financial year 2023, the quantity of waste generated by the Group for its sites in operation amounted to 10.9 tonnes, of which 8.6 tonnes were recycled, i.e. 79%. Over the same period, the quantity of waste classified as hazardous was 53%, while the proportion of non-hazardous waste was 47%. For sites under construction, construction waste generated amounted to 10.6 tonnes in 2023, all of which was recycled.

2.2.4. Circular economy

Reconditioned equipment

Protecting the environment means limiting waste and using raw materials sensibly and responsibly. While Lhyfe pursues an active recycling policy, it also reuses and recovers resources. To illustrate this, the Group endeavours to select reconditioned furniture and IT equipment for its internal operations, as is the case for all its employees' smartphones, which are supplied by its partner Largo, a reconditioning specialist based in Nantes.

Purchases

As an integrated player, the Group strives to play an active role in the local ecosystem, using local suppliers and producers to meet the needs of its renewable hydrogen production business and its operations as a company.

1 Source: Ademe footprint base https://base-empreinte.ademe.fr (excluding transport of hydrogen to distribution point).
2 BRE Environmental Assessment Method.

2.2.5. Protecting biodiversity

Environmental considerations in the design of Group sites

To meet the needs of its business, the Group seeks land suitable for its green hydrogen production units. During the development of its projects and the construction and operation of its production sites, the Group ensures that its activity matches the potential of the sites and the issues facing the region.

During the development stage, an impact study is carried out to assess the potential effects of the Group's activity and the measures to be taken into account in order to design a project that fits in with its environment as well as possible.

The design of a hydrogen production plant complies with the principles of the "avoid, reduce, compensate" (ERC) approach, meaning that priority is given to the avoidance of environmental issues in the broadest sense (ecological, air, noise, water, soil, health, etc.) and then, if certain issues cannot be avoided, implementing the means to reduce the residual effects. Finally, if negative effects remain despite the reduction measures, the Group must compensate for them with appropriate measures, such as the creation (or re-creation) of areas conducive to biodiversity.

During the construction and operational stages of the production sites, preventive measures and standards are put in place to limit their impact on the various environmental components as far as possible, such as adapting the construction schedule to species present on the site, preventive measures to combat pollution by making anti-pollution kits available on site or, if necessary, installing shelters for wildlife.

In any case, the Group complies with applicable environmental regulations, in particular those relating to installations classified for environmental protection (ICPE) (see paragraph 1.10.3 of the Universal Registration Document).

Ocean reoxygenation: a promising initiative for biodiversity

Lhyfe is taking part in the "Baltic Sea Oxygenation and the Super-Green Hydrogen Economy" project, or "BOxHy", in partnership with Flexens (project coordinator) and the Department of Ecology, Environment and Plant Sciences at Stockholm University.

The main aim of this project is to tackle the problem of anoxia (complete lack of oxygen in the marine environment) in the Baltic Sea, by injecting oxygen into the sea using offshore hydrogen production from water electrolysis. The project will assess suitable offshore sites for a pilot study of the reoxygenation of marine ecosystems via the oxygen co-produced during this water electrolysis.

Launched in October 2023 and financed by the Baltic Sea Action Plan (BSAP) fund, the BOxHy project is due to end in October 2024.

2.3. Social information

195 Group workforce (on 31 December 2023)

0.0% Long-term injury frequency rate[1] for 2023

3.401 hours of training for 2023 (at group level)

89/100 Professional gender equality index[2]

2.3.1. Employment

The Group's workforce by geographic area has grown as follows:

Country	Workforce on 31 December 2023	Workforce on 31 December 2022	Workforce on 31 December 2021
France	152	120	47
Germany	22	13	6
Sweden	7	7	-
Spain	5	2	-
United Kingdom	4	3	
Netherlands	2	1	1
Denmark	2	2	2
Belgium	1	1	1
Total	**195**	**149**	**57**

1 LTIFR.
2 Data for 2023.

The breakdown of staff by function is as follows:

Function	Workforce on 31 December 2023	Percentage breakdown
Business development	53	27%
Engineering and R&D	74	38%
Operations and maintenance	27	14%
Central functions	41	21%
Total	**195**	**100%**

On 31 December 2023, the Group's workforce therefore totalled 195 employees, compared with 149 on 31 December 2022, 38% of whom were dedicated to engineering, in order to continue developing solutions and rolling out production sites, 27% to business development in all the geographical areas targeted by the Group, and 14% to operations and maintenance.

The majority of employees are employed on open-ended contracts (98%).

On 31 December 2023, the average age of the workforce was 40 years old, broken down as follows:

Age range	Workforce on 31 December 2023	Percentage breakdown
Under 30	22	11%
From 30 to 39	97	50%
From 40 to 49	50	26%
50 and over	26	13%
Total	**195**	**100%**

On 31 December 2023, 22% of the Group's workforce was based outside France, compared with 19% the previous year.

The Group's churn rate[1] was 13% on 31 December 2023, while the churn rate at the initiative of employees[2] was 7.5%.

During financial year 2023, the absenteeism rate[3] was 5.0%.

2.3.2. Organisation of work

Structuring of the human resources (HR) function

Over the course of 2023, the Group set up a new HR organisation to support its development. As part of this organisation, two *Human Resources Business Partner* (HRBP) positions were created: one to support employees in France and the other to support employees internationally.

The purpose of these positions is to support employees throughout their time with the Group and to assist managers in managing their teams. Lastly, they ensure that the company's values and culture are shared throughout the Group.

Corporate culture, benefits and quality of life at work

The Group organises its business based on three fundamental values: courage, optimism and solidarity. These values are reflected in our management culture, which strives for a balance between high standards and a caring culture. To this end, in addition to the HRPB function, the Group also offers dedicated training programmes to support team managers.

The Group also favours a good work-life balance, with a flexible remote working policy and, particularly in France, favourable working hours and the provision of a time savings account (compte épargne-temps, CET).

The remuneration policy is organised in line with the Group's development. As of the date of the Universal Registration Document, a Long-term Incentive Plan had been set up, consisting of plans for the allocation of free shares, stock options or founder's share warrants (bons de souscription de parts de créateur d'entreprise or BSPCE)[4], granting all employees a share in the value created by the Group. The Group also pays the full cost of health insurance cover for the Company's employees in France.

Finally, at the end of 2023, the Company was awarded the "Pro-Bike Employer" Gold award for its efforts to promote soft mobility among its employees.

2.3.3. Health and safety

Accidents at work

The long-term injury frequency rate (LTIFR) for 2023 was 0.0%.

HSE policy

The Group's HSE policy aims to ensure the health and safety of Group employees, subcontractors and customers, preserve the integrity of the Group's assets and protect the environment.

1 Total departures/average workforce over the year.
2 Resignations and termination of trial periods at the initiative of employees/average workforce over the year.
3 Number of days of absence due to sick leave, sick leave due to accidents at work/commuting accidents/occupational illnesses and unjustified absences/number of days theoretically worked.
4 The plans for the allocation of free shares, stock options or founder's share warrants are set out in detail in Section 7.2.4 of the Universal Registration Document.

Workload

The Group also pays particular attention to the prevention of psychosocial risks. The entire HR team was trained in this field in 2023 and, in consultation with employee representatives, will be rolling out a charter to set out its actions in this area.

The Group already measures a number of indicators to monitor the social climate (employee departure rate and absenteeism rate) and organises a "moodometer", i.e. a survey of all employees, twice a year. These surveys allow employees to express their views anonymously on issues such as their working conditions, workload and work-life balance.

Workload and work-life balance issues also form an integral part of the annual appraisal campaign, enabling discussions to be opened up with management and, if necessary, an action plan to be put in place with the support of the HRBP.

Harassment officer

An initiative to prevent sexual harassment and gender-based harassment has also been presented to the Social and Economic Committee (CSE), including the appointment of an ad hoc representative specially trained in this area and the communication of an internal whistleblowing procedure. This subject will be explored in greater depth in 2024 as part of the general approach to quality of life at work and the prevention of psychosocial risks, and will be rolled out to all international subsidiaries.

2.3.4. Employee relations

In France, a new CSE was elected in March 2023.

The CSE is kept informed of the general progress of the company and puts forward employees' questions at its ordinary meetings, held 6 times a year. It is also informed of safety matters, in particular.

In addition to its ordinary meetings, the CSE has defined its operating procedures (in particular by adopting its own internal regulations), and was informed and consulted on a number of issues in 2023: remuneration policy applicable to "worksite" travel, policy regarding business expenses, prevention of sexual harassment, the internal mobility policy and the "Professional Equality" charter.

2.3.5. Training

The Group organises its training budget based on four main pillars: training courses defined as strategic, training focused on safety, technical training necessary for its activity and training relating to career management (internal mobility) and online training (e-learning).

In 2023, the Group organised 3,401 hours of training (including 3,092 in France), representing an average of 21.8 hours of training per employee having benefited from at least one training course.

A significant proportion of training investment was devoted to health, safety and security training, totalling 1,853 hours (including 1,662 in France). The Group also organised management training (for more than 640 hours and 22 employees), training for the entire HR team (including on the prevention of psychosocial risks) and technical training on design and production activities.

The Group has also initiated a process of creating partnerships with training organisations and schools, which it will develop over the coming months.

2.3.6. Diversity policy

The workforce is 32% female (63 employees) and 68% male (132 employees). The gender breakdown of the Group's workforce by country and function on 31 December 2023 is as follows:

Breakdown of women/men by country

Country	Women	Men	Total number of employees
France	36%	64%	152
Germany	18%	82%	22
Sweden	43%	57%	7
Spain	20%	80%	5
United Kingdom	0%	100%	4
Netherlands	0%	100%	2
Denmark	0%	100%	2
Belgium	0%	100%	1
Total	**32%**	**68%**	**195**

Breakdown of women/men by function

Function	Women	Men	Total number of employees
Business development	28%	72%	53
Engineering and R&D	16%	84%	74
Operations and maintenance	26%	74%	27
Central functions	71%	29%	41
Total	**32%**	**68%**	**195**

The breakdown of the workforce shows a classic predominance of men in technical, technical-commercial and industrial functions and a predominance of women in central functions (human resources, finance, marketing, etc.).

Gender equality in the workplace is one of the Group's top priorities. For example:

- the Executive Committee has full parity between men and women, not counting the Chairman and Chief Executive Officer;
- The Group is a member of the Women in Green Hydrogen network, whose mission is to promote the role of women in the hydrogen industry;
- As parenthood is a key issue with regard to gender equality at work, the Group has set up a system of support for pregnant women before and after maternity leave and the continued payment of the full salary of employees on paternity leave after one year's seniority. This support is rolled out across all Group companies, including international companies, taking into account locally applicable regulations;
- The professional equality index for France illustrates the company's policy in this area, with a score of 89 out of 100 (data for 2023).

Lastly, a "Professional Equality" charter was presented to the CSE in December 2023 and is currently being distributed in France. In this context, Lhyfe will continue to organise its recruitment, training, career management (promotions) and remuneration policies from a gender equality perspective. A number of actions will be carried out in 2024 (checking the consistency of remuneration between men and women, awareness-raising and communication campaigns, etc.). This approach will be extended to all Group entities. In addition, a "Quality of Life at Work, Diversity and Inclusion" policy will be drawn up in 2024 and distributed to all employees.

2.4. Societal information

2.4.1. Societal commitments

Eau Z'enfants project

The Group supports the non-profit organisation Eau Z'enfants and has helped to finance a school in Kinssy-Diabere, Guinea. This project has given 200 children access to a school equipped with appropriate furniture, the necessary school supplies and independent access to drinking water through the construction of a mechanical borehole and, more generally, has contributed to the autonomy of the village of Kinssy-Diabere through the installation of solar panels and the planting of 200 fruit trees.

The project was implemented during 2023 and the inauguration, followed by the first school year, took place in October 2023.

Odysséa

The Group also supports the Odysséa association, which organises charity races throughout France in aid of breast cancer research. In 2023, 23 Group employees took part in two 5 km and 10 km races in Nantes, raising nearly €400. In 2024, 23 employees raised almost €360.

Restos du Cœur

The Group is also sensitive to the plight of the most disadvantaged sectors of society and responded to an appeal by the Restos du Cœur association in 2023 by organising a collection of solidarity boxes containing food, clothing and personal care products. The 39 boxes collected were then redistributed by Restos du Cœur on 24 December 2023.

2.4.2. Subcontractors and suppliers

Lhyfe is deeply committed to maintaining a lasting relationship with its strategic suppliers and subcontractors, who play an essential role in the Group's ability to operate and supply its products and services to its customers.

To provide a framework for these relationships, the Group has put in place a purchasing policy designed to create long-term value for all its stakeholders. This policy is applied to all purchases made by the Group, regardless of the nature or value of the contract. This policy can be consulted on the LHYnks portal set up by Lhyfe and is accessible to the Group's suppliers and potential suppliers.

Aware that the actions and practices of its suppliers and subcontractors have repercussions for the Group as a whole, Lhyfe's purchasing policy provides for selection on the basis of merit and after analysing a number of CSR variables. Lhyfe also expects its suppliers and subcontractors to comply with applicable legal and regulatory requirements and to act in accordance with the Group's values and in line with the principles set out in its purchasing policy.

Lhyfe is also developing and implementing a supply chain management system to complement this policy and ensure that its principles are properly applied.

The Group's purchasing policy is based on the principles of the United Nations International Bill of Human Rights, Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights and Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).

This policy includes the following:

- respect for human rights and labour law: dignity, equality, prohibition of all forms of harassment or discrimination, prohibition of slavery and forced or child labour and health and safety at work;
- transparency and business conduct: combating corruption, promoting the principles of fair competition, preventing conflicts of interest and protecting personal data;
- the environment: taking climate considerations into account, wildlife and biodiversity and prohibiting the use of resources from conflict zones; and
- respect for intellectual property rights and protection of the Group's assets and resources.

2.4.3. Preventing corruption

Combating all forms of corruption is part of an ethical approach to which the Group is deeply committed, and an anti-corruption policy applying to all its employees has been set up in addition to the purchasing policy applying to its suppliers and subcontractors.

This policy sets out the behaviour to be adopted in order to prevent any risk of corruption and establishes a whistleblowing mechanism enabling any employee to alert the Group to a potential or proven situation likely to constitute a corrupt practice.

2.4.4. Human rights

Lhyfe is deeply committed to people and is committed to promoting and respecting internationally or locally recognised human rights and fundamental freedoms, such as the principles of non-discrimination, non-harassment and child or forced labour, in all countries where the Group operates.

In line with the Group's purchasing policy, Lhyfe is also committed to ensuring that its suppliers and subcontractors comply with regulations on human rights and labour law.

As such, Lhyfe selects its suppliers and subcontractors with care, as well as the raw materials it uses for its activities. In particular, the Group does not use raw materials from conflict zones, likely to affect wildlife or biodiversity, or extracted or produced through slavery.

3 Corporate governance

3.1. General principles of corporate governance 58

3.1.1. Reference to the Middlenext Code 58
3.1.2. Governance method 58

3.2. Board of Directors and Committees 59

3.2.1. Composition of the Board of Directors 59
3.2.2. Organisation and functioning of the Board of Directors and committees 71

3.3. General management 74

3.3.1. Chairman and Chief Executive Officer 74
3.3.2. Deputy Chief Executive Officers 75

3.4. Remuneration and benefits of corporate officers 76

3.4.1. Remuneration policy for corporate officers for financial year 2024 76
3.4.2. Components of remuneration and benefits of any kind paid or allocated to corporate officers for financial year 2023 81
3.4.3. AMF standard tables 85
3.4.4. Amounts provisioned by the Company for the payment of pensions and other benefits to corporate officers 87

3.5. Application of the recommendations of the Middlenext Code 88

3.6. Related-party and similar agreements 89

3.6.1. Statutory auditors' special report on related-party agreements 89
3.6.2. Procedure for assessing ordinary course agreements 89
3.6.3. Agreements entered into by senior managers or shareholders and companies controlled by the Company 89

3.7. Other information 90

3.7.1. Participation in general meetings 90
3.7.2. Factors that may have an impact in the event of a takeover bid or exchange offer 91
3.7.3. Potential significant impacts on governance 91

This chapter constitutes the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. For easier reading, please refer to the cross-reference table in Section 8.6.4 of the Universal Registration Document, which identifies the main disclosures in the corporate governance report required by applicable laws and regulations.

This section was drawn up by a working group comprising the Legal, Finance and Human Resource departments. It was reviewed by the Appointment and Remuneration Committee and approved by the Company's Board of Directors. It will be presented to shareholders at the Company's annual general meeting on 23 May 2024.

3.1. General principles of corporate governance

3.1.1. Reference to the Middlenext Code

Pursuant to Article L. 22-10-10 of the French Commercial Code, the Company refers to the corporate governance code for small and mid caps as published in September 2021 by Middlenext (available at www.middlenext.com), insofar as the principles it contains are compatible with the Company's organisation, size, resources and shareholder structure.

3.1.2. Governance method

The Company is managed by a Board of Directors, whose composition and functioning are described in Section 3.2 of the Universal Registration Document.

On 11 March 2022, the Board of Directors decided not to separate the functions of Chairman of the Board of Directors and Chief Executive Officer of the Company and appointed Matthieu Guesné as Chairman and Chief Executive Officer. His term of office was renewed on 24 May 2022 for the duration of his directorship, i.e. for a period of three years.

The Board of Directors may, at any time and, in any event, whenever the term of office of the Chief Executive Officer or the Chairman expires, decide to change the current governance method and opt to separate the functions of Chairman and Chief Executive Officer, in accordance with Article L. 225-51-1 of the French Commercial Code and Article 14.1 of the Company's Articles of Association. This decision is taken by a simple majority of the Directors present or represented and is notified to the shareholders and third parties under the regulatory conditions in force, without this entailing any amendment to the Company's Articles of Association.

3.2. Board of Directors and Committees

3.2.1. Composition of the Board of Directors

The Board of Directors comprises a minimum of three Directors and a maximum of 18 Directors, subject to the exception provided by law in the event of a merger. Directors are appointed and reappointed by the ordinary general meeting.

The internal regulations of the Board of Directors also provide for the possibility of appointing up to three observers. Observers are appointed and reappointed by the Board of Directors.

As of the date of the Universal Registration Document, the Board of Directors comprised seven Directors and two observers.

3.2.1.1. Summary of the composition of the Board of Directors

The table below summarises the composition of the Board of Directors as of the date of the Universal Registration Document:

First name and surname	Gender	Age	Nationality	Independence[1]	Committees
Chairman of the Board of Directors - Chief Executive Officer					
Matthieu Guesné	Male	42	French		
Directors					
Amaury Bierent	Male	56	French		Member of the Audit Committee
Valérie Bouillon-Delporte	Female	58	French	✓	Chair of the Appointment and Remuneration Committee Member of the Social and Environmental Responsibility Committee
Alena Fargere	Female	34	French	✓	Chair of the Social and Environmental Responsibility Committee Member of the Audit Committee
Bruno Le Jossec	Male	59	French	✓	Chairman of the Audit Committee Member of the Appointment and Remuneration Committee
Maria Pardo Saleme	Female	43	Spanish		
Christopher Sorensen	Male	63	American		Member of the Appointment and Remuneration Committee
Observers					
Noria, represented by Christophe Guillaume	Male	57	French		
Mitsui & Co, Ltd, represented by Makoto Kan	Male	48	Japanese		

43% of Directors are women

57% of Directors are men

72% of Directors are members of at least one Committee

43% of Directors are independent

94% Directors' average attendance rate at Board meetings

50.7 Average age of Directors

1 Independence based on the criteria of the Middlenext Code to which the Company refers.

3.2.1.2. Directors' biographies

Matthieu Guesné



Chairman of the Board of Directors - Chief Executive Officer

Age: 42

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 8,951,403[1]

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

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

He was Director of the Commissariat à l'énergie atomique et aux énergies alternatives (French Alternative Energies and Atomic Energy Commission – CEA) Tech Pays de la Loire et Bretagne dedicated to marine energy. The CEA is a French public research organisation that created 40% of French patents on hydrogen technology. Matthieu Guesné was in charge of a €45 million investment plan. He also managed the contracting team, which signed R&D partnerships worth €34 million.

Prior to working at this public research organisation, Matthieu Guesné was the international sales director of an SME specialising in microwave electronics. 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 travelled the world and acquired a strong international culture. Finally, he worked in the United States as Key Account Manager at Hewlett-Packard in the tests and measurement division.

Current offices

- Manager of Fresh Future

Offices or positions held outside the Company in the last five years

None

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(1) Directly and indirectly via Fresh Future.

Amaury Bierent



Director

Member of the Audit Committee

Age: 56

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 3,770,305[1]

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

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Holder of an engineering degree, 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), class of 2001.

After working 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, including Ovive in 1999 (independent industrial water treatment company), Mobipur in 2004 (independent environmental equipment rental company), Lhotellier 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, president of Optyma and president of Sofiwaga.

Current offices

- Director of Lixo
- Director of Tryon Environnement
- Director of Adionics
- Director of Hesus
- Co-manager of Les Saules
- Manager of Mobipur GmbH
- President of Optyma
- President of Sofiwaga

Offices or positions held outside the Company in the last five years

- Chief Executive Officer of Ovive

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(1) Via the company Les Saules.

Valérie Bouillon-Delporte



Independent Director

Chair of the Appointment and Remuneration Committee

Member of the Social and Environmental Responsibility Committee

Age: 58

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 0

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

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Valérie Bouillon-Delporte is Director of the Hydrogen Ecosystem, first Vice President of France Hydrogen and Hydrogen Mobility Europe Ambassador, former President of Hydrogen Europe & Chair Governing Board Fuel Cell Hydrogen Joint Undertaking.

A graduate of the ESSEC and Kedge business schools, Valérie Bouillon-Delporte has acquired over 25 years of experience at 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, working for major international groups that are leaders in their markets (Tenneco, Delphi, Plastic Omnium), both in the replacement and original equipment markets.

She joined the Michelin Group in 2010 and has overseen hydrogen issues within the group since 2014, supporting it in its hydrogen strategy. Since the end of 2019, she has led the Hydrogen ecosystem for the Michelin Group. She is Co-Chair and a member of the Board of Directors of France Hydrogène, the national hydrogen association in France, and leads the Hydrogène Mobilité France consortium. She is responsible for hydrogen issues at European level as Mobility Ambassador for Hydrogen Europe, where she served as 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) that, alongside the European Commission, brings together over 300 industrial companies in the hydrogen sector. She is also a member of the Board of Directors of AVERE.

By a decree of 31 December 2020, she was named a Knight of the Legion of Honour (Chevalier de la Légion d'Honneur). In March 2024, she was one of 20 women selected by Thomson Reuters in the Trailblazing Women in Energy category. In early 2021, she received the Women in Energy Transition award from GreenUnivers and Andera Partners in the private sector players category. In 2019, the editorial staff of La Tribune chose her as one of the 100 people who are transforming France's economy and, that 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.

Interested in sustainable mobility issues, she is an auditor at CHEEDD (Collège des Hautes Etudes Environnement et Développement Durable). She is very involved in diversity issues, and is a founding member of the WAVE association (Women Automotive and Vehicles in Europe), which aims to attract more women to the automotive sector.

Current offices

- Director and Co-Chair of France Hydrogène
- Director of Avere France
- Independent Director of Rely Solutions

Offices or positions held outside the Company in the last five years

- President and Director of Hydrogen Europe - Brussels (until 2021)
- Chair of the Governing Board of the Fuel Cell Hydrogen Joint Undertaking (until 2021)
- Officer of Wave (Women Automotive and Vehicles in Europe) (until 2018)

Alena Fargere



Independent Director

Chair of the Social and Environmental Responsibility Committee

Member of the Audit Committee

Age: 34

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 1,000

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

Passionate about the challenges of the energy transition and mitigating the effects of climate change, Alena Fargere is an investor in renewable gases and an international expert on hydrogen energy. She was part of the founding team of the SWEN Impact Fund for Transition, the first European fund dedicated to financing renewable gas, biogas and hydrogen infrastructure. Drawing on 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 in Economics from the Ecole Polytechnique.

Current offices

None

Offices or positions held outside the Company in the last five years

None

Bruno Le Jossec



Independent Director

Chairman of the Audit Committee

Member of the Appointment and Remuneration Committee

Age: 59

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 2,050

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

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Bruno Le Jossec received a university diploma in technology (D.U.T.) in "Companies and administrations management" in 1985, a diploma from the Institut Commercial Supérieur (I.C.S.) – Paris 3rd 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.) in 1990, an Executive MBA from the Ecole Supérieure de Commerce de Paris (ESCP), a university diploma (DU) in Corporate Taxation from ISFEC: Ordre des Experts Comptables and UBS (Université de Bretagne Sud) in 2007, a university diploma (DU) in Asset Management from ISFEC: Ordre des Experts Comptables and IGR Rennes, as well as training at the Institut des Hautes Etudes de la Sécurité et de la Justice (INHESJ) of the French Ministry of the Interior in cybersecurity 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 worked as an Executive Attaché in the Financial Engineering and Private Equity department of Ouest Croissance (a subsidiary of Banques Populaires du Grand Ouest) before becoming Executive Director of Société Financière Lorient Développement (SFLD) in 1994 and Executive Director of SEM XSEA in 2011.

Current offices

- Observer of Kerlink (ALKLK)
- President of SCAAL
- President of Cadusun
- Non-executive Managing Director of Urosfin

Offices or positions held outside the Company in the last five years

None

Maria Pardo Saleme



Director and Chief Financial Officer

Age: 43

Nationality: Spanish

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 650

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

Maria Pardo Saleme has almost 20 years' experience in investment banking, where she carried out a number of assignments in risk and derivatives modelling, later specialising in providing corporate finance advice to public and private companies at BNP Paribas. From 2015, she headed the equity capital markets teams for the Iberian region, with whom she led a number of strategic projects (IPOs, share capital increases, equity financing and share sales). From 2020, she contributed to the creation and launch of BNP Paribas' EMEA private fundraising advisory business dedicated to innovative companies. She joined Lhyfe on 14 February 2022.

Maria is fluent in five languages, has a degree in engineering from ENSTA Paris and is a member of the Institut Polytechnique de Paris. She also holds a Master's degree in Modelling and Mathematical Methods in Economics from Université Paris 1 Panthéon-Sorbonne.

Current offices

- President of Athena
- Manager of LKF Lecourbe

Offices or positions held outside the Company in the last five years

None

Christopher Sorensen



Director

Member of the Appointment and Remuneration Committee

Age: 63

Nationality: American

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 0

Business address: 1 ter mail Pablo Picasso, 44000 Nantes, France

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Christopher Sorensen, a native of New York, has worked at the forefront of technological and commercial innovation for over 30 years on three continents. After starting his career as a manager of large projects at Accenture in New York and Paris, for the last 20 years he has focused on creating a positive social impact by applying technological and commercial innovation on a large scale. More recently, he has supported the development of a new global clean-tech cluster in Masdar City, including the Masdar Institute and Masdar Clean Energy in Abu Dhabi.

He is now applying his experience to creating the GreenLab green energy industrial platform in Denmark, described in section 1.8.2.3 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, the Technical University of Denmark Energy Advisory Board (DTU) and the Danish Energy PtX Partnership.

Current offices

- Chief Executive Officer, GreenLab Skive AS

Offices or positions held outside the Company in the last five years

None

3.2.1.3. Biographies of the observers

Noria, represented by Christophe Guillaume



Observer

Age: 57

Nationality: French

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 7,540,611[1]

Business address: Noria, Mr Christophe Guillaume, 67 place Rihour, 59800 Lille, France

Christophe Guillaume is an agricultural engineer from UniLaSalle (1990). He began his career in the agri-food industry at the Vivescia group, where he was tasked with managing Westhove, an industrial SME engaged in the production of cereal ingredients that was having financial problems. He was responsible for the company's turnaround and development, acquired it through an LBO in 1999 and then sold it to Limagrain between 2004 and 2006. In 2004, he began investing in the low-carbon energy sector, developing a wind farm and making investments as a business angel, while also managing a work-linked training structure, Campus Pro, between 2007 and 2015.

Since 2016, he has managed Noria, a family-owned 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, Jimmy Energy, TLS Geothermics and Geosophy. Within the group, he created Noria Gestion, an AMF-approved asset management company, which he has chaired since 2020.

Current offices

- Representative of Noria Invest, observer on the Board of Directors of Waga Energy[2]
- Chairman of Noria Gestion SAS
- Chairman of Noria SAS
- Manager of CKM SARL
- Manager of Campus Pro Emploi SARL
- Manager of Eoliennes des 4 Chemins SARL
- Manager of Eolienne de Nozet SARL
- Chairman of Passo SAS
- Permanent representative of Passo SAS, Chairman of Campus Pro SAS
- Director of Noria Invest SRL - Belgium
- Director of Orlandia SA - Belgium
- Director of Cimalp SA - Luxembourg
- Manager of Larochette Invest SARL - Luxembourg

Offices or positions held outside the Company in the last five years

- Permanent representative of Noria Invest (SRL), Chairman of Passo (SAS)

(1) Directly and indirectly via Noria Invest SRL.

(2) Listed company.

Mitsui & Co Ltd. represented by Makoto Kan



Observer

Age: 48

Nationality: Japanese

Year of first appointment: 2022

Term of office expiry date: annual general meeting called to approve the 2024 financial statements to be held in 2025

Number of shares held on 31 December 2023: 1,269,842

Business address: Mitsui & Co. Ltd, Mr Makoto Kan, 2-1, Otemachi 1-chome, Chiyoda-ku Tokyo 100-8631, Japan

Makoto Kan holds a law degree from Keio University in Japan (1998) and an 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.

Current offices

- General Manager, Mitsui & Co, Ltd

Offices or positions held outside the Company in the last five years

- Project Manager, Toyota Motor Corporation (until March 2022)
- Deputy General Manager, Mitsui & Co, Ltd (until March 2019)

3.2.1.4. General principles governing the composition of the Board of Directors

i. Appointment principles

Appointment and term of office of Directors

The Directors, appointed and reappointed by the ordinary general meeting, may be natural persons or legal entities.

Directors that are legal entities must, at the time of their appointment, designate a permanent representative who is subject to the same conditions and obligations and incurs the same liabilities as if he were a Director in his own name, all without prejudice to the joint and several liability of the legal entity that he represents.

When a Director that is a legal entity terminates the appointment of its permanent representative, it must notify the Company immediately by registered letter of its decision and the identity of its new permanent representative. The same applies in the event of the death or resignation of the permanent representative.

Directors may or may not be chosen from among the shareholders.

Directors are appointed for a three-year term. Their duties end at the close of the annual ordinary general meeting held in the year in which their term of office expires and called to approve the financial statements for the previous financial year.

Any Director placed under supervision is automatically deemed to have resigned.

The number of Directors over the age of 70 may not exceed one-third of the Directors in office. If this limit is exceeded during a Director's term of office, the oldest Director is automatically deemed to have resigned at the end of the next general meeting.

Directors may be re-elected. They may be removed at any time by the ordinary general meeting.

In the event of a vacancy arising from the death or resignation of one or more Directors, the Board of Directors may, between two general meetings, make provisional appointments in order to add new members to the Board. These appointments must be made within three months of the vacancy if the number of Directors falls below the statutory minimum. The Director thus co-opted will hold office for the remainder of his predecessor's term of office.

Provisional appointments made by the Board of Directors are subject to confirmation at the next ordinary general meeting. Failing confirmation, the decisions and actions taken nevertheless remain valid.

If the number of Directors falls below the legal minimum, the Directors remaining in office must immediately call an ordinary general meeting in order to add new members to the Board of Directors.

Appointment and term of office of observers

Observers, appointed and reappointed by the Board of Directors, may be natural persons or legal entities. Observers that are legal entities must appoint a permanent representative.

The term of office of observers is determined by the Board of Directors in the appointment decision. Observers may be re-elected, but the total length of their term of office may not exceed nine years. They may be removed at any time by a decision of the Board of Directors.

The age limit for serving as an observer is 70. Any observer who reaches this age is automatically deemed to have resigned at the end of the annual ordinary general meeting following the date of his seventieth birthday.

Observers attend Board meetings as observers and may be consulted by the Board. They must be called to each meeting of the Board of Directors under the same conditions as other Directors. Observers may assist the Board of Directors in its work, provide it with necessary information and offer their expertise and knowledge. In any event, observers do not have voting rights and, as such, do not vote on decisions taken by the Board of Directors.

Observers are subject to the same provisions of the internal regulations as other Directors in terms of ethics, particularly as regards measures to prevent conflicts of interest and the obligations of loyalty and confidentiality. Like other Directors, they are also regularly made aware of the regulations on market abuse.

ii. Independence of Directors

In the light of the independence criteria defined by the Middlenext Code of September 2021 to which the Company refers, the Board of Directors considers that three Directors (out of a total of seven, i.e. a proportion of 43%) qualify as independent, namely Valérie Bouillon-Delporte, Alena Fargere and Bruno Le Jossec.

The Company's analysis of the independence of each Director based on the criteria set out in the Middlenext Code is as follows:

Independence criteria	Directors						
	Matthieu Guesné	Amaury Bierent	Valérie Bouillon-Delporte	Alena Fargere	Bruno Le Jossec	Maria Pardo Saleme	Christopher Sorensen
Is not, and has not been over the last five years, an employee or an executive corporate officer of the Company or a Group company	✗	✓	✓	✓	✓	✗	✓
Does not have, and has not had over the last two years, a significant business relationship with the Company or the Group (customer, supplier, competitor, service provider, creditor, banker, etc.)	✓	✗	✓	✗ (1)	✓	✓	✗
Is not a principal shareholder of the Company and does not have a significant percentage of voting rights	✗	✓	✓	✓	✓ (2)	✓	✓
Does not have a close relationship or close family ties with a corporate officer or a principal shareholder	✓	✓	✓	✓	✓	✓	✓
Has not been, over the last six years, a statutory auditor of the Company	✓	✓	✓	✓	✓	✓	✓

(1) Until December 2022, Alena Fargere was an employee of SWEN Capital Partners, the management company of SWEN Impact Fund for Transition, which holds "OCA LB2" bonds that are convertible into shares of the Company and therefore has a significant business relationship with the Company.

(2) Bruno Le Jossec has executive power within Société Financière Lorient Développement, which has a non-significant stake in the Company.

Situation of Alena Fargere

At its meeting on 21 March 2023, the Board of Directors considered the situation of Alena Fargere, who has been a Director since 24 May 2022. Alena Fargere could not be qualified as independent at the time of her appointment due to her salaried position at SWEN Capital Partners, the management company of SWEN Impact Fund for Transition, which holds "OCA LB2" bonds that are convertible into shares of the Company. As Alena Fargere's salaried position at SWEN Capital Partners ended in December 2022, the Board of Directors decided to reassess her independence, in the absence of any other economic or legal relationship between Alena Fargere and SWEN Capital Partners (particularly a non-compete clause), for which the Company requested and obtained written confirmation from SWEN Capital Partners.

The Board of Directors therefore considered that Alena Fargere had no relationship with the Company or the Group that could affect the independence of her judgement. Under these conditions, the Board of Directors, availing itself of the possibility offered by Recommendation No. 3 of the Middlenext 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 to elapse between the end of the significant business relationship with the Company or the Group and qualification as an Independent Director.

It should be noted that, if the Board of Directors were to take decisions concerning SWEN Capital Partners or SWEN Impact Fund for Transition, the Board of Directors would be particularly vigilant with regard to the application of the provisions of the internal regulations regarding the management of conflicts of interest of the members of the Board of Directors, the main measures of which are detailed below.

iii. Ethics

Convictions and bankruptcies

To the Company's knowledge, and as of the date of the Universal Registration Document, none of the members of the Board of Directors and general management mentioned in Sections 3.2 and 3.3 of the Universal Registration Document has, in the last five years:

- been convicted of fraud;
- been involved as an officer or Director in a bankruptcy, sequestration, liquidation or placement in receivership;
- been disqualified by a court from having the right to serve as a member of an issuer's administrative, management or supervisory body or from being involved in the management or operation of an issuer's business; and
- been implicated and/or been subject to official public sanctions imposed by statutory or regulatory authorities (including designated professional bodies).

Family ties

There are no family ties among the members of the Board of Directors or between the members of the Board of Directors and the Chairman and Chief Executive Officer.

Conflicts of interest

To the Company's knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors and the Chairman and Chief Executive Officer vis-à-vis the Company and their private interests and/or other duties.

Article 3.2 of the internal regulations of the Board of Directors sets out the measures applicable to the management of conflicts of interest of members of the Board of Directors. In particular, it stipulates that all members of the Board of Directors must:

- make every effort to avoid any conflict that may exist between their moral and material interests and those of the Company;
- inform the Board of Directors of any conflict of interest in which they may be involved, in particular as a member of the management bodies of companies in the same business sector; and
- in cases where they cannot avoid having a conflict of interest, refrain from taking part in discussions and any decisions on the matters in question.

Service contracts

To the Company's knowledge, as of the date of the Universal Registration Document, there are no service contracts binding the members of the Board of Directors and the Chairman and Chief Executive Officer to the Company or to any of its subsidiaries which provide for the granting of benefits.

iv. Training of Board members

A training plan for Board members has been developed for their entire term of office, i.e. three years. This training plan includes a one-day training on the Group's business, including a presentation of hydrogen market issues and a site visit, awareness of regulations on market abuse, and sessions related to certain IFRS topics or to regulatory developments in the area of sustainability reporting.

v. Diversity policy

In accordance with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code, when the Board of Directors of a company whose shares are admitted to trading on a regulated market has eight members or fewer, the difference between the number of Directors of each gender may not exceed two.

As of the date of the Universal Registration Document, the Board of Directors, as described above and excluding the observers, comprises four men and three women, representing approximately 57% and 43% respectively of the total number of Directors. The composition of the Board of Directors therefore complies with legal requirements.

The average age of Directors is 50.7.

3.2.2. Organisation and functioning of the Board of Directors and committees

3.2.2.1. Organisation and functioning of the Board of Directors

i. Meetings and chairmanship

Proceedings of the Board of Directors

The Board of Directors meets as often as necessary to ensure the Company's interests, at the Chairman's invitation.

The Chief Executive Officer, when not acting as Chairman of the Board of Directors, or at least two Directors, may ask the Chairman to convene a meeting of the Board of Directors for a specific agenda.

The Chairman is bound by the requests made to him under the above paragraph.

Meetings of the Board of Directors are held at the registered office or at any other place indicated in the notice of meeting. Notices of meetings are sent by any written means (including email) at least five days before the date of the meeting. Meetings may also take place verbally and immediately if all the Directors agree and are present, deemed to be present or represented, or in case of an emergency duly justified by exceptional circumstances. The notice of meeting includes all documents necessary for the Directors to perform their duties and take informed decisions.

The Board of Directors is validly in session only if at least one-half of the Directors are present (or deemed to be present if videoconferencing is used).

Decisions of the Board of Directors are taken by a simple majority of the Directors present (or deemed to be present if videoconferencing is used) or represented.

The Chairman, or in his absence the meeting chairman, casts the deciding vote.

The Board of Directors appoints a secretary who may or may not be chosen from among the Directors. The secretary is replaced by a simple decision of the Board of Directors. The Board of Directors adopts internal regulations.

For the purpose of calculating the quorum and majority, and subject, where applicable, to the laws and regulations in force, Directors who participate in the Board meeting by videoconference or other telecommunications media enabling participants to be identified and ensuring their actual participation, in accordance with the regulations in force, are deemed to be present. This provision does not apply to the adoption of decisions referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code. Decisions relating to the responsibilities of the Board of Directors referred to in Article L. 225-24, the last paragraph of Article L. 225-35, the second paragraph of Article L. 225-36 and point I of Article L. 225-103 of the French Commercial Code, as well as decisions to transfer the registered office within the same French department, may be taken by written consultation of the Directors.

The proceedings 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 meeting chairman and a Director. If the meeting chairman is unable to do so, the minutes are signed by at least two Directors.

Copies or excerpts of the minutes of the Board of Directors' proceedings are issued and certified as provided by law.

Chairman of the Board of Directors

The Board of Directors elects the Chairman, who must be a natural person, from among the Directors. It determines the Chairman's term of office, which may not exceed that of his directorship. The Board of Directors may remove him at any time.

No person over the age of seventy may be appointed Chairman. If the Chairman in office exceeds this age, he is automatically deemed to have resigned.

The Chairman represents the Board of Directors. He organises and directs the Board's work and gives an account of said work to the General Meeting. He ensures that the Company's bodies are working properly and that the Directors are able to perform their duties.

The Chairman's remuneration is determined by the Board of Directors.

In case of the Chairman's absence or incapacity, the Board of Directors appoints the meeting chairman.

When general management of the Company is assumed by the Chairman, the provisions of paragraph 3.3.1.2 of the Universal Registration Document apply to him.

ii. Responsibilities of the Board of Directors

The Board of Directors determines the policies related to the Company's business and ensures that they are implemented. Subject to the powers expressly granted by law to general meetings and within the limits of the corporate purpose, the Board deals with all matters concerning the proper operation of the Company and, through its proceedings, settles matters concerning it.

Sureties, guarantees and security given by the Company to 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 conducts any audits and verifications that it deems appropriate. The Chairman or the Chief Executive Officer of the Company is required to provide each Director with all documents and information needed to perform their duties.

The Board of Directors may grant to one or more of its members or to third parties, whether or not they are shareholders, any special powers for one or more specific purposes.

The Board of Directors may decide to set up committees to examine matters that it or its Chairman submits to them for their opinion. It determines the composition and responsibilities of the committees that operate under its responsibility.

3.2.2.2. Composition, responsibilities and functioning of Committees

The table and paragraphs below show the Board Committees set up in accordance with the internal regulations of the Board of Directors as of the date of the Universal Registration Document.

Composition of Board Committees

	Valérie Bouillon-Delporte[1]	Alena Fargere[1]	Bruno Le Jossec[1]	Amaury Bierent	Christopher Sorensen	Proportion of Independent Directors
Audit Committee		Member	Chairman	Member		2/3 (67%)
Appointment and Remuneration Committee	Chair		Member		Member	2/3 (67%)
Social and Environmental Responsibility Committee	Member	Chair				2/2 (100%)

(1) Independent Director.

i. Audit Committee

a) Composition

The Audit Committee is composed of three to five members, at least two-thirds of whom are Independent Directors.

At least one of the independent members of the Audit Committee must have specific expertise in finance, accounting or statutory auditing.

The Chairman of the Audit Committee is appointed by the Board of Directors, on the recommendation of the Appointment and Remuneration Committee, from among the independent members following a special review.

As of the date of the Universal Registration Document, the members of the Audit Committee were Bruno Le Jossec (Independent Director and Chairman of the Committee), Alena Fargere (Independent Director) and Amaury Bierent.

b) Responsibilities

The role of the Audit Committee is to monitor matters relating to the preparation and audit of accounting and financial information and ensure the effectiveness of the risk monitoring and operational internal control system, in order to help the Board of Directors perform its audit and verification duties in this area.

To this end, the main responsibilities of the Audit Committee are as follows:

- monitoring the financial reporting process;
- monitoring the effectiveness of the internal control, internal audit and risk management systems relating to financial and accounting information;
- monitoring the statutory audit of the company and consolidated financial statements by the Company's Statutory Auditors; and
- monitoring the Statutory Auditors: selection and reappointment procedure and independence.

c) Operating procedures

The Audit Committee meets as often as necessary and, in any event, at least twice a year at the time of preparation of the annual and half-yearly financial statements.

Meetings are held before the Board of Directors' meeting and, if possible, at least two days before this meeting when the Audit Committee's agenda concerns the review of the half-yearly and annual financial statements prior to their review by the Board of Directors.

ii. Appointment and Remuneration Committee

a) Composition

The Appointment and Remuneration Committee is composed of three to five members, the majority of whom are Independent Directors. They are appointed by the Board of Directors from among its members on the basis of their independence and expertise in the selection or remuneration of executive corporate officers of listed companies. The Appointment and Remuneration Committee may not include any executive corporate officers.

The composition of the Appointment and Remuneration Committee may be modified by the Board of Directors acting at the Chairman's request, and must, in any event, be modified in case of a change in the general composition of the Board of Directors.

The Chairman of the Appointment and Remuneration Committee is appointed from among the independent members by the Board of Directors.

As of the date of the Universal Registration Document, the members of the Appointment and Remuneration Committee were Valérie Bouillon-Delporte (Independent Director and Chair of the Committee), Bruno Le Jossec (Independent Director) and Christopher Sorensen.

b) Responsibilities

The main role of the Appointment and Remuneration Committee is to assist the Board of Directors in selecting the members of the Company's and the Group's management bodies and in determining and regularly assessing all remuneration and benefits of the Group's executive corporate officers and/or senior managers, including any deferred benefits and/or voluntary or compulsory severance payments made by the Group.

To this end, its main responsibilities are as follows:

- proposals for the appointment of members of the Board of Directors, senior managers and Board Committee members;
- annual assessment of Directors' independence; and
- review and proposal to the Board of Directors concerning all components and conditions of the remuneration of the Group's executive corporate officers.

c) Operating procedures

The Appointment and Remuneration Committee meets as often as necessary and, in all cases, prior to any meeting of the Board of Directors called to decide on the remuneration of senior managers, the appointment of members of the Board of Directors or the distribution of the total annual package allocated to the Board of Directors.

iii. Social and Environmental Responsibility Committee

a) Composition

The Social and Environmental Responsibility Committee is composed of two to five members, at least one of whom is an Independent Director. They are appointed by the Board of Directors from among its members on the basis of their independence and expertise in corporate social and environmental responsibility.

The Committee's composition may be modified by the Board of Directors acting at the request of its Chairman.

The Chairman of the Social and Environmental Responsibility Committee is appointed from among the independent members by the Board of Directors.

As of the date of the Universal Registration Document, the members of the Social and Environmental Responsibility Committee were Alena Fargere (Independent Director and Chair of the Committee) and Valérie Bouillon-Delporte (Independent Director).

b) Responsibilities

The role of the Social and Environmental Responsibility Committee is as follows:

- reviewing and making recommendations regarding the Group's strategy, objectives, policies and commitments in terms of social and environmental responsibility, particularly in the following areas: environment and sustainable development, ethics and compliance, human rights, health and personal safety;
- monitoring the Group's social and environmental responsibility initiatives and their implementation;
- examining environmental and social risks in conjunction with the Audit Committee, and the impact of environmental and social issues in terms of investment, performance and image; and
- annually reviewing a summary of the Group's non-financial ratings.

c) Operating procedures

The Social and Environmental Responsibility Committee meets as often as necessary and, in any event, before the Company's corporate governance report is drawn up.

3.2.2.3. Assessment, meetings and work of the Board of Directors and Committees

i. Assessment of the functioning of the Board of Directors and Committees

Once a year, an item on the Board of Directors' agenda must be dedicated to assessing its operating procedures.

A formal assessment of the Board of Directors and Committees must also be carried out at least every three years, possibly under the management of an Independent Director and, where applicable, with the help of an external consultant. The following points are taken into consideration:

- whether the frequency and length of Board meetings is adequate for the Board of Directors to perform its duties and whether the information available to the Board and each of its members enables them to deliberate effectively;
- the quality of the preparatory work of the Committees and their composition, which must ensure that they can objectively review matters they are asked to examine;
- whether certain categories of decisions should be reserved for the Board of Directors; and
- any failures by members of the Board of Directors to perform their duties.

At meetings held on 21 March 2023 and 27 March 2024, at the invitation of the Chairman and Chief Executive Officer, the members of the Board of Directors discussed the functioning of the Board of Directors and Committees, and the preparation of the Board's work.

ii. Meetings and work of the Board of Directors and Committees in 2023

The table below shows the number of meetings of the Board of Directors and its Committees and the attendance rate of its members during the year ended 31 December 2023:

	Board of Directors		Audit Committee		Appointment and Remuneration Committee		Social and Environmental Responsibility Committee	
Number of meetings	7		3		1		1	
Member of the Board of Directors	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Matthieu Guesné	7	100%						
Amaury Bierent	7	100%	3	100%				
Valérie Bouillon-Delporte	7	100%	1[1]	100%	1	100%	1	100%
Alena Fargere	7	100%	2[1]	100%			1	100%
Bruno Le Jossec	7	100%	3	100%	1	100%		
Maria Pardo Saleme	7	100%						
Christopher Sorensen	4	57%			1	100%		
Christophe Guillaume[2]	7	100%						
Makoto Kan[2]	6	86%						
Average attendance rate[3]		**94%**		**100%**		**100%**		**100%**

(1) Valérie Bouillon-Delporte was a member of the Audit Committee until the Board of Directors' meeting of 21 April 2023 and Alena Fargere was appointed as a member of the Audit Committee on that same date.

(2) Observers of the Board of Directors.

(3) The attendance rate does not take into account the presence of observers.

3.3. General management

3.3.1. Chairman and Chief Executive Officer

Depending on the method chosen by the Board of Directors, the Chairman or the Chief Executive Officer is responsible for general management of the Company.

The Chief Executive Officer is appointed by the Board of Directors, which determines his term of office, the length of which may not exceed that of his directorship.

The Board of Directors determines his remuneration.

To carry out his duties, the Chief Executive Officer must be under seventy years of age. If this age limit is reached during his term of office, the Chief Executive Officer is automatically deemed to have resigned and a new Chief Executive Officer is appointed.

A Chief Executive Officer placed under supervision is automatically deemed to have resigned.

The Chief Executive Officer may be removed at any time by the Board of Directors. The removal of the Chief Executive Officer may give rise to damages if it is found that he was removed without just cause.

3.3.1.1. Appointment and biography

The Company is managed by Matthieu Guesné, who was appointed by the Board of Directors on 11 March 2022, and whose term of office was renewed by the Board of Directors on 24 May 2022 for the duration of his directorship, i.e. for a period of three years. His term of office will expire at the end of the general meeting called to approve the financial statements for the year ended 31 December 2024 to be held in 2025.

The functions of Chairman of the Board of Directors and Chief Executive Officer are not separated.

Matthieu Guesné's biography is presented in paragraph 3.2.1.2 of the Universal Registration Document.

The Chief Executive Officer's business address is the Company's registered office located at 1 ter mail Pablo Picasso, 44000 Nantes, France.

3.3.1.2. Powers

The Chief Executive Officer has the broadest powers to act under all circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to the powers expressly granted by law to general meetings and the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by the actions of the Chief Executive Officer that are outside the scope of the corporate purpose, unless it can prove that the third party knew that the action in question was outside the scope of such purpose or could not have been unaware thereof given the circumstances, it being specified that the publication of the Company's Articles of Association alone is not sufficient 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, based on delegation from the Board of Directors, following a share capital increase resulting from the issuance of securities or payment of the dividend in shares.

The Chief Executive Officer may be authorised by the Board of Directors, if the latter deems this appropriate, to give sureties, guarantees and security, in the aggregate and in an unlimited

amount, to guarantee commitments made by companies under the exclusive control of the Company. He may also be authorised to do so in an unlimited amount and for an unlimited time; however, in this case he must report to the Board of Directors on the use of this authorisation at least once a year.

Limitations imposed by the Board of Directors on the powers of the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers

In accordance with Article 4.2 of the internal regulations of the Board of Directors, the following decisions relating to the Company that the Chief Executive Officer and, where applicable, 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 off-budget commitments in excess of 30% of the budget;
- approval of the remuneration of the Company's senior managers or changes thereto;
- any issuance and allocation by the Company of shares or other securities giving the right, immediately or in the future, by conversion, exchange, redemption, presentation or exercise of a warrant or in any other manner, to the allocation of securities representing a portion of the Company's share capital or voting rights;
- the creation of any incentive plan or plan to allocate options, free shares or securities giving immediate or future access to the Company's share capital for the benefit of senior managers and/or employees of the Company and its subsidiaries;
- any acquisition or disposal (including by way of sale, merger, demerger or spin-off) by the Company or one of its subsidiaries of a shareholding in excess of €100,000,000 (with the exception of any transactions to be completed by the Company or one of its subsidiaries on the shares of subsidiaries that are, in each case, directly or indirectly wholly-owned by the Company);
- any transfer or disposal of all or substantially all of the Company's assets or any merger, demerger, winding-up or liquidation of the Company (with the exception of any transactions with one of its subsidiaries that are merely internal reorganisation transactions with no impact on the rights and obligations of shareholders);
- any equity investment by the Company or one of its subsidiaries, immediately or in the future, or any expenditure relating to a project not included in the budget in a unit amount of more than €50,000,000;
- any investment or expenditure by the Company or one of its subsidiaries relating to a project included in the budget or authorised by the Board of Directors, in an amount that results in an increase of more than 15% in the equity provided for in the budget or authorised by the Board of Directors, for said project;
- any loan or corporate financing to a person other than a subsidiary or one of its shareholders and any guarantee, surety or other similar commitment to pay made by the Company that increases the Company's total debt by more than €150,000,000;
- any change to the Company's corporate form or corporate purpose;
- any decision to transfer the registered office outside France (or to move the main decision-making centres outside France);
- approval of the Company's annual and half-yearly financial statements and the annual and half-yearly consolidated financial statements;
- any distribution of dividends by the Company;
- prior authorisation of any related-party agreement within the meaning of Article L. 225-38 of the French Commercial Code, in accordance with the provisions of said article; and
- the decision to (a) change the Company's stock market listing, (b) carry out the initial public offering of the Company on another regulated market or multilateral trading facility, or (c) carry out the initial public offering of a subsidiary of the Company on a regulated market.

3.3.2. Deputy Chief Executive Officers

At the proposal of the Chief Executive Officer (whether this function is assumed by the Chairman or by another person), the Board of Directors may appoint up to three Deputy Chief Executive Officers to assist the Chief Executive Officer.

The Deputy Chief Executive Officer must always be a natural person. He may or may not be chosen from among the Directors.

If the Chief Executive Officer ceases to hold office, the Deputy Chief Executive Officer will, unless the Board of Directors decides otherwise, remain in office until the appointment of a new Chief Executive Officer.

The Deputy Chief Executive Officer may be removed at any time at the proposal of the Chief Executive Officer. The removal of the Deputy Chief Executive Officer may give rise to damages if it is found he was removed without just cause.

3.3.2.1. Appointment and biographies

As of the date of the Universal Registration Document, there is no Deputy Chief Executive Officer in office at the Company.

As part of the Group's business development, Nolwenn Belléguic and Antoine Hamon, Deputy Chief Executive Officers appointed by the Board of Directors on 7 April 2022, resigned from their positions on 27 March 2024, effective that same date, in order to devote all their efforts to their operational duties.

3.3.2.2. Powers

In consultation with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers of the Deputy Chief Executive Officers. Such powers may not exceed those of the Chief Executive Officer or be held longer than the Chief Executive Officer's term of office. The Board of Directors determines the remuneration of the Deputy Chief Executive Officers.

The Deputy Chief Executive Officers have the same powers vis-à-vis third parties as the Chief Executive Officer.

In particular, the limitations imposed by the Board of Directors on the powers of the Chief Executive Officer, as described in paragraph 3.3.1.2, apply to the Deputy Chief Executive Officers.

In accordance with the provisions of Articles L. 225-149 and L. 232-20 of the French Commercial Code, the Deputy Chief Executive Officers are authorised to update the Company's Articles of Association, based on delegation from the Board of Directors, following a share capital increase resulting from the issuance of securities or payment of the dividend in shares.

3.4. Remuneration and benefits of corporate officers

In this section, corporate officers are defined as the Chairman and Chief Executive Officer and Deputy Chief Executive Officers (executive corporate officers), on the one hand, and the Directors (non-executive corporate officers), on the other.

The General Meeting of 23 May 2024 (the **"General Meeting"**) will be asked to deliberate:

- "*ex ante*" on the remuneration of the corporate officers for financial year 2024, and
- "*ex post*" on the remuneration of the corporate officers for financial year 2023.

This Section describes the remuneration policy for the Company's corporate officers in accordance with:

- Articles L. 22-10-8, L. 22-10-9 and L. 22-10-34 of the French Commercial Code;
- the recommendations of the Middlenext Code; and
- Position-Recommendation 2021-02, amended on 28 July 2023, of the Autorité des marchés financiers, "Guide to Preparing Universal Registration Documents".

This Section includes the provisions of Articles L. 22-10-8, L. 22-10-9 and L. 22-10-34 of the French Commercial Code (and the corresponding regulatory section). These principles were adopted by the Board of Directors at its meeting on 27 March 2024, on the recommendation of the Appointment and Remuneration Committee.

This Section presents:

- the remuneration policy for the Company's corporate officers for financial year 2024 ("*ex ante*"); and
- the fixed, variable and exceptional components of the total remuneration and benefits in kind paid during financial year 2023 or allocated for that same year to the corporate officers ("*ex post*").

3.4.1. Remuneration policy for corporate officers for financial year 2024

3.4.1.1. 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 considers useful for providing an overview of the remuneration of corporate officers.

The implementation of the remuneration policy for corporate officers for 2024 described below is subject to the adoption by the General Meeting of the resolutions on the overall remuneration policy.

The Board of Directors refers in particular to the recommendations of the Middlenext Code when determining 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 for the Company's interests, contribution to its business strategy and continuity	The remuneration policy for corporate officers respects the Company's interests and contributes to its business strategy and continuity by providing for periodic reviews 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 established by the Board of Directors in accordance with applicable laws and regulations after obtaining proposals from the Appointment and Remuneration Committee.
Consideration of the remuneration and employment conditions of the Company's employees	The Company publishes equity ratios that are used to 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 3.4.2.1 below).
Assessment methods - fulfilment of performance criteria for variable and share-based remuneration	The Appointment and Remuneration Committee reviews the fulfilment of the performance criteria and informs the Board of any observations it may have before the Board decides on the level of fulfilment of the performance criteria.
Change of governance	In the event of a change of 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 the applicable laws and regulations, the Board of Directors reserves the right to temporarily deviate from this policy under exceptional circumstances, but only after a determination by a majority of the Directors, including a majority of the Independent Directors, provided that such deviation from the remuneration policy is necessary to serve the long-term interests and continuity of the Company as a whole or to ensure its viability.

It should be noted that the remuneration policy for corporate officers for 2024 described below is subject to an overall vote, which has no bearing on the result of the individual votes on the remuneration of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officers and the Directors for financial year 2024.

3.4.1.2. Remuneration policy for executive corporate officers

i. Chairman and Chief Executive Officer (Matthieu Guesné)

Matthieu Guesné was appointed Chairman and Chief Executive Officer of the Company by a decision of the Board of Directors on 11 March 2022 and his term of office was renewed by the Board of Directors on 24 May 2022.

The Board of Directors has adopted the following general principles for determining the remuneration and benefits of the Chairman and Chief Executive Officer:

Fixed remuneration	The amount of fixed remuneration is determined by the Company's Board of Directors on the recommendation of the Appointment and Remuneration Committee, taking into account market practices and the remuneration observed for similar positions in French listed companies in the sector of a comparable size. The Appointment and Remuneration Committee analyses the remuneration of the Chairman and Chief Executive Officer once a year, without this review necessarily resulting in an adjustment of the remuneration.
Variable remuneration	The Chairman and Chief Executive Officer receives variable remuneration in respect of his corporate office equal to 50% of his fixed remuneration, based on quantitative and qualitative criteria. For each criterion, the performance of the Chairman and Chief Executive Officer is assessed by comparing the target set with the result obtained. Payment of the components of variable remuneration allocated for the previous financial year is subject to 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 previous financial year or allocated for said financial year (individual *ex post* vote).
Long-term remuneration	The Company's long-term remuneration policy is based on a strategy of giving the Chairman and Chief Executive Officer a stake in the Company's capital in a way that is competitive with market practices and in line with the objectives of the remuneration policy established by the Board of Directors, namely respect for the Company's interests and contribution to the Group's strategy and long-term development. Allocations of free shares or other instruments giving access to the Company's share capital (BSPCE or stock options) are decided by the Board of Directors under the terms of the authorisation granted to it by the general meeting of shareholders.
Other remuneration	The Chairman and Chief Executive Officer does not have an employment contract with the Company. In addition, he does not receive any other remuneration in respect of his corporate office, such as multi-year variable remuneration, exceptional remuneration, supplementary pension scheme or severance pay. He receives some 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 his corporate office for financial year 2024 are as follows (10th resolution of the general meeting):

Fixed remuneration	The Chairman and Chief Executive Officer receives annual fixed remuneration of €250,000 gross, paid monthly, i.e. €20,833 gross per month.
Variable remuneration	The Chairman and Chief Executive Officer receives annual variable remuneration of a maximum gross amount equal to 50% of his annual fixed remuneration, i.e. €125,000, based on the following criteria: ○ for 1/3, on the basis of a quantifiable criterion related to a consolidated revenue target for 2024; ○ for 1/3, on the basis of a quantifiable criterion related to a target of obtaining financing (equity financing, loans, guarantees, subsidies or project financing, subject to a firm commitment or contractual formalisation) at the Group level during financial year 2024; and ○ for 1/3, on the basis of a quantifiable criterion related to a target employee engagement rate measured based on overall satisfaction criteria and a recommendation rate noted during financial year 2024, with the portion of variable remuneration allocated under each of these criteria or sub-criteria being proportional to the degree of achievement of the related target, it being specified that no variable remuneration under a criterion or sub-criterion will be allocated if the degree of achievement of the related target is less than 70%. Each of the above quantifiable criteria have been pre-set and precisely defined by the Board of Directors on the recommendation of the Appointment and Remuneration Committee, but are not made public for confidentiality reasons. For financial year 2023, the criterion related to the Group's activity was based on two sub-criteria related to hydrogen production, namely a target utilisation rate of the Bouin production site relative to the availability rate and a target installed production capacity, reflecting the Group's priorities at the time these criteria were defined. In view of the Group's development, with the commissioning of the first 5 MW sites, the shift in its strategy towards accelerating profitability (as described in Section 1.3 of the Universal Registration Document) and the resulting new objectives (as described in Section 1.8.3), the Board of Directors opted for a consolidated revenue target for financial year 2024 for the criterion related to the Group's activity. This criterion will change regularly to keep pace with the Group's development.
Long-term remuneration	The Chairman and Chief Executive Officer receives long-term remuneration in the form of founder's share warrants (bons de souscription de parts de créateur d'entreprise or BSPCE), up to a maximum of 1,000,000 BSCPE, each of which gives a right to one share in the Company in exchange for an exercise price of €2 per share, representing 2.09% of the Company's share capital (on a non-diluted basis) as of the date of the general meeting. The exercise of the BSPCEs at the end of a three-year vesting period will be subject to the achievement of a performance condition based on an average target price of €15 of the Company's shares over a six-month period, assessed from the allocation of the BSPCEs to their expiry, to encourage the creation of substantial shareholder value.
Non-compete compensation	In case of involuntary termination only, a lump-sum monthly payment equal to 12 months of fixed monthly remuneration applicable for the financial year during which notice of involuntary termination is given.
Benefits in kind	The Chairman and Chief Executive Officer is entitled to the same collective rights and benefits as the Company's employees (supplementary health insurance, communication media, business expenses and travel expenses), even though he has no employment contract with the Company. The Chairman and Chief Executive Officer also benefits from provident insurance (death, disability and/or long-term illness) and directors & officers liability insurance.

ii. Deputy Chief Executive Officers

The Board of Directors has adopted the following general principles for determining the remuneration and benefits of the Deputy Chief Executive Officers:

Fixed remuneration	The amount of fixed remuneration is determined by the Company's Board of Directors on the recommendation of the Appointment and Remuneration Committee, taking into account market practices and the remuneration observed for similar positions in French listed companies in the sector of a comparable size. The Appointment and Remuneration Committee analyses the remuneration of the Deputy Chief Executive Officers once a year, without this review necessarily resulting in an adjustment of the remuneration.
Variable remuneration	The Deputy Chief Executive Officers do not receive any variable remuneration in respect of their corporate offices.
Long-term remuneration	The Deputy Chief Executive Officers do not receive any long-term remuneration in respect of their corporate offices. However, under their employment contracts they may benefit from allocations of free shares or other instruments giving access to the Company's share capital (BSPCE or stock options) intended for employees.
Other remuneration	The Deputy Chief Executive Officers do not receive any other remuneration in respect of their corporate offices, such as multi-year variable remuneration, exceptional remuneration, supplementary pension scheme, severance pay or non-compete compensation.

a) 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 recommendation of the Chairman and Chief Executive Officer, with effect from 24 May 2022, the settlement-delivery date of the Company's shares in connection with their admission to trading on the Euronext Paris regulated market. Nolwenn Belléguic resigned as Deputy Chief Executive Officer on 27 March 2024.

The components of the total remuneration and benefits of any kind that may be granted to Nolwenn Belléguic in respect of her corporate office for financial year 2024 are as follows (11th resolution of the general meeting), it been specified that, as a result of her resignation, this remuneration will be prorated over the period from 1 January 2024 to 27 March 2024:

Fixed remuneration	Nolwenn Belléguic receives annual fixed 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 shares allocation in respect of her corporate office. However, under her employment contract she may be entitled to receive up to 10,000 free shares intended for employees and/or up to 40,000 BSPCE or stock options intended for employees, with each BSPCE or option giving a right to one share.

Nolwenn Belléguic has an open-ended employment contract with the Company as Head of Human Resources and Communications, under which she receives fixed and variable remuneration. This remuneration is not covered 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 her remuneration under this employment contract for financial year 2023 is provided in Section 3.4.2.2 below.

b) 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 recommendation of the Chairman and Chief Executive Officer, with effect from 24 May 2022, the settlement-delivery date of the Company's shares in connection with their admission to trading on the Euronext Paris regulated market. Antoine Hamon resigned as Deputy Chief Executive Officer on 27 March 2024.

The components of the total remuneration and benefits of any kind that may be granted to Antoine Hamon in respect of his corporate office for financial year 2024 are as follows (12th resolution of the general meeting), it being specified that, as a result of his resignation, this remuneration will be prorated over the period from 1 January 2024 to 27 March 2024:

Fixed remuneration	Antoine Hamon receives annual fixed 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 shares allocation in respect of his corporate office. However, under his employment contract he may be entitled to receive up to 10,000 free shares intended for employees and/or up to 20,000 BSPCE or stock options intended for employees, with each BSPCE or option giving a right to one share.

Antoine Hamon has an open-ended employment contract with the Company as Director of Operations, under which he receives fixed and variable remuneration. This remuneration is not covered 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 financial year 2023 is provided in Section 3.4.2.2 below.

3.4.1.3. Remuneration policy for members of the Board of Directors

The general meeting of 23 May 2023 decided to set the total remuneration package allocated to members of the Board of Directors at €150,000. For financial year 2024, the Board of Directors will propose to the General Meeting that this same total remuneration package be maintained (13th resolution of the General Meeting).

The Board of Directors complies with the recommendations of the Middlenext Code by defining a method for distributing the remuneration of Independent Directors that takes into account the duties actually performed by each of them (whether or not they are members of a Board committee) and their attendance record. The table below shows the breakdown of remuneration per Independent Director applicable for financial year 2024:

Board of Directors meetings	
Fixed remuneration	€10,000 per financial year
In-person participation in a Board of Directors meeting	€3,000 per meeting
Remote participation in a Board of Directors meeting	€1,500 per meeting
Committee meetings	
Fixed remuneration of the committee Chairman	€5,000 per financial year
In-person 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 do not receive any remuneration.

All Directors may be reimbursed for reasonable expenses incurred in the course of their duties by providing receipts.

3.4.1.4. Information on employment contracts with the Company

With the exception of Maria Pardo Saleme (Chief Financial Officer), the Company's corporate officers do not have employment contracts with the Company.

Nolwenn Belléguic (Head of Human Resources and Communications) and Antoine Hamon (Director of Operations), Deputy Chief Executive Officers until 27 March 2024, also had employment contracts with the Company.

3.4.2. Components of remuneration and benefits of any kind paid or allocated to corporate officers for financial year 2023

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 providing an overview of the remuneration of corporate officers.

3.4.2.1. Remuneration ratios

Pursuant to sections I.6 and 7 of Article L. 22-10-9 of the French Commercial Code, the following tables show the average and median remuneration paid on a full-time equivalent basis to employees of the Company other than the corporate officers (benchmark), as well as the "equity" ratios between these benchmarks and the minimum wage (SMIC), on the one hand, and the remuneration paid to each of the executive corporate officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officers), on the other.

Summary of gross remuneration used to calculate equity ratios

Financial year	Financial year 2023	Financial year 2022
Remuneration of the Chairman and Chief Executive Officer, Matthieu Guesné	€333,333	€7,976,900[1]
Remuneration of the Deputy Chief Executive Officer, Nolwenn Belléguic	€20,000[2]	€20,000[2]
Remuneration of the Deputy Chief Executive Officer, Antoine Hamon	€20,000[2]	€20,000[2]
Average employee remuneration	€79,215[1]	€94,142[1]
Median employee remuneration	€66,697[1]	€66,550[1]
Gross average minimum wage (SMIC)	€20,815	€19,744

(1) Including free shares allocations during the year, as detailed in the methodology below.

(2) The components of remuneration related to the employment contract presented in paragraphs 3.4.2.2(ii) and (iii) below, including free shares allocations, have not been included in the remuneration used to calculate the ratios as detailed in the methodology below.

Ratio calculation methodology

The methodology used by the Company is based on the guidelines updated by the AFEP in February 2021.

The employees included in the calculation of the ratio are employees of the Company in France who worked there throughout 2023, excluding interns, work-study employees and people on long-term absence. Annual fixed and variable remuneration is determined on a full-time basis.

The numerator should include the remuneration and benefits of any kind due or allocated to each executive corporate officer during the financial year. The denominator should include the remuneration paid or allocated to employees during the financial year:

- **Calculation of the numerator** - Inclusion of the components allocated during financial year 2023: fixed portion, annual variable portion, exceptional remuneration, remuneration linked to the position of Director, long-term remuneration instruments and benefits in kind;
- **Calculation of the denominator** - Inclusion of the components allocated during financial year 2023: fixed portion, annual variable portion, exceptional remuneration, long-term remuneration instruments, employee savings schemes and benefits in kind.

The Company's shares have only been admitted to trading on the Euronext Paris regulated market since 23 May 2022. Prior to the Company's conversion into a public limited company (société anonyme) by a decision of the general meeting on 3 March 2022 which took effect on 11 March 2022, the Company was a simplified joint stock company (société par actions simplifiée) whose sole corporate officer was its Parent Company, Fresh Future. Accordingly, the information presented below applies only to financial years 2022 and 2023.

Chairman and Chief Executive Officer - Matthieu Guesné		
Financial year	**Financial year 2023**	**Financial year 2022**
Change (as a %) in the remuneration of the Chairman and Chief Executive Officer, Matthieu Guesné	-96%[1]	N/A
Information for the Company as a whole		
Change (as a %) in the average remuneration of employees	-16%	N/A
Ratio to the average remuneration of employees	4.21	84.73
Change in the ratio (as a %) compared with the previous year	-95%	N/A
Ratio to the median remuneration of employees	5.00	119.86
Performance of the Company		
Consolidated revenue (in thousands of euros)	1.317	570
Change (as a %) compared with the previous year	131%	N/A
Independent reference		
Ratio to the minimum wage (SMIC)	16.01	404.02

(1) This decrease is explained by the absence of long-term remuneration in financial year 2023.

Deputy Chief Executive Officer - Nolwenn Belléguic		
Financial year	**Financial year 2023**	**Financial year 2022**
Change (as a %) in the remuneration of the Deputy Chief Executive Officer, Nolwenn Belléguic	0%	N/A
Information for the Company as a whole		
Change (as a %) in the average remuneration of employees	-16%	N/A
Ratio to the average remuneration of employees	0.25	0.21
Change in the ratio (as a %) compared with the previous year	19%	N/A
Ratio to the median remuneration of employees	0.30	0.30
Performance of the Company		
Consolidated revenue (in thousands of euros)	1.317	570
Change (as a %) compared with the previous year	131%	N/A
Independent reference		
Ratio to the minimum wage (SMIC)	0.96	1.01

Deputy Chief Executive Officer - Antoine Hamon		
Financial year	**Financial year 2023**	**Financial year 2022**
Change (as a %) in the remuneration of the Deputy Chief Executive Officer, Antoine Hamon	0%	N/A
Information for the Company as a whole		
Change (as a %) in the average remuneration of employees	-16%	N/A
Ratio to the average remuneration of employees	0.25	0.21
Change in the ratio (as a %) compared with the previous year	19%	N/A
Ratio to the median remuneration of employees	0.30	0.30
Performance of the Company		
Consolidated revenue (in thousands of euros)	1.317	570
Change (as a %) compared with the previous year	131%	N/A
Independent reference		
Ratio to the minimum wage (SMIC)	0.96	1.01

3.4.2.2. Components of remuneration and benefits of any kind paid or allocated to each executive corporate officer for financial year 2023

i. Chairman and Chief Executive Officer (Matthieu Guesné)

Components of remuneration paid during financial year 2023 or allocated for the same financial year to Matthieu Guesné, Chairman and Chief Executive Officer, in respect of his corporate office (6th resolution of the General Meeting)[1]		
Components of remuneration	**Financial year 2023**	
	Amounts allocated	**Amounts paid**
Fixed remuneration	€250,000	€250,000
Variable remuneration	€83,333	-
Total	**€333,333**	**€250,000**

(1) These components comply with the remuneration policy approved by the general meeting of 23 May 2023 (10th resolution).

On the recommendation of the Appointment and Remuneration Committee, at its meeting on 27 March 2024 the Board of Directors noted the achievement of the variable remuneration criteria as detailed below, it being noted that no variable remuneration under a criterion or sub-criterion is allocated if the degree of achievement of the related target is less than 70%:

Criteria	Weighting	Percentage of achievement	Corresponding amount
Quantifiable targets related to hydrogen production:	1/3	<70%[1]	€0
○ Target utilisation rate of the Bouin production site relative to the availability rate during financial year 2023	1/6	<70%[1][2]	€0
○ Target installed production capacity on 31 December 2023	1/6	<70%[1]	€0
Quantifiable target of obtaining financing at the Company level during financial year 2023	1/3	100%	€41,666.5
Quantifiable target employee engagement rate measured based on overall satisfaction criteria and a recommendation rate noted during financial year 2023	1/3	100%	€41,666.5

(1) No variable remuneration under a criterion or sub-criterion is allocated if the achievement of the related target is less than 70%.

(2) It should be noted that the "take or pay" contractual structure, under which some of the Group's customers make firm commitments in terms of green hydrogen volume, allows the Group to achieve an optimum load rate at the Bouin site that is not related to the actual utilisation rate of the site.

ii. Deputy Chief Executive Officer (Nolwenn Belléguic)

Components of remuneration paid during financial year 2023 or allocated for the same financial year to Nolwenn Belléguic, Deputy Chief Executive Officer, in respect of her corporate office (7th resolution of the General Meeting)[1]		
Components of remuneration	**Financial year 2023**	
	Amounts allocated	**Amounts paid**
Fixed remuneration	€20,000	€20,000
Total	**€20,000**	**€20,000**

(1) These components comply with the remuneration policy approved by the general meeting of 23 May 2023 (11th resolution).

In addition, Nolwenn Belléguic receives fixed and variable remuneration under her employment contract. This remuneration is not covered 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 comprehensiveness, the components of remuneration allocated to Nolwenn Belléguic during financial year 2023 under her employment contract are detailed below:

Gross annual fixed remuneration	€108,255
Gross annual variable remuneration	Up to 5% of gross annual fixed remuneration
Free share allocations	6,100 AGA 2023
BSPCE	11,000 BSPCE 2023

iii. Deputy Chief Executive Officer (Antoine Hamon)

Components of remuneration paid during financial year 2023 or allocated for the same financial year to Antoine Hamon, Deputy Chief Executive Officer, in respect of his corporate office (8th resolution of the General Meeting)[1]		
Components of remuneration	**Financial year 2023**	
	Amounts allocated	**Amounts paid**
Fixed remuneration	€20,000[1]	€20,000
Total	**€20,000**	**€20,000**

(1) These components comply with the remuneration policy approved by the general meeting of 23 May 2023 (12th resolution).

In addition, Antoine Hamon receives fixed and variable remuneration under his employment contract. This remuneration is not covered 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 comprehensiveness, the components of remuneration allocated to Antoine Hamon during financial year 2023 under his employment contract are detailed below:

Gross annual fixed remuneration	€129,906
Gross annual variable remuneration	Up to 5% of gross annual fixed remuneration
Free share allocations	6,100 AGA 2023
BSPCE	11,000 BSPCE 2023

3.4.2.3. Components of remuneration paid or allocated to members of the Board of Directors for financial year 2023

The general meeting of 23 May 2023 decided to set the total remuneration package allocated to the Board of Directors at €150,000 for financial year 2023.

The table below shows the total amount of remuneration allocated to each Independent Director for financial year 2023, based on the breakdown approved for that year, which is the same as the breakdown proposed for financial year 2024 (see paragraph 3.4.1.3 above). It was prepared in accordance with Appendix 2 of AMF Position-Recommendation 2021-02.

Observers and Directors other than Independent Directors do not receive any remuneration for their duties.

Table 3

Non-executive corporate officers	Financial year 2023[1][2]		Financial year 2022	
	Amounts allocated	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Valérie Bouillon-Delporte				
Director's remuneration	€36,000	€33,000	€33,000	€0
Other remuneration	N/A	N/A	N/A	N/A
Alena Fargere				
Director's remuneration	€27,788	N/A	N/A	N/A
Other remuneration	N/A	N/A	N/A	N/A
Bruno Le Jossec				
Director's remuneration	€44,521	€35,000	€35,000	€0
Other remuneration	N/A	N/A	N/A	N/A
Total	**€108,309**	**€68,000**	**€68,000**	**€0**

(1) Components of remuneration subject to ex-post vote under the 5th resolution of the General Meeting.

(2) These components comply with the remuneration policy approved by the general meeting of 23 May 2023 (13th resolution).

3.4.3. AMF standard tables

This Section contains the information that must be included in the tables of AMF Position-Recommendation 2021-02 and is not provided elsewhere in the Universal Registration Document.

Table 5 (Stock options exercised during the financial year by each executive corporate officer) and Table 7 (Performance shares that became available during the financial year for each corporate officer) are not applicable, as no stock options were exercised and no performance shares became available during financial year 2023.

Table 1

Summary table of the remuneration and options granted to each executive corporate officer		
(amounts in euros)	**Financial year 2023**	**Financial year 2022**
Matthieu Guesné, Chairman and Chief Executive Officer		
Remuneration allocated for the financial year *(detailed in table 2)*	€333,333	€150,000
Valuation of multi-year variable remuneration allocated during the financial year	-	-
Valuation of BSPCE or options granted during the financial year	-	-
Valuation of free shares allocated[1]	-	€7,826,900
Valuation of other long-term remuneration plans	-	-
Total	**€333,333**	**€7,976,900**
Nolwenn Belléguic, Deputy Chief Executive Officer		
Remuneration allocated for the financial year *(detailed in table 2)*	€20,000	€20,000
Valuation of multi-year variable remuneration allocated during the financial year	-	-
Valuation of BSPCE or options granted during the financial year[2]	€25,058	-
Valuation of free shares allocated[1]	€42,700	€102,500
Valuation of other long-term remuneration plans	-	-
Total	**€87,758**	**€122,500**
Antoine Hamon, Deputy Chief Executive Officer		
Remuneration allocated for the financial year *(detailed in table 2)*	€20,000	€20,000
Valuation of multi-year variable remuneration allocated during the financial year	-	-
Valuation of BSPCE or options granted during the financial year[2]	€25,058	-
Valuation of free shares allocated[1]	€42,700	€102,500
Valuation of other long-term remuneration plans	-	-
Total	**€87,758**	**€122,500**

(1) Valuation of free shares allocated as shown in the IFRS Financial Statements included in Section 6.1 of the Universal Registration Document.

(2) Valuation of BSPCE as shown in the IFRS Financial Statements included in Section 6.1 of the Universal Registration Document.

Table 2

Summary table of remuneration paid to each executive corporate officer				
(amounts in euros)	Financial year 2023		Financial year 2022	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Matthieu Guesné, Chairman and Chief Executive Officer				
Fixed remuneration	€250,000	€250,000	€150,000	€112,500
Annual variable remuneration	€83,333	-	-	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration allocated in respect of directorship	-	-	-	-
Benefits in kind	-	-	-	-
Total	**€333.333**	**€250,000**	**€150,000**	**€112,500**
Nolwenn Belléguic, Deputy Chief Executive Officer				
Fixed remuneration	€20,000	€20,000	€20,000	€12,122
Annual variable remuneration	-	-	-	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration allocated in respect of directorship	-	-	-	-
Benefits in kind	-	-	-	-
Total	**€20,000**	**€20,000**	**€20,000**	**€12,122**
Antoine Hamon, Deputy Chief Executive Officer				
Fixed remuneration	€20,000	€20,000	€20,000	€12,122
Annual variable remuneration	-	-	-	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration allocated in respect of directorship	-	-	-	-
Benefits in kind	-	-	-	-
Total	**€20,000**	**€20,000**	**€20,000**	**€12,122**

Table 4

BSPCE or options granted free of charge during the financial year to each corporate officer by the Company and by any Group company							
Name of executive corporate officer	**Name and date of the plan**	**Type of BSPCE or option (purchase or subscription)**	**Valuation of BSPCE or options according to the method used for the consolidated financial statements**	**Number of BSPCE or options granted during the financial year**	**Exercise price**	**Exercise period**	**Performance conditions**
Matthieu Guesné, Chairman and Chief Executive Officer	-	-	-	-	-		-
Nolwenn Belléguic, Deputy Chief Executive Officer	BSPCE 2023 23/05/2023	BSPCE	€25,058	11,000	€8.75	From 03/07/2026 or 2027[1] to 03/07/2032	Installed production capacity targets on 31 December 2024[2] and 31 December 2026[3][4] Revenue target on 31 December 2026[3][4]
Antoine Hamon, Deputy Chief Executive Officer	BSPCE 2023 23/05/2023	BSPCE	€25,058	11,000	€8.75	From 03/07/2026 or 2027[1] to 03/07/2032	
Total			**€50,116**	**22,000**			

(1) 3 July 2026 for the first vesting period and 3 July 2027 for the second vesting period.

(2) Target for the first vesting period.

(3) Target for the second vesting period.

(4) For each performance condition, 130% of the BSPCE will be granted if at least 130% of the target is achieved, 115% of the BSPCE will be granted if at least 115% of the target is achieved, 100% of the BSPCE will be granted if at least 100% of the target is achieved; if 75% to 100% of the target is achieved, the number of BSPCE granted will be proportional to the degree of achievement of this target between these two figures; 75% of the BSPCE will be granted if 75% of the target is achieved and no BSPCE will be granted if less than 75% of the target is achieved.

Table 6

Free shares allocated during the financial year to each corporate officer by the Company and by any Group company						
Name of executive corporate officer	**Name and date of the plan**	**Number of shares allocated during the financial year**	**Valuation of shares according to the method used for the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
Matthieu Guesné, Chairman and Chief Executive Officer	-	-	-	-	-	-
Nolwenn Belléguic, Deputy Chief Executive Officer	AGA 2023 23/05/2023	6,100	€42,700	03/07/2026[1] 03/07/2027[1]	03/07/2026[1] 03/07/2027[1]	Installed production capacity targets on 31 December 2024[2] and 31 December 2026[3][4] Revenue target on 31 December 2026[3][4]
Antoine Hamon, Deputy Chief Executive Officer	AGA 2023 23/05/2023	6,100	€42,700	03/07/2026[1] 03/07/2027[1]	03/07/2026[1] 03/07/2027[1]	
Total		**12,200**	**€85,400**			

(1) 3 July 2026 for the first vesting period and 3 July 2027 for the second vesting period.

(2) Target for the first vesting period.

(3) Target for the second vesting period.

(4) For each performance condition, 130% of the free shares will be granted if at least 130% of the target is achieved, 115% of the free shares will be granted if at least 115% of the target is achieved, 100% of the free shares will be granted if at least 100% of the target is achieved; if 75% to 100% of the target is achieved, the number of free shares granted will be proportional to the degree of achievement of this target between these two figures; 75% of the free shares will be granted if 75% of the target is achieved and no free shares will be granted if less than 75% of the target is achieved.

Table 11

Executive corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or potentially due as a result of the termination or change in duties		Compensation related to a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Matthieu Guesné, Chairman and Chief Executive Officer		✗		✗		✗	✗	
Nolwenn Belléguic, Deputy Chief Executive Officer	✗			✗		✗	✗[1]	
Antoine Hamon, Deputy Chief Executive Officer	✗			✗		✗	✗[1]	

(1) Non-compete clause related to the employment contract and not to the corporate office.

3.4.4. Amounts provisioned by the Company for the payment of pensions and other benefits to corporate officers

The Company has not set up any provisions for the payment of pensions, retirement or similar benefits to its corporate officers.

3.5. Application of the recommendations of the Middlenext Code

The table below shows the Company's position in relation to all the recommendations set out in the Middlenext Code as of the date of the Universal Registration Document.

Recommendations of the Middlenext Code	Applied	Not applied	Will be applied	Comments
"Supervisory" power				
R 1: Ethics of Board members	✓			-
R 2: Conflicts of interest	✓			-
R 3: Composition of the Board - Presence of independent members		×		See section 3.2.1.4(ii) for an analysis of the independence of each Director, particularly as regards the Board of Directors' decision not to apply one of the criteria for presuming Directors' independence to Alena Fargere.
R 4: Information for Board members	✓			-
R 5: Training of Board members	✓			-
R 6: Organisation of Board and Committee meetings	✓			-
R 7: Creation of committees	✓			-
R 8: Creation of a specialised Corporate Social and Environmental Responsibility (CSR) Committee	✓			-
R 9: Establishment of internal regulations of the Board	✓			-
R 10: Choice of each Board member			×	As no member of the Board of Directors has been appointed since the Company's shares were listed on Euronext Paris, this recommendation could not be applied at this stage.
R 11: Terms of office of Board members		×		The renewal of terms of office is not staggered; all the members of the Board of Directors were appointed simultaneously at the time of the Company's IPO. This decision was made given the short terms of office (three years), which makes it possible to change the members of the Board of Directors regularly and, in the Company's view, achieve the same objectives.
R 12: Remuneration of Board members in respect of their corporate office	✓			-
R 13: Establishment of an assessment of the Board's work	✓			-
R 14: Shareholder relations	✓			
Executive power				
R 15: Diversity and equity policy within the company	✓			-
R 16: Definition and transparency of executive corporate officers' remuneration	✓			-
R 17: Preparation of management succession	✓			-
R 18: Combination of employment contract and corporate office	✓			-
R 19: Severance pay	✓			-
R 20: Supplementary pension schemes	✓			-
R 21: Stock options and free share allocations	✓			-
R 22: Review of watch points	✓			-

3.6. Related-party and similar agreements

3.6.1. Statutory auditors' special report on related-party agreements

General meeting called to approve the financial statements for the year ended 31 December 2023

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 the General Meeting

We inform you that we have not been advised of any agreement previously approved by the General Meeting that remained in force during the year.

Nantes and Saint-Herblain, on 23 April 2024

The Statutory Auditors

Baker Tilly Strego SAS	**Deloitte & Associés**
François Pignon-Hériard	Guillaume Radigue

3.6.2. Procedure for assessing ordinary course agreements

In accordance with Article L. 22-10-12 of the French Commercial Code, at its meeting on 14 December 2022 the Board of Directors adopted a procedure for assessing whether agreements relating to day-to-day operations entered into on an arm's length basis meet these conditions.

The purpose of this procedure is to identify and qualify, based on criteria, ordinary course agreements entered into on an arm's length basis to which the Company is a party. It applies prior to the conclusion, amendment, renewal or termination of an agreement. The Board of Directors is informed annually of the implementation of the assessment procedure.

3.6.3. Agreements entered into by senior managers or shareholders and companies controlled by the Company

Pursuant to Article L. 225-37-4 of the French Commercial Code, the corporate governance report must mention any agreements entered into, directly or through an intermediary, between the Chief Executive Officer, a Director or a shareholder holding more than 10% of the Company's voting rights, on the one hand, and another company controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code, on the other, except where such agreements relate to day-to-day operations and were entered into on an arm's length basis.

The Company is not aware of any such agreements.

3.7. Other information

3.7.1. Participation in general meetings

Notice of meeting

Shareholders' meetings are convened and deliberate under the conditions set out in the laws and regulations in force and the Company's Articles of Association.

Meeting place

Shareholders' meetings may be held at the Company's registered office or at any other place in mainland France indicated in the notice of meeting.

Agenda

In principle, the agenda for a shareholders' meeting is set by the person who convenes the meeting.

Participation

All shareholders who own shares of the Company have the right to participate in general meetings and to cast their votes in accordance with the terms and conditions set out in the laws and regulations in force.

All shareholders have the right to participate, in person or by proxy, in shareholders' meetings, subject to proof of identity and of ownership of their shares under the conditions set out in the laws and regulations in force.

All shareholders may vote by post in accordance with the terms and conditions set out in the laws and regulations in force.

Shareholders may, if the Chairman so decides in the notice of meeting, participate in and vote at a shareholders' meeting by videoconference or by any other means of telecommunication that enables them to be identified under the conditions set out in the laws and regulations in force at the time of its use. Any shareholder participating in a shareholders' meeting by one of the aforementioned means is deemed to be present for the purposes of calculating the quorum and majority.

Holding of meetings

Shareholders' meetings are chaired by the Chairman. Failing this, the meeting itself elects the meeting chairman.

The duties of vote tellers are performed by the two (2) members of the meeting who are present and accept these duties and have the largest number of votes.

The officers of the meeting appoint the secretary, who may or may not be a shareholder.

An attendance sheet duly signed by the participants and certified as accurate by the officers of the meeting is kept.

The deliberations of shareholders' meetings are recorded under the conditions set out in the laws and regulations in force.

Minutes of meetings are signed by the officers of the meeting. Copies or excerpts of these minutes are validly certified by the Chairman, a Director or the secretary of the meeting.

Voting rights

Voting rights attached to shares are proportional to the percentage of share capital they represent, and each share gives a right to one vote at shareholders' meetings, regardless of how long or the form in which the share is held.

As an exception, double voting rights will be granted to shares that are fully paid-up and for which proof is provided of registration in the name of the same shareholder for a period of at least two years. The calculation of this period will take into account the time during which the Company's shares were held prior to the date on which the Company's shares were admitted to trading on the Euronext Paris regulated market.

Ordinary general meeting

The ordinary general meeting, when convened the first time, is validly in session only if the shareholders present or represented own at least one-fifth (1/5) of the shares with voting rights.

The ordinary general meeting, when convened the second time, is validly in session regardless of the number of shares held by the shareholders present or represented.

Decisions of the ordinary general meeting are taken by a majority of the votes held by the shareholders present or represented.

The ordinary general meeting deliberates on all proposals that do not fall within the exclusive remit of the extraordinary general meeting. It meets at least once a year, within six (6) months of the end of each financial year, to approve the financial statements for that year and, where applicable, the consolidated financial statements.

Extraordinary general meeting

The extraordinary general meeting, when convened the first time, is validly in session only if the shareholders present or represented own at least one-fourth (1/4) of the shares with voting rights.

The extraordinary general meeting, when convened the second time, is validly in session only if the shareholders present or represented own at least one-fifth (1/5) of the shares with voting rights.

Decisions of the extraordinary general meeting are taken by a two-thirds (2/3) majority of the votes held by the shareholders present or represented.

The extraordinary general meeting is solely authorised to amend any provision of the Articles of Association.

The extraordinary general meeting may under no circumstances, unless unanimously approved by the shareholders, increase the shareholders' commitments or undermine the equality of their rights.

3.7.2. Factors that may have an impact in the event of a takeover bid or exchange offer

Pursuant to Article L. 22-10-11 of the French Commercial Code, the Company must present and, where applicable, explain factors that may have an impact in the event of a takeover bid or exchange offer.

Structure of the Company's share capital and direct or indirect interests in the Company's share capital

The structure of the Company's share capital and the direct or indirect interests of which the Company is aware are described in paragraph 7.2.2 of the Universal Registration Document.

Statutory restrictions on the exercise of voting rights and share transfers

There are no statutory restrictions on the exercise of voting rights or share transfers that could have an impact in the event of a takeover bid or exchange offer, with the exception of the sanction provided for in Article L. 233-14 of the French Commercial Code, applicable by reference to Article 11 of the Company's Articles of Association, in case of failure to comply with the obligation to notify the Company of any crossing of the thresholds set out in the Articles of Association (2% of the share capital or voting rights or any multiple thereof).

This sanction results in the shareholder concerned being stripped of the voting rights attached to the shares in excess of the fraction not duly notified, at the request, recorded in the minutes of the general meeting, of one or more shareholders holding at least 5% of the Company's share capital or voting rights.

The rules governing the crossing of legal or statutory thresholds are described in paragraph 7.2.5 of the Universal Registration Document.

The Company has not been informed of any clauses referred to in item 2 of Article L. 22-10-11 of the French Commercial Code.

List and description of holders of securities with special control rights

Article 18.6 of the Company's Articles of Association provides for double voting rights for shares that are fully paid-up and for which proof is provided of registration in the name of the same shareholder for at least two years. Subject to this condition, there are no securities with special control rights.

Control mechanisms provided for in an employee share ownership scheme, where control rights are not exercised by employees

As of the date of the Universal Registration Document, the Company has not set up an employee share ownership scheme other than free share allocations and BSPCE and stock option grants.

Agreements between shareholders that may result in restrictions on share transfers and the exercise of voting rights

To the Company's knowledge, there are no agreements between shareholders that may result in restrictions on share transfers and the exercise of voting rights.

Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Company's Articles of Association

The rules applicable to the appointment and replacement of members of the Board of Directors are the legal and statutory rules described in paragraph 3.2.1.4 of the Universal Registration Document.

Similarly, the Company's Articles of Association are amended in accordance with the laws and regulations, the main components of which are described in paragraphs 3.7.1, 3.3.1.2 and 3.3.2.2 of the Universal Registration Document.

Powers of the Board of Directors

The powers of the Board of Directors to issue or repurchase shares, in accordance with the delegations granted by the shareholders' general meeting, are described in paragraph 7.1.5 of the Universal Registration Document.

Agreements entered into by the Company that may be amended or terminated in the event of a change of control of the Company

The financing agreements and the syndicated loan agreement contain change of control clauses.

Agreements providing for compensation for members of the Board of Directors or employees

There are no agreements providing for compensation for members of the Board of Directors or employees in the event that they resign or are dismissed without just cause, or if their employment is terminated as a result of a takeover bid or exchange offer.

3.7.3. Potential significant impacts on governance

As of the date of the Universal Registration Document, no significant change in the governance of the Company is envisaged.

4 Risk factors and risk management

4.1. Risk factors 95

4.1.1. Risks related to the hydrogen market 95
4.1.2. Risks related to the Group's business model 99
4.1.3. Project-related risks 101
4.1.4. Operational risks 104
4.1.5. Financial risks 106

4.2. Insurance and risk management 110

4.2.1. Insurance 110
4.2.2. Internal control and risk management procedures 110

Investors are invited to consider all the information contained in the Universal Registration Document, including the risk factors described in this Section, before deciding to subscribe for shares issued by the Company. In the course of preparing the Universal Registration Document, the Company conducted a risk review. The risks described in this Section are those which, as of the date of the Universal Registration Document, the Company believes, based on its current stage of development, could have a material adverse effect on the Company, its business, financial position, results, development or outlook, and which are material to investment decision-making.

However, the Company draws investors' attention 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 the risks that are specific to the Company and the most material 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, to all listed companies, or to any other company, or currently unknown or considered unlikely, as of the date of the Universal Registration Document, to have a material adverse effect on the Company, its business, outlook, financial position, results and development, may exist or arise.

The table below shows the main risks identified by the Company, divided into five categories. Within each category, the risk factors are presented in descending order of criticality, as assessed by the Company as of the date of the Universal Registration Document. For each of these risks, the table shows, as of the approval date of the Universal Registration Document, the probability of their occurrence and their negative impact on the Group, taking into account the control measures put in place by the Company. The probability of occurrence is assessed according to three levels ("low", "moderate" and "high") and the extent of their negative impact according to four levels ("low", "moderate", "high" and "critical").

Ref.	Risk factors	Probability	Negative impact
4.1.1	**Risks related to the hydrogen market**		
4.1.1.1	Risk related to regulations and changes to them	High	Critical
4.1.1.2	Risk of competition from other hydrogen producers	High	Moderate
4.1.1.3	Risk related to the emerging nature of the green hydrogen market and development of its ecosystem	Moderate	High
4.1.1.4	Risk related to the development of different uses of hydrogen and competition from other energies	Low	High
4.1.1.5	Risk of industrial accidents involving hydrogen	Low	High
4.1.2	**Risks related to the Group's business model**		
4.1.2.1	Risk related to the availability of strategic equipment	High	Critical
4.1.2.2	Risk related to the newness of technological solutions for offshore hydrogen production	High	Critical
4.1.2.3	Risk related to the Company's maturity	Moderate	Critical
4.1.2.4	Risk related to the Group's ability to implement its growth strategy	Moderate	High
4.1.2.5	Risk related to the presence of co-shareholders in certain projects	High	Moderate
4.1.3	**Project-related risks**		
4.1.3.1	Risk related to the development of long, complex projects	High	High
4.1.3.2	Risk related to the extent of leverage in case of default on financing for the Group's projects	Moderate	High
4.1.3.3	Risk related to the Group's ability to procure renewable electricity	Low	High
4.1.3.4	Risk related to securing hydrogen sales contracts	Moderate	Moderate
4.1.3.5	Risk related to the use of service providers during project construction	Moderate	Low
4.1.3.6	Risk related to obtaining and maintaining permits required for the Group's projects	Low	Moderate

Ref.	Risk factors	Probability	Negative impact
4.1.4	**Operational risks**		
4.1.4.1	IT infrastructure risk	Moderate	Critical
4.1.4.2	Risk related to the difficulty of insuring against certain risks	Moderate	Critical
4.1.4.3	Risk related to the Group's liability in the event of an accident	Low	Critical
4.1.4.4	Risk of divergence between the cost of procuring renewable electricity and hydrogen sales	High	Moderate
4.1.4.5	Risk related to operating problems at the Group's production facilities	Moderate	High
4.1.4.6	Counterparty risk	Low	High
4.1.4.7	Key person risk	Low	High
4.1.4.8	Intellectual property risk	Moderate	Moderate
4.1.4.9	Risk related to climate change and extreme weather events	Low	Moderate
4.1.5	**Financial risks**		
4.1.5.1	Risk related to obtaining future financing	High	Critical
4.1.5.2	Risk related to the Group's ability to secure bank guarantees	High	Critical
4.1.5.3	Risk related to access to subsidies and changes in public policy	Moderate	Critical
4.1.5.4	Risk related to covenants and commitments included in the Group's financing arrangements	Moderate	High
4.1.5.5	Interest rate risk related to the Group's financing	Moderate	Moderate
4.1.5.6	Risk related to transfer pricing between Group entities	Low	Moderate
4.1.5.7	Liquidity risk	Low	Low

4.1. Risk factors

4.1.1. Risks related to the hydrogen market

4.1.1.1. Risk related to regulations and changes to them

The Group's hydrogen production, transport and sales activities, including the purchase of electricity required 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 Section 1.10 of the Universal Registration Document.

Regulations governing the construction and operation of units to produce hydrogen, a flammable and potentially explosive gas, are relatively well established. The same applies to regulations governing the transport of hydrogen by private pipeline over short distances and by truck, the main modes of transport used by the Group to deliver hydrogen from its production units to its end customers (public or private hydrogen distribution stations, industrial sites, etc.). Nevertheless, despite the compliance monitoring measures put in place, the Group remains exposed to a risk of breach, including by third-party subcontractors (such as transporters), which may result in fines and temporary or permanent bans, or jeopardise permits and authorisations. In addition, these regulations may change and become more stringent.

The situation is different when it comes to specific regulations governing the emerging market for the production, transport, distribution and sale of hydrogen and access to renewable energy sources - mainly electricity - to produce this hydrogen. In fact, the main risk is linked to the evolving nature of these regulations (even if the risks related to compliance with them, as mentioned in the above paragraph, remain relevant). The directives, regulations, laws and other regulatory acts that make up this set of rules are currently being drafted in the European Union and its Member States, with the stated goal of facilitating the development of this market as part of the energy transition. Each of the authorities involved in this process is progressing at its own pace and in a way that is not necessarily coordinated with the others.

The regulatory framework for the hydrogen market covers a wide range of topics, including in particular:

- determining different categories of hydrogen based on the production methods used and the carbon intensity of the product delivered to the end user. Hydrogen may therefore fall into different categories, not all of which have yet been defined at the start of 2024:
  - "renewable": defined as "renewable fuel of non-biological origin" (RFNBO) in the delegated act to Directive (EU) 2018/2021 of the European Parliament and of the Council on Renewable Energies,
  - "low-carbon": not yet defined in a uniform way at European level, and
  - "carbon-based": defined as any form of hydrogen produced from fossil fuels (coal or natural gas) and therefore exceeding a certain threshold of CO_2 emissions per kilo of hydrogen produced;

- determining the certification schemes that will be used to prove the type of hydrogen, through voluntary certification schemes approved by the European Commission for RFNBO renewable hydrogen or other voluntary certification schemes that will be defined based on the future definition of low-carbon hydrogen and used to demonstrate the carbon content of hydrogen;
- the types of and access to various forms of financial aid (including tax and/or tariff assistance) provided by the European Union, the Member States and their local governments to any actor in the hydrogen market - from producers to distributors and end users, including research & development, equipment manufacturers and plant builders - to facilitate the development of the market, with differences depending on the type of hydrogen produced and/or used;
- access to renewable energy sources, mainly electricity;
- the physical, legal and financial conditions for direct connection to renewable electricity generation sites;
- the guarantee of origin mechanism for electricity purchased from renewable electricity producers and/or transported via the grid;
- access to and use of transmission (pipeline network) and distribution infrastructure;
- the degree of separation, mandatory or otherwise, of hydrogen production, transport, distribution and sales activities (as for electricity and gas);
- the regulatory framework applicable to calls for tenders for the construction and operation of production units, by both public and private players; and
- for users, the ability to easily change suppliers, benefit from preferential regulated tariffs, long-term contracts or other incentives (including penalties for using carbon-based hydrogen) to use green hydrogen.

A key issue is the definition of and method used to certify the type of hydrogen – "renewable", "low-carbon" or "carbon-based" (the terms currently used in French regulations), as this can largely determine access to the other measures facilitating the development of the market.

In the European Union, the definition of renewable hydrogen was adopted in February 2023 in the delegated acts to Directive (EU) 2018/2001. Low-carbon hydrogen is expected to be defined in the "Hydrogen & Decarbonized Gas Package"[1], a European directive establishing common rules for the internal markets for renewable and natural gases and hydrogen, which should be adopted in the first half of 2024. A provisional political agreement between the Parliament and the European Council was reached on 8 December 2023 and the discussions undertaken based on the proposal published by the European Commission in December 2021 are now expected to come to a close in the first half of 2024, with implementation starting in the second half of the year.

Depending on the countries in which the Group operates and the types of projects it carries out, the hydrogen produced by the Group may be qualified as "renewable" (RFNBO) or at times simply "low-carbon". The regulatory consequences of this qualification are outlined above.

Defining and categorising hydrogen is just one of the regulatory issues – albeit an important one – facing the Group. Even if all the stakeholders, and in particular the authorities responsible for this regulatory framework, show a willingness to promote the development of the renewable hydrogen market, certain aspects of the regulatory landscape may still not be favourable to the Group and its activities. The Group is therefore keeping a close eye on changes to this regulatory framework.

4.1.1.2. Risk of competition from other hydrogen producers

The Group believes it has a technological edge in the production of green hydrogen onshore (see paragraph 1.7.3 of the Universal Registration Document) and offshore (see Section 1.6 of the Universal Registration Document).

Despite this technological edge, however, in some markets the Group could be exposed to competition from:

- other producers of green hydrogen, already active in or wishing to enter this market, that may be able to develop more efficient and/or less expensive technologies;
- electricity producers that have more significant commercial, financial, technical or human resources than the Group and, in the case of renewable electricity producers, direct access to this resource;
- electrolyser producers wishing to develop the downstream value chain by building and operating production units themselves and selling the green hydrogen produced; and
- gas producers already active in the carbon-based hydrogen market.

A description of the Group's competitive environment can be found in paragraph 1.2.6 of the Universal Registration Document.

The pressure exerted by this competition could force the Group to limit its sales prices and reduce its margins, scale back its development plan, or significantly increase its research and development budget, thereby calling into question its ability to generate the expected profit within the proposed timeframes.

The Group's future success will therefore depend on its ability to (i) maintain its technological edge, (ii) improve the performance, power, efficiency and reliability of its technology and facilities, (iii) quickly adapt to the competitive environment (particularly in terms of cost competitiveness) and (iv) implement its ambitious industrial and commercial development plan (see Section 1.3 of the Universal Registration Document).

1 Proposal for a Directive of the European Parliament and of the Council concerning common rules for the internal markets in renewable and natural gases and hydrogen, amending Directive 2012/27/EU and repealing Directive 2009/73/EC.

4.1.1.3. Risk related to the emerging nature of the green hydrogen market and development of its ecosystem

The Group is a producer and supplier of hydrogen produced from renewable electricity (green hydrogen) for use in industry and in land, sea and river mobility. The Group's activities are detailed in Section 1 of the Universal Registration Document.

Many governments, international organisations (including the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC)) and other public and private actors agree that green hydrogen can make a very significant contribution to the fight against global warming, in addition to the large-scale development of renewable electricity production capacities, direct electrification when possible and appropriate, and the implementation of energy sobriety policies.

Demand for hydrogen has grown by more than 50% since 2000, reaching 95 MtH in 2022[1]. In 2023, nearly all this demand was still met by hydrogen produced using conventional production methods (99.2%), mainly from fossil fuels, emitting around 900 million tonnes of CO_2 per year. In Europe, hydrogen production by water electrolysis still represented only 0.3% of hydrogen production capacities[2].

Replacing this existing and growing demand for hydrogen with renewable or low-carbon hydrogen is now recognised as a key pillar in accelerating the decarbonisation of industry. Global demand for hydrogen, all sectors combined, could exceed 150 million tonnes by 2030 (with roughly 40% corresponding to new uses of hydrogen) and approximately 530 million tonnes by 2050[3]. In Europe, some analysts estimate that hydrogen production (all production methods combined) could exceed 20 million tonnes by 2030 (compared with 11.4 million tonnes at present), including more than 6 million tonnes of renewable and low-carbon hydrogen[4].

The hydrogen market, and more specifically the green hydrogen market in which the Group is positioned, is therefore an emerging market whose volumes currently remain limited. Its growth may be slowed by a number of factors, including, as was observed in 2023:

- inflation, which severely impacted project business models and delayed final investment decisions,
- the lack of clarity and visibility over the medium and long term regarding financial support mechanisms, incentives and regulations put in place by governments (mandates, quotas),
- the lack of coordination in the implementation of certification schemes for renewable and low-carbon hydrogen,
- the inability to quickly reform regulations governing permits and authorisations to speed up the implementation of projects;

One of the key steps in the development of this market is the further reduction in the cost price of green hydrogen to a point that it becomes equivalent to or lower than that of grey hydrogen and other energy sources that it could replace (the notions of "green hydrogen" and "grey hydrogen" are defined in paragraph 1.2.1 of the Universal Registration Document). One of the key factors in reducing this cost is the reduction in the cost of electrolysers for green hydrogen produced by water electrolysis. The cost is expected to decrease as the number of electrolysers increases thanks to economies of scale and technical advancements, thereby replicating the trend observed for turbines, wind turbine blades and solar panels. However, one obstacle to this favourable trend is that it requires the creation of a virtuous circle: higher demand for electrolysers leading to an increase in production, leading to lower costs, leading to higher demand, and so on. But there is no guarantee that this virtuous circle can be easily created and, more specifically, that the public policies enabling it will be as successful as they have been for wind and solar power. Even if this were the case, there is no guarantee that this can occur in the geographic markets in which the Group is or will be present and within a timeframe compatible with its source of financing. Furthermore, there is no guarantee that the expected economies of scale and technical advancements will materialise, or at the very least materialise within a reasonable period of time.

Another key factor for producers of hydrogen from renewable electricity like the Group is the development of and access to this electricity. While the number of wind and solar farms has increased rapidly in recent years and production capacity growth targets have been revised upwards (particularly in Europe with the adoption of the revised RED Directive in 2023), the general view is that this growth rate will need to increase substantially if governments are to meet their targets for reducing CO_2 production and becoming carbon neutral. Thus, to produce its green hydrogen, the Group finds itself in competition with other renewable electricity users who also wish to replace CO_2-generating energy sources, while the increase in the supply of renewable electricity may not be sufficient to satisfy demand. Insufficient or slow development of renewable sources of electricity could curb the Group's growth.

Development of the hydrogen market also requires the creation of an entire complex ecosystem that is largely non-existent at present and the main elements of which are:

- the sources of financing required to build production, transport, distribution and delivery facilities. These sources may be public (subsidies, repayable advances, regulated tariffs or other favourable contractual arrangements such as additional remuneration mechanisms) or private (venture capital, private equity, financial markets). Green hydrogen market actors could be competing with other actors in the renewable energy sector and, more generally, those involved in the fight against global warming for access to this financing;

1 International Energy Agency, *Global Hydrogen Review*, December 2023.
2 Clean Hydrogen Monitor, Hydrogen Europe, November 2023.
3 International Energy Agency, *Global Hydrogen Review*, October 2021.
4 International Energy Agency, *Global Hydrogen Review*, September 2022.

- favourable regulations and, more generally, favourable public policies. The European Union and all its Member States have announced their intention, and begun to implement the necessary measures, to support the development of the hydrogen market in this way (for more details on these public policies, see paragraph 1.2.5 of the Universal Registration Document). However, this may take time, may not produce the expected results or may favour ecosystem actors other than the Group; and
- development of and access to hydrogen storage, transport, distribution and delivery infrastructure. Thus, hydrogen will compete with natural gas for access to the gas network when this network is technically compatible with hydrogen transport. In some cases, it may be necessary to build a dedicated network, with the costs and timeframes that entails. For applications related to mobility, one of the Group's areas of activity, hydrogen refuelling stations will need to be built and supplied. In addition, the construction of this infrastructure represents a significant investment, without those who will be asked to finance them having any certainty as to the use of this infrastructure or the timeframe for a return on their investment, given that the hydrogen market is still developing. Although the Group's development does not depend directly on the development of storage, pipeline transport and distribution capacities, the hydrogen sector as a whole does, and a delay in development could therefore have an indirect impact on the Group. With regard to refuelling stations, however, the impact relates to bulk projects and there is therefore no guarantee that these will be deployed within the timeframes compatible with the Group's objectives or in the geographical areas in which the Group will operate.

Therefore, although there is a strong consensus within governments to implement the measures necessary to develop this ecosystem, and an interest on the part of many private actors and the financial markets in financing it, it is still in its infancy and the measures and actions undertaken by all these actors have not yet proven effective.

If the production price of hydrogen does not decrease or does not decrease quickly enough, if the Group cannot access renewable electricity at competitive prices, or if any of the components of this ecosystem does not develop quickly enough or at all, the development prospects of the entire hydrogen sector, and therefore those of the Group, would be severely impacted.

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

The uses of hydrogen in industry and mobility, the Group's target areas, could develop less quickly or differently from what the Group currently anticipates.

For the industry segment, the main markets for hydrogen produced by the Group are found in heavy industry where hydrogen is used (i) for its chemical properties as a raw material in the production cycle, particularly in the ammonia or fertiliser production sectors, or certain other chemical uses, and (ii) as fuel to replace fossil fuels for the production of steel, glass or electronic components.

While hydrogen is already used in some industrial sectors (e.g. chemicals), its use in other industrial sectors (e.g. steel or glass) is dependent on 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 overcome, which would significantly reduce the demand for hydrogen in this market segment.

For the mobility segment, hydrogen produced by the Group will be used to supply vehicle refuelling stations to recharge all types of hydrogen-powered vehicles, mainly heavy-duty vehicles, or fleets of specific vehicles such as construction equipment or forklift trucks.

The current large-scale development of industrial capacities and a fleet of electric vehicles (in 2023, nearly one in five cars sold in France was electric[1]) and recharging stations (more than 118,000 electric vehicle charging points in France at the end of 2023[2]) could reduce the prospects for growth in hydrogen demand for the light mobility sector.

In addition, the cost of installing a hydrogen refuelling station are higher than those of installing a petrol station. These costs could be an obstacle to installing hydrogen refuelling stations, thereby hindering the development of the hydrogen mobility market and reducing the attractiveness of hydrogen vehicles.

More generally, despite the strong pressure to reduce the use of CO_2-generating fossil fuels, these fuels are still less expensive than hydrogen and continue to represent intense competition.

An increase in the use of hydrogen, and therefore in the volumes of hydrogen produced, is one of the key components in improving the cost structure of renewable and low-carbon hydrogen (see the risk factor described in paragraph 4.1.1.3 "Risks related to the emerging nature of the hydrogen market and development of its ecosystem" above). If this growth were lower than expected, or did not materialise, the competitiveness of hydrogen compared with other energy sources, and therefore the Group's growth prospects, would be severely impacted.

1 Baromètre Avere-France, 8 January 2024.
2 Baromètre Avere-France, 8 January 2024.

4.1.1.5. Risk of industrial accidents involving hydrogen

The Group operates in a sector where there are industrial risks related to hydrogen production and storage sites, as well as the transport of this energy. The applicable regulations are described in paragraph 1.10 of the Universal Registration Document.

Like any fuel, hydrogen can ignite and/or explode in case of a leak. The equipment used by the Group must therefore be designed with safety features that limit any risk of an industrial accident that 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 suspension of the operation of production or service equipment, or even the partial or total destruction of the installation, and have serious consequences for third parties and their property and for the Company's staff and assets. In addition, the occurrence of any of these risks could trigger the opening of an investigation of the Group and its key managers/persons, which could result in the need for corrective measures, administrative or criminal penalties and the payment of significant damages, including for personal injury (see the risk factor described in paragraph 4.1.4.3 "Risk related to the Group's liability in the event of an accident"). In addition, the Group may not be insured for these costs (see the risk factor described in paragraph 4.1.4.2 "Risk related to the difficulty of insuring against certain risks"). Such an accident would also affect the Group's image and reputation.

More generally, any accident of this type occurring at a hydrogen installation, whether it belongs to the Group or to a third party, could harm the image of the hydrogen sector, which could hinder its expected development and lead to more stringent legal or regulatory requirements. This could result in an increase in the financial guarantees to be provided, a significant rise in insurance premiums, stricter regulations, difficulties in obtaining or maintaining facilities classified for environmental protection or other administrative authorisations, or problems obtaining land.

4.1.2. Risks related to the Group's business model

4.1.2.1. Risk related to the availability of strategic equipment

The Group's hydrogen production facilities use strategic equipment for which there may be only a limited number of suppliers worldwide who themselves use very advanced manufacturing processes and specific machinery, which may limit the availability of this equipment.

For example, the electrolysers, compressors and containers used by the Group are only distributed by a small number of suppliers around the world, with delivery times that currently remain long. The Group aims to predict the supply of this strategic equipment by some of its suppliers and is also trying to negotiate partnerships so that it can secure a certain volume of supply from its main suppliers.

However, it may not be able to do so depending on the market environment and competitive conditions. It could therefore be subject to shortages, changes to processes, production chain disruptions, design flaws in certain equipment essential to the Group's business, export bans on the part of these suppliers, refusal or delay in certifying certain equipment, some suppliers' refusal to supply, or the need to obtain supplies at above-market prices in an oligopolistic context or at rising prices in the current inflationary environment. As of the date of the Universal Registration Document, the procurement times for certain strategic equipment such as electrolysers, compressors and containers are particularly long, forcing the Group to plan ahead for its purchases which in turn impacts its working capital requirement.

The Group may also need to replace one of its strategic suppliers if it fails to fulfil its obligations to supply equipment that meets the Group's quality, quantity or cost requirements in a timely manner or has financial difficulties. In this situation, it would have a limited number of alternative solutions, which could require product adaptations and cause disruptions and delays in the construction of the Group's green hydrogen production sites. Moreover, as the growing use of hydrogen leads to increasingly high demand, suppliers may not be able to meet this demand, which could result in an increase in tariffs and procurement times for some strategic equipment. This uncertainty regarding tariffs and procurement times could hinder the development or profitability of the Group's projects.

Changes in the purchase prices of certain strategic equipment needed to design and build the Group's hydrogen production sites could therefore lead to significant variations in project costs and not be fully offset 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 some suppliers that, under certain conditions, would give it preferred access to this equipment.

Moreover, in some international markets where the Group plans to operate, the high cost of procuring certain products, particularly as a result of customs duties, import charges and transport costs, could lead to significant variations in cost prices, limiting the Group's opportunities for development.

The difficulties in procuring strategic equipment described above could pose a risk to the Group's project development and therefore significantly affect its growth prospects.

4.1.2.2. Risk related to the newness of technological solutions for offshore hydrogen production

The Group is involved in a number of research projects aimed at developing green offshore hydrogen production technologies, as described in Section 1.6 of the Universal Registration Document.

The Group believes it has a real technological edge over potential competitors in this market, with an initial experimental installation that opened in September 2022 (for more details on this project, see Section 1.6 of the Universal Registration Document). However, these are research projects involving the installation of very large electrolysis capacities, which could prove more complicated than anticipated, or even fail, and for which public support mechanisms are still limited. The large-scale deployment of offshore hydrogen production could therefore prove impossible, or more costly than expected.

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

4.1.2.3. Risk related to the Company's maturity

The Company was formed in April 2019 and has therefore only been in existence for approximately five years as of the date of the Universal Registration Document. It is engaged in industrial activity and project development, but still has a limited track record in terms of the construction and operation of medium- and large-sized sites compared with its ambitions in France and abroad. For more details on the Group's onshore projects, see paragraph 1.8.2 of the Universal Registration Document and for more details on the development of offshore production technologies, see Section 1.6 of the Universal Registration Document.

Therefore, there is no guarantee that the Group will be able to deploy the expertise acquired through its 1 to 5 MW projects for larger projects that are outside its traditional area of activity.

This risk of a lack of perspective is compounded by the fact that the Group relies mainly on its ability to use and reproduce, in larger projects, the experience acquired and successes achieved in its initial, smaller-scale projects.

In the year ended 31 December 2023, consolidated turnover was €1,317,000 for a net loss of €33,488,000.

4.1.2.4. Risk related to the Group's ability to implement its growth strategy

The Group anticipates strong growth in its business, which is expected to result in the acquisition of new customers, the deployment of numerous hydrogen production sites and a sharp increase in turnover (see Section 1.3 of the Universal Registration Document). Absorbing such growth depends in part on its ability to anticipate and manage it effectively, including by recruiting and integrating dedicated staff and making the necessary technological investments. To this end, the Group must:

- implement an ambitious industrial and commercial development programme, both in France and abroad;
- anticipate demand for the hydrogen produced and the revenue it is likely to generate;
- anticipate the costs related to this growth and the associated financing requirements;
- recruit, train, manage, motivate and retain a growing number of employees; and
- increase its operational capacity, including that 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 presented in Section 1.3 of the Universal Registration Document, the Group will need to hire many additional staff, which could make significant use of its internal resources.

Given its level of maturity, the Group may have difficulties recruiting and integrating these new profiles, which entails transferring the Group's know-how and corporate culture to them, and may therefore be unable to make use of the internal resources needed for this integration while still ensuring high-quality project development and monitoring. In addition, this recruitment will require the Group to strengthen its management control teams and procedures, which may not occur as quickly as the recruitment. If this were to happen, 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 resources in relation to the expected growth in the use of hydrogen could reduce its ability to meet future demand, thereby encouraging its potential customers to turn to other hydrogen producers.

4.1.2.5. Risk related to the presence of co-shareholders in certain projects

As part of its development strategy, the Group may form partnerships and share ownership in certain project companies, with the result that it has a majority stake or, in some cases, a minority stake, particularly for projects carried out via the partnership-based co-development model. The success of such a project company depends mainly on its ability to generate dividends or profits and on the ability of the parties to maintain good relations.

A disagreement between the partners, potentially leading to an impasse or major difficulties in managing the project company, could result in a financial loss for the Group or delay the development of the project for which that project company was formed.

Moreover, if the Group had only a minority stake, particularly for projects carried out via the partnership-based co-development model, its ability to steer the development of these structures in line 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 those projects, or even affect the Group's ability to continue to operate in the country or region in question and hinder the implementation of its strategy.

4.1.3. Project-related risks

4.1.3.1. Risk related to the development of long, complex projects

The Group's pipeline consists of dozens of projects for which a number of steps still need to be taken over the coming months/years before the production facilities are actually built and become operational. For further details on the pipeline, see Section 1.8 of the Universal Registration Document.

The Group devotes a great deal of time to its project development, including for (i) initial prospecting and site identification, (ii) obtaining permits and administrative authorisations and conducting environmental studies (see the risk factor described in paragraph 4.1.3.6 "Risk related to obtaining and maintaining permits required for the Group's projects"), (iii) securing the procurement of renewable electricity via a direct connection to a production site or the purchase of certificates of origin (see the risk factor described in paragraph 4.1.3.3 "Risk related to the Group's ability to procure renewable electricity"), and (iv) securing contracts to sell the hydrogen produced (see the risk factor described in paragraph 4.1.3.4 "Risk related to securing hydrogen sales contracts").

The Group also allocates financial resources to these activities, which increase as projects move forward through their development stages.

Some of these projects may not come to fruition. Indeed, problems encountered by the Group during the project development stages (obtaining permits and authorisations, site engineering, construction, testing and commissioning stages) may result in delays or additional costs that can make the projects less competitive than originally expected. In some cases, this may result in the postponement or abandonment of the project and the loss of development costs incurred.

In addition, financing generally needs to be obtained to complete a project. The Group could have problems obtaining the desired financing terms, resulting in insufficient profitability or an inability to generate the expected returns on investment, which could jeopardise the viability of a project and lead to its abandonment (see the risk factor described in paragraph 4.1.5.1 "Risk related to obtaining future financing").

Depending on the country, the Group receives subsidies from public entities under government support policies. Applications are reviewed by the entities on a case-by-case basis to determine the feasibility of the project and compliance with the criteria established for receiving the subsidies. The procedures for allocating aid and subsidies may take longer than the Group expects. If the allocation of aid to the Group were rejected or postponed for too long, this could also jeopardise the viability of a project and lead to its abandonment. Once allocated, aid and subsidies are the subject of a contract between the Group and the public entity and are systematically subject to objective criteria such as the actual completion of the project in accordance with the terms defined in the contract. If the Group failed to meet its commitments, the aid could be jeopardised or any aid already paid would need to be paid back. The risks related to the Group obtaining aid and subsidies are described in paragraph 4.1.5.3 of the Universal Registration Document.

Finally, the projects in which the Group plans to participate are almost always the subject of calls for tenders, to which many competitors respond. Competitors may be larger and have more resources than the Group, a better track record or a local presence, which could favour them (see the risk factor described in paragraph 4.1.1.2 "Risk of competition from other hydrogen producers"). In this case, the Group's chances of success are reduced. The Group also responds to certain calls for tenders via consortia in which the Group's partners might not fulfil their obligations, which could jeopardise the viability of a project and lead to its abandonment.

4.1.3.2. Risk related to the extent of leverage in case of default on financing for the Group's projects

When financing its projects, the Group may use significant leverage to limit its equity contribution. Project financing implemented by the Group may involve a heavy reliance on debt at the level of the project companies (SPV) or investment holding companies (HoldCo).

If a project company, or its investment holding company, were to default on its payment obligations under its financing contracts (for example, due to an unforeseen event or deterioration in its financial position) or fail to comply with certain minimum debt service coverage ratios, such a default could make the project debt immediately due and payable. In the absence of a waiver or a restructuring agreement on the part of the lenders, the lenders could be entitled to seize the assets or securities pledged as collateral (including the Group's stake in the subsidiary that owns the installation).

In addition, the failure of a project company or investment holding company to repay its debt could affect its ability to pay dividends to the Group, pay costs and interest and repay intra-group loans and make any other cash distributions, as the defaulting entity is generally prohibited from making cash distributions. This would probably result in a loss of confidence on the part of the Group's customers, lenders or co-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, judgment creditors and tax authorities) could be entitled to payment in full of their claims from the revenues generated by the installations, before the Group is permitted to receive any distributions from the project. When debt exists for a given project, the lenders could demand that payment of the debt be accelerated and seize any assets pledged as collateral, in which case the Group could lose its stake in the project companies concerned.

4.1.3.3. Risk related to the Group's ability to procure renewable electricity

The Group produces its green hydrogen from renewable electricity, which it procures either via the electricity grid and the purchase of guarantees of origin, or via a direct connection to a renewable electricity production site. The Group's electricity purchasing policy is described in paragraph 1.5.1 of the Universal Registration Document.

The availability of renewable electricity could be impacted by a lack of wind or solar farms, the time required to develop new wind or solar farms or competition from other users of renewable electricity. In particular, based on the principle of additionality set out in European regulations, the renewable electricity generation sites supplying the Group's renewable hydrogen production sites must be commissioned at the same time as the commissioning of the production sites starting in 2028.

If the Group were unable to obtain sufficient supplies of renewable electricity, or if this proved too costly, it would be forced to reduce its production of hydrogen considered renewable, which would reduce what it views as its competitive advantage over producers of hydrogen considered low-carbon and could impact its ability to access certain public financing or favourable regulatory mechanisms.

4.1.3.4. Risk related to securing hydrogen sales contracts

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

If the Group were unable to secure hydrogen sales contracts on sufficiently favourable terms, it may not be able to obtain financing for those projects or may only be able to obtain financing on unfavourable terms.

Moreover, the Group may not be able to renew or negotiate new hydrogen sales contracts after the initial contracts expire or may not be able to negotiate sales prices under subsequent contracts on terms at least equivalent to those of the initial contracts.

4.1.3.5. Risk related to the use of service providers during project construction

The Group uses various service providers for project construction, as described in more detail in paragraph 1.5.2 of the Universal Registration Document, including, in addition to suppliers of strategic equipment, subcontractors working on the sites.

If the Group's service providers (or their subcontractors) fail to meet their obligations, provide services that do not comply with the Group's quality standards, encounter financial difficulties or fail to comply with the laws and regulations in force (including as regards compliance with health, safety and environmental rules), the Group could suffer damage to its reputation, in addition to being exposed to the risk of significant criminal penalties 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 provided by these subcontractors or their affiliates may not fully cover the losses incurred by the Group.

In particular, commissioning delays could have a significant impact on the Group's results and, after a certain date, hydrogen sales contracts could be terminated due to failure to meet their deadlines for commissioning the installations.

The Group's contractors may also ask that additional construction costs be covered, which could increase the cost of the investment as originally forecast and affect the profit assumptions made at the time of the initial investment. In the event of a disagreement as to who is liable for payment of these additional construction costs, based on the contractual provisions, the Group could be subject to an amicable settlement procedure, a procedure involving resolution by a panel of experts, arbitration proceedings or even legal disputes, which could lead to judgements requiring the Group's subsidiaries to bear additional construction costs in excess of the contractually agreed budget, thereby affecting the investment amount and the project's return on investment.

Finally, growth in the hydrogen industry, intense competition and the Group's strict contractual requirements may limit the availability of a sufficient number of service providers to respond to calls for tenders at prices and conditions in line with the Group's expectations.

4.1.3.6. Risk related to obtaining and maintaining permits required for the Group's projects

Current regulations in France and the European Union require that any hydrogen production system obtain authorisation as an installation classified for environmental protection (ICPE) when the quantity of hydrogen likely to be present on site exceeds 1,000 kg. This authorisation is binding and requires that the establishment housing the hydrogen production station comply with the conditions set out by prefectural decree. The time needed to obtain such authorisation is nine to 12 months.

For smaller facilities where the quantity of hydrogen likely to be present on site is greater than 100 kg but less than 1,000 kg, only a reporting requirement applies. In this case, the establishment housing the hydrogen production facilities must comply with the general regulations corresponding to the ICPE category to which its facilities belong, as defined by decree.

The Group is therefore subject to strict regulations regarding, among other things, operation of the ICPE, integration of the ICPE into the landscape, prevention of air pollution, protection of water resources and aquatic environments, waste, prevention of noise pollution and vibrations, prevention of technological risks, and monitoring of aqueous waste emissions and their effects.

In case of non-compliance with the obligations arising from maintaining an ICPE authorisation, the Company or a Group company may be held liable and penalties may be payable by that Company or Group company. Said authorisation may also be revoked, which would halt the construction or operation of the project by the Group.

Compliance with applicable regulations and, more generally, the Group's responsibilities require regular operating expenses on its part.

Increasing production capacity on the Group's sites will require that authorisations be obtained for the quantities produced, stored or used. For example, authorisation for the Bouin site, which has been subject to a reporting requirement since its commissioning, was obtained in 2023. Similarly, any transfer of the ICPE to another site may require an application for authorisation.

Additional permits and authorisations, such as building permits, land clearance authorisations, environmental authorisations or exemptions from the ban on destroying protected species and their habitats, may also be required based on the configuration of each installation.

Similar regulations and obligations apply to the Group's projects abroad.

Consequently, if the Group does not obtain the necessary permits, authorisations or licences for the construction and/or operation of its installations, it may be forced to delay or even cancel the implementation of some projects. Moreover, if it fails to comply, or ensure that its installations comply, with the applicable laws and regulations, it could be sanctioned by the authorities and face administrative penalties (formal notice, deposit of sums of money, suspension of operations, administrative fine, if necessary under penalty) or criminal penalties. The Group may also be impacted by increased costs as a result of bringing its sites into compliance and/or implementing measures to reduce the financial penalties incurred.

Permits, authorisations or licences obtained and required for the construction and/or operation of the Group's installations may also be subject to legal action, in particular by local residents, the Group's competitors or associations that may bring claims before the courts of landscape degradation, noise disturbance or pollution, or environmental damage, especially if these facilities are developed in connection with wind farms, which are usually the subject of numerous lawsuits. Although the Group's projects have not been subject to such lawsuits as of the date of the Universal Registration Document, their occurrence could result in an extension of the timeframes related to the Group's projects or their cancellation.

4.1.4. Operational risks

4.1.4.1. IT infrastructure risk

The Group's business relies on the quality and reliability of its IT infrastructure, which includes information, telecommunications and remote control systems, industrial robots, proprietary algorithms (particularly for its artificial intelligence technology) and complex data processing systems.

The Group may experience failures, interruptions and other disruptions to its information systems and networks caused by a wide range of sources, including internal fraud, cyber-attacks, viruses, malware and ransomware, theft of data or algorithms, failures in its electrical or telecommunications infrastructure, or similar events or disruptions.

Disruptions to the Group's IT systems and, to a lesser extent, those involving the service providers used by the Group, could seriously disrupt the Group's commercial and operational activities and administrative management. Such a situation could also result in a loss of service for customers and generate significant constraints and expenses to correct security flaws or damage to the system, particularly if the Group is unable to be aware of these malfunctions as soon as they occur.

In particular, a failure in the system used to monitor and control remote operations (focused on the availability, activity, efficiency and control of the installation, operational monitoring, health and safety and compliance with environmental laws and regulations) could affect the Group's image and reputation and result in a loss of revenue, breach of contractual obligations and penalties or damages payable by the Group.

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

4.1.4.2. Risk related to the difficulty of insuring against certain risks

In the course of developing and operating hydrogen production installations, the Group takes out insurance policies to protect itself against damage and incidents that, were they to occur, could affect an installation.

The Group may have difficulties insuring its assets under acceptable conditions that are in line with its risk management policy. In particular:

- for projects intended for industrial use that will be installed close to industrial sites, the Group may not be insured against all potential risks and, in the event of a major industrial accident, its liability could exceed the maximum cover offered by its civil liability insurance; and
- for offshore hydrogen production projects, the Group may have difficulties obtaining adequate insurance due to the newness and complexity of these types of projects (for a description of the Group's offshore hydrogen production projects, see Section 1.6 of the Universal Registration Document).

4.1.4.3. Risk related to the Group's liability in the event of an accident

The Group's installations could be the cause of potentially serious accidents. In the event of a malfunction of a production unit, particularly one that is installed in a larger, more complex industrial complex or at a sensitive site or area, or due to a fault or human error, the Group and its key managers/persons may be held liable for any resulting personal injury, property damage or consequential loss.

In addition, the involvement of several companies (e.g. subcontractors for construction or suppliers of electrolysers or compression solutions) on the same construction or production site exposes the Group to the actions of third parties, which could lead to operating incidents or accidents due, for example, to the carelessness of a worker on the site, or the penetration of an ill-intentioned third party from outside the site.

Indeed, despite the procedures put in place to ensure the safety of its installations and the risk prevention mechanisms implemented by the Group, the occurrence of an operating incident could have serious impacts on personal safety and the business of the Group and of the Group's customer on whose site the installation is being built. Such a risk could also result in an extended suspension of the operation of production equipment, or even the partial or total destruction of the Group's or customer's installation, and have serious consequences for the Group's and its customer's staff and property. If the Group's production units were installed in or near industrial sites that are themselves highly regulated (Seveso-type sites), the Group would not only be exposed to the risks specific to these sites, but any incident at the Group's installation impacting such sites could have even more serious consequences.

The wide range of business sectors, geographical areas and working environments in which the Group may operate will require constant vigilance in terms of workplace health and safety. In particular, activities relating to the construction, installation, operation and maintenance of the Group's installations are, during the installation construction and implementation stages and during the operating stage, exposed to risks of errors or improper handling that may cause serious or even fatal injuries, the destruction of property, installations and equipment and a suspension of operations.

In addition, the occurrence of any of these risks could trigger the opening of an investigation of the Group and its key managers/persons, which could result in the need for corrective measures, administrative or criminal penalties and the payment of significant damages, including for personal injury.

4.1.4.4. Risk of divergence between the cost of procuring renewable electricity and hydrogen sales

The profitability of a Group project is directly related to the Group's ability to procure renewable electricity at an acceptable cost and sell the hydrogen produced at each site at a price and in sufficient volumes to ensure this profitability.

The cost of procuring renewable electricity may also be impacted by (i) a potential shift in the timetable for construction of the Group's renewable hydrogen production sites, (ii) a difference in the quantities of renewable electricity actually delivered to the Group, and (iii) a difference in the quantities of renewable hydrogen actually delivered to customers.

The Group aims to reduce these risks by:

- implementing an internal policy for assessing and monitoring the aforementioned risks to oversee the Group's exposure. This monitoring policy determines the activation of risk hedging solutions (particularly vis-à-vis the energy markets);
- setting up contracts for energy market access with suppliers/aggregators to continuously rebalance the portfolio of supply contracts and to hedge the risks identified under the aforementioned risk monitoring policy via liquid products;
- for bulk projects, creating a portfolio of diversified customers for each production site for which contracts are concluded over a period ranging in principle from three to five years (as is already the case at Bouin), with renewal of these contracts expected to be staggered over time. The Group endeavours to obtain contractual terms of sale of hydrogen that take into account and allow a redistribution of risks in the customer portfolio;
- for on-site projects, having a main industrial customer who is contractually committed, in principle, for a 15-year period back the site. The Group endeavours to obtain contractual terms of sale of hydrogen that take into account and allow a redistribution of risks in the customer portfolio;
- diversifying electricity supply sources (types of renewable energy, contractual terms, supplier diversification), enabling a multitude of generation profiles and stabilisation of the quantities of renewable energies delivered to the Group;
- developing tools for forecasting demand from customers who use green hydrogen to allow electricity supply conditions to be continuously adjusted based on the anticipated needs of the Group's customers.

Thanks to this positioning, the Group hopes to develop a resilient, high-visibility business model; however, there is no guarantee that it will be able to fully achieve this for every project and that it will therefore not be exposed to divergences between the purchase price of renewable electricity and the sale price of hydrogen, which would have a negative impact on the profitability of the affected projects.

4.1.4.5. Risk related to operating problems at the Group's production installations

The Group's economic performance is directly linked to the performance of its installations.

To oversee the performance of its installations without depending on third parties, the Group manages all aspects of their operation (preventive and corrective maintenance, day-to-day operation, management of parts stock, etc.). This approach also enables the Group to oversee the training and skills of the persons involved and protect its know-how. In this respect, the Group relies on certain suppliers to perform some of the maintenance of its installations, particularly during the first years of operation.

Although the Group generally ensures that its technicians are trained and competent and designs its hydrogen plants so as to minimise any technical incidents, it remains exposed to the risks inherent in an industrial activity. The operation of these installations, even when controlled remotely, requires occasional human intervention. Their operation can be affected by malfunctions or by the failure of certain components or equipment, resulting in reduced performance and availability.

These malfunctions and failures can be caused by wear and tear of a component or piece of equipment, negligence by an employee or subcontractor, or intrusion by a malicious third party (human error, insufficient maintenance, or even theft or deliberate sabotage). This type of incident or human error could result in an installation being unavailable for a relatively long period (up to several months in serious cases), as well as penalties under hydrogen sales contracts.

In addition, any unforeseen event in the performance of one of the Group's plants, in terms of the quantity of hydrogen produced or quality of the hydrogen produced (i.e. purity), constitutes a risk for the Group that may lead to additional costs (higher operating costs, unplanned capital expenditure) and the inability to keep up with deliveries, resulting in a reduction in the Group's turnover due to the sale of reduced quantities of hydrogen. In particular, any unforeseen extended failure could cause projects to be less profitable. A suspension of production could also result in the payment of penalties, or even termination of a contract, and could require that financing of the project be payable before the due date.

The risk is currently concentrated at the Bouin site, the Group's only production site producing at maximum capacity as of the date of the Universal Registration Document. Any extended suspension of production at this site would therefore have even more serious consequences.

4.1.4.6. Counterparty risk

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

For its production sites, the Group procures equipment (the specific risks relating to the procurement of strategic equipment are described in paragraph 4.1.2.1 of the Universal Registration Document), renewable electricity and services under contracts generally entered into with private counterparties.

The Group's current and future hydrogen production will be sold under hydrogen sales contracts signed with public counterparties (central governments, local governments and state-controlled enterprises), hydrogen distribution companies, industrial companies and other private buyers.

The financial performance of the Group's installations depends on the regular fulfilment by the Group's counterparties of their contractual obligations, particularly under renewable electricity supply and hydrogen sales contracts. The Group is therefore exposed to the risk of non-fulfilment by its counterparties of their obligations under renewable electricity supply or hydrogen sales contracts and/or late payment by said counterparties.

4.1.4.7. Key person risk

The Group's success is largely due to the quality and involvement of its management team, particularly its founder and current Chairman and Chief Executive Officer, Matthieu Guesné. If he or a member of his management team were to have an accident or leave the Company, the Company may not be able to replace him quickly or find a suitable replacement, which could affect its operational performance and its ability to develop and implement its strategy.

4.1.4.8. Intellectual property risk

The Group has chosen to protect its intellectual property by taking preventive measures to avoid the leakage or theft of its trade secrets, inventions, know-how, software solutions and algorithms, and by filing Soleau envelopes that make it possible to date certain concepts and prove that the Group's innovation preceded that of a competitor that may attempt to use them (see paragraph 1.11.1 of the Universal Registration Document).

This method of protection, which is less costly than filing patents, does not offer the same degree of protection against leakages or theft or, more importantly, against the parallel and legitimate development of competing intellectual property by third parties. For instance, Soleau envelopes do not provide the right to bring legal action for infringement or invalidate a third party's patent. Moreover, the Soleau envelope mechanism works only for France, which means that the Group has no protection abroad. As a result, the Group could not only lose what it considers to be the advantage that its intellectual property represents, but third parties could successfully argue that the Group's intellectual property infringes on their own and therefore prohibit or limit its use by the Group.

4.1.4.9. Risk related to climate change and extreme weather events

Risks related to climate change or extreme weather events could affect the Group's installations and activities. 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 can adversely affect the Group's installations and activities. In addition, extreme weather events can damage the Group's installations or lead to increased downtime or higher operating and maintenance costs.

4.1.5. Financial risks

4.1.5.1. Risk related to obtaining future financing

The Group's business is capital-intensive and requires significant financing and refinancing through equity and external debt.

To date, the Group's annual cash requirements have been met using resources such as bank loans, share capital increases, issuances of convertible bonds, subsidies and conditional advances.

Most of the Group's financing is and will continue to be carried out through the project companies ("SPV" or "Special Purpose Vehicle") or investment holding companies (HoldCo). The Company itself must also find significant sources of financing, particularly to finance its upstream project development activities and the equity it must provide for projects. These projects also take a long time to develop and involve an investment stage lasting several months, during which revenues are insufficient to cover costs, particularly financing costs.

On 31 December 2023, the Group's financial debt amounted to €60.6 million, including €11.5 million in convertible bonds and €31.4 million in bank debt. On that same date, the portion of financial debt due in less than one year was €4.4 million and the portion due in one year or more was €49.3 million (see Note 3.8 to the IFRS Financial Statements for the year ended 31 December 2023 presented in Section 6.1 of the Universal Registration Document).

The Group may have difficulties finding the financing it needs for its project development due to factors inherent to the Group such as its perceived risk, but also external factors such as the lack of perspective in the green hydrogen sector, new banking regulations or a drastic reduction in the supply of credit, particularly as a result of financial, economic and cyclical conditions. Therefore, although the Group has not been refused financing by external lenders to date, the specific financing requirements for a particular geographic sector could mean that it takes a relatively long time to obtain the financing needed for its development.

In addition, the Group's ability to obtain financing for its medium- and long-term projects could be reduced if the investors who financed projects in the past do not offer it terms – particularly in terms of leverage, maturity or cost of credit – similar to those for previous projects. The Group might therefore need to contend with an increase in its medium- and long-term financing costs.

In addition, if the necessary funds were not available on acceptable terms, the Group could be forced to limit or postpone the deployment of its production capacities, thereby adversely affecting its growth prospects, financial position and results.

Finally, if a project does not generate enough income to repay the loans obtained, this could result in a default or the enforcement of security by the financial counterparties.

Moreover, if the Company were to raise capital by issuing new shares or other financial instruments that may eventually give access to the Company's share capital, its shareholders could be diluted. As of the date of the Universal Registration Document:

- the Company has issued "OCA LB2" and "OCA LB2 Bis" convertible bonds, described in paragraph 7.1.3.5 of the Universal Registration Document, of which the dilutive impact of full conversion cannot be calculated on the date of the Universal Registration Document since it will depend on the respective market value of the OCA LB2 and the OCA LB2 Bis at the time of their conversion, it being noted, however, that these two bonds are only meant to be converted into shares in the event of default; and
- the General Meetings of 14 April 2022 and 23 May 2023 delegated to the Board of Directors several powers related to a share capital increase, as described in paragraph 7.1.6 of the Universal Registration Document.

4.1.5.2. Risk related to the Group's ability to secure bank guarantees

As part of its project development, the Group may request the issuance of bank guarantees, which may be required for calls for tenders to which the Group responds or by its counterparties, for example under electricity or equipment purchase contracts, hydrogen sales contracts or subsidy contracts.

The Group may find it difficult to obtain these bank guarantees, particularly given its stage of development and the uncertainties related to the newness of the hydrogen sector.

If the Group is unable to obtain the requested bank guarantees, it may not be able to enter into contracts for certain subsidies or respond to certain calls for tenders, which would adversely affect the Group's development prospects; it may also not be able to finalise electricity and equipment purchase contracts or hydrogen sales contracts, which would impact the Group's financial position and results. It may also be required to provide collateral by placing all or part of the amount of the guarantee in escrow.

4.1.5.3. Risk related to access to subsidies and changes in public policy

The renewable and low-carbon hydrogen sector currently benefits from public policies in support of carbon-free energy. In 2020, the European Union estimated that between €180 billion and €470 billion would need to be invested by 2050 to develop a new clean hydrogen economy in Europe[1]. More than 60 countries worldwide have adopted national strategies to develop the clean hydrogen economy[2], many of which have rolled out related financial support programmes since 2020. National strategies and support mechanisms are described in paragraph 1.2.2 of the Universal Registration Document.

In Europe, these plans have been or are being revised in light of the regulatory provisions adopted at European level in 2023 (including in the Green Deal legislative package and the RePowerEU strategic plan) or will be adopted very shortly in 2024 (Regulation that sets common internal market rules for renewable and natural gases and hydrogen) (see paragraph 4.1.1.1 of the Universal Registration Document).

1 Les Echos, *Le plan de Bruxelles pour faire "décoller" l'hydrogène en Europe* (Brussels' plan to get hydrogen off the ground in Europe), 8 July 2020.
2 National Hydrogen Strategies and Roadmap Tracker database of the Center on Global Energy Policy at Colombia University.

These changing national strategies are very encouraging, but the poor success of the European Union's efforts to coordinate this support within the European Hydrogen Bank (as part of the Auction-As-A-Service proposal) and move forward on regulatory issues related to the standardisation and certification of clean hydrogen based on its production methods and carbon intensity also imply a lack of clarity and visibility, which are further delaying project development and final investment decisions. Indeed, even though the European Hydrogen Bank was launched in 2023 as part of the European Innovation Fund (with an initial pilot auction that had a limited budget of €800 million, the results of which will be published in April 2024), the "Auction-As-A-Service" option was not chosen by the Member States (except for Germany, which made €300 million available for the mechanism), and the States have worked on support mechanisms with quite diverse eligibility and evaluation criteria. Only the United Kingdom, Denmark and the Netherlands launched their first calls for projects in 2023, with very different procedures and results. At the beginning of 2024, there is still little visibility on the terms and conditions that will ultimately be adopted for the second European Hydrogen Bank auction, which is due to be launched in mid-2024 (with a budget of over €2 billion), and on the future reverse auctions that will take place in various European countries in 2024 (particularly in France, the Netherlands and Denmark, which have already announced their intention to do so).

On 31 December 2023, the Group had signed contracts for a total of €61.5 million in subsidies and €6 million in repayable advances, of which €14.9 million and €2.5 million respectively had already been received by that date (see paragraph 5.3.1.2(v) of the Universal Registration Document summarising the repayable advances and subsidies obtained).

However, existing public policies could be amended or even reversed as a result of a legislative, regulatory or administrative provision favouring certain traditional energy sources or alternative renewable energy sources, or as a result of budget constraints leading to a reduction in public funds available to implement such policies that support carbon-free solutions, including renewable or low-carbon hydrogen.

Each country has a different hydrogen support policy. The lack of subsidies or a change in their volume in the countries where the Group plans to operate could, in some cases, make international expansion of its business less attractive.

4.1.5.4. Risk related to covenants and commitments included in the Group's financing arrangements

The Group has entered into several financing contracts through the Company or its subsidiaries, which include financial and/or operational covenants that it must comply with or other commitments, such as the commitment not to pay dividends.

In the event of non-compliance with covenants or commitments, the Group could be required to pay the debt in question before the due date, which would adversely affect its cash position, its ability to obtain new financing and the cost of its future financing. In addition, if the Company or one of its subsidiaries were to experience significant financial difficulties, the cross-default clauses in some financing contracts could be enforced, resulting in simultaneous defaults at various levels of the Group. If the Company does not obtain a waiver or a restructuring agreement from the lenders, the lenders may be entitled to seize the assets related to these projects or the securities or other assets pledged as collateral (including the Group's stake in the subsidiary that owns the assets).

On 31 December 2023, the Group was in compliance with all the financial and operational covenants included in its financing contracts (see paragraph 5.3.1.2 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 covenants in the coming months. However, failure by the Company to comply with its covenants could have a material adverse effect on the Group's business, financial position, reputation, results and outlook.

4.1.5.5. Interest rate risk related to the Group's financing

The Group has taken out a number of loans to finance its activities and project development. Given the Group's growth strategy, new financing arrangements are likely to be put in place.

The debt of the Company and the Group's project companies is recognised in the consolidated financial statements of the Company, whose earnings may be affected by positive or negative changes in interest rates in the future.

When the Group takes out variable-rate loans without specific hedging to convert variable-rate debt into fixed-rate debt, or if the hedge is ineffective, a higher interest rate would lead to an increase in the Group's financing costs.

4.1.5.6. Risk related to transfer pricing between Group entities

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

In particular, the Group is implementing a transfer pricing policy for the various international subsidiaries, including the development companies (DevCo), the investment holding companies (HoldCo), the project companies (SPV) and the Company. This policy requires transparency vis-à-vis the tax authorities regarding the invoicing of costs incurred and the margins applied. If the Group were to undergo a tax audit resulting in a different interpretation by the tax authorities or tax adjustment proceedings in case of proven non-compliance with intra-group transfer pricing measures, this could give rise not only to costs related to tax litigation or possible administrative fines, but also 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.

4.1.5.7. Liquidity risk

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

As of the date of the Universal Registration Document, in light of:

- the Group's cash and cash equivalents on 31 December 2023 in the amount of €114.3 million;
- the repayment schedule for its financial debt, which totalled €54 million, including €28 million due in more than five years, on 31 December 2023 (the lease liability portion amounted to €8 million);
- its firm investment commitments totalling €50 million as described in paragraph 5.4.2 of the Universal Registration Document; and
- the expected volume of business over the coming months,

the Group reviewed its liquidity risk and believes that it will be able to meet its obligations over the next 12 months. The Company would therefore be able to meet its commitments in terms of cash requirements.

Beyond the liquidity horizon, the Group will continue to have significant financing needs to expand its operations. Its ability to generate cash flows equivalent to its needs in the future is uncertain (see the risk factor described in paragraph 4.1.5.1 of the Universal Registration Document, "Risk related to obtaining future financing").

4.2. Insurance and risk management

4.2.1. Insurance

In the course of developing and operating green hydrogen production installations, the Group takes out insurance to optimise coverage of its business and financial risks.

The Insurance Department, which is part of the Group's Legal Department, works across the Group, in close collaboration with the other teams, to manage all risks.

The Group relies on leading players in the insurance market that are recognised as financially sound. The Group has chosen to cover all its risks via France, with the exception of countries where that is not possible.

The Group has taken out the following main insurance policies, with levels of cover (and compensation limits) that it considers appropriate:

- **Staff cover**: all staff working in countries where the Group operates benefit from cover in line with local regulations for healthcare costs, provident insurance and various business trips.
- **Civil liability and related risks**: a plan has been set up to cover the Group's civil liability at the highest level of the organisation chart, thereby encompassing all employees and subsidiaries, as well as the Group's business commitments worldwide. A plan that also covers the risk of accidental pollution has been set up along these same lines to protect the environment and third parties from the consequences of any type of incident. The liability of the corporate officers arising from their activities within the Group is also covered via a "Corporate officers' civil liability" insurance policy. Local policies may also be taken out to comply fully with each area's regulations.
- **Damage to installations and equipment**: all the Group's assets, mainly green hydrogen production installations, are covered via a "Property damage" insurance plan that is also underwritten at Group level. This plan covers risks such as fire, lightning, explosion, theft and natural events, within the limit of the capacity available on the insurance market. Before "Property damage" cover applies, the Group's projects are protected by a Group "Builders risk insurance" policy, which covers all hazards during the construction of green hydrogen production installations.

4.2.2. Internal control and risk management procedures

The internal control system involves the following key players:

- General Management: the Chairman and Chief Executive Officer is responsible for managing the internal control system at every level. He is also in charge of the development, operation and monitoring of the internal control systems and for ensuring that these various stages are completed;
- the Audit Committee is responsible for reviewing and, if necessary, assessing the internal control procedures, particularly those relating to financial information, thereby contributing to the preparation of the Group's consolidated annual financial statements;
- the Administrative and Finance Department defines the Group's accounting rules and policies, the main financial processes and the reporting tools to ensure oversight of day-to-day operations; and
- the Legal Department is responsible for the Group's compliance and oversees risk management.

Given the Group's size and management's proximity to the operational staff, the involvement of General Management and the operations managers is strong and centred around the following key areas:

- clearly defined areas of responsibility;
- principle of delegation and supervision;
- segregation of duties between the authorisation, control, recording and payment functions;
- distinction between operators who initiate operations and those responsible for their approval, monitoring or payment;
- detection controls at all levels, whether purely financial or more technical (intrusions, IT security, fraud, etc.).

With a view to continuous improvement, the internal control system is continuously enhanced through organisational changes and the development or updating of internal policies and procedures. Since its creation, the Administrative and Finance Department has developed and implemented various procedures relating to:

- the purchasing process, including all operations from the expression of requirement to the related disbursement;
- the customer invoicing process;
- expense report management; and
- the budget process.

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

The team is also assisted by experts in their field:

- recognised accounting firms in each country where the Group operates, which produce the financial statements of Group's companies under local accounting standards and prepare tax returns;
- an accounting firm, which produces the consolidated financial statements under IFRS standards.

5 Comments on the 2023 financial year

5.1. Financial situation 112

5.1.1. Segment reporting 112
5.1.2. Main sources of income 112
5.1.3. Performance indicators monitored by the management 112
5.1.4. Research and development (R&D) linked to technologies and capitalised development costs 113
5.1.5. Suppliers and service providers 113
5.1.6. Seasonal variations 113
5.1.7. Main factors affecting the results 113

5.2. Analysis of the business and consolidated results 114

5.2.1. Turnover 115
5.2.2. Adjusted EBITDA 115
5.2.3. Charges linked to equity-based compensation 116
5.2.4. Depreciation of fixed assets and provisions for liabilities and charges 117
5.2.5. Current operating result 117
5.2.6. Operating result 117
5.2.7. Cost of financial debt 117
5.2.8. Other financial income and expenses 117
5.2.9. Financial result 117
5.2.10. Profit before tax 117
5.2.11. Income taxes 117
5.2.12. Net result 117

5.3. Cash, capital and financing 118

5.3.1. Information on the equity, liquidity and net financial debt 118
5.3.2. Cash flow 125
5.3.3. Financing requirements and financing structure 127
5.3.4. Restriction on the use of capital 127
5.3.5. Sources of financing needed in the future to meet the investment commitments made 127
5.3.6. New financing obtained since the end of the financial year to 31 December 2023 127

5.4. Investments 128

5.4.1. Investments made during the financial year 128
5.4.2. Current investments 128
5.4.3. Future investments 128

Readers are asked to read the following information on the Group's financial position and results in conjunction with the whole of the Universal Registration Document and in particular the IFRS Financial Statements, as shown in Section 6.1 of the Universal Registration Document.

The IFRS Financial Statements were prepared in accordance with the *International Financing Reporting Standards* (IFRS), as adopted by the European Union on 31 December 2023. They were approved by the Company's Board of Directors on 22 April 2024 and an audit report on them by the statutory auditors is provided in Section 6.2 of the Universal Registration Document.

The following comments on the financial statements are based solely on the consolidated financial statements.

5.1. Financial situation

5.1.1. Segment reporting

In accordance with IFRS 8, the Group only identified a single operating segment for the sale of green hydrogen.

In terms of geographic distribution, most of the Group's business was carried out in France in the periods presented. In future, and according to its international growth strategy, the Group may present the geographic segmentation of its business.

5.1.2. Main sources of income

The Group's main source of income is the sale of green hydrogen from its production sites to business-to-business (B2B) customers. These sales are recognised in turnover at the time of delivery.

At a more limited level, engineering services may also be provided and recognised in turnover when they are actually performed.

Exceptionally, and in a very limited number of specific cases, the Group may be required to temporarily rent out mobile hydrogen production systems in order to meet the demand of certain customers who may wish to check the relevance of green hydrogen in their production process.

5.1.3. Performance indicators monitored by the management

The performance indicators monitored by the management are both financial and non-financial.

5.1.3.1. Financial performance indicators

In addition to turnover, the two financial performance indicators monitored by the management are:

- the adjusted EBITDA corresponds to the consolidated current operating result before depreciation, amortisation and provisions, and before charges linked to equity-based compensation. It should be noted that since the financial year to 31 December 2023, the Group has changed the definition of this indicator, by also restating the expenses linked to equity-based compensation. The Group considers that these expenses do not reflect its current operating performance and have no direct impact on the cash flow;
- adjusted EBITDA margin: the EBITDA margin is defined as the ratio of adjusted EBITDA to turnover; and
- net financial debt: the net financial debt corresponds to the loans and borrowings less the amount of cash and cash equivalents.

The table below shows the changes in these indicators during financial year 2023:

In thousands of euros	**Financial year 2023**	**Financial year 2022**
Turnover	1,317	570
Adjusted EBITDA	-28,114	-16,283
Adjusted EBITDA margin	N/A	N/A
Net financial debt	-60,585	-122,138

5.1.3.2. Non-financial performance indicators

The pipeline is the non-financial performance indicator monitored by the Group to analyse and assess the development of its activities and their trends, measure their performance and make strategic decisions. The definition and calculation of this indicator are provided in Section 1.8 of the Universal Registration Document.

5.1.4. Research and development (R&D) linked to technologies and capitalised development costs

The accounting treatment of R&D expenses linked to technology is as follows:

- expenses incurred during the research stage are recognised as expenses;
- expenses incurred during the development stage are recognised as intangible assets if they meet all of the following criteria, in accordance with IAS 38: the expenses can be reliably measured and the Company can prove the technical and commercial feasibility of the product or process; the existence of probable future economic benefits; its intention, and the availability of sufficient resources, to complete the development and use or sell the asset, and the ability to monitor the costs allocated to the project. Otherwise, they are expensed as incurred.

Costs linked to the development of future onshore green hydrogen production sites are capitalised if all of the criteria described above are met. The Group generally considers that these criteria are met when a project enters the Tender Ready stage in the project portfolio. These criteria differ depending on whether the project is linked to an industrial application (request by the potential customer to submit an "attractive" offer, or else submission of the offer is necessary for the process of obtaining subsidies) or a bulk application (strategic investment decision after analysis of the demand in a geographical area, the ability to meet the demand and the possible subsidies).

The costs of the technologies or developments of future onshore hydrogen production sites mainly comprise internal costs (valued on the basis of the working time charged to the projects) and external costs (commitments made to suppliers or external service providers, etc.).

Amortisation of intangible assets is calculated to fully write off the cost of the intangible asset, after deducting its residual value, using the straight-line method over the estimated useful life, from the time the asset is usable.

5.1.5. Suppliers and service providers

To carry out its business, the Group uses various suppliers and service providers according to the level of progress of the production sites.

During the site construction stage, the main suppliers are the manufacturers of electrolysers, compressors and hydrogen storage containers, as well as the service providers who build the buildings and install the equipment on the sites.

When the sites are operational, the main suppliers are:

- renewable energy producers from whom the Group obtains electricity. These are mainly players with their own wind farms or photovoltaic panels. However, the Group may have to obtain supplies from the electricity transmission network (RTE in France) (supplemented by the purchase of guarantees of origin) if the renewable energy production, which is intermittent by nature, is insufficient, to avoid limiting the quantity of hydrogen produced;
- transporters who carry out deliveries to customer sites using storage containers belonging to the Group;
- insurance companies; and
- service providers who carry out some of the maintenance operations.

For further details see Section 1.5 of the Universal Registration Document.

5.1.6. Seasonal variations

The Group considers that it should not face structural seasonal variations.

5.1.7. Main factors affecting the results

Certain key factors as well as certain past events and operations have had, and may continue to have, an impact on the activities and results of the Group that are presented in this Universal Registration Document. This Section should be read in conjunction with Chapter 4 of the Universal Registration Document, which describes the risk factors likely to have an impact on the Group's business and outlook.

The main factors affecting the Group's results include:

- the electricity procurement policy (purchase and hedging costs) and the cost of transporting the hydrogen produced to the delivery sites of customers in the bulk sector;

- the procurement lead time and the purchase cost of the electrolysers, compressors and containers needed to produce and distribute green hydrogen for mobility-related uses, included in each hydrogen production site in a context of heavy demand, and the actual output of the electrolysers;
- the Company's ability to carry out an employee recruitment plan within the required time limit and to retain key talent;
- the time required to negotiate, install and bring into operation new green hydrogen production sites;
- the production capacity of the sites installed and their output, particularly in the event of more or less prolonged interruptions;
- the ability to obtain the funding required to build new green hydrogen production sites and have energy production guarantees, as well as their conditions, in particular the financial conditions;
- the ability to manage the foreign exchange risk generated by the expected international development of the activities;
- any restrictive changes in the regulations applicable to the hydrogen production and transport business, which may entail additional operating costs; and
- the loss of certain favourable tax schemes such as the R&D tax credit (CIR).

5.2. Analysis of the business and consolidated results

Profit and loss account (in thousands of euros)	**31/12/2023**	**31/12/2022**
Turnover	1,317	570
Revenue	**1,317**	**570**
Purchases consumed	-645	-394
External expenses	-12,438	-7,261
Personnel expenses	-20,593	-11,254
Taxes, duties and similar payments	-172	-81
Other current operating income and expenses	1,861	1,418
Depreciation and amortisation of fixed assets	-3,290	-1,064
Provisions for liabilities and charges	-14	-89
Current operating result	**-33,974**	**-18,155**
Other non-current operating income and expenses	-395	-1,011
Non-current operating income	**-395**	**-1,011**
Operating result	**-34,369**	**-19,166**
Cost of financial debt	-672	-6,851
Other financial income and expenses	2,287	209
Financial result	**1,615**	**-6,640**
Profit before tax	**-32,754**	**-25,808**
Income taxes	0	-4
Share of earnings of companies accounted for under the equity method	-803	-7
Consolidated net result	**-33,557**	**-25,819**
Minority interests	-69	0
Net result (Group share)	-33,488	-25,819
Basic and diluted earnings per share (in euros)	-0.7	-0.7

5.2.1. Turnover

During the financial year to 31 December 2023, the Group's turnover rose by €747k, from €570k to €1.317k. This 2.2-fold increase is the result of the expansion of the Group's customer portfolio in France during the year to 31 December 2023, reflecting the ramp-up of the Bouin production site. At the same time, the Group started to build up its customer portfolio in Germany, with the first hydrogen deliveries there in the second half of 2023.

5.2.2. Adjusted EBITDA

In thousands of euros	31/12/2023	31/12/2022
Revenue	1317	570
Purchases consumed	-645	-394
External expenses	-12,438	-7261
Personnel expenses excluding share-based payments	-18,036	-10,535
Taxes, duties and similar payments	-172	-81
Other current operating income and expenses	1861	1418
Adjusted EBITDA	**-28,114**	**-16,283**

As was explained above, since the financial year to 31 December 2023, the Group has changed the definition of EBITDA, by also restating the expenses linked to equity-based compensation. It is now as follows:

adjusted EBITDA amounted to a loss of €28,114k for the financial year to 31 December 2023, compared with a loss of €16,283k for the financial year to 31 December 2022.

This change is the result of the full-year effect of the recruitments and development efforts made by the Group during the financial year to 31 December 2022, in particular recruitments relating to the design of hydrogen production sites, commercial development in France and abroad, and R&D work linked in particular to offshore hydrogen production.

The main expense items used to calculate adjusted EBITDA changed as follows:

5.2.2.1. Purchases consumed

Purchases consumed amounted to €645k for the financial year to 31 December 2023, compared with €394k for the financial year to 31 December 2022. Purchases consumed mainly relate to the cost of purchasing the electricity and water needed to produce hydrogen, and the rise in them is linked to the increase in business during the year. It should be noted, however, that these purchases increased by less than the proportional increase in business, thereby revealing better management of electricity consumption by the Group and more efficient production systems.

5.2.2.2. External expenses

External expenses increased very markedly during the financial year to 31 December 2023, amounting to €12,438k for the financial year to 31 December 2023 compared with €7,261k for the financial year to 31 December 2022, and had the following breakdown:

In thousands of euros	31/12/2023	31/12/2022
Rent and rental charges	1,588	740
Maintenance and repairs	203	127
Insurance premiums	109	70
Other external services	1,808	714
Seconded and temporary staff	1,523	993
Remuneration of intermediaries & fees	4,028	2,543
Advertising, publications, public relations	787	612
Transport	386	124
Travel and reception expenses	1,722	1,206
Postal and telecommunications costs	106	57
Bank fees	109	37
Other external expenses	69	38
External expenses	**12,438**	**7,261**

The changes in the main items were as follows:

Rent and rental charges: the increase in these expenses, which amounted to €1,588k for the financial year to 31 December 2023 compared with €740k last year, is largely due to the Group's international expansion which began in 2022, with a full-year impact in 2023. In addition, the Group acquired new digital tools and software to improve efficiency, and these are subject to rental charges.

Other external services: the €1m increase in this item is linked to the Group's efforts to successfully complete the Sealhyfe project, in connection with the offshore operation of the platform in the financial year to 31 December 2023. In addition, the Group made a special effort to provide training for its teams.

Seconded staff: the Group hired new service providers and consultants in connection with its international development, and to support the teams in charge of operations at the sites. The increase in this item is also linked to the operation of the offshore hydrogen production site, Sealhyfe.

Fees: the Group incurred a significant level of fees amounting to €4,028k for the financial year to 31 December 2023, compared with €2,543k in 2022. This change is due to the Group's international expansion, which made it necessary to hire local legal advisers in order to adapt its contractual models to local legal constraints. The Group also hired the consultants required for its expansion, particularly in the UK, as well as firms specialised in obtaining subsidies and preparing applications. In general, the international expansion initiated in 2022 has also led to an increase in current legal, administrative and financial fees, due to their full-year impact.

Travel and reception expenses: travel and reception expenses increased to €1,722k for the financial year to 31 December 2023 compared with €1,206k for the financial year to 31 December 2022. The increase in this expense item is due to the full-year effect of staff recruitment in 2022, particularly in the second half of the year.

5.2.2.3. Personnel expenses

As in previous years, this is the main expense item for the financial year to 31 December 2023. It includes salaries and social security charges, but does not take into account the payroll costs relating to the time spent by engineering teams on R&D projects and projects under development which were capitalised in the balance sheet, or the charges linked to equity-based compensation. Capitalised payroll amounted to €3,481k for the financial year to 31 December 2023, compared with €1,315k for the financial year to 31 December 2022.

The payroll restated in this manner had the following breakdown:

In thousands of euros	31/12/2023	31/12/2022
Wages and salaries	13,059	7,798
Social security charges	4,977	2,737
Personnel expenses	**18,036**	**10,535**

The sharp increase in this item should be seen in connection with the sharp rise in the average workforce, which amounted to 188 employees for the financial year to 31 December 2023, compared with 101 for the financial year to 31 December 2022. In addition, the Company recruited less experienced profiles in 2023, which therefore reduced the average salary paid; moreover, the rate of employers' contributions remained stable during the period.

5.2.2.4. Taxes, duties and similar payments

The increase in taxes, duties and similar payments is linked to the increases in the personnel expenses, as this item mainly comprises payroll taxes. The increase in this expense, which is more than the proportional increase in the payroll, is due to threshold effects.

5.2.2.5. Other current operating income and expenses

Other current operating income and expenses amounted to €1,861k for the financial year to 31 December 2023, compared with €1,418k for the financial year to 31 December 2022.

This item mainly comprises income from subsidies intended to offset current expenses, which are mainly research expenses.

The amounts recognised for the financial year to 31 December 2023 mainly relate to:

- the R&D tax credit (CIR) totalling €990k for the financial year to 31 December 2023 (compared with €340k last year), taking into account a total of €282k corresponding to the portion of CIR relating to capitalised development expenses recognised under "Other non-current liabilities"; and
- Subsidies of €638k received from the Pays de la Loire Region and the French Environment and Energy Management Agency (ADEME) for the Sealhyfe and SEM-Rev projects for the financial year to 31 December 2023.

5.2.3. Charges linked to equity-based compensation

This expense item was up by €1,533k due to the full-year effect of the AGAs allocated in September 2022, and to a lesser extent to the new AGA, BSPCE and SO plans introduced in July 2023.

5.2.4. Depreciation of fixed assets and provisions for liabilities and charges

Depreciation of fixed assets amounted to €3,304k for the financial year to 31 December 2023, compared with €1,153k for the financial year to 31 December 2022. This change was due to:

- a significant increase of €2,184k in depreciation of property, plant and equipment linked to:
  - the rights of use recognised in connection with the funding obtained by leasing hydrogen transport and storage assets; and
  - depreciation of assets linked to the Sealhyfe project; and
- an increase in amortisation of intangible assets, which amounted to €297k for the financial year to 31 December 2023, compared with €91k for the financial year to 31 December 2022, due to the capitalisation at the end of 2022 of certain development costs, in particular for onshore projects, with the balance mainly relating to software.

Provisions for liabilities and expenses in 2022 were affected by a provision for ongoing disputes. In 2023, they solely comprised additional provisions for periodic inspection of containers.

5.2.5. Current operating result

Due to the factors described above, the current operating result declined during the period to a loss of €33,974k for the financial year to 31 December 2023, compared with a loss of €18,155k for the financial year to 31 December 2022.

5.2.6. Operating result

The operating result amounted to a loss of €34,369k for the financial year to 31 December 2023 compared with a loss of €19,166k for the financial year to 31 December 2022. In addition to the factors described above, the operating result in 2022 was affected by non-recurring operating expenses amounting to €1,011k, mainly linked to the IPO costs, which were not charged to the issuance premium.

5.2.7. Cost of financial debt

The cost of financial debt was €672k for the financial year to 31 December 2023, compared with €6,851k for the financial year to 31 December 2022. The financial expenses recognised for the financial year to 31 December 2022 related mainly to bond issues, largely due to taking into account the conversion discount on the LB1, LB3 and LB4 OCAs in the calculation of the effective interest rate on the bonds, amounting to €4.4m. In 2023, financial expenses were mainly linked to:

- a slight increase in interest on bank loans linked to the Group's new loans, although the impact remains limited as they were taken out at the end of the year; and
- interest on lease liabilities, also up slightly following the financing of hydrogen storage and transport assets by leasing agreements.

5.2.8. Other financial income and expenses

In the financial year to 31 December 2023, the Group received interest income of €2,272k in particular due to the sharp rise in yields on cash investments.

5.2.9. Financial result

As a result of higher yields on cash investments and in the absence of non-recurring financial expenses recognised in 2022 in respect of convertible bonds, the financial result amounted to €1,615k for the financial year to 31 December 2023, compared with a loss of €6,641k for the financial year to 31 December 2022.

5.2.10. Profit before tax

After taking into account the operating result and the financial result, the profit before tax amounted to a loss of €32,754k for the financial year to 31 December 2023, compared with a loss of €25,808k for the financial year to 31 December 2022.

5.2.11. Income taxes

No deferred tax assets were recognised in excess of deferred tax liabilities in the Group's consolidated financial statements on 31 December 2023, as of 31 December 2022.

The loss for the financial year to 31 December 2023 resulted in an additional loss carry forward of €7,530k. The Group therefore has tax losses which can be carried forward indefinitely totalling €68,911k, broken down as follows:

In thousands of euros	2023 loss carry-forward	Previous loss carry-forwards	Accumulated loss carry-forwards
Capitalised tax losses (taxable base)	0	0	835
Non-capitalised tax deficit (taxable base)	31,779	36,297	68,076
Total tax losses	**31,779**	**36,297**	**68,911**

5.2.12. Net result

The Group's consolidated net loss after taking into account the Group's share of profits of companies accounted for under the equity method, was €33,557k for the financial year to 31 December 2023, compared with €25,819k for the financial year to 31 December 2022.

5.3. Cash, capital and financing

This Section presents information on the equity, liquidity and sources of financing of the Group.

The comments on the equity, liquidity, sources of financing and cash flows presented in this Section of the Universal Registration Document are based on the Group's financial information and should be read in conjunction with the IFRS Financial Statements presented in Section 6.1 of the Universal Registration Document.

5.3.1. Information on the equity, liquidity and net financial debt

5.3.1.1. Information on the equity and liquidity

On 31 December 2023, the consolidated equity amounted to €102,418k compared with €133,584k on 31 December 2022. The change in equity during the period is mainly due to the loss of €33,557k recorded in the financial year to 31 December 2023. The remainder of the variation is mainly due to the impact of share-based payments, which amounted to €2,557k.

On 31 December 2023, net available cash amounted to €114,252k compared with €144,492k on 31 December 2022.

On 31 December 2023, the consolidated net financial debt was negative at €60,585k (i.e. a positive net cash position), compared with €122,138k on 31 December 2022. It should be noted however, that a large proportion of the financial debt included in this aggregate has a long maturity, with the capital of the syndicated debt contracted (€22m at the end of December 2023) being repayable in full in 5 years.

This item breaks down as follows:

In thousands of euros	31/12/2023	31/12/2022
Bank loans	30,761	3,375
Bond issues	9,892	11,394
Lease liabilities	6,702	3,257
Conditional advances	1,959	1,341
Non-current financial debt	**49,314**	**19,367**
Bank loans	617	491
Bond issues	1,651	766
Lease liabilities	1,272	521
Interest accrued but not due	77	1,206
Bank loans	731	3
Current financial debt	**4,348**	**2,987**
Financial debt	**53,662**	**22,354**
Cash	**114,252**	**144,492**
Net financial debt	**-60,590**	**-122,138**

It should be noted that the debts contracted by the Group at the end of the year have a long maturity: the green syndicated loan of €22.2m will only be repaid in 5 years, without prior amortisation, and the Group has a grace period of 3 years for repayment of the €5m New Industry Loan contracted with Bpifrance, which has a maturity of 15 years. Consequently the net financial debt restated for non-current liabilities (i.e. amounts due in more than one year) amounted to -€109,899k.

The decrease in net cash recorded in the financial year to 31 December 2023 is partly due to the cash consumed by the Group both for its operating activities (€22.6m) and for its investments (€44m), a very large proportion of which was devoted to the construction of its future hydrogen production sites. Furthermore, the net cash position takes into account syndicated loans for a total of €28m taken out at the end of the period.

5.3.1.2. Information on the Group's sources of financing

The Group is still in the deployment stage of its business and has never shown positive operating cash flows. Since its creation, the Group has met its needs through various sources of external financing, i.e.:

- share capital increases;
- convertible bond loans;
- bank loans;
- finance leases;
- public financing such as subsidies and conditional advances.

The changes in each of these sources of financing during the financial years presented are shown below.

i. Equity financing

The Company has carried out several share capital increases since its creation in April 2019 for total gross proceeds of €164,300k. Prior to the capital transactions carried out during the financial year to 31 December 2022, the Company carried out two share capital increases in July and October 2019 for €750k and €3,250k respectively.

During the financial year to 31 December 2023, the Company's share capital was affected as follows:

In thousands of euros	Number of shares	Nominal value (€)	Capital	Premiums	Total
On 31 December 2021	**193,369**	**0.01**	**2**	**3,939**	**3,941**
Share capital increase - 3 March 2022	0	0.01	192	-191	1
Nominal value split - 3 March 2022	19,143,531	0.01	0	0	0
Conversion of CB - 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
Allocation of share capital increase costs	0	0	0	-5,778	-5,778
On 31 December 2022	**47,900,448**	**0.01**	**479**	**163,821**	**164,300**
Share capital increase - 17 May 2023	7,700	0.01	0	3	3
On 31 December 2023	**47,908,148**	**0.01**	**479**	**163,824**	**164,303**

There were not many changes in the Company's share capital during the financial year to 31 December 2023, linked to the exercise of profit-sharing instruments by employees.

ii. Financing by convertible bond loans (OCA)

In July 2021, the Group issued two bonds called OCA LB2, subscribed by the Banque des Territoires (Deposit and Consignment Office) and Swen Impact Fund for Transition, for a total of €10,250k. Subsequently, in December 2021, the Group issued a new bond called OCA LB2 Bis for a total of €2,000k, subscribed by Les Saules (Ovive).

It should be noted that in July 2021, the subsidiaries Territoires x Lhyfe and Lhyfe Sombrero also each issued a bond loan convertible into the shares of these legal entities for €7,000k and €12,500k respectively. These convertible bond loans, intended to finance the development of project companies in France for Territoires x Lhyfe and at the international level for Lhyfe Sombrero, have not been subscribed to date and are therefore not included in the Group's free cash flow on 31 December 2023, or in the financial debt on that date. However, the Banque des Territoires (Deposit and Consignment Office) and Swen Impact Fund for Transition have made firm commitments to subscribe to them. Drawdowns will be made in instalments over the course of each project. The conditions for conversion of the OCAs are not likely to call into question the Group's control of the entity that issued them.

A breakdown of the amount of the bonded debt convertible into shares on 31 December 2023 is shown below:

OCA name	Nominal amount issued (in thousands of euros)	Nominal amount subscribed on 31 December 2022 (in thousands of euros)	Balance to be repaid on 31 December 2023 (in thousands of euros)	Amount recognised on 31 December 2023 (in thousands of euros)	Interest rate	Method of redemption
OCA LB2	10,250	10,250	9,609	9575	Between 8.8% and 9.2% (1)	78 monthly instalments after an 18-month grace period, i.e. from January 2023
OCA LB2 Bis	2,000	2,000	2,000	1968	Between 8.8% and 9.2% (1)	78 monthly instalments after an 18-month grace period, i.e. from June 2023
Total	**12,250**	**12,250**	**11,609**	**11,543**		

(1) Rate: 9% for the 1st year. Thereafter, the LB2 OCAs will bear interest at a variable rate of between 8.8% and 9.2% per annum, depending on whether or not the number of tonnes of CO2 avoided in respect of the previous financial year is achieved.

In view of the IFRS restatements linked in particular to the conditions for conversion of OCA, the bonded debt on 31 December 2023 amounted to €11,543k (net of issuance costs).

The convertible bond loans OCA LB2 and OCA LB2 Bis do not include any financial covenants but are subject to two other types of covenant described below:

- customary covenants such as:
  - maintain the business and the authorisations required for the business,
  - ban on the sale of a substantial amount of the assets,
  - disclosure requirement,
  - no dividends paid,
  - not to grant guarantees other than those required for the purposes of the SPVs;
- commitment to limit additional debt: consequently, on the date of the Universal Registration Document, and it being understood that the Company has obtained the necessary waivers from its lenders in order to take out the €22.2m syndicated green loan, this commitment complied with by the Company means that it cannot take out additional debts other than:
  - senior debt (excluding subsidies, repayable advances, R&D loans, factoring, financing of the working capital requirement and leasing, which are authorised) up to a maximum of €5m,
  - additional subordinated debts (in particular shareholder current account advances, issuance of debt instruments).

iii. Financing by bank debt

On 31 December 2023, the Group had nine bank loans with outstanding capital of €31,442k, excluding issuance costs, broken down as follows:

Loans in thousands of euros	Nominal amount	APR	Date	Duration (and grace period)	Maturity date	Guarantees	Balance outstanding on 31/12/2023	Purpose
Pays de Loire Region loan	650	2.03%	August 2019	Repayable over 4 years after a 4-year grace period, i.e. from October 2023.	December 2026.	None	650	Launch of the project
Crédit Agricole Vendée	1,000	2.90%	April 2021.	Repayable in monthly instalments over 7 years after a 6-month grace period, i.e. from November 2021	April 2028.	Pledge of business assets BPI Guarantee granted to the lending institution for 50% of the loan	681	Financing of the WCR
Banque Populaire Grand Ouest	600	1.43%	August 2021	Repayable in monthly instalments over 5 years after a 2-year grace period, i.e. from August 2023.	August 2028	Guarantee of €420k by the European Guarantee Fund for the lending institution	600	Contribution to the Sealhyfe 1 project
Crédit Mutuel Océan	1,000	1.94%	December 2021.	Repayable in monthly instalments over 7 years	December 2028	Pledge of equipment (electrolyser and compressor) BPI guarantee granted to the lending institution for €500k	721	Financing of investments at the Bouin site
Pays de Loire Region loan	90	0.00%	August 2022	Repayable over 3 years after a 2-year grace period, i.e. from August 2025.	August 2027	None	90	Contribution to the Sealhyfe 1 project
Banque Populaire Grand Ouest	900	3.39%	December 2022.	Repayable in monthly instalments over 5 years after a 2-year grace period, i.e. from January 2025	December 2029.	Guarantee of €630k by the European Guarantee Fund for the lending institution	900	Contribution to the Sealhyfe 2 project
Bpifrance	800	8.35%	October 2023	Repayable in quarterly instalments over 6 years after a 32-month grace period, i.e. from June 2026	March 2031		800	
Bpifrance	5,000	4.61%	December 2023.	Repayable in quarterly instalments over 12 years after a 3-year grace period, i.e. from March 2027	December 2038.		5,000	
Syndicated loan	22,000	Euribor 6M + 3.75%	December 2023.	Repayable at maturity in 5 years.	December 2028.		22,200	
						Balance outstanding on 31/12/2023	31,642	

The six loans outstanding on 31 December 2022 were repaid in accordance with the schedules.

In addition, the Group has taken out four new loans as follows:

- a green syndicated bank loan for a total of €22.2m, indexed to Euribor, with a 5-year maturity and *bullet repayment.* This green loan was structured by the Crédit Agricole Group and is supported by the BPCE Group, HSBC and Crédit Mutuel Océan. It has an extension clause that makes it possible to increase the amount for two years;
- an initial fixed rate liquidity line for a total of €0.8m granted by Bpifrance, maturing in 8 years;
- a second fixed rate liquidity line for a total of €5m granted by Bpifrance, maturing in 15 years;
- a loan of €850k granted by the town of Schwäbisch Gmünd in connection with the acquisition of the plot for this project, maturing in 20 years.

Only the syndicated loan agreement signed at the end of 2023 includes covenants. The covenants concern tests on the level of past and future liquidity, the debt-to-equity ratio and the installed capacities in MW. The covenants were met on 31 December 2023.

iv. Finance leases

In accordance with IFRS 16, the Company recognised rights of use with a corresponding financial liability (lease liabilities).

Lease liabilities amounted to €7,973k on 31 December 2023, compared with €3,778k on 31 December 2022. The new lease liabilities recognised on 31 December 2023 relate to:

- leasing agreements for hydrogen transport and storage assets amounting to €4.2m;
- leases for the Buléon plot and offices in Cologne for €0.8m.

v. Financing by subsidies and repayable advances

Since its creation, the Group has received several subsidies and repayable advances for certain research and development projects. This funding is detailed in the tables below, which indicate the amounts obtained and those already received on 31 December 2023 and 31 December 2022.

Breakdown of the subsidies obtained

Project	Amount granted	Amounts already received			Amount still to be collected on 31/12/2023
	(in €thousands)	**2023**	**2022**	**Prior to 2022**	
Pays Loire PIA	172	0	72	100	0
Deep Tech	1,244	0	0	622	622
EAS Hymob	10			10	0
Territoires d'industries	754	354	0	400	0
Sealhyfe 1	408	326	0	82	-0
H2 Ouest	908	0	545	182	181
SEM-REV	356	141	0	71	144
GreenHyScale	11,852	374	0	4,148	7,330
Lorient - Buléon	3,067	0	613	0	2454
Bessières	1,893	209	379	0	1,306
Sealhyfe 2	729	401	109	0	219
Sorigny - ADEME	1,561			0	1,561
Hope - European Commission	9,820	3,437		0	6,383
TH2nicio - European Commission	4,400	1,282		0	3,118
Hope - Belgian state	13,053			0	13,053
Advanced H2 Valley	1,628	1,302		0	326
ImagHyne	750			0	750
GreenH2forAll	2,139			0	2,139
Schwäbisch Gmünd	6,477			0	6,477
Others	402	92		0	309
TOTAL	**61,620**	**7,917**	**1,718**	**5,615**	**46,370**

For the record, on 31 December 2022 the main subsidies obtained concerned the following projects:

- **Deep Tech**: this aid was granted by Bpifrance Financement and helps to finance projects linked to the design of a standard onshore hydrogen production site, additional studies linked to offshore hydrogen production and work linked to artificial intelligence. The project received funding of €2,488k, including €1,244k in the form of a subsidy, and the same amount as a conditional advance (see below).
- **Support for industrial investment in the territories**: granted by Bpifrance Financement in connection with the French economic recovery plan, this subsidy helped to finance various investments in hydrogen production.
- **Sealhyfe 1**: this subsidy was granted by the Pays de la Loire Region, and is intended to finance a collaborative project relating to the design of two types of offshore hydrogen production combined with a Marine Renewable Energy (MRE) farm.
- **H2 OUEST**: this subsidy from the French Environment and Energy Management Agency (ADEME) is used to finance equipment at the Bouin site in connection with the call for proposals for the mobility ecosystem, which is intended to finance projects to produce hydrogen from wind energy.
- **Sealhyfe 2 - Région**: this subsidy granted by the Pays de la Loire region relates to a collaborative project coordinated by the Company, implemented in particular with Ecole Centrale Nantes and Chantiers de l'Atlantique, to develop the first system for offshore hydrogen production using electricity from a floating wind turbine at the SEM-REV site off Le Croisic. The subsidy was also accompanied by a loan of €90k received in July 2022.
- **GreenHyScale**: this subsidy was granted by the European Commission in connection with the Green Deal call for funding by the European Union, and concerns a project implemented by the European consortium GreenHyScale, in which the Group is the only French partner, relating to the development of a green hydrogen production site incorporating a new-generation electrolyser with a capacity of 100 MW. The contract provides for total financing of €30m for this project, of which €11.9m was awarded to Lhyfe.
- **Buléon**: this subsidy, granted by the ADEME in connection with the VHyGo 2 project, concerns the financing of hydrogen production equipment located in Buléon, Morbihan.
- **Bessières**: this subsidy granted by the Occitanie Region is intended to finance the construction of the hydrogen production site located in Bessières in Occitanie. This financing agreement also provides for support for this project through a repayable advance for a total of €4,103k (see below).
- **Sealhyfe 2 – ADEME**: in addition to the financing previously granted by the Pays de la Loire Region for the pilot site for offshore hydrogen production, the ADEME granted the Group funding in the form of a subsidy amounting to €729k. This aid is intended to finance the pilot site for offshore hydrogen production.

During the financial year to 31 December 2023, the Group was awarded further subsidies which are detailed below:

- **Clean Hydrogen Partnership – Hope financing agreement**: this subsidy for a total of €9,820k granted by the European Commission concerns a project to develop and build an offshore green hydrogen production site off Ostend in Belgium with a capacity of 10 MW.
- **Hope - Belgian state financing agreement**: the Group also signed a subsidy contract with the Belgian State for the Hope project for an amount of up to €13,053k.
- **Clean Hydrogen Partnership - TH2nicio financing agreement**: this subsidy for a total of €4,400k was contracted with the European Commission. This aid is intended to finance the construction of an onshore hydrogen production site in Milan, Italy.
- **Ecosystème H2 – Hy'Touraine financing agreement**: at the beginning of 2023 the Group signed a contract with the French Environment and Energy Management Agency (ADEME) for a subsidy of €1,560k to finance the construction of a hydrogen production site in Sorigny, Touraine.
- **Clean Hydrogen Partnership - AdvancedH2Valley financing agreement**: this subsidy contract was signed at the end of 2023 with the European Commission for a total of €1,628k. The funds are intended to finance the construction of the Hy'Touraine site near Sorigny, and the ramp-up of the Bouin site.
- **CINEA - GreenH2forAll financing agreement**: this aid in the form of a subsidy was formalised through a contract at the end of 2023 with the European Commission for a total of €2,138 k. These funds are intended to finance the construction of the Le Cheylas site in Isère, which will supply hydrogen to Hympulsion under a contract signed in 2023.
- **Schwäbisch Gmünd financing agreement:** in 2023 the Group obtained a subsidy of €6.5m. These funds are intended to finance the project of that name in Germany.

Conditional advances

The Group has received five subsidies in the form of repayable advances, which are recognised under financial debt, taking into account the likelihood of repayment in view of the repayment conditions. They cover:

- **the Deep Tech project**: this conditional advance is part of the public financing obtained for the project detailed above. This aid will be repaid in quarterly instalments over 4 years from 31 March 2024.
- **International prospecting insurance - Germany and Canada**: the Company has obtained two advances granted by Bpifrance Assurance Export to guarantee the Group against the total or partial failure of its prospecting efforts in Germany and Canada. The advances will be repaid in 12 quarterly instalments from 2024, according to the turnover achieved in Germany, and in quarterly instalments for 4 years from 2028 for Canada.
- **The Sealhyfe project:** together with the subsidy granted by the ADEME for a total of €729k, the Group has also received a repayable advance for a total of €243k as part of the financing of the Sealhyfe project, a pilot site for offshore production of renewable hydrogen. This advance will be repaid to the 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 Stage takes place.
- **Bessières:** under the financing agreement signed with the Occitanie Region, the Group received an advance to finance equipment for the future hydrogen production site located in Bessières for a total of €4,103k. This advance will be repaid to the Occitanie Region in monthly payments over a period of 7 years, with a two-year grace period after completion of the operation.

Project	Amount granted	Amounts already received			Amount still to be collected on 31/12/2023
	(in €thousands)	2023	2022	Prior to 2022	
Deep Tech	1,244	0	0	622	622
International Prospecting Insurance - Germany	260	130	0	130	0
Bessières	4,103	452	821	0	2,830
Sealhyfe 2	243	134	36	0	73
International Prospecting Insurance - Canada	93	44			49
TOTAL	**5,943**	**760**	**857**	**752**	**3,574**

The balance sheet liability amounted to €2,036k on 31 December 2023, compared with €1,341k on 31 December 2022. These amounts correspond to the advances received less the IFRS restatement linked to the accretion expense on these interest-free debts.

5.3.2. Cash flow

The Group's cash position declined by -€30,240k for the financial year to 31 December 2023, whereas the variation for the financial year to 31 December 2022 amounted to €94,604k.

The table below provides the breakdown of the various cash flows generated in the two financial years presented.

CASH FLOW STATEMENT *In thousands of euros*	2023	2022
Net cash flows from operating activities	-22,608	-15,055
Net cash flows from investment activities	-44,091	-12,930
Net cash flows from financing activities	36,458	122,592
Impact of changes in the foreign exchange rate	1	-3
Net change in cash and cash equivalents	**-30,240**	**94,604**

5.3.2.1. Cash flow from operating activities

As the Company was created in April 2019, operating activities result in net consumption of cash which increases as the Group develops.

CASH FLOW STATEMENT *In thousands of euros*	2023	2022
Consolidated net result	-33,557	-25,819
Share of earnings of companies accounted for under the equity method	803	7
Adjustments for:		
○ depreciation, amortisation and provisions	3,577	1,153
○ net financial result	596	6,762
○ expenses calculated related to share-based payments	2,557	719
○ change in the fair value of financial instruments	76	89
○ Other non-cash effects	-164	-28
Tax expense for the period	-	4
Impact of the change in WCR:		
○ Change in inventory	-34	-142
○ Change in trade receivables	-541	161
○ Change in current non-trade receivables	-5,986	-1,722
○ Change in trade payables	4,236	1,881
○ Change in other current liabilities	5,829	1,880
Net cash flows from operating activities	**-22,608**	**-15,055**

During the financial year to 31 December 2023, the net cash flow from operating activities declined, amounting to -€22,608k on 31 December 2023. It had the following breakdown:

- negative cash provided by operations of €26,112k, which worsened during the financial year due to the full-year effect of the recruitments made in 2022, although the Group stabilised its workforce during the period. Furthermore, the Group incurred substantial expenses in connection with its international expansion, both in terms of structural costs such as rents and of fees linked to securing its contractual arrangements abroad;
- a reduction in the working capital requirement of €3,508k:
  - linked to the increase in current non-trade receivables relating to new subsidies during the period for which pre-financing was received, and VAT receivables relating to equipment purchases, and
  - offset by an increase in trade payables linked to the increase in business, and by a rise in subsidies receivable linked to the progress of the projects and an increase in the R&D tax credit to be collected.

5.3.2.2. Cash flows from investment activities

CASH FLOW STATEMENT *In thousands of euros*	2023	2022
Purchase of intangible assets	-6,303	-3,116
Purchase of property, plant and equipment	-34,101	-8,397
Disposals of property, plant and equipment	1	16
Purchase of financial assets	-1,538	-373
Interest received	-	-
Impact of changes in the scope of consolidation	-2,150	-1,060
Net cash flows from investment activities	**-44,091**	**-12,930**

The financial year to 31 December 2023 resulted in significant negative net cash flows from investment activities of -€44,091k, reflecting the sharp acceleration in investments by the Group in the deployment of its projects for hydrogen production sites and the continuation of its research and development activities.

As a result, the Group spent a total of €5,127k on both internal costs linked to engineering, and external costs incurred for the studies required prior to the development of the sites. In addition, the Group spent €1,176k on continuing its research and development activities, mainly to design proprietary software tools.

The Group also invested very heavily in purchases of equipment for the hydrogen production sites under construction. Consequently, out of €34,101k spent on property, plant and equipment, the Group devoted €32m of its cash to buying production equipment for green hydrogen sites and €2m to buying land for large-scale projects in future years.

In the first half of 2023 the Group also acquired a 49% interest in Flexens, a developer of green and renewable hydrogen and Power-to-X projects located in Finland. This investment reflects the Group's desire to develop its business in that country, which is investing in green, renewable hydrogen.

Lastly, acquisitions of financial assets are linked to the immobilisation of funds in connection with a security deposit paid for the Sealhyfe project and other guarantees.

5.3.2.3. Cash flows from financing activities

CASH FLOW STATEMENT *In thousands of euros*	2023	2022
Share capital increases, net of expenses	3	112,558
Issuance of new loans, net of expenses	31,935	10,434
Repayable advances received	764	857
Subsidies received	7,921	1,537
Loan and current account repayments	-1,131	-285
Repayment of lease liabilities	-910	-210
Sales/(purchases) of treasury shares	-113	-296
Interest paid	-2,011	-2,005
Net change in bank loans	-	3
Net cash flows from financing activities	**36,458**	**122,592**

The financial year to 31 December 2023 showed significant net cash flows from financing activities of €36,458k, mainly as a result of taking out of a number of loans at the end of 2023 with its banking partners, for a total of €28m. These bank loans comprise:

- a €22.2m green syndicated bank loan, indexed to Euribor, with a 5-year maturity and *bullet* repayment. This green loan was structured by the Crédit Agricole Group and is supported by the BPCE Group, HSBC and Crédit Mutuel Océan; and
- two fixed rate liquidity lines totalling €5.8m granted by Bpifrance, maturing in 8 and 15 years

In addition, after contracting new aid in the form of subsidies or repayable advances, and due to the progress of projects financed by aid previously agreed, the Group received a total of €8,685k, in particular following the financing of the Hope project (€3.4m).

Finally, the Group repaid the loans it had previously taken out and paid the rents due in respect of its lease liabilities in accordance with the schedules.

5.3.3. Financing requirements and financing structure

The Group's main financing requirements include:

- its operating working capital requirement;
- its policy of investing in the development of new green hydrogen production sites in France and abroad; and
- repayment of its bond and bank loans, lease liabilities (including interest payments) and conditional advances detailed in paragraphs 5.3.1.2(ii) to 5.3.1.2(v) of the Universal Registration Document.

In the future, the Group will also face a new requirement linked to the need to provide sufficient financial guarantees for the energy purchasing commitments (electricity and where appropriate wind power).

Information on the financing structure of the Company's activities is given in paragraph 5.3.1 above.

5.3.4. Restriction on the use of capital

Only the syndicated loan agreement signed at the end of 2023 includes covenants. The covenants concern tests on the level of past and future liquidity, the level of debts compared to equity and the installed capacities in MW. The covenants were met on 31 December 2023.Furthermore, there are other commitments attached to OCA LB2 and OCA LB2 Bis described in paragraph 5.3.1.2(ii) of the Universal Registration Document.

5.3.5. Sources of financing needed in the future to meet the investment commitments made

Since its creation, the Group has financed its growth by increasing its own funds through successive share capital increases, financing certain investments by leasing, obtaining subsidies and public aid for innovation, and by using medium-term bank debt and issuing convertible bond loans.

On 31 December 2023, the Group's cash and cash equivalents amounted to €114,252k, and the external financing available to the Group is detailed in Note 3.8 "Loans and borrowings" to the IFRS Financial Statements included in Section 6.1 of the Universal Registration Document.

The Group will continue to have substantial financing requirements for the development of its activities. Its ability to generate cash flows equivalent to its needs in the future is uncertain (see the risk factor described in paragraph 4.1.5.1 of the Universal Registration Document, "Risk related to obtaining future financing").

The Group may not manage to raise additional capital when it is needed, or such capital may not be available under financial terms acceptable to the Group. If the necessary funds are not available, the Group may, in particular, have to slow down its research and development and commercial efforts (see the risk factor described in paragraph 4.1.5.7 "Liquidity risk" of the Universal Registration Document).

See paragraph 4.1.5.7 "Liquidity risk" of the Universal Registration Document.

5.3.6. New financing obtained since the end of the financial year to 31 December 2023

On 18 March 2024, the Group received confirmation of financial support from the French state, via a subsidy of up to €149m, for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre. This project was approved by the European Commission as part of the third wave of important projects of common European interest (IPCEI) regarding hydrogen. With this project, the Group intends to produce up to 34 tonnes of green hydrogen per day near the Grand Canal in Le Havre. The Lhyfe production site, which will be located on a 2.8-hectare plot of land in Gonfreville-l'Orcher, is due to open in 2028.

5.4. Investments

5.4.1. Investments made during the financial year

During the financial year to 31 December 2023, the Group's investments were focused on the green hydrogen production sites under development. At the same time, the Group continued its investments in its various R&D programmes.

The table below shows the investments made by the Group in the financial year to 31 December 2023.

In thousands of euros	Financial year 2023	Financial year 2022
Intangible investments	6,643	3,116
Tangible investments	41,089	8,397
Rights of use/leasing	5,004	1,003
Equity method investments	2,150	1,060
TOTAL	**54,886**	**13,576**

Intangible investments

During the 2023 financial year, the Group devoted a considerable proportion of its investments in intangible assets to the development and design of its future hydrogen production sites. Intangible investments in projects under development amounted to €5,314k for the financial year, increasing the capitalised amount to €7,175k on 31 December 2023.

At the same time, the Group continued to invest in its research and development activities for a total of €1,317k, most of which was devoted to developing proprietary software tools for a total of €1,090k capitalised during the financial year, bringing the total amount capitalised in this respect to €2,127k on 31 December 2023.

Other intangible assets mainly relate to the acquisition of office automation licences to support the growth of the workforce.

It is specified that the Company does not capitalise research expenditure for projects (including those relating to the design of an offshore production site) that have not reached a sufficient level of maturity in view of the requirements of the management team. This expenditure, which was expensed in the financial year in which it was incurred, amounted to €2,126k for the financial year to 31 December 2023, compared with €959k in 2022. Most of these expenses were linked to the design of the pilot site for offshore renewable hydrogen production, Sealhyfe.

Tangible investments

The Group invested significant amounts in industrial equipment in order to build its onshore hydrogen production sites during the 2023 financial year, totalling €32m. At the same time, the Group acquired several plots of land, the two most significant of which are intended for large-scale projects. The assets capitalised in this respect at the end of 2023 amounted to €8.3m, after taking into account provisions for cleanup of €3.1m.

In addition, the Group continued to invest in containers for transporting hydrogen, and in the equipment needed to commission the pilot site for offshore hydrogen production. Other investments during the period concerned the acquisition of computer hardware.

Rights of use under lease contracts (IFRS 16)

The rights of use capitalised in 2023 concern leasing agreements for hydrogen transport and storage assets for €4.2m, and leases for the Buléon plot and offices in Cologne for €0.8m.

Equity method investments

In March 2023, the Group acquired a 49% interest in Flexens, a developer of green and renewable hydrogen and Power-to-X projects located in Finland and consolidated using the equity method. Although the Group does not control the company within the meaning of IFRS 10, it is the largest shareholder of this project company.

5.4.2. Current investments

At the end of December 2023, the Group's main investments in progress concern the renewable hydrogen production sites under development and construction, as well as the acquisition of containers for transporting hydrogen. The total amount of firm commitments made in this respect on 31 December 2023 was €83m, most of which have already been recognised under construction work in progress on 31 December 2023. These amounted to €37,884k on 31 December 2023, compared with €7,103k on 31 December 2022 (see Note 3.1.2 "Property, plant and equipment" of the notes to the IFRS Financial Statements presented in Section 6.1 of the Universal Registration Document).

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

5.4.3. Future investments

The Group intends to continue its investments in connection with the deployment of numerous hydrogen production sites in France and in many European countries.

6 Financial Statements

6.1. Consolidated financial statements 130

6.1.1. Consolidated profit and loss account 130
6.1.2. Consolidated statement of comprehensive income 130
6.1.3. Consolidated statement of financial position 131
6.1.4. Consolidated statement of changes in equity 132
6.1.5. Cash flow statement 133
6.1.6. Notes to the consolidated financial statements 134

6.2. Statutory auditors' report on the consolidated financial statements 169

6.3. Individual financial statements 172

6.3.1. Assets 172
6.3.2. Liabilities 173
6.3.3. Profit and loss account 174
6.3.4. Notes to the financial statements 176

6.4. Statutory auditors' report on the individual financial statements 202

6.5. Other information regarding Lhyfe S.A. 205

6.5.1. Recent events 205
6.5.2. Table of results for the last five financial years 206
6.5.3. Non-deductible expenses 206
6.5.4. Overheads added back to taxable income 206
6.5.5. Time limits for payment of suppliers and customers 207

6.6. Significant change in the Company's financial position 207

6.1. Consolidated financial statements

6.1.1. Consolidated profit and loss account

In thousands of euros	Notes	31/12/2023 (12 months)	31/12/2022 (12 months)
Turnover	2.1.2	1,317	570
Revenue		**1,317**	**570**
Purchases consumed	2.1.4	-645	-394
External expenses	2.1.5	-12,438	-7,261
Personnel expenses	2.1.6	-20,593	-11,254
Taxes, duties and similar payments	2.1.7	-172	-81
Other current operating income and expenses	2.1.8	1,861	1,418
Depreciation and amortisation of fixed assets	2.1.9	-3,290	-1,064
Provisions for liabilities and charges	3.13	-14	-89
Current operating result		**-33,974**	**-18,155**
Other non-current operating income and expenses	02/01/2010	-395	-1,011
Non-current operating result		**-395**	**-1,011**
Operating result		**-34,369**	**-19,166**
Cost of financial debt	2.2	-672	-6,851
Other financial revenue and expenses	2.2	2,287	210
Financial result	**2.2**	**1,615**	**-6,641**
Income before tax		**-32,754**	**-25,807**
Income taxes	2.3	-	-4
Share of income of companies accounted for under the equity method		-803	-8
Consolidated net result		**-33,557**	**-25,819**
Minority interests		-69	-
Net result (Group share)		-33,488	-25,819
Earnings per share (in euros)	**2.4**	**-0.70**	**-0.70**

6.1.2. Consolidated statement of comprehensive income

In thousands of euros	Notes	31/12/2023 (12 months)	31/12/2022 (12 months)
Net result for the period		**-33,557**	**-25,819**
Change in the fair value of hedging instruments		-	-
Currency translation adjustments		-56	21
Change in the fair value of debt securities		-	-
Gains and losses recognised in equity that can be recycled to profit or loss		**-56**	**21**
Actuarial gains and losses on employee benefits		-	-
Tax effect		-	-
Gains and losses recognised in equity that cannot be recycled to profit or loss		**-**	**-**
Comprehensive income		**-33,613**	**-25,798**

6.1.3. Consolidated statement of financial position

ASSETS *In thousands of euros*	Notes	31/12/2023	31/12/2022
Intangible assets	3.1.1	11,004	4,711
Property, plant and equipment	3.1.2	50,306	12,807
Right-of-use assets	3.1.3	7,761	3,383
Investments in companies accounted for under the equity method	3.2	2,387	1,037
Other non-current assets	3.5	3,249	1,007
Deferred tax assets	3.14	-	-
Non-current assets		**74,707**	**22,945**
Inventory	3.3	176	142
Trade receivables	3.4	604	63
Other current assets	3.5	10,743	5,069
Cash and cash equivalents	3.6	114,252	144,492
Current assets		**125,775**	**149,766**
Assets		**200,482**	**172,711**

LIABILITIES AND EQUITY *In thousands of euros*	Notes	31/12/2023	31/12/2022
Share capital	3.7.1	479	479
Premiums	3.7.1	163,824	163,821
Reserves		-28,328	-4,897
Net result		-33,488	-25,819
Equity (Group share)		**102,487**	**133,584**
Minority interests		-69	-
Equity		**102,418**	**133,584**
Non-current provisions	3.13	3,167	53
Non-current borrowings and financial liabilities	3.8	49,314	19,368
Non-current derivative instruments	3.9	-	-
Deferred tax liabilities	3.14	-	-
Other non-current liabilities	3.11	16,273	8,769
Non-current liabilities		**68,754**	**28,190**
Current provisions	3.13	44	44
Current borrowings and financial liabilities	3.8	4,353	2,987
Trade payables	3.10	15,225	4,586
Other current liabilities	3.11	9,688	3,320
Current liabilities		**29,310**	**10,937**
Liabilities and equity		**200,482**	**172,711**

6.1.4. Consolidated statement of changes in equity

EQUITY *In thousands of euros*	Notes	Share capital	Capital reserves	Treasury shares	Consolidated reserves and income	Profits and losses recognised directly in equity	Equity (Group share)	Equity (Minority interests)	Total equity
Equity on 31 December 2021	3.7.1	**2**	**3,939**	**-**	**-10,121**	**-**	**-6,180**	**-**	**-6,180**
Share capital increases		477	159,882	-	4,780	-	165,139	-	165,139
Share-based payments		-	-	-	719	-	719	-	719
Currency translation reserves		-	-	-	21	-	21	-	21
Change in treasury shares		-	-	-296	-	-	-296	-	-296
Net result		-	-	-	-25,819	-	-25,819	-	-25,819
Equity on 31 December 2022	3.7.1	**479**	**163,821**	**-296**	**-30,420**	**-**	**133,584**	**-**	**133,584**
Share capital increases		-	3	-	-	-	3	-	3
Share-based payments		-	-	-	2,557	-	2,557	-	2,557
Currency translation reserves		-	-	-	-56	-	-56	-	-56
Change in treasury shares		-	-	-113	-	-	-113	-	-113
Net result		-	-	-	-33,488	-	-33,488	-69	-33,557
Equity on 31 December 2023	3.7.1	**479**	**163,824**	**-409**	**-61,407**	**-**	**102,487**	**-69**	**102,418**

6.1.5. Cash flow statement

In thousands of euros	Notes	31/12/2023 (12 months)	31/12/2022 (12 months)
Consolidated net result		**-33,557**	**-25,819**
Share of income of companies accounted for under the equity method		803	8
Adjustments for:			
○ Depreciation, amortisation and provisions	2.1.9	3,577	1,153
○ Net financial result	2.2	596	6,761
○ Expenses calculated related to share-based payments	2.1.6	2,557	719
○ Change in fair value of financial instruments		76	89
○ Other non-cash effects	02/01/2010	-164	-28
Income taxes paid		-	4
Net working capital:			
○ Change in inventory	3.3	-34	-142
○ Change in trade receivables	3.4	-541	161
○ Change in current non-trade receivables	3.5	-5,986	-1,722
○ Change in trade payables	3.10	4,236	1,881
○ Change in other current liabilities	3.11	5,829	1,880
Net cash flows from operating activities		**-22,608**	**-15,055**
Purchase of intangible assets	3.1.1	-6,303	-3,116
Purchase of property, plant and equipment	3.1.2	-34,101	-8,397
Disposals of property, plant and equipment	3.1.2	1	16
Purchase of financial assets	3.5	-1,538	-373
Interest received	2.2	-	-
Impact of changes in the scope of consolidation	3.2	-2,150	-1,060
Net cash flows from investment activities		**-44,091**	**-12,930**
Share capital increases, net of expenses	3.7.1	3	112,558
Issue of new loans, net of expenses	3.8	31,935	10,434
Repayable advances received	3.8	764	857
Subsidies received	3.11	7,921	1,537
Loan and current account repayments	3.8	-1,131	-285
Repayment of lease liabilities		-910	-210
Sales/(purchases) of treasury shares		-113	-296
Interest paid	3.8	-2,011	-2,003
Net change in bank loans	3.8	-	-
Net cash flows from financing activities		**36,458**	**122,592**
Impact of changes in foreign exchange rates		1	-3
Net change in cash and cash equivalents		**-30,240**	**94,604**
Cash and cash equivalents at beginning of the year	3.6	144,492	49,888
Cash and cash equivalents at end of the year		114,252	144,492

6.1.6. Notes to the consolidated financial statements

Note 1.	**General notes**	**135**
Note 1.1.	General information	135
Note 1.2.	Description of the Group's business	135
Note 1.3.	Highlights of the financial year	135
Note 1.4.	Post-balance sheet events	137
Note 1.5.	General accounting principles	137
Note 1.6.	Scope and methods of consolidation	139
Note 1.7.	Accounting methods and valuation rules used	141
Note 2.	**Profit and loss account**	**148**
Note 2.1.	Current operating activity items	148
Note 2.2.	Financial result	152
Note 2.3.	Income taxes	152
Note 2.4.	Earnings per share	152
Note 3.	**Balance sheet**	**153**
Note 3.1.	Property, plant and equipment and intangible assets	153
Note 3.2.	Investments in companies accounted for under the equity method	156
Note 3.3.	Inventory	156
Note 3.4.	Trade receivables and related items	156
Note 3.5.	Other current and non-current assets	157
Note 3.6.	Cash and cash equivalents	157
Note 3.7.	Equity	158
Note 3.8.	Loans and borrowings	160
Note 3.9.	Derivative instruments	163
Note 3.10.	Trade payables and related items	163
Note 3.11.	Other current and non-current liabilities	163
Note 3.12.	On-balance sheet financial instruments	165
Note 3.13.	Provisions	165
Note 3.14.	Deferred tax assets and liabilities	165
Note 4.	**Other information**	**166**
Note 4.1.	Financial risk management	166
Note 4.2.	Related-party transactions	167
Note 4.3.	Statutory auditors' fees	167
Note 4.4.	Off-balance sheet commitments	168

Note 1 General notes

Note 1.1. General information

Lhyfe is a limited liability company incorporated in France and registered with the trade and companies registry of Nantes under number 850 415 290 (and referred to as the "Company"). Its registered office is located in France, 1 ter Mail Pablo Picasso, 44000 Nantes. Lhyfe's consolidated financial statements include the Company and its subsidiaries (referred to together as the "Group").

These notes are an integral part of the Group's IFRS consolidated financial statements for the financial year to 31 December 2023.

All amounts are in thousands of euros, unless otherwise indicated. Numbers have been rounded for ease of presentation. The calculations, however, are based on exact figures. As a result, the sum of the numbers in a column of a table may not match the total figure displayed in the column.

The Group's consolidated financial statements were approved by the Board of Directors of Lhyfe S.A. on 22 April 2024.

Note 1.2. Description of the Group's business

Lhyfe was established in 2017 in Nantes, and produces and supplies renewable green hydrogen for mobility and industry. Its production sites and its pipeline of projects should make it possible to have access to renewable green hydrogen in industrial quantities, and establish a virtuous energy model aimed at environmental benefits.

Lhyfe opened its first industrial hydrogen production site in September 2021. Located in Bouin in the Vendée, it has a current production capacity of 300 kg/day, which will be increased to 1 tonne/day in 2024 to meet a growing demand.

In addition, the Group aims to produce hydrogen offshore. In September 2022, it opened Sealhyfe, the pilot site for offshore renewable hydrogen production, operated at sea from May to November 2023.

Note 1.3. Highlights of the financial year

Note 1.3.1. Funding

During the financial year to 31 December 2023, the Group continued to secure its cash position and the financing of its projects via various sources of funding.

Bank loans

On 12 December 2023, the Group took out a number of loans with its banking partners for a total of €28m. These bank loans comprise:

- a €22.2m green syndicated bank loan, indexed to Euribor, with a 5-year maturity and bullet repayment. This green loan was structured by the Crédit Agricole Group and is supported by the BPCE Group, HSBC and Crédit Mutuel Océan;
- two fixed rate liquidity lines totalling €5.8m granted by Bpifrance, maturing in 8 and 15 years.

Lease financing

In 2023, the Group obtained new funding in the form of leasing agreements for its hydrogen transport and storage assets. This funding, which was restated in the financial statements under the IFRS 16 standard, amounts to €4.2m.

Subsidies

During the financial year to 31 December 2023, the Group was awarded subsidies totalling €33.9m. The vast majority of this aid will make it possible to finance the Group's future hydrogen production projects. The main subsidies awarded in 2023 are summarised below.

The Hope project, which involves developing, building and operating the first 10 MW production unit in the North Sea off Belgium by 2026, is receiving two types of support. Firstly, the European Commission has granted Lhyfe a subsidy of €9.8m within the framework of the European Clean Hydrogen Partnership, out of the €20 million granted to all the members of the consortium involved in this project. Secondly, the Belgian state has granted an additional subsidy of up to €13m for this project. For the financial year to 31 December 2023, the Group received €3.4m in respect of this funding.

The Group has also obtained a subsidy of €4.4m from the European Commission that will be used to finance a future hydrogen production site in Italy, called TH2Icino, with a capacity of 5 MW. It received €1.3m during the financial year for this purpose.

Furthermore, the Group signed a financing agreement with the French Environment and Energy Management Agency (ADEME) to build a future hydrogen production site called Hy'Touraine in Sorigny, France. The total amount of the subsidy awarded to Lhyfe for this purpose is €1.6m.

The Group also signed three subsidy contracts with the European Commission for a total of €4.5m. The first grant, for a total of €1.6m, will supplement the previous subsidy for the construction of the Hy'Touraine hydrogen production site and the ramp-up of the Bouin site. The second grant for a total of €0.8m will support the construction of a hydrogen production site in Le Cheylas, Isère, France. Finally, the third grant for a total of €2.1m is intended to finance the construction of a hydrogen production site in the west of France.

Note 1.3.2. Business development

In 2023, the Group more than doubled its turnover, which amounted to €1.3m in 2023, compared with €0.6m in 2022. This performance reflects the ramp-up of the Bouin production unit and the broadening of the customer portfolio following the signing of new contracts for the sale of green hydrogen. During the year, the Group also started to build up its portfolio in Germany, with deliveries to its first customers there.

Note 1.3.3. Deployment of renewable hydrogen production units

During the financial year to 31 December 2023, the Group continued to invest heavily in the construction and development of its future onshore hydrogen production sites. This heavy investment resulted in purchases of property, plant and equipment for a total of €32m, mainly for production equipment. Furthermore, the Group also devoted almost €5.3m of its internal and external resources to developing these sites.

The Group has also acquired two plots intended for future large-scale hydrogen production sites. The total cost of these assets recognised in the consolidated financial statements is €8.3m, after taking into account the clean-up and dismantling costs linked to their restoration.

Note 1.3.4. Equity investment

In March 2023, the Group acquired a 49% stake in Flexens, a developer of green and renewable hydrogen and Power-to-X projects located in Finland. This investment reflects the Group's desire to develop its business in that country, which is investing in green, renewable hydrogen.

Note 1.3.5. Research and development

The research and development projects launched in previous years were continued in financial year 2023.

Offshore hydrogen production

After conducting tests in the dock in 2022, the Group towed the Sealhyfe offshore hydrogen production platform out to sea in May 2023. The Group was therefore able to carry out comparative studies of the initial results observed in the dock, and then additional specific offshore tests. At the end of this period of testing, the Company decided to bring the platform back to the dock in November 2023 for more in-depth analysis of the data, the main lessons of which were drawn at the end of 2023, thereby finalising the project in the last financial year. The Group devoted a large proportion of its internal and external resources to it in 2023, amounting to a total of €3.9m (including €1.7m in depreciation). The project was partly financed by subsidies, advances and the R&D tax credit.

Artificial intelligence and software

The research and development programmes linked to artificial intelligence and more generally to the software packages created by the Group were continued during the 2023 financial year. The Group therefore devoted just over €1m of its internal and external resources to these projects, including application development.

Note 1.3.6. Creation of project companies

The Company is continuing to develop its activities in Europe, with the creation of numerous entities in the 2023 financial year, mainly for onshore renewable hydrogen production:

- Lhyfe Finland, created in January 2023 to develop Lhyfe's business in that country;
- Lhyfe Production 6 to 10, created in October 2023 to carry out its future projects in France;
- Lhyfe Le Havre, created on 19 September 2023, to carry out the first large-scale project in France;
- Lhyfe Ingrandes and Ingrandes PS, created respectively on 4 and 8 December 2023 to carry out a second large-scale project in France;
- Aspen Wasserstoff GmbH, created in April 2023 to carry out a future project in Germany;
- Lhyfe Delfzijl BV, created in July 2023, to carry out a project in that city in the Netherlands.

Note 1.3.7. Increase in the workforce in France and Europe

The Group's growth and the acceleration in the number of projects to be developed were supported by an increase in the workforce to 188 full-time equivalents (FTEs) in 2023, compared with 101 FTEs in the previous financial year.

Note 1.3.8. Impact of the crisis in Ukraine

As regards the current situation linked to the war between Russia and Ukraine, apart from the macroeconomic consequences, the Group believes that it is not currently suffering any impact insofar as it does not achieve any sales or obtain supplies in either of these countries, or in areas directly affected by the war, and none of its assets are established there.

Note 1.4. Post-balance sheet events

On 18 March 2024, the Group received confirmation of financial support from the French state, via a subsidy of up to €149m, for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre. This project was approved by the European Commission as part of the third wave of important projects of common European interest (IPCEI) regarding hydrogen. With this project, the Group intends to produce up to 34 tonnes of green hydrogen per day near the Grand Canal in Le Havre. The Lhyfe production site, which will be located on a 2.8-hectare land take in Gonfreville-l'Orcher, is due to open in 2028.

At its meeting on 27 March 2024, the Board of Directors recorded the change in the Group's strategy, which from now on will focus on accelerating profitability. This strategy is based on a new business model, in addition to the existing one, in which the green hydrogen production assets developed by the Group will be financed by partners with up to a 100% stake in the companies that own these assets. However, some free share grant, stock option and founder's share warrant plans are subject to performance conditions. Up to now, the minimum performance conditions in terms of the production capacities deployed or turnover may not be met, as the production assets are held by partners. The amount expensed for the financial year to 31 December 2023, depending on the actual number of rights that will be granted, would on that basis be overvalued by €2.1m.

Note 1.5. General accounting principles

Note 1.5.1. Accounting standards

The Group's consolidated financial statements were 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 to 31 December 2023 were prepared in accordance with IFRS as adopted by the European Union on the date they were prepared, including the International Accounting Standards (IAS and IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC).

The standards applied are available on the website of the European Commission (https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A02002R1606-20080410).

The accounting policies and rules for application used to prepare the consolidated financial statements are the same as those used in the most recent annual consolidated financial statements.

The following standards, amendments and interpretations, which are mandatory for financial years from 1 January 2023, did not have a significant impact on the financial statements:

- IFRS 17 on insurance policies;
- Amendment to IAS 1 - Presentation of Financial Statements, which recommends improving the information on accounting policies disclosed in the notes to the financial statements, particularly in view of the concept of materiality;
- Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, which specifies the difference between changes in estimates and changes in policy;
- Amendment to IAS 12 - Income Taxes, concerning deferred tax related to assets and liabilities arising from a single transaction;
- Amendment to IAS 12 - Income Taxes, which introduces a temporary exemption from the recognition of deferred tax resulting from international tax reform (Pillar Two)

In addition, the Group has not opted for early application of the standards, amendments and interpretations that will be mandatory from 1 January 2024, it being stated that the Group is currently analysing the potential impact of their entry into force.

Note 1.5.2. Significant accounting estimates and judgements

In order to prepare the consolidated financial statements, the management must use estimates and assumptions that are considered reasonable, and are liable to have an impact on the amounts of assets, liabilities, equity, revenue and expenses included in the financial statements, and on the information included in the notes to the financial statements.

These estimates are based on the going concern assumption and on the information available when they are made.

The main judgements made by the management of the Group when preparing the consolidated financial statements relate to:

- Meeting the criteria for capitalising the various research and development projects in progress with regard to IAS 38, and the assumptions used to carry out impairment tests (see Notes 1.7.1 and 3.1.1);
- Fair value measurement of share-based payments (BSPCE, BSA, SO and AGA) granted to the founders, directors, employees and external service providers. Measurement of the fair value is based on models that require the use of assumptions (volatility, revenue, exercise period, etc.) (see Notes 1.7.16, 3.7.2 and 3.7.3);
- The methods of applying IFRS 16, including in particular the determination of the discount rates and the period of lease to be used to measure the lease liability for contracts with renewal or termination options (see Notes 1.7.4 and 3.1.2);
- Capitalisation of any deferred tax relating to loss carry-forwards (see Note 3.14).

Details are provided in the note on significant accounting principles. Depending on changes in these assumptions or different economic conditions, the final amounts may differ from these estimates.

These estimates may be revised if the circumstances on which they are based change or as a result of new information.

Note 1.5.3. Segment reporting

IFRS 8 requires operating segments to be identified based on the internal reporting used by the chief operating decision maker to make decisions about allocating resources and assessing the Group's performance. Lhyfe is organised in-house to report to its Board of Directors, the chief operating decision maker, based on information consolidated at Group level. The Board of Directors makes strategic decisions and measures business performance monthly, based on data consolidated at Group level. Consequently, all of Lhyfe's business constitutes a single operating segment under IFRS 8.

For more information on the financial performance indicators, see Note 1.7.23.

Note 1.6. Scope and methods of consolidation

Note 1.6.1. Scope of consolidation

During the 2023 financial year, the Group continued to expand by creating twelve subsidiaries and one associate company, including eight in France for hydrogen production. These twelve subsidiaries are fully consolidated, whereas the associate company is consolidated using the equity method.

The Group also acquired a 49% stake in the Finnish company Flexens. As the Group does not control that company, it is consolidated using the equity method.

The Group comprised 39 companies on 31 December 2023.

		31/12/2023			31/12/2022		
Company	**Location**	**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
Lhyfe SA	France	Parent	Parent	Full consolidation	Parent	Parent	Full consolidation
Lhyfe Bouin SAS	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Sombrero SAS	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Territories x Lhyfe SAS	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Buléon SAS	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Bessières SAS	France	80%	80%	Full consolidation	80%	80%	Full consolidation
Lhyfe Production 1	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 2	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 3	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 4	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 5	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Croixrault	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 6	France	100%	100%	Full consolidation			
Lhyfe Production 7	France	100%	100%	Full consolidation			
Lhyfe Production 8	France	100%	100%	Full consolidation			
Lhyfe Production 9	France	100%	100%	Full consolidation			
Lhyfe Production 10	France	100%	100%	Full consolidation			
Lhyfe Ingrandes SAS	France	100%	100%	Full consolidation			
Ingrandes PS SAS	France	50%	50%	Equity method			
Lhyfe Le Havre	France	100%	100%	Full consolidation			
Lhyfe Germany GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Schwäbisch Gmünd GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Niedersachsen GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Aspen Wasserstoff GmbH	Germany	100%	100%	Full consolidation			
Hydrogen Bay GmbH	Germany	100%	100%	Full consolidation			
Duisburg Hydrogen GmbH	Germany	100%	100%	Full consolidation			
Hydrogen Lhyfe Canada	Canada	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Denmark ApS	Denmark	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Lakrids ApS	Denmark	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Skive ApS	Denmark	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Hidrógeno SL	Spain	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Finland	Finland	100%	100%	Full consolidation			
Flexens	Finland	49%	49%	Equity method			
Lhyfe Netherlands BV	Netherlands	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Delfzijl BV	Netherlands	100%	100%	Full consolidation			
Lhyfe UK Ltd	United Kingdom	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Sweden AB	Sweden	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Trelleborg AB	Sweden	100%	100%	Full consolidation	100%	100%	Full consolidation
Botnia Hydrogen	Sweden	32.5%	39.2%	Equity method	32.5%	39.2%	Equity method

Note 1.6.2. Balance sheet date of the consolidated companies

The consolidated financial statements cover a 12-month period and are drawn up on 31 December of each year.

The entities created during the 2023 financial year end their first financial year either on 31 December 2023 or on 31 December 2024. For those that close their accounts on 31 December 2024, interim financial statements on 31 December 2023 were used for the purposes of the Group's consolidated financial statements.

The annual financial statements of the consolidated companies for the periods presented were restated to bring them into line with the accounting principles used to prepare the consolidated financial statements.

Note 1.6.3. Consolidation methods

Note 1.6.3.1. Subsidiaries

Subsidiaries are consolidated from the date they were taken over. Intercompany transactions, assets and liabilities between consolidated companies have been eliminated. The earnings from intercompany transactions with controlled companies have been fully eliminated.

Subsidiaries are all entities controlled by the Group. Control is defined according to three criteria: the power exercised over the entity, exposure to the entity's variable returns and the ability to influence the entity's returns. This definition of control implies that the power held over an entity can be exercised in several ways and not only by holding voting rights. The existence and effect of potential voting rights are considered when assessing control if they are substantive. Control generally involves directly or indirectly holding more than half of the voting rights, but may also exist with a smaller holding.

Note 1.6.3.2. Associate companies

Associate companies comprise all entities over which the Group exercises significant influence over their management and financial policy, without having control or joint control, which generally involves holding 20% to 50% of the voting rights. Associate companies are accounted for using the equity method. They are initially valued at their acquisition cost, unless they were previously controlled by the Group. The securities are then measured at fair value through profit or loss on the date of loss of control.

Thereafter, the Group's share of the associate company's profits or losses is recognised in profit or loss under "Share of earnings of companies accounted for under the equity method". The share of other comprehensive income from associate companies is recognised under a separate item in the statement of comprehensive income. If the Group's share of an associate company's losses equals or exceeds its stake in the associate company, the Group no longer recognises its share of the losses, unless it has a legal or constructive obligation or has made payments on behalf of the associate company. Goodwill relating to an associate company is included in the book value of the holding, shown on a single line in the balance sheet under "Investments in companies accounted for under the equity method". Earnings from intercompany transactions with associates accounted for under the equity method are eliminated to the extent of the Group's stake in these companies.

Note 1.6.4. Foreign currency translation

Note 1.6.4.1. Functional currency and reporting currency

The financial statements are presented in thousands of euros (€k), the functional currency of the parent Company Lhyfe S.A. For the presentation of the consolidated financial statements, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros using the exchange rates prevailing at the end of each financial year. Revenue and expenses are translated at the average exchange rate for the financial year. Where appropriate, the resulting foreign exchange gains or losses are recognised in own funds under "Currency translation reserves" in the Consolidated Statement of Changes in Equity.

Note 1.6.4.2. Foreign currency transactions and accounts

The activities of foreign subsidiaries included in the scope of consolidation are considered to be an extension of those of the parent company. For that purpose, the subsidiaries' financial statements are translated using the monetary/non-monetary method. Applying this method results in an impact on the financial situation and results similar to what would have been observed if the parent company had carried out the business abroad itself. On the balance sheet date, the monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate of the foreign currency on the balance sheet date. Non-monetary items are translated at the historical rate. All currency translation adjustments are entered in the profit and loss account.

Note 1.7. Accounting methods and valuation rules used

Note 1.7.1. Development costs

Note 1.7.1.1. Technology development costs

In accordance with IAS 38 Intangible Assets, research costs are recognised as an expense in the financial year in which they are incurred.

Expenses relating to in-house development of technologies by the Group are only recognised as intangible assets if all of the following six criteria are met:

a) Technical feasibility required to complete the intangible asset so that it can be brought into service or sold,

b) Intention of the Group to complete the intangible asset and use or sell it,

c) Ability of the Group to use or sell the intangible asset,

d) Demonstration of the probability of future economic benefits attached to the asset. The entity must demonstrate, among other things, the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it will be used in-house, its usefulness,

e) Availability of appropriate technical, financial and other resources to complete the development and use or sell the intangible asset, and

f) Ability to reliably assess the expenses attributable to the intangible asset during its development.

Capitalised development costs include external costs (commitments made to suppliers or external service providers - invoices, invoices receivable, etc.) and internal costs (valued based on the working time allocated to the projects).

Impairment of intangible assets is calculated to fully write off the cost of the intangible asset, using the straight-line method over the estimated useful life (3 years), from the time the asset is usable, and is recognised under “Depreciation and amortisation of fixed assets”.

The Group assesses the recoverability of intangible assets if there is an indication of impairment. For unamortised intangible assets, an impairment test is carried out at least once a year, and whenever there is an indication of impairment (see Note 1.7.5 Impairment of fixed assets).

Note 1.7.1.2. Capitalised costs on projects under development

Expenses relating to the development of the future renewable hydrogen production sites are capitalised if all of the criteria of IAS 38 listed above are met.

Direct external development costs (commitments made to suppliers or external service providers - invoices, invoices receivable, statements of account etc.) and internal development costs (valued based on the working time allocated to the projects), are capitalised as soon as the corresponding projects are likely to succeed.

The Group generally considers that the criteria of IAS 38 have been met when a project enters the Tender Ready stage in the project portfolio, i.e. when the conditions defined by the Group as described below have been met. These criteria differ depending on whether the project is:

- linked to an industrial application: request by the potential customer to submit an ”attractive” offer, or else submission of the offer is necessary for the process of obtaining subsidies,
- a mobility application: strategic investment decision after analysis of the demand in a geographical area, the ability to meet the demand and the possible subsidies.

All projects are reviewed on each balance sheet date. If the conditions for recognising an internally generated fixed asset are not met, the project development expenses are recognised as expenses in the financial year in which they are incurred.

The expenses linked to these projects are no longer capitalised when the hydrogen production sites are commissioned. When the project is brought into service, impairment is calculated on a straight-line basis over the estimated useful life of the underlying asset.

If the Group considers that there is less likelihood of success as a result of unusual external factors, the development expenses are written down and recognised under ”Impairment of non-current assets”. When a project is abandoned, the related development costs are entered as expenses under ”Other non-current operating income and expenses”.

Note 1.7.2. Other intangible assets

Other intangible assets are initially recognised at their acquisition cost.

They mainly comprise software and licence fees, as well as the capitalised onshore research and development costs on bulk sites (sites for producing green hydrogen delivered in bulk by containers). Other intangible assets acquired are entered on the balance sheet at their acquisition cost, where appropriate, less accumulated amortisation and impairment losses.

The estimated useful life for the current period is 36 months for concessions, software and patents.

Onshore research and development costs are amortised over 36 months.

The depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if necessary.

Note 1.7.3. Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (purchase price and incidental expenses) less accumulated depreciation and any impairment losses. Subsequent expenses are included in the book value of the asset or, where appropriate, recognised as a separate asset if it is probable that the Group will receive the future economic benefits associated with the asset and that the cost of the asset can be reliably measured. All repair and maintenance costs are recognised as expenses.

They are not revalued.

Depreciation is calculated on a straight-line basis according to the estimated useful life. Residual values are not taken into account as their impact is not material. The most commonly used depreciation periods are as follows:

- Plant and equipment: 1 to 20 years,
- General installations, miscellaneous fixtures and fittings: 3 to 9 years,
- Transport equipment: 4 to 5 years,
- Office and IT equipment: 3 to 10 years.

Note 1.7.4. Leases

Under IFRS 16, the Group is only a lessee.

The Group recognises a right of use of the asset from the time it has the right to use the underlying asset, and a liability related to the lease obligation, under current and non-current "Loans and borrowings".

On initial recognition of a contract, the right of use and the lease liability are measured by discounting the future lease payments over the term of the lease, taking into account the assumption that leases will be renewed or terminated early if there is a reasonable certainty that these options will be exercised. The rents in question only relate to the fixed component of the contracts. Any variable component is treated as an operating expense for the period (the Group did not have this type of contract on 31 December 2023).

The Group has used the optional exemptions provided for short-term contracts (lease term as defined by the standard of less than one year) and those relating to low-value items (value of the underlying asset less than $5,000). As a result, the lease payments relating to these contracts are entered in the profit and loss account on a straight-line basis over the term of the lease. See Note 2.1.5 on external expenses.

The lease term was determined taking into account both the contractual terms and the economic environment of the contract (in particular if it is linked to a project). The term of the leases held by the Group is the non-cancellable term.

The terms were defined individually for each contract, according to the type of asset:

- From 3 to 9 years for commercial leases for offices;
- 20 years for transport and storage assets;
- 15 years for the Bouin property complex.

The discount rate used to calculate the rent liability is determined, for all of the assets, according to the incremental borrowing rate on the effective date of the contract. This rate corresponds to the interest rate that the lessee would obtain, at the start of the lease, to borrow the funds required to acquire the asset for a similar period, with similar security and in a similar economic environment.

The impact of applying IFRS 16 is presented in Note 3.1.3.

Note 1.7.5. Impairment of fixed assets

In accordance with IAS 36, the Group uses the following process to assess the recoverability of its long-term assets:

- The Group assesses whether there is an indication of impairment for depreciated property, plant and equipment and intangible assets at each balance sheet date. These indications are identified based on external or internal criteria, such as a change in technology or a cessation of activity.
- For unamortised intangible assets (projects under development and under construction), an impairment test is carried out at least once a year, and whenever there is an indication of impairment.

Where appropriate, the Group identifies the cash-generating unit (CGU) to which the asset belongs if it is not possible to estimate the recoverable amount of the individual asset. A CGU is the smallest group of assets that includes the asset to be tested, continuing use of which generates cash inflows that are largely independent of the cash inflows generated by other groups of assets.

The Group has recognised each project as a CGU.

The value in use of a CGU is determined with reference to the value of the discounted future cash flows expected from these assets, based on the economic assumptions and operating conditions anticipated by the Company's management. Where appropriate, an impairment test is performed by comparing the net book value of the CGU with the recoverable amount, which is the fair value less the disposal cost, or the value in use, whichever is higher. If the recoverable amount of the CGU exceeds its book value, the CGU and the goodwill allocated to it must be considered as not impaired. If the book value of the CGU exceeds its recoverable amount, an impairment loss is recognised. In practice, impairment tests are carried out regarding the value in use which corresponds to the present value of the estimated cash flow from use of the CGU.

Future cash flows are based on the fifteen-year business plan drawn up and approved by the management. Cash flow forecasts are made without taking into account the restructuring not yet begun, growth investments or the capital structure, in accordance with the standard. Cash flows are discounted using a discount rate that corresponds in practice to the weighted average cost of capital determined by the company after tax.

Impairment losses are reversed through profit or loss when the updated tests result in a recoverable amount higher than the net book value.

The key assumptions used to determine the recoverable amount of the various CGUs, including a sensitivity analysis, are presented and explained in greater detail in Note 3.1.1.

Note 1.7.6. Inventory

Inventory is valued at the cost price or the net realisable value, whichever is lower. The cost price is calculated using the weighted average unit cost.

The net realisable value is the estimated sales price in the ordinary course of business, less the estimated costs of completion and the estimated sales costs.

Note 1.7.7. Subsidies

In accordance with IAS 20, state subsidies are recognised when there is reasonable assurance that the subsidy will be received and that all related conditions will be met.

Note 1.7.7.1. Subsidies

The Group receives state subsidies for its innovative projects or future renewable hydrogen production sites. They are recognised once the Group has reasonable assurance that the conditions attached to the subsidies can be met and that the subsidy will be received.

The subsidy is recognised as a liability (under "Other non-current liabilities"), until the related costs are (i) recognised in the profit and loss account if the subsidies are linked to non-capitalised projects (external expenses and personnel expenses), or (ii) the asset to which it relates is brought into service (in which case the subsidy will be systematically recognised over the useful life of the asset, i.e. at the rate at which it is depreciated). These subsidies are recognised in the profit and loss account under "Other current operating income".

Subsidies receivable are recognised under "Other current assets" and "Other non-current assets" according to the recovery schedule.

Note 1.7.7.2. Conditional advances

The Group also receives financial aid in the form of conditional advances, which may be repayable in full or in part based on the recognition by the funding entity of the technical or commercial success of the related project.

The amount resulting from the deemed benefit due to its interest-free nature is considered to be a subsidy for accounting purposes. The deemed benefit is determined by applying a discount rate equal to the effective interest rate during the repayment period of the advances.

On initial recognition of conditional advances, the difference between their fair value (value of future cash flows discounted at the market rate) and the amount of cash received is recognised as a state subsidy under "Other revenue" as and when the expenses financed by these advances are recognised, in accordance with IAS 20.

In the event of a change in the stipulated repayment schedule of the conditional advances, the Group recalculates the net book value of the debt by discounting the new expected future cash flows. The resulting adjustment is recognised in the profit and loss account for the financial year in which the change is recognised, under financial result.

If the project is declared unsuccessful, the waiver granted is recorded under "Other revenue".

Note 1.7.7.3. R&D tax credit

The R&D tax credit (CIR) can be used to pay income taxes, and is granted to companies by the tax authorities to encourage them to carry out technical and scientific research.

The characteristics of the CIR are such that it is always repaid by the French State to the company, either by offsetting against the income taxes to be paid, or directly if the company has no taxable income or a tax loss. The CIR therefore falls within the scope of IAS 20 and is equivalent to a subsidy.

The portion of the CIR relating to research expenses that does not meet the conditions for capitalisation is recognised under "Other current income".

The portion of the CIR relating to development expenses that are capitalised is initially recognised under "Other non-current liabilities", then recognised as income at the same rate as the amortisation of the capitalised costs to which it relates.

Details of the subsidies and conditional advances are given in Notes 3.8.4 and 3.11.

Note 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 recognised as part of the cost of the assets if it is likely 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. They are no longer capitalised when all material aspects of the activities required to complete the asset have been completed.

All other borrowing costs are recognised as expenses.

The impact of contract borrowing costs is indicated in Note 2.2.

Note 1.7.9. Financial assets

In accordance with IFRS 9 - Financial Instruments, the main financial assets are classified in 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 applied determines the accounting treatment of these assets. It is determined by the Group on the date of initial recognition, according to the contractual characteristics of the cash flow from these assets and the purpose for which they were acquired (management business model).

Purchases and sales of financial assets are recognised on the transaction date.

Note 1.7.9.1. Assets at amortised cost

These are financial assets held in order to collect contractual cash flows which solely comprise interest and repayment of principal at specific dates. These assets are initially recognised at fair value and subsequently at amortised cost using the effective interest method. This category mainly includes cash, trade receivables and deposits and guarantees (mainly comprising security deposits and security granted in connection with commercial leases).

The recoverable amount is reviewed if there is any indication that the asset may have suffered a loss in value, and at least on each balance sheet date. If the recoverable amount is less than the book value, an impairment loss is recognised immediately in the consolidated statement of net income.

Note 1.7.9.2. Assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition, or if the contractual cash flows do not consist exclusively of interest and repayment of principal at specific dates (e.g. derivatives). Financial assets are classified as at fair value through profit or loss if the Group manages such investments and makes purchase and sales decisions based on their fair value in accordance with the Group's risk management policy or investment strategy. Directly attributable transaction costs are recognised in profit or loss on the date of initial recognition of the assets. Financial assets at fair value through profit or loss are measured at fair value, and any resulting variation, which takes into account dividend income, is recognised in profit or loss.

However, derivatives documented as hedges of future cash flows are also classified in this category.

No assets at fair value through profit or loss were identified on 31 December 2023.

Note 1.7.9.3. Impairment

The Group applies the expected loss model to financial assets carried at amortised cost. Trade receivables are measured using the simplified approach of IFRS 9 - Financial Instruments. Impairment losses are calculated using the historical loss rate observed, adjusted for prospective events, taking into account both individualised credit risks and the economic outlook for the market in question.

Note 1.7.10. Cash and cash equivalents

Cash and cash equivalents include liquid assets, short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are included in current liabilities in the statements of financial position, under short-term loans and borrowings. Investments with an original maturity of more than three months from the date of acquisition and no possibility of early redemption are excluded from cash and cash equivalents.

Note 1.7.11. Capital and capital issuance costs

Equity instruments are recorded upon issue at the transaction price less transaction costs. Equity instruments are not revalued. If the equity instrument is cancelled or redeemed, the consideration paid is deducted directly from equity and no profit or loss is recognised in profit or loss.

Expenses directly attributable to share capital increases are recognised as a deduction from the share premium, i.e. as a deduction from equity in accordance with IAS 32.

Note 1.7.12. Provisions

In accordance with IAS 37, the Group recognises provisions if there are current legal or constructive obligations resulting from prior events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligations resulting from past or current events, and a reliable estimate can be made of the amount of the outflow of resources.

The amount of the provision recognised is the estimate of the expense required to settle the obligation, discounted if necessary on the balance sheet date. Provisions for contingencies include provisions for ongoing disputes. The amount of the provisions corresponds to the most likely estimate of the risk.

The Group assesses provisions on the basis of the facts and circumstances of current obligations on the balance sheet date, according to its experience in this area and to the best of its knowledge, possibly after consulting the Group's lawyers and legal advisers on the balance sheet date.

Contingent liabilities are not recognised but are disclosed in the notes to the financial statements unless it is very unlikely that there will be an outflow of resources and the impact is immaterial.

Note 1.7.13. Financial liabilities

Note 1.7.13.1. Liabilities at amortised cost

In accordance with IFRS 9, these are initially recognised at the fair value of the consideration transferred, and subsequently at amortised cost, using the effective interest method. Transaction costs and premiums directly attributable to the issue of a financial liability are deducted from its initial fair value. They are then amortised actuarially over the life of the liability, using the effective interest rate.

This category mainly comprises bond issues (debt components), bank loans and overdrafts, trade payables and conditional and repayable advances.

Note 1.7.13.2. Derivatives

This category mainly comprises derivative instruments documented in a fair value hedging relationship and other derivative instruments that do not qualify for hedge accounting.

The effective portion of changes in the fair value of derivative instruments documented in a cash flow hedging relationship is recognised under other comprehensive income (with subsequent recycling). Other changes in fair value (ineffective portion) are recognised in profit or loss.

Note 1.7.14. Bonds convertible into shares (OCA)

Bonds issued by the Group were recognised in accordance with IAS 32 Financial Instruments: Presentation. Depending on the characteristics of the embedded conversion option, convertible bonds may result in the recognition:

- either of a debt component and an equity component (if it is specified that conversion will be carried out by the delivery of a fixed number of equity instruments in exchange for a fixed amount of cash);
- or of a debt component and a liability derivative (in all other cases).

On 31 December 2023, the Group only had convertible debenture loans for which the conversion option is recognised as a derivative financial instrument liability.

The conversion option on convertible loans has been separated, recognised as a derivative liability due to the variable conversion parity, and measured at fair value with changes in fair value recognised in profit or loss in accordance with IFRS 9.

Derivative instruments are recognised at fair value. Profits or losses resulting from revaluation at fair value are recognised immediately in the consolidated statement of income as and when they arise.

Note 1.7.15. Share-based payments

Since its creation, the Group has introduced several equity-settled remuneration plans in the form of 'founder's share warrants' (BSPCE), 'share warrants' (BSA), 'free share allocation' (AGA) or 'stock options' (SO) allocated to employees, consultants and/or directors.

In accordance with IFRS 2, the cost of equity-settled transactions is expensed with an offsetting increase in equity during the vesting period of the rights to benefit from the equity instruments.

The Group applied IFRS 2 to all equity instruments granted to executive corporate officers, external service providers and employees. The amount recognised as an expense is adjusted to reflect the number of rights for which it is estimated that the service and off-market performance conditions will be met, so that the amount ultimately recognised is based on the actual number of rights that meet the service and off-market performance conditions on the vesting date. For share-based payment rights with other conditions, measurement of fair value on the awarding date reflects these conditions, and no subsequent adjustment is made for differences between the estimate and the actual amount. 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.

Note 1.7.16. Pension liabilities and other post-employment benefits

The Group may be required to recognise pension liabilities in respect of French retirement indemnities.

Pursuant to the amendment of April 2021 to IAS 19 by IFRS IC, the Group does not yet meet the criteria for recognition of a liability.

Note 1.7.17. Turnover

The Group's revenue results from the sale of goods or services and reflects the fair value of the consideration which the Group expects to be entitled to. IFRS 15 requires the Group to assess revenue recognition using a five-step model.

Consequently, for its contracts with customers, the Group identifies distinct performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognises revenue if (or as and when) the performance obligations are met.

A performance obligation is considered to be met when the customer obtains control of the asset sold. Control is defined as the present ability to determine the use of the asset and to obtain substantially all the residual economic benefits from it.

The rate of turnover recognition is determined for each contract, by examining the terms and performance obligations in each specific contract. Based on each specific contract and their obligations, revenue under IFRS 15 is either recognised at a given time, or over time. Revenue is recognised over time using the method that best depicts the pattern of transfer of control over time. The input cost method is used, adjusted as and when the time and goods are delivered to the customer.

The transaction price does not include a significant financing component given that the time limits for payment are reasonably short. It also does not include any significant variable consideration. Furthermore, the contract costs are expensed as incurred.

The turnover comprises revenue from the supply and delivery of hydrogen, as well as revenue from the provision of hydrogen storage equipment to customers. The Group's customers simultaneously receive and consume the benefits of the hydrogen supply service or its availability. Consequently, turnover from these contracts is recognised as and when the gas is supplied or the reserved capacity is made available. Lhyfe supplies the hydrogen with its own equipment (containers). Customers do not have any right to control the identified assets within the meaning of IFRS 16 Leases.

Consequently, the hydrogen supply contracts do not contain any leases, and the turnover is recognised as follows:

- Hydrogen supply: turnover from these contracts is recognised as and when the gas is supplied or the reserved capacity is made available.
- Provision of services (supply of containers): turnover is recognised as and when the services are provided.

As the Group's teams have key expertise in green hydrogen production, turnover also includes engineering consultancy services, for which the turnover is recognised as and when the services are provided.

Note 1.7.18. Income taxes

Income tax comprises current and deferred tax. It is recognised in net income. There was no tax consolidation on 31 December 2023.

Note 1.7.18.1. Current tax expense

Current tax comprises the estimated amount of tax due (or receivable) in respect of the taxable profit (or loss) for a period and any adjustment to the amount of tax due in respect of previous periods. The amount of current tax due (or receivable) is determined based on the best estimate of the amount of tax that the Group expects to pay (or receive), reflecting, where appropriate, the related uncertainties. It is calculated using the tax rates that have been enacted or substantively enacted on the balance sheet date. Current tax also includes any tax arising from the declaration of dividends.

The company added-value contribution (CVAE) is treated as income taxes.

See Note 2.3 for more information on corporate income tax.

Note 1.7.18.2. Deferred tax

Deferred tax is recognised on the basis of temporary differences between the book value of assets and liabilities and their tax basis.

Deferred tax assets and unused tax credits are recognised if it is likely that the Group will have future taxable profits against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset will be realised or the liability will be settled, based on the tax rates that have been enacted or substantively enacted on the balance sheet date.

The measurement of deferred tax must reflect the tax consequences that would result from the way in which the Group expects, on the balance sheet date, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are shown as a net position (net deferred tax) for each tax entity.

Note 1.7.19. Earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to Group shareholders by the weighted average number of outstanding shares during the financial year, adjusted for the maximum impact of the conversion of dilutive instruments into ordinary shares using the share buyback method. Treasury shares are not taken into account in this calculation.

Dilution is defined as a reduction in the earnings per share, or an increase in losses per share. Consequently, if the consolidated net income attributable to Group shareholders is a loss, given that the exercise of any outstanding stock options, BSA, BSPCE, SO or AGA, or the conversion of any other convertible instruments would have the effect of reducing the loss per share, these instruments are considered to be antidilutive and excluded from the calculation of the loss per share (see Note 2.4).

Note 1.7.20. Related parties

Related parties presented in the consolidated financial statements are defined as:

- parties controlled by the Group or over which the Group exercises significant influence;
- parties controlling the Group, such as corporate shareholders;
- individuals who are managers of the Group or of parties that control the Group or exercise significant influence over it.

Financial assets and liabilities relating to related parties are presented as non-current financial assets or liabilities if they are settled or made payable within 12 months of the balance sheet date of the period presented, failing which they are presented as current financial assets and liabilities. Assets and liabilities relating to related parties are discounted for their non-current portion if the effect of the time value is material.

In accordance with IAS 24, related party disclosures are presented in Note 4.2.

Note 1.7.21. Cash flow statement

The cash flow statement has been prepared using the indirect method and presents the cash flows from (used in) operating, investing and financing activities separately.

Operating activities correspond to the entity's main revenue-generating activities and all other activities that do not meet the criteria for investing or financing. Cash flows from (used in) operating activities are calculated by adjusting the net income for changes in the working capital requirement, non-cash items (depreciation, amortisation, impairment, etc.), gains on disposals and other calculated revenue and expenses.

Cash flows from (used in) investment activities correspond to cash flows from acquisitions and the production of fixed assets, disposals of fixed assets and other investments.

Financing activities are transactions resulting from changes in the size and composition of the capital provided and borrowings of the entity. Share capital increases and the obtaining or redemption of convertible debenture loans and bank loans are included in this category. The Group has chosen to classify financial interest, repayable advances and subsidies in this category.

Note 1.7.22. Alternative performance measures

In addition to turnover, the two financial performance indicators defined by the Group are:

- Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) since the financial year to 31 December 2023. The Group has changed the definition of the EBITDA, by also restating the expenses linked to equity-based compensation. The Group considers that these expenses do not reflect its current operating performance and have no direct impact on the cash flow (see Note 2.1.3);
- Net financial debt, which corresponds to the loans and borrowings less cash and cash equivalents (see Note 3.8).

These performance indicators do not replace the IFRS indicators and should not be seen as such. They are used in addition to the IFRS indicators. Although they are used by the Board of Directors as an important factor for setting the targets and measuring the performance of the Group, these indicators are neither required nor defined by IFRS.

As an internal measure of the Group's performance, these operational indicators have their limits and the management of the Group's performance is not restricted to these indicators alone.

Note 2 Profit and loss account

Note 2.1. Current operating activity items

Note 2.1.1. Segment reporting

The Group only reports on one operating segment on the basis of the reports that it examines regularly in order to make decisions about allocating resources to the segment and assessing its performance.

On 31 December 2023, a single customer individually accounted for over 10% of turnover. Turnover achieved with that customer amounted to 25% of the Group's sales.

Note 2.1.2. Turnover

The Group's consolidated turnover amounted to €1,317k in 2023, compared with €570k in 2022. This change is due to the ramp-up of the Bouin site, the expansion of the customer portfolio following the signing of new contracts for the sale of green hydrogen, and delivery to the first customers in Germany.

LIDL SNC and the Syndicat Départemental d'Energie et d'Equipements de la Vendée, two of the Group's customers, have undertaken to obtain hydrogen supplies from Lhyfe Bouin for a period of 1 year, from the end of the financial year to 31 December 2023. These contracts provide for an increase in the quantity of hydrogen delivered linked to the development of the uses of these customers. In addition, the sales prices vary according to the quantities delivered.

During the financial year to 31 December 2023, the Group signed a contract with Hympulsion for the supply of hydrogen (up to 1.6 tonnes per day) for a period of 10 years, from 2025.

The Group also signed a 10-year contract to sell hydrogen to the town of Lorient.

Note 2.1.3. Adjusted EBITDA

Performance indicator

The main financial performance indicator monitored by the Group is the adjusted EBITDA, defined in Note 1.7.23. As the Group has only identified one operating segment for the two financial years presented, this indicator is monitored as a whole.

In thousands of euros	31/12/2023	31/12/2022
Revenue	1,317	570
Purchases consumed	-645	-394
External expenses	-12,438	-7,261
Personnel expenses excluding share-based payments	-18,036	-10,535
Taxes, duties and similar payments	-172	-81
Other current operating income and expenses	1,861	1,418
Adjusted EBITDA	**-28,114**	**-16,283**

Note 2.1.4. Purchases consumed

In thousands of euros	31/12/2023	31/12/2022
Purchases of non-inventory materials and supplies	-679	-536
Change in inventory	34	142
Purchases consumed	**-645**	**-394**

Purchases consumed include, in particular, the cost of purchasing the electricity and water needed to produce hydrogen, their increase being linked to the growth in the Group's business. It should be noted that purchases consumed did not increase in proportion to the business, due in particular to better management of power consumption.

Note 2.1.5. External expenses

In thousands of euros	31/12/2023	31/12/2022
Leases and lease expenses	1,588	740
Maintenance and repairs	203	127
Insurance premiums	109	70
Other external services	1,808	714
Seconded staff	1,523	993
Fees	4,028	2,543
Advertising, publications, public relations	787	612
Transport	386	124
Travel and reception expenses	1,722	1,206
Postal and telecommunications costs	106	57
Bank fees	109	37
Other external expenses	69	38
External expenses	**12,438**	**7,261**

Leases and lease expenses: the increase in this item is linked to the full-year impact of the Group's expansion in Europe resulting in short-term leases for the local teams.

Other external service: this item mainly comprises the research costs of projects that do not meet the criteria for capitalisation under IAS 38. The increase in this item is mainly linked to the offshore operation of Sealhyfe during the 2023 financial year. For more information on development costs, see Note 3.1.1.

Seconded staff: the increase in these expenses is mainly due to the use of new service providers and consultants, in particular to support the engineering teams and the teams in charge of the operations.

Fees: the increase in this expense item is mainly due to the use of specialised firms to support the Group, particularly in the UK, for market research or to assist the Group in seeking subsidies. In addition, due to the expansion of its business abroad, the Group employed local legal advisers.

Travel and reception expenses: the increase in this expense item is due to the full-year effect of staff recruitment in 2022, particularly in the second half of the year.

Note 2.1.6. Personnel expenses and workforce

In thousands of euros	31/12/2023	31/12/2022
Wages and salaries	13,059	7,798
Social security expenses	4,977	2,737
Charges linked to equity-based compensation	2,557	719
Personnel expenses	**20,593**	**11,254**

Personnel expenses for capitalised projects under development, amounting to €2,970k in 2023, compared with €1,315k in 2022. For more information on development costs, see Note 3.1.1.

The increase in personnel expenses is linked to staff recruitment, in particular in the second half of 2022, which had a full-year effect in 2023, the Group having moreover reduced the rate of recruitment in 2023. They are shown below in full-time equivalents:

Workforce	31/12/2023	31/12/2022
Engineering and R&D	68	35
Business development	54	29
Operations and maintenance	21	11
Central functions	45	26
Workforce - Full-time equivalents (FTE)	**188**	**101**

	31/12/2023	31/12/2022
Workforce - FTE	188	101
Workforce at year-end	195	149

Charges linked to equity-based compensation

On 31 December 2023, share-based payment plans consisted of founder's share warrants (BSPCE), share warrants (BSA), stock options (SO) and free share allocation plans (AGA).

Expenses recognised under IFRS 2

The total cost of the plan to be recognised corresponds to the plan fair value. It is spread over the duration of the condition of presence to acquire the shares. The expenses recognised in the consolidated financial statements under IFRS 2 Share-based Payment for the 2023 financial year are as follows:

In euros	31/12/2023
BSPCE Salariés	18,840
BSPCE Premium	23,325
BSA	5,465
AGA 2022 MG	1,828,478
AGA 2022 CADRES - DGD	74,904
AGA 2022 CADRES	149,808
AGA 2022 NE1	162,829
AGA 2022 PC	51,491
BSPCE 2023 Tranche 1	22,300
BSPCE 2023 Tranche 2	41,246
SO 2023 Tranche 1	2,828
SO 2023 Tranche 2	4,484
AGA 2023 Tranche 1	68,288
AGA 2023 Tranche 2	102,432
Total expenses recognised	**2,556,718**

Note 2.1.7. Tax and duties

In thousands of euros	31/12/2023	31/12/2022
Taxes on wages and salaries	141	79
Other taxes and duties	31	2
Taxes, duties and similar payments	**172**	**81**

Note 2.1.8. Other current operating income and expenses

In thousands of euros	31/12/2023	31/12/2022
Income from subsidies	1,847	1,306
Other expenses	-122	-136
Other income	136	248
Other current operating income and expenses	**1,861**	**1,418**

The other current operating income and expenses amounted to €1,861k in 2023, compared with €1,418k in 2022. This item mainly comprises income from subsidies intended to offset the research expenses.

Income from subsidies increased during the 2023 financial year due to securing an increasing number of subsidies and the acceleration of the research expenses that they fund. The subsidies recognised in 2023 mainly relate to:

- R&D tax credit (CIR) totalling €990k, taking into account a total of €282 k corresponding to the portion of CIR relating to capitalised development expenses recognised under "Other non-current liabilities";
- subsidies of €280k received from the Pays de la Loire Region for the Sealhyfe and SEM-Rev projects;
- subsidies of €358k received from the French Environment and Energy Management Agency (ADEME) for the SEM-Rev project.

For more information on liabilities linked to subsidies, see Note 3.11.

Note 2.1.9. Current operating depreciation, amortisation and provisions

In thousands of euros	31/12/2023	31/12/2022
Depreciation of property, plant and equipment	3,156	972
Amortisation of intangible assets	297	91
Provisions for liabilities and charges	14	90
Operating subsidies	-163	-
Current operating depreciation, amortisation and provisions	**3,304**	**1,153**

- **Depreciation of tangible assets:** depreciation of tangible assets mainly corresponds to allocations for the right of use of the Bouin offices and industrial site, production tools of the site and containers to transport hydrogen, as well as of assets used in connection with the Sealhyfe project (see Note 3.1.2).
- **Amortisation of intangible assets:** amortisation of intangible assets relates to software and capitalised research and development costs (see Note 3.1.1).

Note 2.1.10. Other non-current operating income and expenses

In thousands of euros	31/12/2023	31/12/2022
Operating subsidies	-	28
Capital gains on the sale of fixed assets	1	1
Other non-current operating income and expenses	-396	-1,040
Other non-current operating income and expenses	**-395**	**-1,011**

Other non-current operating expenses in the 2023 financial year mainly relate to abandoned projects. In 2022, this item was affected by the expenses linked to the initial public offering that were not deducted from the share premium.

Note 2.2. Financial result

In thousands of euros	31/12/2023	31/12/2022
Interest on bank loans	-116	-47
Interest expenses on bonds	-308	-6,631
Interest expenses on lease liabilities	-171	-98
Change in fair value of derivatives	-77	-75
Cost of financial debt	**-672**	**-6,851**
Interest income	2,272	267
Foreign exchange gains and losses on financial transactions	15	-57
Other financial revenue and expenses	**2,287**	**210**
Financial result	**1,615**	**-6,641**

Financial expenses mainly comprise the cost of the Group's financial debt: interest paid, accrued interest, interest expenses on lease liabilities, changes in the fair value of convertible bond derivatives and the accretion expense for repayable advances. Other financial revenue and expenses comprise interest revenue and foreign exchange gains and losses on financial transactions.

The significant reduction in financial expenses in the 2023 financial year is largely due to taking into account in 2022 the conversion discount of €4.4m on LB1, LB3 and LB4 convertible bonds due to the initial public offering.

The significant increase in interest income in the 2023 financial year is due to the sharp rise in yields on cash investments.

In accordance with IAS 23 (see Note 1.9.7), borrowing costs relating to fixed assets, production of which is spread over a long period, are capitalised. They amounted to €908k in 2023 and €30k in 2022.

Note 2.3. Income taxes

The reconciliation between the theoretical income tax expense and the actual income tax expense is shown below:

In thousands of euros	31/12/2023	31/12/2022
Profit before tax	-32,754	-25,807
Theoretical profit before tax	**-32,754**	**-25,807**
Theoretical tax rate	25%	25%
Theoretical tax income (expense)	**8,189**	**6,452**
Tax deficit not capitalised for the year	-7,530	-7,604
R&D tax credit (CIR)	261	85
Share-based payments (IFRS 2)	-639	-180
Expenses related to IPO	-	1,441
Other taxes not recognised for temporary differences	38	-17
Tax rate differences	-404	-177
Other differences	85	-4
Effective income tax expense	**-**	**-4**

The Group capitalised deferred tax assets on tax loss carry-forwards for the amount of the net deferred tax liabilities calculated on temporary differences, so that they offset each other (see Note 3.14).

Note 2.4. Earnings per share

	31/12/2023	31/12/2022
Net result attributable to shareholders (in euros)	-33,556,868	-25,818,628
Weighted average number of outstanding shares	47,862,316	36,649,036
Basic earnings per share (in euros)	**-0.70**	**-0.70**
Diluted earnings per share (in euros)	**-0.70**	**-0.70**

Note 3 Balance sheet

Note 3.1. Property, plant and equipment and intangible assets

Note 3.1.1. Intangible assets

Changes in intangible assets were as follows in the financial year to 31 December 2023:

Gross value *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Gross value on 31/12/2022	**3,649**	**1,071**	**29**	**60**	**4,809**
Acquisitions	6,266	-	37	-	6,303
Capitalisation of borrowing costs	340	-	-	-	340
Disposals	-	-	-	-	-
Other changes	-	-	-	-	-
Gross value on 31/12/2023	**10,255**	**1,071**	**66**	**60**	**11,452**

Amortisation *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Amortisation and impairment on 31/12/2022	**-**	**65**	**7**	**25**	**97**
Amortisation	-	263	14	20	297
Reversals	-	-	-	-	-
Other changes	-	54	-	-	54
Amortisation and impairment on 31/12/2023	**-**	**382**	**21**	**45**	**448**

Net value *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licences	Other intangible assets	Total
Net value on 31/12/2022	**3,649**	**1,005**	**22**	**35**	**4,711**
Acquisitions	6,266	-	37	-	6,303
Capitalisation of borrowing costs	340	-	-	-	340
Amortisation and provisions	-	-263	-14	-20	-297
Disposals/reversals	-	-	-	-	-
Other changes	-	-53	-	-	-53
Net value on 31/12/2023	**10,255**	**689**	**45**	**15**	**11,004**

Intangible assets mainly comprise the Group's development costs, which meet the criteria for capitalisation set out in IAS 38 (see Note 1.7.1). These development costs relate to:

- design of an industrial and modular solution for onshore production of 100% green hydrogen, i.e. costs of €227k capitalised during the year, bringing the total to €474k on 31 December 2023,
- design of proprietary software tools, i.e. €1,090k capitalised during the year, bringing the capitalised amount to €2,127k on 31 December 2023,
- capitalised costs for projects under development amounting to €5,314k for the financial year, bringing the capitalised amount to €7,175k on 31 December 2023.

Non-capitalised research and development costs amounted to €2,126k on 31 December 2023, compared with €959k on 31 December 2022.

Hydrogen production projects

The main development costs linked to hydrogen production projects relate to projects under construction. They represent costs of €3,537k capitalised during the year, bringing the total to €4,787k on 31 December 2023. Other costs capitalised during the period relate to post-tender ready projects for which the Group has not yet started construction.

R&D projects

The Group's research and development is focused on the following 3 projects:

- Design of a standard onshore hydrogen production site

Based on the first 5 MW onshore production sites, Lhyfe's engineering teams continued to work on a new version of the design of standard 5 MW hydrogen production sites and on larger scale sites. The Group considers that the costs linked to the project meet the criteria for capitalisation, due to the outlook for expected business and profitability for the bulk sites.

- Offshore hydrogen production

Work was initially launched in connection with the planned deployment of offshore platforms, consisting of engineering linked on two platform concepts in partnership with Les Chantiers de l'Atlantique and Sofresid. In 2021, the Group launched a new research and development project, called Sealhyfe, with the aim of installing the first offshore electrolyser. The Group invested significant amounts in this project in 2022, resulting in the inauguration of the pilot site in September 2022. In May 2023, the platform was towed out to sea and operated until November 2023. Based on the initial results obtained at sea, the Group decided to bring the platform back to the dock in November 2023 for more in-depth analysis of the data, the main lessons of which were drawn at the end of 2023, thereby finalising the project in the last financial year.

The Group considers that the costs linked to the project do not meet the criteria for capitalisation, given that, according to the Group, the research and development project is not sufficiently mature to meet the criteria of IAS 36 (see Note 1.7.5).

- Development of proprietary software tools

The Group launched several projects to develop software tools aimed at improving the productivity of sites in operation or under construction or development. The Group considers that the costs linked to the development of proprietary software tools meet the criteria for capitalisation given that they are intended to optimise the hydrogen production and delivery process.

Impairment tests

Intangible assets in progress were tested for impairment at the level of each (onshore and software tools) project. The operating assumptions (turnover, margin, cash flow forecasts) used to determine the impairment test are based on the data prepared in connection with the project business plans drawn up and validated by the management.

The values in use of these two (onshore and software tools) projects were estimated using the following method:

- future cash flows are derived from the bulk business taken into account in the 15-year business plan (operating life of onshore production sites);
- the discount rate used is 12% or 10%, according to the expected level of security of the hydrogen sales contracts, depending on the type of site.

The analyses of capitalised projects by management did not lead to the recognition of impairment losses on 31 December 2023.

Sensitivity

The sensitivity of the valuation of CGUs (cash generating units) is shown if a reasonably possible change in a key assumption could result in the book value of the CGU exceeding its recoverable amount.

The sensitivity analysis carried out did not reveal a risk of impairment.

Note 3.1.2. Property, plant and equipment

Changes in property, plant and equipment were as follows in the financial year to 31 December 2023:

Gross value *In thousands of euros*	**Under construction**	**Land**	**Plant and equipment**	**Other property, plant and equipment**	**Total**
Gross value on 31/12/2022	**7,104**	**-**	**5,088**	**1,207**	**13,399**
Acquisitions	31,994	5,213	2,846	467	40,520
Capitalisation of borrowing costs	569	-	-	-	569
Provision for restoration	-	3,100	-	-	3,100
Disposals	-	-	-1,932	-	-1,932
Sale and leaseback	-	-	-4,226	-	-4,226
Other changes	-1,783	-	1,706	77	-
Gross value on 31/12/2023	**37,884**	**8,313**	**3,482**	**1,751**	**51,430**

Amortisation *In thousands of euros*	**Under construction**	**Land**	**Plant and equipment**	**Other property, plant and equipment**	**Total**
Amortisation and impairment on 31/12/2022	**-**	**-**	**371**	**222**	**593**
Amortisation	-	-	2,075	432	2,507
Reversals	-	-	-1,932	-	-1,932
Sale and leaseback	-	-	-43	-	-43
Other changes	-	-	-	-	-
Amortisation and impairment on 31/12/2023	**-**	**-**	**471**	**654**	**1,125**

Net value *In thousands of euros*	**Under construction**	**Land**	**Plant and equipment**	**Other property, plant and equipment**	**Total**
Net value on 31/12/2022	**7,104**	**-**	**4,717**	**985**	**12,806**
Acquisitions	31,994	5,213	2,846	467	40,520
Capitalisation of borrowing costs	569	-	-	-	569
Provision for restoration	-	3,100	-	-	3,100
Depreciation and provisions	-	-	-2,075	-432	-2,507
Disposals/reversals	-	-	-	-	-
Sale and leaseback	-	-	-4,183	-	-4,183
Other changes	-1,783	-	1,706	77	-
Net value on 31/12/2023	**37,884**	**8,313**	**3,011**	**1,097**	**50,305**

Construction work in progress mainly comprises equipment acquired in connection with the construction of the project companies. Other property, plant and equipment comprise assets linked to the industrial site located at 2 port du Bec, Bouin, and assets relating to the offices of the Company's registered office at 1 ter Mail Pablo Picasso, Nantes. In 2023, the Group bought land in France and Germany for a total of €8.3m, including provisions for restoration of €3.1m.

The depreciation expenses for the period of €2.1m for technical installations are linked to the Sealhyfe project which was carried out in the 2023 financial year, for which the tests were completed at the end of the year.

Other changes mainly comprise the commissioning of construction work in progress at the end of the previous financial year.

Indication of impairment

No indication of impairment was identified for property, plant and equipment.

Note 3.1.3. Leases

During the financial year to 31 December 2023, rights of use under leases, which relate to property leases and hydrogen transport and storage assets, changed as follows:

In thousands of euros	Right of use - Leasing	Property	Others
Net value on 31/12/2022	**3,383**	**3,383**	**-**
New leases	821	821	-
Sale and leaseback	4,183	-	4,183
Revaluations	133	133	-
Amortisation	-759	-665	-94
Net value on 31/12/2023	**7,761**	**3,672**	**4,089**

In 2023, the main change in the period relates to the sale and leaseback of hydrogen transport and storage assets for €4,183k (see Note 1.3.1 Highlights of the financial year).

Note 3.2. Investments in companies accounted for under the equity method

On 31 December 2023, the Group held a 39.20% stake in Botnia Hydrogen. During the first half of 2023, the Group acquired a 49% stake in Flexens (see Note 1.3.4 Highlights of the financial year). These two entities are consolidated using the equity method.

Net value *In thousands of euros*	Investments in companies accounted for under the equity method
Net value on 31/12/2022	**1,037**
Acquisitions	2,150
Profit or loss for the period	-802
Currency translation adjustments	2
Net value on 31/12/2023	**2,387**

Note 3.3. Inventory

Inventory amounted to €176k on 31 December 2023 and comprised maintenance parts for the Lhyfe Bouin operating site.

No inventory write-down was recognised in the financial year.

Note 3.4. Trade receivables and related items

In thousands of euros	31/12/2023	31/12/2022
Trade receivables	604	45
Invoices to be issued	-	18
Gross value - End of period	**604**	**63**
Impairment	-	-
Net value - End of period	**604**	**63**

Gross trade receivables amounted to €604k on 31 December 2023 and €63k on 31 December 2022, the increase in this item being largely due to the increase in the Group's business.

No credit risk was identified on 31 December of each of the financial years presented. Consequently, the Group did not recognise any impairment.

Note 3.5. Other current and non-current assets

In thousands of euros	31/12/2023	31/12/2022
Other financial assets	1,883	414
Subsidies receivable	1,367	593
Other non-current assets	**3,250**	**1,007**
Subsidies receivable	3,177	1,747
VAT receivables	5,549	2,176
Other tax and social security receivables	2	9
Advances and payments on account	1,117	792
Prepaid expenses	896	344
Other current assets	1	2
Other current assets	**10,742**	**5,070**
Other assets	**13,992**	**6,077**

Other assets mainly comprise VAT receivables and subsidies receivable, for which the Group received a commitment from the third party or considers that it will meet the conditions for obtaining the subsidy.

Other financial assets mainly comprise guarantees and deposits granted.

Subsidies receivable amounted to €4,544k on 31 December 2023, compared with €2,340k on 31 December 2022. On 31 December 2023, the non-current portion, amounting to €1,367 k, represented holdbacks on the subsidies received. The current portion relates to subsidies receivable in 2023 and the R&D tax credit ("CIR") receivable.

The Group benefits from the CIR in France. It is received during the financial year following its allocation, provided that the Group meets the criteria for exemption from the 3-year waiting period. A CIR receivable was recognised in the balance sheet for €1,271k on 31 December 2023 and €636k on 31 December 2022.

The increase in VAT receivables is due to an increase in purchases during the period, as well as to internal reinvoicing in the Group, generating VAT receivables within Lhyfe SA. Prepaid expenses mainly relate to insurance, rental and annualised service charges.

Note 3.6. Cash and cash equivalents

In thousands of euros	31/12/2023	31/12/2022
Cash	74,238	121,223
Cash equivalents	40,014	23,269
Short-term investments	-	-
Cash and cash equivalents	**114,252**	**144,492**

Deposit accounts and cash surpluses are cash equivalents insofar as they are accessible at very short notice and at an immaterial cost.

Note 3.7. Equity

Changes in the Group's equity during the 2023 financial year are detailed in the statement of changes in equity.

Note 3.7.1. Share capital, reserves and premiums

The table below shows the changes in the Group's capital in the financial years presented:

	Number of shares	Nominal value *(€)*	In thousands of euros		
			Capital	Premiums	Total
On 31/12/2022	**47,900,448**	**0.01**	**479**	**163,821**	**164,300**
Share capital increase - 17 May 2023	7,700	0.01	0	3	3
On 31/12/2023	**47,908,148**	**0.01**	**479**	**163,824**	**164,303**

Following the exercise of BSPCE Salariés, a share capital increase of €77 (7,700 shares) was carried out, with a share premium of €3,221.

Note 3.7.2. Founder's share warrants (BSPCE) and stock options (SO) awarded to employees and a director and share warrants (BSA) awarded to a consultant

Description of the plans

The Board of Directors was authorised by the General Meeting of Shareholders of 23 May 2023 to implement the following BSPCE and SO plans:

- Issue of 82,000 Tranche 1 BSPCE 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- Issue of 123,000 Tranche 2 BSPCE 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- Issue of 11,200 Tranche 1 SO 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- Issue of 16,800 Tranche 2 SO 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees.

Monitoring of the number of outstanding BSPCE, SO and BSA

The table below summarises the number of outstanding BSPCE, SO and BSA and changes in them during the period.

Number	BSPCE Salariés	BSPCE Premium	BSA Consultants	BSPCE 2023 tranche 1	BSPCE 2023 tranche 2	SO 2023 tranche 1	SO 2023 tranche 2	Total
On 31/12/2022	**8,500**	**6,800**	**1,700**	**-**	**-**	**-**	**-**	**17,000**
Allocated during the period	-	-	-	82,000	123,000	11,200	16,800	233,000
Exercised during the period	-77	-	-	-	-	-	-	-77
Lapsed	-78	-	-	-	-	-	-	-78
On 31/12/2023	**8,345**	**6,800**	**1,700**	**82,000**	**123,000**	**11,200**	**16,800**	**249,845**

Fair value measurement of BSPCE, SO and BSA

The following table summarises the authorised plans in the process of being vesting on 31/12/2023 and the methods used to measure the fair value of the associated options:

	BSPCE Salariés 2021	BSPCE Premium 2021	BSA	BSPCE 2023 tranche 1	BSPCE 2023 tranche 2	SO 2023 tranche 1	SO 2023 tranche 2
Date of authorisation by the GM	**16/10/2019**	**16/10/2019**	**16/10/2019**	**23/05/2023**	**23/05/2023**	**23/05/2023**	**23/05/2023**
Awarding date	**12/04/2021**	**12/04/2021**	**08/04/2021**	**03/07/2023**	**03/07/2023**	**03/07/2023**	**03/07/2023**
Number of instruments awarded	8,500[1]	6,800[1]	1,700[1]	82,000	123,000	11,200	16,800
Vesting period	4 years	3.7 years	4 years	3 years	4 years	3 years	4 years
Vesting conditions	Presence	Performance	Presence	Performance	Performance	Performance	Performance
Exercise period	10 years	10 years	10 years	9 years	9 years	9 years	9 years
Measurement method used	**Black and Scholes**	**Black and Scholes**	**Black and Scholes**	**Black and Scholes**	**Black and Scholes**	**Black and Scholes**	**Black and Scholes**
Underlying share price[2]	€42.84	€42.84	€42.84	€7.00	€7.00	€7.00	€7.00
Strike price	€42.84[1]	€42.84[1]	€42.84[1]	€8.75	€8.75	€8.75	€8.75
Expected volatility[3]	30%	30%	30%	34.70%	34.70%	34.70%	34.70%
Risk-free rate[4]	-0.31% to -0.44%	-0.31%	-0.35%	2.96%	2.97%	2.96%	2.97%
Fair value of the option	**€12.16**	**€12.76**	**€12.86**	**€2.20**	**€2.33**	**€2.20**	**€2.33**

(1) Following the division of the nominal value by 100 and the creation of 100 new shares for one old share on 11 March 2023, each BSA and BSPCE gives the right to subscribe for 100 shares for an inclusive price of €42.84.

(2) Share price on the awarding date.

(3) Based on the volatility usually observed for instruments of the same type.

(4) Risk-free bond (government loan) France 5- and 7-year fungible treasury bond (OAT).

Note 3.7.3. Free share allocation (AGA) plans

The Board of Directors was authorised by the General Meeting of Shareholders of 23 May 2023 to implement the following AGA plans:

- Issue of 83,720 AGA 2023 subject to non-market performance conditions at the end of 2024 and giving the right to subscribe for ordinary shares in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to the Company's employees;
- Issue of 125,580 AGA 2023 subject to non-market performance conditions at the end of 2026 and giving the right to subscribe for ordinary shares in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to the Company's employees.

Number	AGA 2022 MG	AGA 2022 CADRES - DGD	AGA 2022 CADRES	AGA 2022 NE1	AGA 2022 PC	AGA 2023 tranche 1	AGA 2023 tranche 2	Total
On 31/12/2022	**954,500**	**25,000**	**62,500**	**85,000**	**33,000**	**-**	**-**	**1,160,000**
Allocated during the period	-	-	-	-	-	83,720	125,580	209,300
Lapsed	-	-	-12,500	-	-12,400	-5,240	-7,860	-38,000
On 31 December 2023	**954,500**	**25,000**	**50,000**	**85,000**	**20,600**	**78,480**	**117,720**	**1,331,300**

Valuation of free share allocation plans

The following table summarises the characteristics of the free share plans and the valuation data of these plans.

Plan characteristics	AGA 2022 MG	AGA 2022 CADRES - DGD	AGA 2022 CADRES	AGA 2022 NE1	AGA 2022 PC	AGA 2023 tranche 1	AGA 2023 tranche 2
Awarding date	**20/09/2022**	**20/09/2022**	**20/09/2022**	**20/09/2022**	**20/09/2022**	**03/07/2023**	**03/07/2023**
Vesting date	**31/12/2027**	**31/12/2025**	**19/09/2025**	**19/09/2027**	**19/09/2026**	**03/07/2026**	**03/07/2027**
Number of shares allocated	954,500	25,000	62,500	85,000	33,000	83,720	125,580
Vesting period	5 years	3 years	3 years	5 years	4 years	3 years	4 years
Condition of presence	31/12/2026	31/12/2024	31/12/2024	31/12/2026	31/12/2025	03/07/2026	03/07/2027
Fair value calculation							
Share price used[1]	€8.20	€8.20	€8.20	€8.20	€8.20	€7.00	€7.00
Expected dividend[2]	-	-	-	-	-	-	-
Plan fair value[3]	**€7,826,900**	**€205,000**	**€512,500**	**€697,000**	**€270,600**	**€586,040**	**€879,060**

(1) Opening share price on the plan awarding date

(2) Based on the previous dividends paid.

(3) The plan fair value therefore corresponds to the number of shares allocated multiplied by the share price.

Note 3.8. Loans and borrowings

The Group's net financial debt is as follows:

In thousands of euros	31/12/2023	31/12/2022
Bank loans	31,378	3,866
Bond issues	11,543	12,160
Lease liabilities	7,973	3,778
Conditional advances	2,037	1,341
Interest accrued but not due	736	1,209
Financial debt (B)	53,667	22,354
Cash and cash equivalents (A)	114,252	144,492
Net financial debt (B - A)	**-60,585**	**-122,138**

It should be noted that the debts contracted by the Group at the end of the year have a long maturity: the green syndicated loan of €22.2m will only be repaid in 5 years, without prior amortisation, and the Group has a grace period of 3 years for repayment of the €5m New Industry Loan contracted with Bpifrance, which has a maturity of 15 years. Net financial debt restated for non-current liabilities therefore amounted to -€109,899k.

The following table shows the changes in current and non-current financial debt:

In thousands of euros	31/12/2022	Issues	New contracts - Sale and leaseback	New contracts - Operating leases	Repayments	Reclassification	Other changes	31/12/2023
Bank loans	3,376	28,002	-	-	-	-617	-	30,761
Bond issues	11,394	-	-	-	-	-1,526	24	9,892
Lease liabilities	3,257	-	3,668	626	-	-950	101	6,702
Conditional advances	1,341	722	-	-	-	-35	-69	1,959
Interest accrued but not due	-	-	-	-	-	-	-	-
Non-current financial debt	**19,368**	**28,724**	**3,668**	**626**	**-**	**-3,128**	**56**	**49,314**
Bank loans	491	-	-	-	-491	617	-	617
Bond issues	766	-	-	-	-641	1,526	-	1,651
Lease liabilities	521	-	515	196	-910	950	-	1,272
Conditional advances	-	42	-	-	-	35	-	77
Interest accrued but not due	1,209	19	-	-	-492	-	-	736
Current financial debt	**2,987**	**61**	**515**	**196**	**-2,534**	**3,128**	**-**	**4,353**
Financial debt	**22,355**	**28,785**	**4,183**	**822**	**-2,534**	**-**	**56**	**53,667**
Cash	144,492							114,252
Net cash position	**122,137**							**60,585**

Bank loan issues comprise:

- a green syndicated bank loan of €22.2m, less expenses of €0.8m,
- two liquidity lines granted by Bpifrance for a total of €5.8m,
- a loan of €0.8m taken out locally by Lhyfe's German subsidiary, Lhyfe Schwäbisch Gmünd.

A new lease liability of €5.0m, including non-current debt of €4.3m and current debt of €0.7m, as determined at the time of initial recognition of each contract falling within the scope of IFRS 16, was recognised during the financial year. This concerns leasing agreements for hydrogen transport and storage assets for €4.2m, and leases for the Buléon plot and offices in Cologne for €0.8m.

The other changes relate to taking into account the EIR (effective interest rate) of bond issues, bank loans and repayable advances.

Note 3.8.1. Schedule of debt

The maturity of the financial debt is summarised 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	617	25,459	5,302	31,378
Bond issues	1,651	7,543	2,349	11,543
Lease liabilities	1,272	3,681	3,020	7,973
Conditional advances	77	1,089	871	2,037
Interest accrued but not due	736	-	-	736
Accrued interest	-	-	-	-
Financial debt on 31 December 2023	**4,353**	**37,772**	**11,542**	**53,667**
	4,353	**49,314**		

The contractual maturity dates are shown 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	617	821	951	1,257	23,288	5,314	32,248
Conditional advances	78	379	292	367	309	948	2,373
Bond issues	1,651	1,664	1,814	1,977	2,155	2,348	11,609
Accrued interest	-	-	-	-	-	-	-
On 31 December 2023	**2,346**	**2,864**	**3,057**	**3,601**	**25,752**	**8,610**	**46,230**

Note 3.8.2. Convertible bond loans (OCA)

To finance its expansion, the Group issued several convertible bond loans (OCA).

On 31 December 2023, financial debt in respect of the OCAs amounted to €11,543k, corresponding solely to the OCA LB2 and OCA LB2 Bis convertible bonds. Both of these bonds carry a variable interest rate, calculated according to compliance with ESG criteria (tonnes of CO2 avoided in the previous financial year), of between 8.8% and 9.2%.

The other characteristics of the OCAs issued are as follows:

LB2 CB issued in July 2021

On 13 July 2021 the Company issued an LB2 convertible debenture loan for a total of 10,250,000 bonds convertible into shares, with a nominal value of €1, i.e. a total amount of €10.25 million. They mature on 13 July 2029 and are redeemed annually from 13 July 2023.

LB2 Bis CB issued in December 2021

On 14 December 2021 the Company issued an LB2 Bis convertible debenture loan for a total of 2,000,000 bonds convertible into shares, with a nominal value of €1, i.e. a total amount of €2 million. They mature on 14 December 2029 and are redeemed annually from 15 July 2023.

The LB2 and LB2 Bis OCAs were classified as hybrid instruments, since the conversion option does not meet the definition of an equity instrument due to its variable parity. They were therefore recognised entirely as financial debt at amortised cost. The conversion option was measured at fair value and recognised separately as a derivative liability. Subsequent changes in the fair value of the derivative are recognised in financial income.

Note 3.8.3. Bank loans

The loans granted to the Group, net of issue costs, amounted to €31,378k on 31 December 2023, compared with €3,866k on 31 December 2022.

During the financial year to 31 December 2023, the Group took out the following new loans:

- A green syndicated bank loan for a total of €22.2m, indexed to Euribor, with a 5-year maturity and *bullet repayment*. This green loan was structured by the Crédit Agricole Group and is supported by the BPCE Group, HSBC and Crédit Mutuel Océan. It has an extension clause that makes it possible to increase the amount for two years;
- Two fixed rate liquidity lines totalling €5.8m granted by Bpifrance, maturing in 8 and 15 years.
- A variable-rate loan of €0.8m taken out locally by Lhyfe's German subsidiary, Lhyfe Schwäbisch Gmünd, to finance a plot of land, maturing in 19 years.

The syndicated loan agreement signed at the end of 2023 includes covenants. The covenants concern tests on the level of past and future liquidity, the debt-to-equity ratio and the installed capacities in MW. The covenants were met on 31 December 2023.

Note 3.8.4. Conditional advances

The Group receives several types of aid in the form of advances. They were recognised as financial debt since the Group considers it will reasonably be able to repay them in full, in view of the repayment terms.

Conditional advances amounted to €2,037k on 31 December 2023, compared with €1,344k on 31 December 2023.

The following advances were recognised at the end of 2023:

Deep Tech:

- Advance granted by Bpifrance Financement on 11 May 2020 to finance research and development projects linked to the design of a standard onshore hydrogen production site, preliminary studies linked to offshore hydrogen production and work linked to artificial intelligence;
- The base amount of the subsidy is €5,528 k, of which the BPI is financing 22.5% through a subsidy and 22.5% through a repayable advance, i.e. €1,244 k. On 31/12/2020, the Group received a first instalment of €622 k, discounted at a rate of 2% in accordance with IAS 20. No additional amounts were received as of 31/12/2023. The other instalments of advances are to be obtained upon production of progress reports on the work in 2024;
- The advance will be repaid to the BPI in quarterly instalments over 4 years from 31/03/2024.

International prospecting insurance for Germany:

- Advance granted by Bpifrance Assurance Export on 11/08/2020 to protect the Group against total or partial failure of its prospecting approach in Germany over the period from 1 July 2020 to 30 June 2023;
- The guaranteed budget is €400k. Bpifrance is financing 65% of this project through a conditional advance of €260k, which was received in full on 31 December 2023 and discounted at a rate of 2% in accordance with IAS 20;
- This advance will be repaid to the BPI in quarterly payments over 3 years from 1 October 2024, in the event of commercial success in the country concerned.

Financing of the Sealhyfe project by the French Environment and Energy Management Agency (ADEME):

- Advance granted by the ADEME in August 2022 for a total amount of €243k in connection with the financing of the Sealhyfe project, a pilot site for offshore renewable hydrogen production;
- The Group received €170k at the end of 2023, discounted at a rate of 3.39% in accordance with IAS 20;
- This advance will be repaid to the 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 Stage takes place.

Financing of the Corridor H2 project by the Occitanie Region:

- Advance granted by the Occitanie Region in connection with the financing of equipment for the future hydrogen production site located in Bessières for a total of €4,103k;
- The Group received €821k for this purpose in 2022 and €452 k in 2023, discounted at a rate of 3.39% in accordance with IAS 20;
- This advance will be repaid to the Occitanie Region in monthly payments over a period of 7 years, with a two-year grace period after completion of the transaction.

International prospecting insurance for Canada:

- Advance granted by Bpifrance Assurance Export on 24 May 2023 to protect the Group against the total or partial failure of its prospecting approach in Canada over the period from 1 March 2023 to 28 February 2026;
- The guaranteed budget is €150k. Bpifrance is financing 65% of this project through a conditional advance of €98 k. On 31/12/2023, the Group received 50% of this advance, i.e. €49k discounted at a rate of 5.54% in accordance with IAS 20.
- This advance will be repaid to the BPI in quarterly payments over 4 years from 1 March 2028, in the event of commercial success in the country concerned.

Taking into account the effective interest rates on the contracts which are close to 0%, and in accordance with IFRS 9 and IAS 20, the difference between the valuation of the debt discounted at a market rate and the debt collected is recognised under "Other non-current liabilities". The Group estimated the market rate at 2% in view of the rates applicable to its existing financial debt for the 2021 financial year, at 3.39% for the 2022 financial year and at 5.54% for the 2023 financial year. This income is included in the profit and loss account under "Other current operating revenue" as and when the debt is accreted. The amounts recognised under "Other non-current liabilities" amounted to €337k on 31 December 2023, compared with €287k on 31 December 2022.

Note 3.8.5. Lease liabilities - IFRS 16

The lease liability is initially measured at the present value of lease payments that have not been made on the date of entry into force, discounted at the lessee's incremental borrowing rate, then repaid and accreted according to the schedule of rental payments. The assets concerned are those presented in Note 3.1.3, i.e. property leases and hydrogen transport and storage assets.

Note 3.9. Derivative instruments

Derivative instruments were nil on 31 December 2023 following the conversion of convertible bonds during the company's initial public offering.

Note 3.10. Trade payables and related items

In thousands of euros	31/12/2023	31/12/2022
Trade payables	6,036	2,632
Trade payables for fixed assets	9,189	1,954
Trade payables	**15,225**	**4,586**

Trade payables represent short-term debt owed to the Group's suppliers, payable within one year. The increase in this item is linked to orders in progress for equipment in connection with the construction of its future hydrogen production sites.

Note 3.11. Other current and non-current liabilities

In thousands of euros	31/12/2023	31/12/2022
Subsidies	16,273	8,769
Other debt	-	-
Other non-current liabilities	**16,273**	**8,769**
Subsidies	923	-
Social security liabilities	3,510	2,461
Tax liabilities	2,848	854
Other debt	2,407	5
Other current liabilities	**9,688**	**3,320**
Other liabilities	**25,961**	**12,089**

Other liabilities mainly comprise state subsidies recognised as advances on subsidies obtained. The Group records the subsidies obtained separately from the expenses and the fixed assets financed.

The Group classifies the subsidies according to the nature of the expenses included in the base amount of the subsidy, defined in the contract. Monitoring of the expenses incurred for each project makes it possible to estimate the share of the subsidy to be recognised in profit or loss, under "Other current operating revenue".

The main subsidies received by the Group are as follows:

- **Deeptech development aid:** the subsidy was awarded by Bpifrance Financement on 11/05/2020 to finance research and development projects linked to the design of standard onshore hydrogen production sites, work linked to artificial intelligence and preliminary studies linked to offshore hydrogen production. It amounts to €1,244k (i.e. 22.5% of eligible expenditure). 50% was received during the financial year to 31 December 2020. No additional payments have been received since then. The conditional advance portion of the aid has an interest rate below the market rate, equal to aid of €136k (see Note 3.8.3).

- **H2 OUEST financing agreement:** this subsidy was formalised through a contract on 05/03/2021. It relates to financing by the ADEME of equipment at the Bouin production site. On 31/12/2021, the Group had received an instalment of 20% of the subsidy and received an additional amount of €545k during the financial year to 31 December 2022. No additional payments have been received since then.
- **" GreenHyScale" subsidy:** this subsidy for a total of €11,852 k was granted by the European Commission and concerns a project implemented by the European consortium GreenLab, in which the Group is the only French partner, relating the development of a green hydrogen production site incorporating a new-generation electrolyser with a capacity of 100 MW. On 31/12/2021, the Group had received an instalment of €4,148k and received an additional amount of €374k during the financial year to 31 December 2023.
- **VYhGO 2 Lorient financing agreement:** this subsidy for a total of €3,067k relates to financing by the ADEME of equipment at the production site in Buléon, Morbihan. On 31/12/2022, the Group had received an instalment of 20% of the subsidy, i.e. €613k. No additional payments have been received since then.
- **Corridor H2 Occitanie financing agreement:** the purpose of this financing agreement formalised through a contract between the Group and the Occitanie Region is to finance the hydrogen production equipment located in Bessières, in particular through a subsidy of €1,893k. The Group received €379k in subsidies in 2022 in respect of this funding, and €209k in 2023.
- **Sealhyfe financing agreement:** in addition to the funding previously granted by the Pays de la Loire Region for the Sealhyfe project, the ADEME has granted the Group funding in the form of a subsidy amounting to €729k. This aid is intended to finance the pilot site for offshore hydrogen production. The Group received €109k of this aid in 2022 and €401k in 2023.
- **Clean Hydrogen Partnership – Hope financing agreement:** this subsidy for a total of €9,820k granted by the European Commission concerns a project to develop and build an offshore green hydrogen production site off Ostend in Belgium with a capacity of 10 MW. On 31/12/2023, the Group had received an instalment of €3,437k in respect of this subsidy.
- **Hope - Belgian state financing agreement:** the Group also signed a subsidy contract with the Belgian State for the Hope project for an amount of up to €13,053k. The first payment linked to this subsidy is expected in the first half of 2024.
- **Clean Hydrogen Partnership - TH2nicio financing agreement:** this subsidy for a total of €4,400k was contracted with the European Commission. This aid is intended to finance the construction of an onshore hydrogen production site in Milan, Italy. The Group received pre-financing of €1,282 k in the financial year to 31 December 2023.
- **Ecosystème H2 – Hy'Touraine financing agreement:** at the beginning of 2023 the Group signed a contract with the French Environment and Energy Management Agency (ADEME) for a subsidy of €1,560k to finance the construction of a hydrogen production site in Sorigny, Touraine.
- **Clean Hydrogen Partnership - AdvancedH2Valley financing agreement:** this subsidy contract was signed at the end of 2023 with the European Commission for a total of €1,628 k. The funds are intended to finance the construction of the Hy'Touraine site near Sorigny, and the ramp-up of the Bouin site. At the end of 2023, the Group had received €1,221k in respect of this aid.
- **CINEA - GreenH2forAll financing agreement:** this aid in the form of a subsidy was formalised through a contract at the end of 2023 with the European Commission for a total of €2,138 k. These funds are intended to finance the construction of the Le Cheylas site in Isère, in order to supply hydrogen to Hympulsion under a contract signed in 2023.
- **R&D tax credit (CIR):** the CIR received is treated as a state subsidy. It relates to research and development expenses incurred by the Group, and amounted to €1,271k in 2023 compared with €636k in 2022. It is allocated to projects according to the underlying expenditure.

The Group recognised under other liabilities the amounts of subsidies for which it considers that it meets the conditions for obtaining and drawing on them.

Note 3.12. On-balance sheet financial instruments

In accordance with the amendment to IFRS 7, the levels in the fair value hierarchy are as follows:

- Level 1: fair value based on the quoted prices of the instrument in an active market;
- Level 2: fair value measured using observable market data (other than the 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 recognised in the balance sheet were as follows for the financial years presented:

On 31 December 2023 *In thousands of euros*	Level	Net book value	Fair value through profit or loss[1]	Debt at amortised cost[2]	Fair value
Financial assets					
Net trade receivables	2	604	-	604	604
Other financial assets	2	12,875	-	12,875	12,875
Supplier accounts receivable	2	1,117	-	1,117	1,117
Cash and cash equivalents	2	114,252	114,252	-	114,252
Total financial assets		**128,848**	**114,252**	**14,597**	**128,848**
Financial liabilities					
Long-term loans and borrowings	2	49,314	-	49,314	49,314
Short-term loans and borrowings	2	4,353	-	4,353	4,353
Trade payables and other liabilities	2	6,851	-	6,851	6,851
Other financial liabilities	2	23,554	-	23,554	23,554
Other accounts payable	2	10,780	-	10,780	10,780
Total financial liabilities		**94,852**	**-**	**94,852**	**94,852**

(1) Fair value through profit or loss: the fair value of the financial assets held for sale corresponds to the market value of the assets.

(2) Debt at amortised cost:

- *The net book value of current financial assets and liabilities is considered to be an approximation of their fair value;*
- *The fair value of loans and borrowings was estimated using the discounted cash flow method at a market rate.*

Note 3.13. Provisions

In thousands of euros	31/12/2023	31/12/2022
Current provisions	44	44
Non-current provisions	3,167	53
Provisions	**3,211**	**97**

Current provisions were made for ongoing disputes.

Non-current provisions mainly relate to obligations to restore production sites.

Note 3.14. Deferred tax assets and liabilities

No deferred tax assets were recognised in excess of deferred tax liabilities in the Group's consolidated financial statements on 31 December 2023 and 2022.

The loss carry-forwards are shown in the table below. They are mainly from French companies and can be carried forward indefinitely.

In thousands of euros	31/12/2023	31/12/2022
Capitalised tax losses (taxable base)	835	-
Non-capitalised tax deficit (taxable base)	68,076	36,297
Total tax losses	**68,911**	**36,297**

Note 4 Other information

Note 4.1. Financial risk management

The Group's main financial instruments comprise non-current financial assets, trade receivables, financial debt, trade payables and cash. The purpose of managing these instruments is to make it possible to finance the Group's activities. The Group's policy is not to apply for financial instruments for speculative purposes.

The main risks to which the Group is exposed are liquidity risk, interest rate risk, foreign exchange risk and credit risk.

Liquidity risk

Since its creation, the Group has financed its growth by increasing its own funds through successive share capital increases, financing certain investments by leasing, obtaining subsidies and public aid for innovation, and by using medium-term bank debt and issuing bonds convertible into shares.

On 31 December 2023, the Group's cash and cash equivalents amounted to €114.3m; the Group's external financing is detailed in Note 3.6. The Company's credit agreements include covenants which were met on 31 December 2023.

The Group will continue to have substantial financing requirements for the development of its activities. Its ability to generate cash flows to meet its needs in the future is not certain.

The Group may not manage to raise additional capital when it is needed, or such capital may not be available under financial terms acceptable to the Group. If the necessary funds are not available, the Group may in particular have to slow down the development of its projects or its research and development efforts. In view of the Group's net cash position on 31 December 2023, its liquidity horizon is more than 12 months.

Interest rate risk

Interest rate risk arises on variable-rate debt, term accounts and deposits.

On 31 December 2023, the Group's external financing detailed in Note 3.6 included a syndicated bank loan for a total of €22.2m, indexed to the Euro Interbank Offered Rate (Euribor), plus a margin.

As regards term accounts and deposits, in view of the current low level of return on this type of investment, the Group considers that any change of +/- 1% in the rate would have an immaterial impact on its net result, compared to the losses generated by its operating activities.

Foreign exchange risk

Subsidiaries located outside the euro zone (Denmark, Sweden, the United Kingdom and Canada) do not generate any material translation risk at Group level due to their very limited activity at this stage.

Foreign exchange risk on operating transactions remains limited. All of the turnover and income from the business are in euros for all of the financial years, and the foreign currency expenses are immaterial.

The Group has not taken any hedging measures to protect its business against exchange rate fluctuations, in view of the insignificant nature of the foreign currency transactions.

According to the development of its business, the Group cannot rule out greater exposure to foreign exchange risk. The Group will then plan to implement a suitable hedging policy for these risks. If it fails to take effective hedging measures for exchange rate fluctuations in the future, its results could be adversely affected.

Credit risk

Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions, as well as from exposure linked to customer credit, in particular outstanding receivables and transactions initiated.

The credit risk linked to cash, cash equivalents and deposits at banks and financial institutions is not considered significant, as the Group only has cash and investments with top-tier banks.

The credit risk linked to customer credit is considered by the Group to be under control, as the customer portfolio is essentially made up of major industrial or public sector players.

Note 4.2. Related-party transactions

Related parties with whom transactions are carried out include associate companies and joint ventures held directly or indirectly by the Company, and entities that directly or indirectly hold a stake in the Group. There were no transactions of this type in 2023.

Executive remuneration

The main executives are the employee members of the Board of Directors, the Chairman and Chief Executive Officer and the two Deputy Chief Executive Officers.

In thousands of euros	31/12/2023	31/12/2022
Fixed remuneration	741	529
Variable remuneration	248	340
Post-employment benefits	-	-
Share-based payments	2,144	606
Benefits in kind	-	-
Executive remuneration	**3,133**	**1,475**

There are no post-employment benefits, other long-term benefits or termination benefits.

Note 4.3. Statutory auditors' fees

The table below shows the fees for the work carried out by the Statutory Auditors during the two financial years presented:

In thousands of euros	31/12/2023		31/12/2022	
	Baker Tilly Strego	**Deloitte**	**Baker Tilly Strego**	**Deloitte**
Statutory audit	32	106	27	73
Services other than the financial statements certification	3	15	15	142
Statutory auditors' fees	**35**	**121**	**42**	**215**

The services other than certification of the financial statements presented above mainly comprise due diligence in connection with the Company's IPO in the first half of 2022 and in connection with acquisitions.

Note 4.4. Off-balance sheet commitments

The commitments mentioned in this note include all off-balance sheet commitments to third parties identified as material by the Group. They are as follows:

- Personal sureties (guarantees);
- Collateral (mortgages, pledges).

In thousands of euros	31/12/2023	31/12/2022
Pledges	3,096	1,691
Including on equipment	733	830
Including on business assets	680	861
Including on leases	875	-
Including on land mortgages	808	-
Guarantees given	7,528	388
Total commitments given	**10,624**	**2,079**
Guarantees received	16,263	-
Total commitments received	**16,263**	**-**
Net commitments	**-5,639**	**2,079**

Guarantees given

The Group has granted:

- a first demand guarantee to the lessor of the premises located at Mail Pablo Picasso in Nantes for a total of €388k;
- a first demand guarantee to the lessor of the premises located in Carrousel in Nantes for a total of €1,583k;
- a first demand guarantee to energy suppliers in connection with the PPAs contracted in 2023 for a total of €3,325 k;
- two payment guarantees to subcontractors for civil engineering work for a total of €2,106 k;
- a payment guarantee to the lessor of the premises located in Cologne for a total of €127 k.

Pledges

Pledges were granted by the Group to the following lenders:

- The €1,000k loan granted by Crédit Agricole Atlantique Vendée on 28 April 2021 is secured by a pledge of Lhyfe's business assets. The capital outstanding on 31 December 2023 was €680k;
- The €1,000k loan granted by Crédit Mutuel Océan on 22 December 2021 is secured by a pledge of the electrolyser and a compressor. The capital outstanding on 31 December 2023 was €733k;
- The first demand guarantee granted by Banque Populaire Grand Ouest for €1,587k on 9 January 2023 is secured by a pledge of a term deposit of €875 k;
- The €850k loan granted by Stadt Schwäbisch Gmünd on 1 July 2023 is secured by a pledge on the land for €808 k. The capital outstanding on 31 December 2023 was €808 k.

Commitments received

The Group was granted:

- a first demand guarantee from an energy supplier in connection with contracting the PPAs for a total of €2,000k;
- first demand guarantees from equipment suppliers amounting to €939k;
- advance payment guarantees from equipment suppliers amounting to €774k;
- holdbacks from subcontractors amounting to €596k;
- performance bonds from subcontractors amounting to €187 k;
- a parent company guarantee from an equipment supplier for €11.8m.

Under the electricity supply contract signed by Lhyfe Bouin with Vendée Energie to supply the Bouin production site, the Group has a cash reserve of €293k. This reserve may be used by Lhyfe Bouin for future electricity supplies, in particular if the volumes consumed by the production site exceed those guaranteed under the supply contract.

Medium to long-term renewable power purchase agreement

To guarantee its production costs against fluctuations in spot electricity prices and ensure the traceability of its supply, Lhyfe has signed two medium to long-term renewable electricity purchase agreements with commercial partners, called Corporate Power Purchase Agreements (CPPAs). The first CPPA was signed on 27 July 2023 with Kallista for a 15-year period, securing a total capacity of 15 MW. The second CPPA was signed on 28 July 2023 with VSB énergies nouvelles for a period of 16 years and for a total capacity secured by Lhyfe of 13.2 MW. No purchases were made under these contracts in 2023.

6.2. Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2023

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, 2023.

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, 2023 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, 2023 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. 821-53 and R.821-180 of the French Commercial Code 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 intangible assets relating to projects under development

Risk identified

As disclosed in Notes 1.7.1 "Development costs" and 3.1.1. "Intangible assets to the consolidated financial statements, internally generated assets include development costs for various projects concerning future renewable hydrogen production sites. These costs were recorded under work-in-progress for €7.2 million at December 31, 2023.

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 impaired based on their recoverable amount and 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 intangible assets relating to projects under development 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:

- obtaining an understanding of the internal control procedures set up to identify development costs that satisfy the capitalization criteria;
- assessing, in light of current accounting standards and the capitalization rules defined by the Group, the methods used to examine the capitalization criteria based on a sample of tested projects;
- testing, on a sampling basis, the consistency of amounts recorded under assets with the project monitoring files drafted by Group management and the consistency of these files with internal and external costs incurred for these projects recognized in the accounts;
- examining the compliance of the methodology applied by the Group to determine the recoverable amount of development costs with current accounting standards;
- reviewing the consistency of the methodology used to create the impairment tests performed on the main green hydrogen production site construction projects in progress and critically analyzing the main assumptions used for the tested projects;
- lastly, we verified the appropriateness of the disclosures in Notes 1.7.1 and 3.1.1 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.

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, 2023, Deloitte & Associés and Baker Tilly Strego SAS were in the 3rd year and 5th year of total uninterrupted engagement, which is the 2nd 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

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 821-55 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. 821-27 to L. 821-34 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 and Saint-Herblain, on 23 April 2024

The Statutory Auditors

Baker Tilly Strego SAS	**Deloitte & Associés**
François Pignon-Hériard	Guillaume Radigue

6.3. Individual financial statements

6.3.1. Assets

In thousands of euros	from 01/01/2023 to 31/12/2023			from 01/01/2022 to 31/12/2022
	Gross	Depr., Amort, Prov.	Net	Net
Fixed assets	-	-	-	-
Intangible assets	-	-	-	-
Preliminary expenses	-	-	-	-
Development costs	768	257	511	767
Concessions, patents and other similar rights	118	64	54	50
Goodwill	-	-	-	-
Other intangible assets	2,628	-	2,628	3,510
Advances and payments on account on intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Land	6,920	-	6,920	-
Buildings	-	-	-	-
Technical installations, industrial machinery and equipment	520	31	489	2,058
Other property, plant and equipment	1,514	601	913	828
Construction work in progress	5,927	-	5,927	6,999
Advances and payments on account	-	-	-	-
Financial assets	-	-	-	-
Investments accounted for under the equity method	-	-	-	-
Other investments	3,453	-	3,453	1,158
Receivables linked to holdings	8,406	-	8,406	1,650
Long-term portfolio investments	-	-	-	-
Other long-term investments	259	-	259	283
Loans	-	-	-	-
Other financial assets	956	-	956	384
TOTAL (I)	**31,469**	**953**	**30,516**	**17,687**
Current assets	-	-	-	-
Inventory and work in progress	-	-	-	-
Raw materials and other supplies	-	-	-	-
Work in progress for production of goods	23,001	-	23,001	-
Work in progress for services	-	-	-	-
Intermediate and finished products	-	-	-	-
Goods	-	-	-	-
Advances and payments on account in respect of orders	938	-	938	9
Receivables	-	-	-	-
Trade receivables	15,566	-	15,566	745
Others	22,136	-	22,136	10,410
Subscribed capital - called up and unpaid	-	-	-	-
Short-term investments	-	-	-	-
Treasury shares	-	-	-	-
Cash instruments	-	-	-	-
Cash	113,497	-	113,497	142,332
Prepaid expenses	891	-	891	311
TOTAL (II)	**176,029**	**-**	**176,029**	**153,806**
Issuance charges to be amortised (III)	847	-	847	61
Bond redemption premiums (IV)	-	-	-	-
Translation losses (V)	-	-	-	-
GRAND TOTAL ASSETS (I to V)	**208,346**	**954**	**207,393**	**171,555**

6.3.2. Liabilities

In thousands of euros	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Share capital	479	479
Issuance, merger and contribution premiums	163,891	163,888
Revaluation adjustments	-	-
Equity method goodwill	-	-
Reserves:	-	-
- Legal reserve	-	-
- Statutory or contractual reserves	-	-
- Regulated reserves	-	-
- Other reserves	-	-
Retained earnings/losses brought forward	-24,829	-7,436
Profit or loss for the financial year	-20,880	-17,393
Investment subsidies	2,899	1,583
Regulated provisions	-	-
TOTAL (I)	**121,561**	**141,122**
Other equity	-	-
Income from issuance of participating shares	216	91
Conditional advances	792	658
Others	-	-
TOTAL (I a)	**1,008**	**749**
Provisions for liabilities and expenses	-	-
Provisions for liabilities	44	44
Provisions for expenses	3,167	53
TOTAL (II)	**3,211**	**97**
Loans and borrowings	-	-
Convertible debenture loans	12,216	13,438
Other debenture loans	-	-
Loans and borrowings from lending institutions	30,831	3,090
Miscellaneous loans and borrowings	175	39
Advances and payments on account received on orders in progress	767	-
Trade payables	13,930	4,495
Tax and social security liabilities	6,465	2,806
Fixed asset liabilities	-	-
Other debt	7,300	726
Cash instruments	-	-
Deferred revenue	9,929	4,992
TOTAL (III)	**81,613**	**29,587**
Translation gains (IV)	-	-
GRAND TOTAL LIABILITIES (I to V)	**207,393**	**171,555**

6.3.3. Profit and loss account

	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Operating revenue		
Sales of goods		352
Sales of goods produced		
Sales of services	17,626	456
Net turnover	**17,626**	**808**
Change in inventories	3,566	
Capitalised production	1,318	3,009
Operating subsidies received	817	966
Reversals of depreciation, amortisation and provisions, transfers of charges	608	155
Other revenue	3	1
TOTAL (I)	**23,938**	**4,938**
Operating expenses		
Purchases of goods (including customs duties)		341
Change in inventory (goods)		
Purchase of raw materials and other supplies	8	7
Change in inventory (raw materials & other supplies)		
Other external purchases and expenses *	28,255	9,812
Taxes, duties and similar payments	171	79
Wages and salaries	11,368	7,078
Social security expenses	4,641	2,802
Depreciation and amortisation of fixed assets	2,466	825
Provisions for fixed assets		
Provisions for current assets		
Provisions for liabilities and expenses	73	89
Other expenses	97	120
TOTAL (II)	**47,079**	**21,152**
* including:		
○ Equipment leasing fees	11	2
○ Property leasing fees	341	
OPERATING RESULT (I - II)	**-23,141**	**-16,214**
Profit assigned or loss transferred (III)	-	-
Loss incurred or profit transferred (IV)	-	-
Financial revenue	-	-
Investment revenue	-	-
Revenue from other transferable securities and receivables from fixed assets	-	-
Other interest and similar revenue *(2)*	2,771	273
Reversals of provisions and transfers of expenses	13	-
Foreign exchange gains	-	-
Net proceeds from sales of short-term investments	-	-
TOTAL (V)	**2,784**	**273**

	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Financial expenses	-	-
Depreciation, amortisation and provisions	-	13
Interest and similar expenses	1,264	2,119
Foreign exchange losses	-	-
Net expenses on sales of short-term investments	-	-
TOTAL (VI)	**1,264**	**2,132**
FINANCIAL INCOME (V - VI)	**1,520**	**-1,859**
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS (I-II+III-IV+V-VI)	**-21,621**	**-18,073**
Exceptional and extraordinary profits	-	-
On management transactions	-	-
On capital transactions	4,276	88
Reversals of provisions and transfers of expenses	-	-
TOTAL (VII)	**4,276**	**88**
Exceptional and extraordinary expenses	-	-
On management transactions*(1)*	284	1
On capital transactions	4,410	41
Exceptional depreciation and provisions	111	2
TOTAL (VIII)	**4,806**	**44**
EXTRAORDINARY PROFIT OR LOSS (VII - VIII)	**-530**	**44**
Employee profit-sharing (IX)	-	-
Income taxes (X)	-1,271	-636
TOTAL REVENUE (I + III + V + VII)	**30,998**	**5,299**
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)	**51,877**	**22,692**
PROFIT OR LOSS (total revenue – total expenses)	**-20,880**	**-17,393**
(1) Including expenses relating to previous financial years	*284*	*1*
(2) Including revenue relating to affiliated entities	*503*	*19*

6.3.4. Notes to the financial statements

Note 1.	**Highlights**	**178**
Note 1.1.	Funding	178
Note 1.2.	Business development	178
Note 1.3.	Deployment of renewable hydrogen production units	178
Note 1.4.	Equity investment	178
Note 1.5.	Research and development	179
Note 1.6.	Creation of project companies	179
Note 1.7.	Growth in the workforce	179
Note 1.8.	Impact of the crisis in Ukraine	179
Note 2.	**Post-balance sheet events**	**179**
Note 3.	**Accounting rules and methods**	**180**
Note 3.1.	Information on balance sheet and profit and loss account transactions	180
Note 3.2.	Intangible assets - Technology development costs	180
Note 3.3.	Other intangible assets	181
Note 3.4.	Property, plant and equipment	181
Note 3.5.	Depreciation	181
Note 3.6.	Financial assets	181
Note 3.7.	Inventory and work in progress	182
Note 3.8.	Receivables	182
Note 3.9.	Retirement obligations	182
Note 3.10.	Deferred revenue and accrued revenue	182
Note 3.11.	Subsidies	182
Note 3.12.	Repayable advances	183
Note 3.13.	Current and exceptional income	183
Note 3.14.	Foreign currency transactions	183
Note 3.15.	Provisions	183
Note 3.16.	Deferred expenses	183
Note 3.17.	Turnover recognition - Long-term contracts	184
Note 3.18.	Average workforce	184
Note 3.19.	Composition of the share capital	184
Note 4.	**Notes relating to certain balance sheet items**	**185**
Note 4.1.	Financial assets	185
Note 4.2.	Share capital, reserves and premiums	185
Note 4.3.	Founder's share warrants (BSPCE) granted to employees and a director and stock warrants (BSA) granted to a consultant	186
Note 4.4.	Free share allocation (AGA) plans	187
Note 4.5.	Conditional advances	

Note 5. Notes relating to certain items on the profit and loss account 189
Note 5.1. Disclosures required under Article R.123-198 - 9 of the French Commercial Code 189
Note 5.2. Operating subsidies 189
Note 5.3. R&D tax credit 189

Note 6. Other information 190
Note 6.1. Consolidated financial statements 190
Note 6.2. Remuneration of management bodies 190
Note 6.3. List of transactions with related parties 190

Note 7. Financial commitments 191
Note 7.1. Commitments given 191
Note 7.2. Commitments received 191
Note 7.3. Leasing agreements 191

Note 8. List of subsidiaries and holdings 192

Note 9. Statement of fixed assets 195

Note 10. Statement of depreciation and amortisation 196

Note 11. Deferred expenses 196

Note 12. Statement of receivables 197

Note 13. Statement of debt 198

Note 14. Changes in shareholders' equity 198

Note 15. Accrued expenses and revenue 199

Note 16. Deferred revenue and prepaid expenses 199

Note 17. Statement of provisions and impairment 200

Note 18. Breakdown of the extraordinary profit or loss 201

Note 19. Transfer of expenses 201

Note 1 Highlights

Note 1.1. Funding

During the financial year to 31 December 2023, the Company continued to secure its cash position and the financing of its projects via various sources of funding.

Bank loans

On 12 December 2023, the Company took out a number of loans with its banking partners for a total of €28m. These bank loans comprise:

- a €22.2m green syndicated bank loan, indexed to Euribor, with a 5-year maturity and bullet repayment. This green loan was structured by the Crédit Agricole Group and is supported by the BPCE Group, HSBC and Crédit Mutuel Océan;
- two fixed rate liquidity lines totalling €5.8m granted by Bpifrance, maturing in 8 and 15 years.

Lease financing

In 2023, the Company obtained new funding in the form of leasing agreements for its hydrogen transport and storage assets. This funding amounted to €4.2m.

Subsidies

During the financial year to 31 December 2023, the Company was awarded subsidies totalling €30.2m. The vast majority of this aid will make it possible to finance the Company's future hydrogen production projects. The main subsidies awarded in 2023 are summarised below.

The Hope project, which involves developing, building and operating the first 10 MW production unit in the North Sea off Belgium by 2026, is receiving two types of support. Firstly, the European Commission has granted Lhyfe a subsidy of €9.8m within the framework of the European Clean Hydrogen Partnership, out of the €20 million granted to all the members of the consortium involved in this project. Secondly, the Belgian state has granted an additional subsidy of up to €13m for this project. For the financial year to 31 December 2023, Lhyfe received €3.4m in respect of this funding.

The Company has also obtained a subsidy of €4.4m from the European Commission that will be used to finance a future hydrogen production site in Italy, called TH2Icino, with a capacity of 5 MW. Lhyfe received €1.3m of this amount during the financial year.

Furthermore, the Company signed a financing agreement with the French Environment and Energy Management Agency (ADEME) to build a future hydrogen production site called Hy'Touraine in Sorigny, France. The total amount of the subsidy awarded to Lhyfe for this purpose is €1.6m.

The Company also signed two subsidy contracts with the European Commission for a total of €2.4m. The first subsidy, for a total of €0.2m, will supplement the previous subsidy for the construction of the Hy'Touraine hydrogen production site. The second subsidy, for a total of €2.1m is intended to finance the construction of a hydrogen production site in Le Cheylas, Isère, France.

Note 1.2. Business development

In 2023, the Company signed its first contracts for the engineering, supply of equipment and construction of hydrogen production sites with its project company subsidiaries. Consequently, Lhyfe recognised turnover linked to the progress of these contracts in its financial statements for the year to 31 December 2023.

Note 1.3. Deployment of renewable hydrogen production units

During the financial year to 31 December 2023, Lhyfe continued to invest heavily in the construction and development of its future onshore hydrogen production sites. This heavy investment resulted in work in progress for a total of €23m, mainly for purchases of production equipment. Furthermore, the Company also devoted almost €5.3m of its internal and external resources to developing these sites. The Company has also acquired two plots intended for future large-scale hydrogen production sites. The total cost of these assets recognised in the annual financial statements is €6.9m, after taking into account the clean-up and dismantling costs linked to their restoration.

Note 1.4. Equity investment

In March 2023, Lhyfe acquired a 49% stake in Flexens, a developer of green and renewable hydrogen and Power-to-X projects located in Finland. This investment reflects the Company's desire to develop its business in that country, which is investing in green, renewable hydrogen.

Note 1.5. Research and development

The Company received an R&D tax credit (CIR) of €1,271k for its research and development activities.

The research and development projects launched in previous years were continued in financial year 2023.

Offshore hydrogen production

After conducting tests in the dock in 2022, Lhyfe towed the Sealhyfe offshore hydrogen production platform out to sea in May 2023. The Company was therefore able to carry out comparative studies of the initial results observed in the dock, and then additional specific offshore tests. At the end of this period of testing, the Company decided to bring the platform back to the dock in November 2023 for more in-depth analysis of the data, the main lessons of which were drawn at the end of 2023, thereby finalising the project in the last financial year. The Company devoted a large proportion of its internal and external resources in 2023, amounting to a total of €3.9m (including €1.7m in depreciation). The project was partly financed by subsidies, advances and the R&D tax credit.

Artificial intelligence and software

The research and development programmes linked to artificial intelligence and more generally to the software packages created by Lhyfe were continued during the 2023 financial year. The Company therefore devoted just over €1m of its internal and external resources to these projects, including application development.

Note 1.6. Creation of project companies

The Company is continuing to develop its activities in Europe, with the creation of numerous entities in the 2023 financial year, mainly for onshore renewable hydrogen production:

- Lhyfe Finland, created in January 2023 to develop Lhyfe's business in that country;
- Lhyfe Production 6 to 10, created in October 2023 to carry out its future projects in France;
- Lhyfe Le Havre, created on 19 September 2023, to carry out the first large-scale project in France;
- Lhyfe Ingrandes and Ingrandes PS, created respectively on 4 and 8 December 2023 to carry out a second large-scale project in France;
- Aspen Wasserstoff GmbH, created in April 2023 to carry out a future project in Germany;
- Lhyfe Delfzijl BV, created in July 2023, to carry out a project in that city in the Netherlands.

Note 1.7. Growth in the workforce

The acceleration in the number of projects to be developed was supported by an increase in the workforce to 146 full-time equivalents (FTEs) in 2023, compared with 83 FTEs in the previous financial year.

Note 1.8. Impact of the crisis in Ukraine

As regards the current situation linked to the war between Russia and Ukraine, apart from the macroeconomic consequences, the Company believes that it is not currently suffering any impact insofar as it does not achieve any sales or obtain supplies in either of these countries, or in areas directly affected by the war, and none of its assets are established there.

Note 2 Post-balance sheet events

On 18 March 2024, the Group received confirmation of financial support from the French state, via a subsidy of up to €149m, for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre. This project was approved by the European Commission as part of the third wave of important projects of common European interest (IPCEI) regarding hydrogen. With this project, the Group intends to produce up to 34 tonnes of green hydrogen per day near the Grand Canal in Le Havre. The Lhyfe production site, which will be located on a 2.8-hectare land take in Gonfreville-l'Orcher, is due to open in 2028.

Note 3 Accounting rules and methods

(*Articles R. 123-195 and R. 123-198 of the French Commercial Code*)

Notes to the balance sheet and profit and loss account for the financial year to 31/12/2023, for which the balance sheet total before allocation was €207m, presented in the form of a list and showing a loss of €21m.

The financial year lasted for 12 months from 1 January 2023 to 31 December 2023.

The notes and tables below form an integral part of the annual financial statements.

The annual financial statements were prepared in accordance with the provisions of the French Commercial Code, the French General Chart of Accounts (PCG) and ANC Regulation No. 2020-11, as updated by the various supplementary regulations on the date of preparation of the annual financial statements.

General accounting conventions were applied, in line with the conservatism principle, in accordance with the following underlying assumptions:

- going concern,
- consistent accounting methods from one year to the next,
- time period assumption, and in accordance with generally accepted rules for the preparation and presentation of annual financial statements.

The items entered in the accounts are valued on the basis of their historical cost.

Note 3.1. Information on balance sheet and profit and loss account transactions

Only material information is disclosed in the notes to the financial statements.

Note 3.2. Intangible assets - Technology development costs

Research costs are recognised as an expense in the financial year in which they are incurred. Expenses relating to in-house development of technologies by the Company are only recognised as intangible assets if all of the following six criteria are met:

a) Technical feasibility required to complete the intangible asset so that it can be brought into service or sold,

b) Intention of the Company to complete the intangible asset and use or sell it,

c) Ability of the Group to use or sell the intangible asset,

d) Demonstration of the probability of future economic benefits attached to the asset. The entity must demonstrate, among other things, the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it will be used in-house, its usefulness,

e) Availability of appropriate technical, financial and other resources to complete the development and use or sell the intangible asset, and

f) Ability to reliably assess the expenses attributable to the intangible asset during its development.

Capitalised development costs include external costs (commitments made to suppliers or external service providers - invoices, invoices receivable, etc.) and internal costs (valued based on the working time allocated to the projects). Impairment of intangible assets is calculated to fully write off the cost of the intangible asset, using the straight-line method over the estimated useful life (3 years), from the time the asset is usable, and is recognised under “Depreciation and amortisation of fixed assets”.

The Company assesses the recoverability of intangible assets if there is an indication of impairment. For unamortised intangible assets (mainly projects that are not yet ready to be brought into service), an impairment test is carried out at least once a year, and whenever there is an indication of impairment.

Note 3.3. Other intangible assets

Other intangible assets are initially recognised at their acquisition cost. They mainly comprise software and licence fees, as well as the capitalised onshore research and development costs on mobility sites. Other intangible assets acquired are entered in the balance sheet at their acquisition cost, where appropriate, less accumulated amortisation and impairment losses. The depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if necessary.

Note 3.4. Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (purchase price and incidental expenses) less accumulated depreciation and any impairment losses. Subsequent expenses are included in the book value of the asset or, where appropriate, recognised as a separate asset if it is probable that the Company will receive the future economic benefits associated with the asset and that the cost of the asset can be reliably measured. All repair and maintenance costs are recognised as expenses. They are not revalued.

Note 3.5. Depreciation

Depreciation is calculated on a straight-line basis according to the estimated useful life. Residual values are not taken into account as their impact is not material. The most commonly used depreciation periods are as follows:

- Research and development costs: 3 years,
- Concessions, patents, licences: 3 years,
- Technical and industrial installations: 2 to 20 years,
- Fixtures and fittings for buildings: 2 to 9 years,
- Transport equipment: 4 to 5 years,
- Office and IT equipment: 3 years,
- Office furniture: 10 years.

Note 3.6. Financial assets

Equity interests

Equity interests comprise the acquisition cost of securities held by the Company in companies that it controls or over which it directly or indirectly exercises an influence.

The net book value of the equity interests is their acquisition or contribution cost on the date they were acquired by the Company.

At any date other than the date of acquisition, equity interests are valued at their value in use for the Company, determined in particular according to criteria based on profitability, development prospects and the assets held.

If their net book value is higher than their current value, an impairment loss 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 accounted for in accordance with Opinion CU CNC No. 98-D and Bulletin CNCC No. 137 - March 2005, i.e.:

- Treasury shares held are recorded in account 277 "Treasury shares". An impairment loss is recorded by reference to the average stock market price for the last month of the financial year if this is lower than the acquisition cost. The First In, First Out method is used to determine the gain or loss upon disposal.
- Cash paid to the intermediary and not yet used is recorded in account 276 "Other capitalised accounts receivable".

Other financial assets

Loans, deposits and other financial assets are valued at their nominal value. They are written down if their present value is less than their book value.

Receivables linked to holdings

Receivables linked to holdings are valued at face value. They are written down if their present value is less than their book value.

Note 3.7. Inventory and work in progress

Expenses linked to the development of the future renewable hydrogen production sites are monitored and are intended for resale in connection with future contracts. Direct external development costs (commitments made to suppliers or external service providers - invoices, invoices receivable, statements of account etc.) and internal development costs (valued based on the working time charged to the projects) constitute work in progress as soon as the corresponding projects are likely to succeed. The Company generally considers that the criteria are met when a project enters the Tender Ready stage in the project portfolio. These criteria differ depending on whether the project:

- is linked to an industrial application: request by the potential customer to submit an "attractive" offer, or else submission of the offer is necessary for the process of obtaining subsidies;
- a mobility application: strategic investment decision after analysis of the demand in a geographical area, the ability to meet the demand and the possible subsidies.

All projects are reviewed on each balance sheet date. As there was no indication of impairment, no provision for impairment of work in progress was made at the closing date.

Note 3.8. Receivables

Receivables are valued at their nominal value. A write-down for impairment is made if the inventory value is lower than the book value.

Note 3.9. Retirement obligations

The Company's obligations in respect of retirement benefits for its employees are recorded as financial commitments given, to the exclusion of any accounting recognition.

Retirement obligations are estimated retrospectively on a *pro rata temporis* basis (individual rights vested on the date of retirement, prorated to the date of calculation) on the basis of an assumption of retirement on the employee's initiative at the age of 64, taking into account the following elements:

- Factors specific to each of the Company's employees (age on the balance sheet date, seniority, status, mortality rate and gross annual salary),
- Data specific to the Company (collective bargaining agreement, assumption of an increase in the payroll, estimated staff turnover rate and rate of social security expenses),
- Discount rate of 3.62%.

Any amounts covered by a specific insurance policy are indicated under commitments received.

On 31 December 2023, in accordance with CNC recommendation 2003-R01 and ANC recommendation 2013-02, the amount of commitments is zero.

Note 3.10. Deferred revenue and accrued revenue

On 31 December 2023, Lhyfe recognised deferred revenue of €9,929k and accrued revenue of €1,623k in respect of the percentage of completion of the expenses incurred, linked to the various subsidy contracts signed.

Note 3.11. Subsidies

In the 2023 financial year, total net subsidies paid amounted to €6,513k, excluding the holdbacks provided for under certain contracts. Subsidies were recognised as deferred or accrued revenue depending on the timing of the award and the expenditure incurred on the balance sheet date.

Note 3.12. Repayable advances

The Company received aid in the form of an advance in 2023, in connection with:

- the Sealhyfe project: the planned total amount of the advance is €243k and a further advance of €134k was received in 2023;
- BPI prospecting insurance for Germany: the balance of the contract was paid, i.e. €130k;
- BPI prospecting insurance for Canada: a deposit of 50% of the contract was paid, i.e. €49k.

Note 3.13. Current and exceptional income

Items arising from ordinary activities, even if they are exceptional in terms of their frequency or amount, are included in the current income.

Only items that do not relate to the company's ordinary activities were recorded in the extraordinary profit or loss.

Note 3.14. Foreign currency transactions

Foreign currency income and expenses are entered at their exchange value on the transaction date. Foreign currency debt, receivables and cash are included on the balance sheet at their exchange value at the rate at the end of the financial year. The difference resulting from discounting foreign currency debt and receivables at this rate is included on the balance sheet under "Translation adjustment".

A provision for liabilities is made for some or all of the unrealised foreign exchange losses that are not offset.

Note 3.15. Provisions

Provisions are recognised when, at the end of the financial year, the Company has an obligation to a third party that is likely or certain to result in an outflow of resources to the third party, without at least equivalent consideration expected from the third party.

This obligation may be legal, regulatory or contractual, or result from the Company's practices.

The estimated amount of the provisions corresponds to the outflow of resources that the Company is likely to incur to settle its obligation.

Note 3.16. Deferred expenses

Loan issuance costs

The Company has opted to spread its loan issue costs.

The total amount of costs spread is €877.3k, allocated on a straight-line basis over the duration of the loans concerned:

- €34.8k over 7 years;
- €15.1k over 7 years;
- €34.4k over 7 years;
- €10k over 15 years;
- €783k over 5 years.

The amount of amortisation recognised as an expense was €18,700 on 31 December 2023.

The net amount still to be amortised is €848k, recorded in account 481600 - Loan issuance costs.

Note 3.17. Turnover recognition - Long-term contracts

Lhyfe has signed contracts with some of its project companies subsidiaries to supply equipment, engineering and construction for the purposes of their future production sites. The terms of these contracts cover several financial years. Turnover relating to these contracts is therefore recognised in the individual financial statements of Lhyfe.

This turnover is classified as a long-term contract, and recognised in accordance with the percentage of completion method described in Article 622-2, paragraph 3 of the French General Chart of Accounts.

This method involves recognising income by applying the percentage of progress to the income upon completion (Article 622-3 of the French General Chart of Accounts). The percentage of completion is determined using methods that make it possible to reliably measure the work or services carried out and accepted, according to their nature.

To do so, Lhyfe determines the ratio between the cost of the work and services performed on the balance sheet date and the estimated total cost of performance of the contract.

Where appropriate, a provision either for invoices to be drawn up or for deferred revenue is recognised.

If the estimated income on completion is negative, a provision for liabilities and expenses is recorded to immediately recognise the loss upon completion.

Note 3.18. Average workforce

	31/12/2023	31/12/2022
Executives	146	83
Supervisors	-	-
Employees	-	-
Workers	-	-
Contractual apprentices	-	-
TOTAL	**146**	**83**

Note 3.19. Composition of the share capital

Item concerned	Number	Nominal value	Amount *in euros*
Shares comprising the share capital at the start of the financial year (1)	**47,900,448**	**0.01**	**479,004**
Shares issued during the financial year (2)	7,700	0.01	77
Shares redeemed during the financial year (3)	-	0.01	-
Shares comprising the share capital at the end of the financial year (1+2-3)	**47,908,148**	**0.01**	**479,081**

Note 4 Notes relating to certain balance sheet items

Note 4.1. Financial assets

The financial assets comprise equity interests of €3,453k, frozen receivables of €8,406k linked to these interests, deposits and guarantees and miscellaneous non-current receivables of €629k, and a liquidity contract of €585k. In view of the development prospects of the Company and its subsidiaries, no provision for impairment of equity interests or receivables linked to these interests was made at the closing date.

Liquidity contract and treasury shares

The contract had the following breakdown on 31 December 2023:

- Liquid assets: €326k
- Treasury shares: €259k

Change in treasury shares:

Number of treasury shares	
Held on 01/01/2023	**33,739**
Acquired during the period	222,512
Sold during the period	203,533
Held on 31/12/2023	**52,718**

There was no provision for impairment of treasury shares on the balance sheet date:

Name of the intermediary	Number of securities	Cost price	Historical value	Average price 12/2023	Value at the end of the period	Unrealised capital gain
ODDO BHF SCA	52,718	€4.91	258,814	€4.97	261,829	3,015

Note 4.2. Share capital, reserves and premiums

The table below shows the changes in the Company's capital in the financial years presented:

	Number of shares	Nominal value *(€)*	In thousands of euros		
			Capital	Premiums	Total
On 31 December 2021	**193,369**	**0.01**	**2**	**3,939**	**3,941**
Share capital increase - 03 March 2022	-	0.01	192	-191	-
Stock split - 3 March 2022	19,143,531	0.01	-	-	-
Conversion of CBs - 24 May 2022	15,039,401	0.01	150	47,651	47,801
Share capital increases linked to the initial public offering	13,524,147	-	135	112,423	112,558
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	8,336
Allocation of share capital increase costs	-	-	-	-5,778	-5,778
On 31 December 2022	**47,900,448**	**0.01**	**479**	**163,821**	**164,300**
Share capital increase - 17 May 2023	7,700	0.01	-	3	3
On 31 December 2023	**47,908,148**	**0.01**	**479**	**163,824**	**164,303**

** Before the 100-for-1 stock split approved by the General Meeting of 3 March 2022.*

Note 4.3. Founder's share warrants (BSPCE) granted to employees and a director and stock warrants (BSA) granted to a consultant

Description of the plans

The Board of Directors was authorised by the General Meeting of Shareholders of 23 May 2023 to implement the following BSPCE and SO plans:

- 3 July 2023: issue of 82,000 Tranche 1 BSPCE 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- 3 July 2023: issue of 123,000 Tranche 2 BSPCE 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- 3 July 2023: issue of 11,200 Tranche 1 SO 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees;
- 3 July 2023: issue of 16,800 Tranche 2 SO 2023, each giving the right to subscribe for 1 ordinary share in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to employees.

Monitoring of the number of outstanding BSPCE, SO and BSA

The table below summarises the number of outstanding BSPCE, SO and BSA and changes in them during the period.

Number	BSPCE Salariés	BSPCE Premium	BSA Consultants	BSPCE 2023 tranche 1	BSPCE 2023 tranche 2	SO 2023 tranche 1	SO 2023 tranche 2	Total
On 31 December 2022	**8,500**	**6,800**	**1,700**					**17,000**
Allocated during the period	-	-	-	82,000	123,000	11,200	16,800	233,000
Exercised during the period	-77	-	-	-	-	-	-	-77
Lapsed	-78	-	-	-	-	-	-	-78
On 31 December 2023	**8,345**	**6,800**	**1,700**	**82,000**	**123,000**	**11,200**	**16,800**	**249,845**

The following table summarises the authorised plans in the process of being vested on 31/12/2023:

	BSPCE Salariés 2021	BSPCE Premium 2021	BSA	BSPCE 2023 tranche 1	BSPCE 2023 tranche 2	SO 2023 tranche 1	SO 2023 tranche 2
Date of authorisation by the GM	**16/10/2019**	**16/10/2019**	**16/10/2019**	**23/05/2023**	**23/05/2023**	**23/05/2023**	**23/05/2023**
Awarding date	**12/04/2021**	**12/04/2021**	**08/04/2021**	**03/07/2023**	**03/07/2023**	**03/07/2023**	**03/07/2023**
Number of instruments awarded	8,500(1)	6,800(1)	1,700(1)	82,000	123,000	11,200	16,800
Vesting period	4 years	3.7 years	4 years	3 years	4 years	3 years	4 years
Vesting conditions	Presence	Performance	Presence	Performance	Performance	Performance	Performance
Exercise period	10 years	10 years	10 years	9 years	9 years	9 years	9 years

(1) Following the division 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 for 100 shares for an inclusive price of €42.84.

Note 4.4. Free share allocation (AGA) plans

The Board of Directors was authorised by the General Meeting of Shareholders of 23 May 2023 to implement the following AGA plans:

- 3 July 2023: issue of 83,720 AGA 2023 subject to non-market performance conditions at the end of 2024 and giving the right to subscribe for ordinary shares in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to the Company's employees;
- 3 July 2023: issue of 125,580 AGA 2023 subject to non-market performance conditions at the end of 2026 and giving the right to subscribe for ordinary shares in the Company, using the delegation of 23 May 2023. Their exercise period is 9 years. They were allocated to the Company's employees.

Monitoring of the number of outstanding free shares

The table below summarises the number of outstanding AGA and changes in them during the period.

Number	AGA 2022 MG	AGA 2022 CADRES - DGD	AGA 2022 CADRES	AGA 2022 NE1	AGA 2022 PC	AGA 2023 tranche 1	AGA 2023 tranche 2	Total
On 31 December 2022	**954,500**	**25,000**	**62,500**	**85,000**	**33,000**	**-**	**-**	**1,160,000**
Allocated during the period	-	-	-	-	-	83,720	125,580	209,300
Lapsed	-	-	-12,500	-	-12,400	-5,240	-7,860	-38,000
On 31 December 2023	**954,500**	**25,000**	**50,000**	**85,000**	**20,600**	**78,480**	**117,720**	**1,331,300**

The following table summarises the characteristics of the free share plans authorised on 31/12/2023:

Plan characteristics	AGA 2022 MG	AGA 2022 CADRES - DGD	AGA 2022 CADRES	AGA 2022 NE1	AGA 2022 PC	AGA 2023 tranche 1	AGA 2023 tranche 2
Awarding date	**20/09/2022**	**20/09/2022**	**20/09/2022**	**20/09/2022**	**20/09/2022**	**03/07/2023**	**03/07/2023**
Vesting date	**31/12/2027**	**31/12/2025**	**19/09/2025**	**19/09/2027**	**19/09/2026**	**03/07/2026**	**03/07/2027**
Number of shares allocated	954,500	25,000	62,500	85,000	33,000	78,920	118,380
Vesting period	5 years	3 years	3 years	5 years	4 years	3 years	4 years
Condition of presence	31/12/2026	31/12/2024	31/12/2024	31/12/2026	31/12/2025	03/07/2026	03/07/2027

Note 4.5. Conditional advances

The Company receives several types of aid in the form of advances.

Conditional advances amounted to €1,008k on 31 December 2023, compared with €749k on 31 December 2022.

The following advances were recognised on 31 December 2023:

Deep Tech:

- Advance granted by Bpifrance Financement on 11 May 2020 to finance research and development projects linked to the design of a standard onshore hydrogen production site, preliminary studies linked to offshore hydrogen production and work linked to artificial intelligence;
- The base amount of the subsidy is €5,528 k, of which the BPI is financing 22.5% through a subsidy and 22.5% through a repayable advance, i.e. €1,244 k. on 31/12/2020, the Company had received a first instalment of €622k. No additional amounts were received as of 31/12/2023. The other instalments of advances are to be obtained upon production of progress reports on the work in 2024;
- The advance will be repaid to the BPI in quarterly instalments over 4 years from 31/03/2024, following the amendment signed in 2023.

International prospecting insurance - Germany:

- Advance granted by Bpifrance Assurance Export on 11/08/2020 to protect the Company against total or partial failure of its prospecting approach in Germany over the period from 1 July 2020 to 30 June 2023;
- The guaranteed budget is €400k. Bpifrance is financing 65% of this project through a conditional advance of €260k. On 31/12/2020, the Company had received 50% of this advance, i.e. €130k. The balance of the contract, i.e. €130k, was received on 31/12/2023;
- This advance will be repaid to the BPI in quarterly payments over 3 years from 1 October 2024, in the event of commercial success in the country concerned.

International prospecting insurance - Canada:

- Advance granted by Bpifrance Assurance Export on 24/05/2023 to protect the Company against the total or partial failure of its prospecting approach in Canada over the period from 1 March 2023 to 28 February 2026;
- The guaranteed budget is €150k. Bpifrance is financing 65% of this project through a conditional advance of €97.5k. On 31/12/2023, the Company had received 50% of this advance, i.e. €49k.
- This advance will be repaid to the BPI in quarterly payments over 4 years from 1 March 2028, in the event of commercial success in the country concerned.

Financing of the Sealhyfe project by the French Environment and Energy Management Agency (ADEME):

- Advance granted by the ADEME in August 2022 for a total amount of €243k in connection with the financing of the Sealhyfe project, a pilot site for offshore renewable hydrogen production;
- The Company had received €170k at the end of 2023;
- This advance will be repaid to the 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 Stage takes place.

Note 5 Notes relating to certain items on the profit and loss account

Note 5.1. Disclosures required under Article R.123-198 - 9 of the French Commercial Code

The total amount of statutory auditors' fees included in the profit and loss account for the financial year was €155k exclusive of tax for the statutory audit of the financial statements and for advice and services included in the due diligence directly linked to the audit assignment.

Note 5.2. Operating subsidies

Operating subsidies remained stable in the 2023 financial year due to the progress of the subsidy contracts and acceleration of the research expenses that they fund. The subsidies recognised in 2023 mainly relate to:

- subsidies of €281k received from the Pays de la Loire Region for the Sealhyfe and SEM-Rev projects;
- subsidies of €358k received from the French Environment and Energy Management Agency (ADEME) for the SEM-Rev project.

The main subsidies received by the Company, which may be treated as operating subsidies or investment subsidies, are as follows:

- **Deeptech development aid:** the subsidy was awarded by Bpifrance Financement on 11/05/2020 to finance research and development projects linked to the design of standard onshore hydrogen production sites, work linked to artificial intelligence and preliminary studies linked to offshore hydrogen production. It amounts to €1,244k (i.e. 22.5% of eligible expenditure). 50% was received during the financial year to 31 December 2020. No additional payments have been received since then.
- **GreenHyScale subsidy:** this subsidy for a total of €11,852 k granted by the European Commission concerns a project managed by the European consortium GreenLab, in which the Company is the only French partner, to develop a green hydrogen production site incorporating a new-generation electrolyser with a capacity of 100 MW. On 31 December 2021,, the Company had received an instalment of €4,148k and received an additional amount of €374k during the financial year to 31 December 2023.
- **Sealhyfe financing agreement**: in addition to the funding previously granted by the Pays de la Loire Region for the Sealhyfe project, the ADEME has granted the Group funding in the form of a subsidy amounting to €729k. This aid is intended to finance the pilot site for offshore hydrogen production. The Company received €109k of this aid in 2022 and €401k in 2023.
- **Clean Hydrogen Partnership – Hope financing agreement**: this subsidy for a total of €9,820k granted by the European Commission concerns a project to develop and build an offshore green hydrogen production site off Ostend in Belgium with a capacity of 10 MW. On 31 December 2023, the Company had received an instalment of €3,437k in respect of this subsidy.
- **Hope - Belgian state financing agreement**: the Company also signed a subsidy contract with the Belgian State for the Hope project for an amount of up to €13,053k. The first payment linked to this subsidy is expected in the first half of 2024.
- **Clean Hydrogen Partnership - TH2nicio financing agreement**: this subsidy for a total of €4,400k was contracted with the European Commission. This aid is intended to finance the construction of an onshore hydrogen production site in Milan, Italy. The Company received pre-financing of €1,282 k in the financial year to 31 December 2023.
- **Ecosystème H2 – Hy'Touraine financing agreement**: at the beginning of 2023 the Company signed a contract with the French Environment and Energy Management Agency (ADEME) for a subsidy of €1,560k to finance the construction of a hydrogen production site in Sorigny, Touraine.
- **Clean Hydrogen Partnership - AdvancedH2Valley financing agreement**: this subsidy contract was signed at the end of 2023 with the European Commission for a total of €1,628k. The funds are intended to finance the coordination costs borne by Lhyfe in connection with the construction of the Hy'Touraine site near Sorigny, and the ramp-up of the Bouin site. At the end of 2023, the Company had received €187k in respect of this aid.
- **CINEA - GreenH2forAll financing agreement**: this aid in the form of a subsidy was formalised through a contract at the end of 2023 with the European Commission for a total of €2,138 k. These funds are intended to finance the construction of the Le Cheylas site in Isère, in order to supply hydrogen to Hympulsion under a contract signed in 2023.

The Company recognised under accrued revenue the amounts of subsidies for which it considers that it meets the conditions for obtaining and drawing on them.

Note 5.3. R&D tax credit

In connection with its research activities, the Company incurred expenses eligible for the R&D tax credit, for which a claim has been made to the tax authorities, amounting to €1,271k recognised on the balance sheet date.

Note 6 Other information

Note 6.1. Consolidated financial statements

Pursuant to Article L. 233-1 6 of the French Commercial Code, the Company prepares consolidated financial statements, including the financial statements of its subsidiaries, using the full consolidation method, with the exception of the subsidiaries Botnia Hydrogen, Ingrandes PS and Flexens, which are accounted for using the equity method.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

A copy of the consolidated financial statements can be obtained from Lhyfe's registered office.

Note 6.2. Remuneration of management bodies

The main executives are the employee members of the Board of Directors, the Chairman and Chief Executive Officer and the two Deputy Chief Executive Officers.

In thousands of euros	31/12/2023	31/12/2022
Fixed remuneration	741	529
Variable remuneration	248	340
Post-employment benefits	-	-
Benefits in kind	-	-
Executive remuneration	**989**	**869**

Note 6.3. List of transactions with related parties

No disclosure is required because the related party transactions specified in Article R123-198 of the French Commercial Code were entered into under normal market conditions or with companies that are directly or indirectly wholly-owned.

Note 7 Financial commitments

Note 7.1. Commitments given

First demand guarantees given

Lhyfe granted:

- a first demand guarantee to the lessor of the premises located at Mail Pablo Picasso in Nantes for a total of €388k;
- a first demand guarantee to the lessor of the premises located in Carrousel in Nantes for a total of €1,583k;
- a first demand guarantee to energy suppliers in connection with the PPAs contracted in 2023 for a total of €3,325 k;
- two payment guarantees to subcontractors for civil engineering work for a total of €2,106 k;

Pledges

Pledges were granted by the Company to the following lenders:

- The €1,000k loan granted by Crédit Agricole Atlantique Vendée on 28 April 2021 is secured by a pledge of Lhyfe's business assets. The capital outstanding on 31 December 2023 was €680k.
- The first demand guarantee granted by Banque Populaire Grand Ouest for €1,587k on 9 January 2023 is secured by a pledge of a term deposit of €875k.

Covenants

- The syndicated loan agreement signed at the end of 2023 includes covenants. The covenants concern tests on past and future liquidity, the debt-to-equity ratio and the installed capacities in MW. The covenants were met on 31 December 2023.

Note 7.2. Commitments received

Lhyfe was granted:

- a parent company guarantee from an equipment supplier for €11.8m;
- a first demand guarantee from an energy supplier in connection with contracting the PPAs for a total of €2,000k;
- first demand guarantees from equipment suppliers amounting to €939k;
- advance payment guarantees from equipment suppliers amounting to €774k;
- holdbacks from subcontractors amounting to €596k;
- performance bonds from subcontractors amounting to €187 k;

Note 7.3. Leasing agreements

Leasing commitments	Cumulative fees paid for the year	Fees outstanding			Residual purchase price
		Up to 1 year	1 to 5 years	more than 5 years	
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Technical installations, industrial machinery and equipment	367	710	2,842	1,054	42
Other property, plant and equipment	-	-	-	-	-
Construction work in progress	-	-	-		-

Note 8 List of subsidiaries and holdings

Subsidiaries	Capital	Share held	Gross val. securities	Loans/advances	Turnover
	Shareholders' equity	Divid. Received	Net val. securities	Guarantees	Income
Lhyfe Bouin SAS 2 port du Bec 85230 Bouin – France RCS La Roche-sur-Yon 878 118 272	1,000 -685,553	100	1,000 1,000	5,465,135	1,059,591 -642,623
Lhyfe Germany GmbH Allensteinerstraβe 20 77694 Kehl - Germany HRB 722296	25,000 -2,175,448	100	25,000 25,000	5,042,959	527,311 -2,985,775
Lhyfe Sombrero SAS 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 901 156 257	51,000 47,643	100	51,000 51,000	2,608	 -1,006
Territoires x Lhyfe SAS 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 901 153 098	51,000 47,643	100	51,000 51,000	2,608	 -1,006
Lhyfe Denmark ApS Store Kongensgade 68 1264 København K - Denmark CVR 42675016	5,367 -163,263	100	5,396 5,396	438,524	108,763 -311,327
Lhyfe Lakrids ApS Store Kongensgade 68 126675øbenhavn K - Denmark CVR 42675024	5,367 2,718	100	5,396 5,396	0	 -9,859
Lhyfe Sweden AB Box 3294 103 65 Stockholm - Sweden 559334-3857	2,253 -615,206	100	2,466 2,466	2,046,764	71,520 -1,455,085
Lhyfe Netherlands B.V. 15e verdieping 1077XV Amster101 - The Netherlands RSIN 863101185	1,000 -179,951	100	1,000 1,000	580,757	127,287 -169,119
Lhyfe Bessières SAS 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 913 268 504	1,000 -341,929	80	800 800	5,907,384	 -342,929
Hydrogen Lhyfe Canada Inc 3900-1 Place Ville-Marie Montreal (Quebec) H3B4M7 - Canada 1177977304	7 7	100	7 7		
Lhyfe Skive ApS Store ongensgade 681 264 København K - Denmark CVR 43716980	5,367 5,367	100	5,401 5,401		
Lhyfe Buléon SAS 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 910 335 850	1,000 -21,326	100	1,000 1,000	19,328	 -22,326
Lhyfe Production 1 SAS 1 ter mail Pablo Picasso 44000 Nantes - France RCS Nantes 920 612 777	1,000 -33,817	100	1,000 1,000	60,000	 -34,817

Subsidiaries	Capital	Share held	Gross val. securities	Loans/advances	Turnover
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	Shareholders' equity	Divid. Received	Net val. securities	Guarantees	Income
Lhyfe Croixrault SAS - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 920 612 751	1,000	100	1,000	250,000	
	---	---	---	---	---
	-1280		1,000		-2208
Lhyfe Production 2 SAS - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 166	1,000	100	1,000		
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	532		1,000		-468
Lhyfe Production 3 SAS - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 182	1,000	100	1,000		
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	532		1,000		-468
Lhyfe Production 4 SAS - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 208	1,000	100	1,000		
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	532		1,000		-468
Lhyfe Production 5 SAS - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 232	1,000	100	1,000		
	---	---	---	---	---
	532		1,000		-468
Lhyfe Niedersachsen GmbH - Stau 123 26122 Oldenburg – Germany HRB 218723	25,000	100	25,000		
	---	---	---	---	---
	21,093		25,000		-69,402
Lhyfe Schwäbisch Gmünd GmbH - Robert-von-Ostertag-Straße 4 73525 Schwäbisch Gmünd – Germany HRB 745476	12,500	100	12,500	314,038	114,971
	---	---	---	---	---
	20,949		12,500		-71,720
Lhyfe Hidrógeno, S.L - 4 c.o. Audalia Nexia 28036 – Madrid – Spain B09785304	3000	100	3,000	1,135,162	
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	-258,912		3,000		-899,409
Lhyfe Trelleborg - AB Box 3294 103 65 Stockholm – Sweden 559399-7488	2248	100	2,273	22	
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	2248		2,273		
Lhyfe UK Ltd. 3 More London Riverside London SE1 2AQ - Un083d Kingdom 14083786	1	100	1	1,531,029	
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	-276,326		1		-1,203,040
Lhyfe Production 6 SAS (1st closing 2024) 1 ter mail Pablo Picasso 44000 Nantes - France 668 ,Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		
Lhyfe Production 7 SAS (1st closing 2024) 1 ter mail Pablo Picasso 44000 Nantes - France 668 ,Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		
Lhyfe Production 8 SAS (1st closing 2024) 1 ter mail Pablo Picasso 44000 Nantes - France , RCS Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		

Subsidiaries	Capital	Share held	Gross val. securities	Loans/advances	Turnover
	---	---	---	---	---
	Shareholders' equity	**Divid. Received**	**Net val. securities**	**Guarantees**	**Income**
Lhyfe Production 9 SAS (1st closing 2024) 1 ter mail Pablo Picasso 44000 Nantes - France RCS Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		
Lhyfe Production 10 SAS (1st closing 2024) 1 ter mail Pablo Picasso 44000 Nantes - France RCS Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		
Lhyfe Ingrandes SAS (1st closing 2024) - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 232	1000	100	1,000		
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			1,000		
Lhyfe Le Havre SAS (1st closing 2023) - 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 232	1000	100	1,000		
	---	---	---	---	---
			1,000		
Aspen Wasserstoff GmbH (1st closing 2024)	12500	100	12,500		
	---	---	---	---	---
			12,500		
Hydrogen Bay GmbH (1st closing 2024)	12,500	100	12,500		
	---	---	---	---	---
			12,500		
Duisburg Hydrogen GmbH (1st closing 2024)	12,500	100	12,500		
	---	---	---	---	---
			12,500		
Lhyfe Delfzijl BV (1st closing 2024)	1,000	100	1,000	375	
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			1,000		
Lhyfe Finland Oy (1st closing 2024)	1,000	100	1,000		
	---	---	---	---	---
			1,000		

Interest	Capital	Share held	Gross val. securities	Loans/advances	Turnover
	---	---	---	---	---
	Shareholders' equity	**Divid. Received**	**Net val. securities**	**Guarantees**	**Income**
Botnia Hydrogen AB Fredsgränd 11 LGH 1502 Stockholms län - Sweden 559303-0454	77,956	39.2	1,059,929		
	---	---	---	---	---
	2258114		1,059,929		-59,613
	30000	49.0	2150197		-848,606
	---	---	---	---	---
Flexens	-3,087,585		2150197		-1,567,305
Ingrandes PS SAS (1st closing 2023) 1 ter mail Pablo Picasso 44000 Nantes – France RCS Nantes 921 668 232	500	50	500		
	---	---	---	---	---
			500		

Note 9 Statement of fixed assets

	Gross value at start of year	Increase	
		Revaluation for the financial year	Acquisitions receivables transfers
Intangible assets			
Preliminary and development expenses	768	-	-
Other intangible assets	3,592	-	1,212
TOTAL	**4,360**	**-**	**1,212**
Property, plant and equipment			
Land	-	-	6,920
Buildings on own land	-	-	-
Buildings on leasehold land	-	-	-
General installations, fixtures and fittings of buildings	-	-	-
Industrial plant and equipment	2,192	-	4,374
Miscellaneous general installations, fixtures and fittings	375	-	190
Transport equipment	78	-	-
Office and IT equipment, furniture	579	-	293
Recoverable and miscellaneous packaging	-	-	-
Construction work in progress	6,999	-	4,222
Advances and payments on account	-	-	-
TOTAL	**10,222**	**-**	**15,999**
Financial assets	-	-	-
Investments accounted for under the equity method	-	-	-
Other investments	2,808	-	9,052
Other long-term investments	296	-	1,181
Loans and other financial assets	384	-	2,096
TOTAL	**3,488**	**-**	**12,328**
GRAND TOTAL	**18,070**	**-**	**29,539**

	Reductions		Gross value of fixed assets at end of year
	Transfer	Disposal	
Preliminary and development expenses	-	-	768
Other intangible assets	1,947	111	2,746
TOTAL	**1,947**	**111**	**3,514**
Land	-	-	6,920
Buildings on own land	-	-	-
Buildings on leasehold land	-	-	-
General installations, fixtures and fittings of buildings	-	-	-
Industrial plant and equipment	-	6,046	520
Miscellaneous general installations, fixtures and fittings	-	-	565
Transport equipment	-	-	78
Office and IT equipment, furniture	-	-	872
Recoverable and miscellaneous packaging	-	-	-
Construction work in progress	5,293	-	5,927
Advances and payments on account	-	-	-
TOTAL	**5,293**	**6,046**	**14,881**
Investments accounted for under the equity method	-	-	-
Other investments	-	-	11,860
Other long-term investments	1,218	-	259
Loans and other financial assets	1,503	21	956
TOTAL	**2,721**	**21**	**13,074**
GRAND TOTAL	**9,962**	**6,178**	**31,469**

Note 10 Statement of depreciation and amortisation

DEPRECIABLE FIXED ASSETS	Amount at start of year	Increase	Decrease	Amount at end of year
Intangible assets	-	-	-	-
Preliminary and development expenses	1	256	-	257
Other intangible assets	32	32	-	64
TOTAL	**33**	**288**	**- 0**	**321**
Property, plant and equipment	-	-	-	-
Land	-	-	-	-
Buildings on own land	-	-	-	-
Buildings on leasehold land	-	-	-	-
General installations, fixtures and fittings of buildings	-	-	-	-
Industrial plant and equipment	133	1,761	1,864	31
Miscellaneous general installations, fixtures and fittings	58	187	-	245
Transport equipment	36	19	-	55
Office and IT equipment, furniture	110	192	-	302
Recoverable and miscellaneous packaging	-	-	-	-
TOTAL	**337**	**2,159**	**1,864**	**632**
GRAND TOTAL	**369**	**2,447**	**1,864**	**953**

Note 11 Deferred expenses

Changes during the financial year affecting expenses spread over several years	Net amount at start of year	Increase	Depreciation expense	Net amount at end of year
Issuance charges to be amortised	61	805	19	848
Bond redemption premiums	-	-	-	-

Note 12 Statement of receivables

	Gross amount	Asset liquidity	
		Maturing in less than one year	Maturing in more than one year
Fixed asset receivables			
Receivables linked to holdings	8,406	-	8,406
Loans [1] [2]	-	-	-
Other financial assets	956	-	956
Current asset receivables			
Bad and doubtful debt	-	-	-
Other trade receivables	15,566	15,566	-
Receivables representing loaned securities	-	-	-
Amounts due to and from employees	2	2	-
Social security and other benefits	-	-	-
Corporate income tax	1,271	1,271	-
Value added tax	1,918	1,918	-
Other taxes, duties and similar payments	-	-	-
Miscellaneous	44	44	-
Current accounts due to or from group companies and shareholders [2]	15,403	15,403	-
Sundry debtors (including receivables relating to repurchase agreements)	3,498	2,138	1,360
Prepaid expenses	891	891	-
TOTAL	**47,955**	**37,233**	**10,722**

Loans granted during the financial year
Amount of repayments obtained during the financial year
Loans and advances granted to individual shareholders

Note 13 Statement of debt

Debt	Gross amount	Maturity of the liabilities		
		Maturing in less than one year	Maturing in	
			More than 1 year	More than 5 years
Convertible debenture loans [1]	12,216	2,132	5,455	4,629
Other debenture loans [1]	-	-	-	-
Loans and borrowings from lending institutions [1]	-	-	-	-
○ originally for a maximum of 1 year	5	5	-	-
○ originally for more than 1 year	30,827	541	25,567	4,719
Miscellaneous loans and borrowings [1] [2]	93	-	93	-
Trade payables	13,930	13,930	-	-
Amounts due to and from employees	1,659	1,659	-	-
Social security and other benefits	1,269	1,269	-	-
Corporate income tax	-	-	-	-
Value added tax	3,415	3,415	-	-
Guaranteed bonds				
Other taxes and duties	123	123	-	-
Fixed asset liabilities	-	-	-	-
Current accounts due to or from group companies and shareholders [2]	82	82	-	-
Other liabilities (including liabilities relating to repurchase agreements)	7,300	727	6,573	-
Debt representing borrowed securities	-	-	-	-
Deferred revenue	9,929	1,587	8,342	-
TOTAL	**80,846**	**25,468**	**46,030**	**9,348**
(1) Loans taken out during the year	*28,054*			
(2) Loans repaid during the year	*351*			

Note 14 Changes in shareholders' equity

Item	Amount in thousands of euros
Equity for N-1 after appropriation of profit for 2022 and before 2023 OGM	**141,122**
Distributions	-
Shareholders' equity at the start of the financial year	141,122
Changes in the share capital	0
Change in issuance, merger and contribution premiums	3
Change in retained earnings/losses brought forward	-17,393
Change in investment subsidies and regulated provisions	1,316
Appropriation of N-1 profit to shareholders' equity (excluding distributions)	17,393
Changes during the financial year	1,319
Equity at year-end before appropriation of profit for 2023	**142,441**
Profit or loss for the financial year	-20,880
Equity at year-end after appropriation of profit for 2023 and before 2024 annual general meeting	**121,561**

Note 15 Accrued expenses and revenue

ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS	Financial year to 31/12/2023	Financial year to 31/12/2022
Convertible debenture loans	606	1,188
Other debenture loans	-	-
Loans and borrowings from lending institutions	113	21
Miscellaneous loans and borrowings	-	-
Trade payables	5,628	1,652
Tax and social security liabilities	2,333	1,683
Fixed asset liabilities	-	-
Other debt	-	-
TOTAL	**8,680**	**4,543**

ACCRUED REVENUE INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS	Financial year to 31/12/2023	Financial year to 31/12/2022
Receivables linked to holdings	-	-
Other long-term investments	-	-
Loans	-	-
Other financial assets	-	-
Trade receivables	4,861	192
Non-trade receivables	2,088	1,123
Short-term investments	-	-
Cash	165	37
TOTAL	**7,114**	**1,351**

Note 16 Deferred revenue and prepaid expenses

DEFERRED REVENUE	Financial year to 31/12/2023	Financial year to 31/12/2022
Operating revenue	9,929	4,992
Financial revenue	-	-
Exceptional and extraordinary profits	-	-
TOTAL	**9,929**	**4,992**

PREPAID EXPENSES	Financial year to 31/12/2023	Financial year to 31/12/2022
Operating expenses	891	311
Financial expenses	-	-
Exceptional and extraordinary expenses	-	-
TOTAL	**891**	**311**

Note 17 Statement of provisions and impairment

NATURE OF THE PROVISION	Amount at the start of the financial year	Increase in provisions during the year	Reductions/ reversals at year-end	Amount at the end of the financial year
Regulated	-	-	-	-
Depletion allowance	-	-	-	-
Provisions for investments	-	-	-	-
Provisions for price increases	-	-	-	-
Additional depreciation to benefit from fiscal incentives	-	-	-	-
Tax provisions for foreign establishments before 01/01/1992	-	-	-	-
Tax provisions for foreign establishments after 01/01/1992	-	-	-	-
Provisions for installation loans	-	-	-	-
Other regulated provisions	-	-	-	-
TOTAL				
Liabilities and expenses	-	-	-	-
Provisions for litigation	44			44
Provisions for guarantees granted to customers	-	-	-	-
Provisions for losses on futures markets	-	-	-	-
Provisions for fines and penalties	-	-	-	-
Provisions for exchange losses	-	-	-	-
Provisions for pensions and obligations	-	-	-	-
Provisions for taxes	-	-	-	-
Provisions for renewal of fixed assets	-	-	-	-
Provisions for major maintenance and overhauls	53	73	-	125
Provisions for social security expenses and tax on leave due	-	-	-	-
Other provisions for liabilities and expenses		3,100	59	3,041
TOTAL	**97**	**3,173**	**59**	**3,211**

NATURE OF THE IMPAIRMENT	Amount at the start of the financial year	Increase in provisions during the year	Reductions/ reversals at year-end	Amount at the end of the financial year
Impairment	-	-	-	-
Intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Fixed assets - equity method investments	-	-	-	-
Fixed assets - equity interests	-	-	-	-
Financial assets	13		13	
Of inventory and work in progress	-	-	-	-
Of trade receivables	-	-	-	-
Other provisions for impairment	-	-	-	-
TOTAL	**13**	**-**	**13**	**-**
GRAND TOTAL	**110**	**3,173**	**72**	**3,211**
Including operating provisions and reversals	-	*73*	*59*	-
Including financial provisions and reversals	-	-	*13*	-
Including exceptional provisions and reversals	-	-	-	-

Note 18 Breakdown of the extraordinary profit or loss

Breakdown of the extraordinary profit or loss	Expenses	Revenue
Proceeds from disposals of property, plant and equipment	-	4,184
Investment subsidies Transferred to income	-	15
Profit from repurchase of treasury shares	-	77
Operating expenses from previous financial years	284	-
Book value of property, plant and equipment sold	4,183	-
Deficit from repurchase of treasury shares	227	-
Exceptional depreciation and amortisation	111	-
TOTAL	**4,806**	**4,276**

Note 19 Transfer of expenses

Transfer of expenses	Amount
Group reinvoicing	174
Hope project reinvoicing	356
Non-group miscellaneous income	12
Payment of training courses	7
TOTAL	**549**

6.4. Statutory auditors' report on the individual financial statements

For the year ended December 31, 2023

To the Lhyfe General Meeting,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Lhyfe for the year ended December 31, 2023.

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, 2023 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, 2023 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. 821-53 and R. 821-180 of the French Commercial Code 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 financial statements.

Inventories and work-in-progress

Risk identified

As stated in Note 3.7 "Inventories and work-in-progress" to the financial statements, expenses relating to the development of future renewable green hydrogen production sites, intended for resale under future contracts, were recorded in inventories and work-in-progress for €23 million as of December 31, 2023.

These expenses represent work-in-progress once the corresponding projects are likely to be successful.

The Company mostly considers that this criteria has been met when the project enters into the "Tender Ready" phase. This criteria differs depending on whether the project is:

- in connection with an industrial application: request from a potential client for an "attractive" offer or its delivery is required to obtain subsidies
- specific to a mobility application: strategic investment decision following analyses of the request for a geographical area, the ability to meet the request and possible subsidies.

We considered the recognition and valuation of work-in-progress 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.

Responses as part of our audit

Our work notably consisted in:

- obtaining an understanding of the internal control procedures set up to identify development costs that satisfy work-in-progress recognition criteria;
- assessing, in light of current accounting standards and the capitalization rules defined by the Group, the methods used to examine the capitalization criteria based on a sample of tested projects;
- testing, on a sampling basis, the consistency of amounts recorded under assets with the project monitoring files drafted by Group management and the consistency of these files with internal and external costs incurred for these projects recognized in the accounts;
- 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.

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 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, 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, 2023, Deloitte & Associés and Baker Tilly Strego SAS were in the 3rd year and 5th year of total uninterrupted engagement, which is the 2nd 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

Objective 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.821-55 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. 821-27 to L. 821-34 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 and Saint-Herblain, on 23 April 2024

The Statutory Auditors

Baker Tilly Strego SAS	**Deloitte & Associés**
François Pignon-Hériard	Guillaume Radigue

6.5. Other information regarding Lhyfe S.A.

6.5.1. Recent events

During the financial year to 31 December 2023, the Company continued to secure its cash position and the financing of its projects via various sources of funding. Firstly it secured new subsidies for a total of €30m, including €22.8m for the Hope project, which aims to develop, build and operate the first 10 MW production unit in the North Sea, off the coast of Belgium, by 2026. Secondly, the Company obtained new funding from its banking partners in the form of:

- debts totalling €28m by contracting a €22.2m green syndicated bank loan and two fixed-rate liquidity lines for a total of €5.8m granted by Bpifrance,
- leasing agreements for its hydrogen transport and storage assets amounting to €4.2m.

The Company also signed its first contracts for the engineering, supply of equipment and construction of hydrogen production sites with its project company subsidiaries.

At the same time, the Company continued to invest heavily in the construction and development of its future onshore hydrogen production sites. This heavy investment resulted in work in progress for a total of €23m, mainly for purchases of production equipment, supplemented by €5.3m of its internal and external funds. The Company has also acquired two plots intended for future large-scale hydrogen production sites.

In March 2023, the Company also acquired a 49% stake in Flexens, a developer of green and renewable hydrogen and Power-to-X projects located in Finland.

In order to continue to develop its activities in Europe, the Company created 11 entities in the 2023 financial year, mostly devoted to onshore renewable hydrogen production, including in particular 8 companies created in France, intended to carry out new projects.

The operating result declined in 2023, amounting to a loss of €23.1m, partly due to the full-year impact of the recruitments in 2022. This growth in the workforce therefore had a considerable impact on the losses for the year, resulting in an increase in personnel expenses of €6.1m. Other external purchases and expenses were up by €18.4m, linked to the charges recognised in connection with engineering, equipment supply and construction contracts for the hydrogen production sites. The remainder of the increase in this item is due to the expenses incurred in connection with the Sealhyfe project, the increase in travel expenses linked to the growth in the workforce, and the hiring of new service providers and consultants, in particular to support the engineering teams and the teams in charge of operations. Finally, the Company incurred fees in connection with the search for subsidies.

The Company's financial result was favourably impacted by the sharp rise in yields on cash investments.

The increase in the R&D tax credit is due to the Company's substantial investment in research and development, in particular for the Sealhyfe project.

6.5.2. Table of results for the last five financial years

In €	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
I. Financial position at year-end					
a) Share capital	479,081	479,004	1,934	1,934	1,934
b) Number of shares making up the share capital	47,908,148	47,900,448	193,369	193,369	193,369
c) Number of bonds convertible into shares[1]	11,609,375	12,250,000	13,132,381	93,369	93,369
II. Comprehensive income from operations					
a) Pre-tax turnover	17,625,640	807,828	128,181	2,603	0
b) Profit before tax, depreciation, amortisation and provisions	-19,559,478	-17,101,243	-5,751,449	-1,534,468	-568,807
c) Income tax[2]	-1,271,130	-636,255	-550,903	-76,092	-56,960
d) Profit after tax, depreciation, amortisation and provisions	-20,879,547	-17,393,002	-5,447,065	-1,475,518	-513,159
e) Distributed profits	0	0	0	0	0
III. Per-share data					
a) Profit after tax, before depreciation, amortisation and provisions	-0.38	-0.34	-26.89	-7.54	-2.65
b) Profit after tax, depreciation, amortisation and provisions	-0.44	-0.36	-28.17	-7.63	-2.65
c) Dividend per share	0.00	0.00	0.00	1.00	2.00
IV. Personnel					
a) Number of employees	146	83	35	15	3
b) Total payroll	11,368,117	7,077,868	2,311,258	880,915	258,879
c) Amounts paid in respect of social security benefits	4,640,635	2,801,582	748,424	258,358	73,393

(1) Before the 100-for-1 stock split approved by the General Meeting of 3 March 2022.

(2) Only comprising the R&D tax credit.

6.5.3. Non-deductible expenses

Extravagant expenditure within the meaning of Article 39 paragraph 4 of the French General Tax Code incurred by the Company during the year to 31 December 2023 amounted to €9,990.

6.5.4. Overheads added back to taxable income

The Company did not incur excessive overheads or overheads not included on the special statement resulting in amounts being added back specified in Article 39 paragraph 5 of the French General Tax Code during the financial year to 31 December 2023.

6.5.5. Time limits for payment of suppliers and customers

	Article D. 441 I.-1: Invoices received, outstanding on the balance sheet date						Article D. 441 I.-2: Invoices issued, outstanding on the balance sheet date					
	0 days (approximate)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or over)	*0 days (approximate)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or over)
(A) Periods of late payment												
Cumulative number of invoices concerned	318					64	8					2
Total amount of invoices concerned excluding tax	€5,472,357	€468,059	€3,712	€18,500	€12,575	€502,845	€8,907,803	€35,000			€1,152	€36,152
Percentage of the total amount of purchases for the financial year excluding tax	10%	1%		0.0%								
Percentage of the turnover for the financial year excluding tax							51%	0%				
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities and receivables												
Number of invoices excluded			4									
Total amount of invoices excluded			€2,107,222									
(C) Reference time limits for payment used (contractual or statutory time limit - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Contractual time limits to be specified			30 days									
Statutory time limit to be specified												

6.6. Significant change in the Company's financial position

On 18 March 2024, the Group received confirmation of financial support from the French state, via a subsidy of up to €149m, for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre. This project was approved by the European Commission as part of the third wave of important projects of common European interest (IPCEI) regarding hydrogen. With this project, the Group intends to produce up to 34 tonnes of green hydrogen per day near the Grand Canal in Le Havre. The Lhyfe production site, which will be located on a 2.8-hectare land take in Gonfreville-l'Orcher, is due to open in 2028.

7 Capital and Shareholders

7.1. Share capital, shares and securities issued by Lhyfe SA 210

7.1.1. Share capital and voting rights 210
7.1.2. Changes in share capital over the last three financial years 210
7.1.3. Securities giving access to capital 210
7.1.4. Securities that do not represent capital 214
7.1.5. Share repurchase and liquidity programmes 214
7.1.6. Table of current delegations and authorisations granted by the general meeting in respect of share capital increases 215
7.1.7. Rights, privileges and restrictions attached to the Company's shares 216

7.2. Shareholding 217

7.2.1. Stock market listing and characteristics of Lhyfe SA shares 217
7.2.2. Breakdown of share capital and voting rights 218
7.2.3. Shareholdings of corporate officers 219
7.2.4. Employee profit-sharing 219
7.2.5. Crossing of thresholds set out by law and by the Articles of Association 222
7.2.6. Control and shareholder agreements relating to share capital 222

7.3. Dividends and financial communication 223

7.3.1. Dividend policy 223
7.3.2. Shareholder dialogue and relations with investors and analysts 223
7.3.3. Provisional timetable for 2024 financial communications 223

7.1. Share capital, shares and securities issued by Lhyfe SA

7.1.1. Share capital and voting rights

On 31 December 2023, the Company's share capital amounted to €479,081.48, divided into 47,908,148 ordinary shares with a nominal value of €0.01 each, fully paid up and all of the same class.

7.1.2. Changes in share capital over the last three financial years

Changes in the number of shares over the last three financial years were as follows:

Date	Nature of the operation	Capital before operation	Number of shares before operation	Number of shares after operation	Par value	Capital after operation
03/03/2022	Increase in nominal value of shares by incorporation of issuance premium	€1,933.69	193,369	193,369	€1.00	€193,369.00
11/03/2022	Share nominal value split	€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
17/05/2023	Issuance of shares for cash (exercise of BSPCE)	€479,004.48	47,900,448	47,908,148	€0.01	€479,081.48

7.1.3. Securities giving access to capital

On 31 December 2023, the securities giving access to the Company's capital are shown below.

7.1.3.1. Founder's share warrants (bons de souscription de parts de créateurs d'entreprise or BSPCE)

Details of the BSPCE plans in existence on 31 December 2023 are shown in Table 8 in Section 7.2.4 of the Universal Registration Document.

7.1.3.2. Stock options

Details of the stock option plan existing on 31 December 2023 are set out in Table 8 in Section 7.2.4 of the Universal Registration Document.

7.1.3.3. Share warrants (bons de souscription d'actions or BSA)

A BSA plan was allocated to a consultant.

Characteristics of the BSA	BSA 2020
Date of shareholders' meeting that allocated (or delegated its authority to allocate) the BSA	08/04/2021
Date of the allocation decision	Allocated by the shareholders' meeting of 08/04/2021
Maximum number of BSA authorised	1,700
Number of BSA subscribed	1,700
Total number of shares that may be subscribed by exercising the BSA as of the date on which they were allocated	170,000
o/w the number of shares that may be subscribed by corporate officers	*0*
Number of beneficiaries who are not corporate officers (on the allocation date)	1
Starting date for exercising the BSA	08/04/2025
Expiry date of the BSA	08/04/2031
Subscription price of each BSA	€4.28
Exercise price of each BSA[1]	€42.84
Terms of exercise	See (2) below
Number of BSA exercised as of the date of the Universal Registration Document	0
Cumulative number of BSA lapsed or cancelled as of the date of the Universal Registration Document	0
Number of BSA outstanding as of the date of the Universal Registration Document	1,700
Maximum total number of shares that may be subscribed by exercising the BSA outstanding as of the date of the Universal Registration Document[2]	170.000
Number of shares likely to result from the exercise of BSA exercisable as of the date of the Universal Registration Document[2]	0

(1) Following the division of the nominal value by 100 and the creation of 100 new shares for one existing share on 11 March 2022, each BSA entitles the beneficiary to subscribe for 100 shares, for a total price of €42.84.

(2) The BSA will only be exercisable from 8 April 2025, on the condition that the sale consultant agreement between the Company and QWAY Energy, which covers the Group's business development in certain geographical areas and which came into force on 16 July 2020, has not been terminated by that date. The individual beneficiary of the BSA is the consultant responsible for business development in Central Europe, who owns the company QWAY Energy.

7.1.3.4. Free share allocations (Attributions gratuites d'actions or AGA)

Details of the AGA plans in existence on 31 December 2023 are shown in Table 10 in Section 7.2.4 of the Universal Registration Document.

7.1.3.5. Convertible bonds

On 31 December 2023, the Company issued two bonds convertible into shares, redeemable on a straight-line basis and not intended to be converted, the features 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 main features of which are as follows:

Nominal amount: €10,250,000, represented by 10,250,000 OCA LB2 with a nominal value of €1.00 each.

Identity of subscribers:

Subscribers	Number of OCA LB2	Amount of subscriptions	Amount still to be redeemed[1]
Swen Impact Fund for Transition	6,250,000	€6,250,000	€5,859,375
CDC (Banque des Territoires)	4,000,000	€4,000,000	€3,750,000
Total	**10,250,000**	**€10,250,000**	**€9,609,375**

(1) On 31 December 2023

Interest rate: 9% for the first annual period from the issuance of the OCA LB2. After this period, the OCA LB2 will bear interest at a variable rate of between 8.8% and 9.2% per annum, depending on whether or not the number of tonnes of CO_2 avoided in respect of the previous financial year is achieved. If the tonnage of CO_2 is between the lower and higher limits defined in the contract for the issuance of the OCA LB2, the interest rate will be determined by linear interpolation between the two interest limits. Interest will be payable annually on the anniversary date, in cash.

Maturity date: at the end of a period of 8 years from their subscription date, i.e. 13 July 2029.

Redemption:

- *Annual redemption until the maturity date*: the OCA LB2 will be subject to annual linear redemption in principal over 78 months, starting from the expiry of an 18-month grace period (i.e. from 13 January 2023).
- *Voluntary early redemption at the Company's discretion*: the Company may redeem the OCA LB2, in whole or in part, at any time. Under certain conditions, any early redemption may be subject to the payment of an 'Early Redemption Penalty' described below.
- *Mandatory early redemption at the discretion of OCA LB2 subscribers*: the OCA LB2 may be redeemed early, in whole or in part, at any time, at the request of a subscriber:
  - in certain cases relating to the control and management of the Company; and
  - in certain standard cases of default, in particular non-payment of any amount due under the OCA LB2, breach of any of the stipulations of the issuance agreement or in the case of insolvency proceedings.
- *Early Redemption Penalty*: Any early redemption of the OCA LB2 carried out at the initiative of the Company or a holder of OCA LB2 within a period of 4 years from the issuance of the loan (i.e. before 13 July 2025) will give rise to the payment of an 'Early Redemption Penalty' equal to the sum of the unpaid interest that would have been due in respect of the OCA LB2 thus redeemed until the end of the 4-year period from the issuance of the OCA LB2.

The terms and conditions of the OCA LB2 contain the covenants described in paragraph 5.3.1.2(ii) of the Universal Registration Document.

Conversion:

- at the request of holders of OCA LB2:
  - in the absence of full redemption of the OCA LB2 in principal and interest on the maturity date, in which case the Company may not oppose such a request;
  - in the event of insolvency proceedings;
- at any time by mutual agreement between the Company and the holders of the OCA LB2.

Each converted OCA LB2 will entitle its holder, subject to adjustments relating to the protection of OCA LB2 holders, to a number of new ordinary 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 unit reference value of an ordinary share making up the Company's share capital, equal to the market value determined by an expert, in the absence of agreement between the Company and the representative of the group of OCA LB2 holders, after deduction of a discount of 15%.

'OCA LB2 Bis' convertible bonds

On 14 December 2021, the Company issued a bond convertible into shares of the Company, the terms and conditions of which, similar to those of the OCA LB2 loan with the exception of the subscription date and maturity date, are described below:

Nominal amount: €2,000,000, represented by 2,000,000 OCA LB2 Bis with a nominal value of €1.00 each.

Identity of subscriber:

Subscriber	Number of OCA LB2 Bis	Amount of subscriptions	Amount still to be redeemed[1]
Les Saules	2,000,000	€2,000,000	€2,000,000
Total	**2,000,000**	**€2,000,000**	**€2,000,000**

(1) On 31 December 2023

Interest rate: 9% for the first annual period from the issuance of the OCA LB2 Bis. After this period, the OCA LB2 Bis will bear interest at a variable rate of between 8.8% and 9.2% per annum, depending on whether or not the number of tonnes of CO2 avoided in respect of the previous financial year is achieved. Interest will be payable annually on the anniversary date, in cash.

Maturity date: at the end of a period of 8 years from their subscription date, i.e. 14 December 2029.

Redemption:

- *Annual redemption until the maturity date*: the OCA LB2 Bis will be subject to annual linear redemption in principal over 78 months, starting from the expiry of an 18-month grace period (i.e. from 14 June 2023).
- *Voluntary early redemption at the Company's discretion*: the Company may redeem the OCA LB2 Bis, in whole or in part, at any time. Under certain conditions, any early redemption may be subject to the payment of an 'Early Redemption Penalty' described below.
- *Mandatory early redemption at the discretion of OCA LB2 Bis subscribers*: the OCA LB2 Bis may be redeemed early, in whole or in part, at any time, at the request of a subscriber:
  - in certain cases relating to the control and management of the Company; and
  - in certain standard cases of default, in particular non-payment of all sums due under the OCA LB2 Bis, breach of any of the stipulations of the issuance agreement, or insolvency proceedings.
- *Penalty for early redemption*: Any early redemption of the OCA LB2 Bis carried out, at the initiative of the Company or a holder of OCA LB2 Bis, within a period of 4 years from the issuance of the loan (i.e. before 14 December 2025) will give rise to the payment of an 'Early Redemption Penalty' equal to the sum of the unpaid interest that would have been due in respect of the OCA LB2 Bis thus redeemed until the end of the period of 4 years from the issuance of the OCA LB2 Bis.

The terms and conditions of the OCA LB2 Bis contain the covenants described in paragraph 5.3.1.2(ii) of the Universal Registration Document.

Conversion:

- at the request of holders of OCA LB2 Bis:
  - in the absence of full redemption of the OCA LB2 Bis in principal and interest on the maturity date, in which case the Company may not oppose such a request;
  - in the event of insolvency proceedings;
- at any time by mutual agreement between the Company and the holders of OCA LB2 Bis.

Each converted OCA LB2 Bis will entitle its holder, subject to adjustments relating to the protection of OCA LB2 Bis holders, to a number of new ordinary 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 Bis, in proportion to the outstanding principal amount;
- 'VR' is the unit reference value of an ordinary share making up the Company's share capital, equal to the market value determined by an expert, in the absence of agreement between the Company and the representative of the group of OCA LB2 Bis holders, after deduction of a discount of 15%.

7.1.3.6. Summary of dilutive instruments

Provided that the conditions for their exercise or definitive vesting are satisfied, the maximum potential dilution likely to result from the full exercise of the BSPCE, Stock Options and BSA and the definitive vesting of the AGA is summarised in the table below, it being specified that the dilutive impact of the OCA LB2 and OCA LB2 Bis cannot be calculated.

Dilution summary	Number of shares
Number of shares making up the capital on 31/12/2023	47,908,148
Maximum number of shares to be issued from the exercise of BSPCE Salariés	834,500
Maximum number of shares to be issued from the exercise of BSPCE Premium	680,000
Maximum number of shares to be issued from the exercise of BSPCE 2023	205,000
Maximum number of shares to be issued from the exercise of Stock Options 2023	28,000
Maximum number of shares to be issued from the exercise of BSA	170,000
Maximum number of shares to be issued upon the vesting of AGA 2022	1,135,100
Maximum number of shares to be issued upon the vesting of AGA 2023	196,200
Maximum number of shares to be issued on the conversion of OCA LB2	See (1)
Maximum number of shares to be issued on the conversion of OCA LB2 Bis	See (1)
Number of shares making up the diluted capital (excluding the impact of the conversion of OCA LB2 and OCA LB2 Bis)	51,156,948
% potential dilution[2]	6.78%

(1) The number of new ordinary shares resulting from the full conversion of the OCA LB2 and OCA LB2 Bis is based on the market value of the Company's shares at the time of conversion and cannot therefore be calculated.

(2) The potential dilution shown only results from the exercise of the BSPCE, Stock Options, BSA and AGA, as the number of new ordinary shares resulting from the full conversion of the OCA LB2 and OCA LB2 Bis cannot be calculated.

7.1.4. Securities that do not represent capital

Not applicable.

7.1.5. Share repurchase and liquidity programmes

At the shareholders' general meeting held on 23 May 2023, the shareholders authorised the Board of Directors to implement, for a period of eighteen (18) months from the date of the meeting, a share repurchase programme in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code and market practices accepted by the Autorité des Marchés Financiers.

The main terms of this authorisation are as follows:

Maximum number of shares that may be purchased: 10% of the total number of shares making up 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 making up the Company's share capital, it being specified that (i) these limits apply to an amount of the Company's share capital that will, where applicable, be adjusted to take into account transactions affecting the share capital subsequent to the general meeting and (ii) when shares are repurchased to promote liquidity under the conditions defined by the General Regulation of the Autorité des Marchés Financiers, the number of shares taken into account for the calculation of the aforementioned 10% limit corresponds to the number of shares purchased, less the number of shares resold during the authorisation period.

Objectives of share repurchases:

- to retain Company shares that have been purchased and subsequently tender them for exchange or payment in connection with any acquisitions, mergers, demergers or contributions, in compliance with stock market regulations, in particular;
- to provide shares for the exercise of rights attached to securities giving access to the Company's capital;
- to allocate shares to employees or corporate officers of the Company and its subsidiaries in accordance with the terms and conditions set out by law, in particular in respect of the allocation of free shares, profit-sharing schemes, stock option schemes or through a company savings plan;
- to ensure liquidity and stimulate the secondary market in the Company's shares by an investment services provider acting under a liquidity contract in compliance with the code of ethics recognised by the Autorité des Marchés Financiers;
- to cancel all or part of the shares repurchased; and
- to achieve any other purpose authorised or that may be authorised by law or recognised or that may be recognised as a market practice by the Autorité des Marchés Financiers, it being understood that in such a case, the Company will inform its shareholders by means of a press release.

Maximum purchase price (excluding fees and commission): 300% of the price of the Company's shares listed upon their admission to trading on the Euronext Paris regulated market (€8.75), i.e. €26.25.

Maximum amount of funds that may be used to repurchase shares: €30 million.

Shares repurchased in this way may be cancelled.

Review of the share repurchase programme

Number of treasury shares	Liquidity contract	Total
Position on 31 December 2022	**33,739**	**33,739**
Purchases	222,512	222,512
Sales	203,533	203,533
Position on 31 December 2023	**52,718**	**52,718**

On 31 December 2023, the Company held 52,718 of its shares under the liquidity contract, representing a nominal value of €527.18 (i.e. 0.11% of the share capital) and a book value of €261,829. These shares have no voting rights.

7.1.6. Table of current delegations and authorisations granted by the general meeting in respect of share capital increases

The financial delegations approved by the Company's shareholders at the general meetings of 14 April 2022 and 23 May 2023, which are still in force, are summarised below:

Authorisations and delegations granted by the general meeting	Duration of the delegation	Terms of the delegation	Use during financial year 2023
Issuances with shareholders' preferential subscription rights maintained			
Issuance of shares and/or equity securities giving access to other equity securities and/or giving entitlement to the allocation of debt securities and/or securities giving access to equity securities to be issued, with maintenance of shareholders' preferential subscription rights (*General Meeting of 23 May 2023, 16th resolution*)	26 months (until 23 July 2025)	Maximum amount: Nominal value of €479,004.48(1) Maximum amount (debt securities): €500,000,000	N/A
Issuances with cancellation of shareholders' preferential subscription rights			
Issuance of shares and/or equity securities giving access to other equity securities and/or giving entitlement to the allocation of debt securities and/or securities giving access to equity securities to be issued, with cancellation of shareholders' preferential subscription rights, in the context of public offers other than those referred to in Article L. 411-2 (1) of the French Monetary and Financial Code. (*General Meeting of 23 May 2023, 17th resolution*)	26 months (until 23 July 2025)	Maximum amount: Nominal value of €239,502.24(1) Maximum amount (debt securities): €500,000,000	N/A
Issuance of shares and/or equity securities giving access to other equity securities and/or giving entitlement to the allocation of debt securities and/or securities giving access to equity securities to be issued, with cancellation of shareholders' preferential subscription rights, in the context of public offers referred to in Article L. 411-2 (1) of the French Monetary and Financial Code. (*General Meeting of 23 May 2023, 18th resolution*)	26 months (until 23 July 2025)	Maximum amount: Nominal value of €191,601.79(1)/20% of the share capital per year Maximum amount (debt securities): €500,000,000	N/A
Determination of the issue price of shares and/or any other securities giving access to the capital, in the event of cancellation of preferential subscription rights and in the context of public offers, up to an annual limit of 10% of the capital (*General Meeting of 23 May 2023, 19th resolution*)	26 months (until 23 July 2025)	Issue price: at least equal to the volume-weighted average of the share price over the last three trading days preceding the setting of the issue price, possibly reduced by a maximum discount of 20%	N/A
Issuance of shares and/or equity securities giving access to other equity securities and/or giving entitlement to the allocation of debt securities and/or securities giving access to equity securities to be issued, with cancellation of shareholders' preferential subscription rights, for the benefit of determined categories of beneficiaries investing in the energy or hydrogen sectors (*General Meeting of 23 May 2023, 20th resolution*)	18 months (until 23 November 2024)	Maximum amount: Nominal value of €191,601.79(1) Maximum amount (debt securities): €500,000,000 Issue price: at least equal to the volume-weighted average of the share price over the last three trading days preceding the setting of the issue price, possibly reduced by a maximum discount of 20%	N/A
Issuance of shares and/or securities giving access to the Company's capital, with cancellation of shareholders' preferential subscription rights, as consideration for contributions in kind made to the Company in the form of equity securities or securities giving access to the capital of third parties, outside a public exchange offer. (*General Meeting of 23 May 2023, 22nd resolution*)	26 months (until 23 July 2025)	Maximum amount: 10% of the share capital per year(1) Maximum amount (debt securities): €500,000,000	N/A
Issuance of shares and/or securities giving access to the Company's capital, with cancellation of shareholders' preferential subscription rights, as consideration for securities tendered to a public exchange offer initiated by the Company (*General Meeting of 23 May 2023, 23rd resolution*)	26 months (until 23 July 2025)	Maximum amount: Nominal value of €239,502.24(1) Maximum amount (debt securities): €500,000,000	N/A
Issuances with or without cancellation of shareholders' preferential subscription rights			
Authorisation to increase by 15% the number of shares to be issued in the event of a share capital increase, with or without cancellation of shareholders' preferential subscription rights (*General Meeting of 23 May 2023, 21th resolution*)	26 months (until 23 July 2025)	Maximum amount: 15% of the initial issuance(1) Issue price: initial issue price	N/A

Authorisations and delegations granted by the general meeting	Duration of the delegation	Terms of the delegation	Use during financial year 2023
Incentive schemes for corporate officers and employees			
Allocation of free shares, either existing or to be issued, to employees and corporate officers who have recently joined or who will be joining the Company or the companies or groupings referred to in Article L. 225-197-2 of the French Commercial Code on the allocation date (*General Meeting of 14 April 2022, 4th resolution*)	38 months (until 14 June 2025)	Maximum amount: Nominal value of €4,250	Used during the 2022 financial year only
Allocation of options giving entitlement to subscribe for new shares in the Company or to purchase existing shares to employees and corporate officers of the Company or of the companies or groupings referred to in Article L. 225-180 of the French Commercial Code (*General Meeting of 23 May 2023, 25th resolution*)	38 months (until 23 July 2026)	Maximum amount: Nominal value of €6,600[2] Exercise price: price at least equal to (i) 80% of the average listed prices on the 20 trading days preceding the day on which the options are granted, in the case of stock options, or (ii) 80% of the average purchase price of shares held by the Company as part of a share repurchase programme, in the case of purchase options only	Allocation of 39,000 stock options, representing a future share capital increase of €390
Allocation of free shares, either existing or to be issued, to employees and corporate officers of the Company or of the companies or groupings referred to in Article L. 225-197-2 of the French Commercial Code (*General Meeting of 23 May 2023, 26th resolution*)	38 months (until 23 July 2026)	Maximum amount: Nominal value of €6,000[2]	Allocation of 209,300 shares, representing a future share capital increase of €2,093
Issuance of founders' share warrants (BSPCE), with cancellation of shareholders' preferential subscription rights, to employees and corporate officers of the Company or of the companies or groupings, subject to employee tax status, referred to in Article L. 225-197-2 of the French Commercial Code. (*General Meeting of 23 May 2023, 27th resolution*)	18 months (until 23 November 2024)	Maximum amount: Nominal value of €6,600[2]	Allocation of 205,000 BSPCE, representing a future share capital increase of €2,050
Issuance of shares and/or securities giving access to the Company's capital, without preferential subscription rights, to members of a company savings scheme (*General Meeting of 23 May 2023, 28th resolution*)	26 months (until 23 July 2025)	Maximum amount: Nominal value of €1,000[2]	N/A

(1) The nominal value of the share capital increases that may be carried out immediately or in the future under these resolutions may not exceed €479,004.48, subject to statutory or contractual adjustment (general meeting of 23 May 2023, 24th resolution).

(2) The nominal value of the share capital increases that may be carried out immediately or in the future under these resolutions may not exceed €12,600, subject to statutory or contractual adjustment (general meeting of 23 May 2023, 29th resolution).

7.1.7. Rights, privileges and restrictions attached to the Company's shares

Fully paid-up shares may be held in registered or bearer form, at the shareholder's discretion, subject to the laws and regulations in force concerning the form of shares held by certain persons.

Shares are registered in an account in accordance with the terms and conditions set out in the applicable laws and regulations and the Company's Articles of Association.

Shares are freely negotiable, unless provided otherwise by the laws and regulations in force.

They are recorded in an account and transferred from one account to another in accordance with the terms and conditions defined by the laws and regulations in force.

Each share entitles its holder to attend and vote at shareholders' meetings under the conditions set out in the applicable laws and regulations and in the Company's Articles of Association.

All shareholders have the right to be informed about the Company's operations and to obtain certain corporate documents at the times and under the conditions provided for by the laws and regulations in force.

Each share entitles the holder to a share of the profits, ownership of the company's assets and liquidation surplus in proportion to the percentage of the share capital it represents.

Shareholders only bear losses up to the amount of their contributions.

The rights and obligations attached to the share follow the share, regardless of the hands into which it may pass.

The Company is entitled, at any time, to request from the central custodian responsible for keeping its share issue account, under the conditions provided for by the laws and regulations in force and subject to the penalties provided for by the French Commercial Code, information enabling it to identify the holders of shares in the Company conferring immediate or future voting rights at its shareholders' meetings, as well as the number of shares held by each of them and, where applicable, any restrictions to which the shares may be subject.

In the case of registered shares, an intermediary registered under the conditions provided for by the French Commercial Code is required to disclose the identity of the owners of these shares at the request of the Company or its agent. The Company may make such a request at any time.

Where the person subject to a request referred to above fails to provide the information within the time limits stipulated by the laws and regulations in force, or provides incomplete or erroneous information relating either to their capacity, the owners of the securities or the quantity of securities held by each of them, the shares or securities giving immediate or future access to the share capital and for which this person has been registered in the account shall be deprived of their voting rights for any shareholders' meeting until the date on which the owners are properly identified, and payment of the corresponding dividend shall be deferred until that date.

7.2. Shareholding

7.2.1. Stock market listing and characteristics of Lhyfe SA shares

The Company's shares are listed on Euronext Paris (Compartment B; ISIN: FR0014009YQ1; mnemo: LHYFE). Lhyfe shares are included in the CAC Small, CAC Mid & Small, CAC All Shares, Euronext Tech Leaders and Euronext Tech Croissance indices.

Lhyfe share highs and lows and trading volumes

2023	Highest price[1] *(in euros)*	Lowest price[1] *(in euros)*	Trading volumes[2]
January 2023	8.89	8.10	13,380
February 2023	8.38	7.80	10,793
March 2023	8.00	6.90	15,307
April 2023	7.29	6.66	11,667
June 2023	7.05	6.75	6,042
July 2023	7.00	6.70	8,801
August 2023	6.90	5.36	10,919
September 2023	6.50	5.45	9,704
October 2023	5.48	2.83	49,749
November 2023	5.54	3.05	53,596
December 2023	5.10	4.75	22,161
January 2024	5.42	4.61	15,997
February 2024	5.27	4.37	20,046
March 2024	4.56	3.82	30,417

(1) Price based on daily closing prices

(2) Daily average (source: Euronext)

Stock market data

Average price from first listing to 31/12/2023	**€7.17**
Average volume from first listing to 31/12/2023	23,271
Share performance from listing to 31/12/2023	-42%
Change between 01/01/2023 and 31/12/2023	-42%
Market capitalisation on 31/12/2023	€241m

7.2.2. Breakdown of share capital and voting rights

On 31 December 2023, the breakdown of the Company's share capital and voting rights (on a non-diluted basis and on the basis of the information available to the Company) is presented in the table below:

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Fresh Future[1]	*8,950,000*	*18.68%*	*17,900,000*	*26.68%*
Matthieu Guesné	*1,403*	*0.00%*	*1,403*	*0.00%*
Total Matthieu Guesné	**8,951,403**	**18.68%**	**17,901,403**	**26.66%**
Noria	*7,002,800*	*14.62%*	*10,504,200*	*15.66%*
Noria Invest SRL	*537,811*	*1.12%*	*537,811*	*0.80%*
Total Noria	**7,540,611**	**15.74%**	**11,042,011**	**16.46%**
Vendée Hydrogène	4,668,400	9.75%	7,002,600	10.44%
Les Saules	3,770,305	7.87%	5,521,005	8.23%
EDP Renewables Europe, S.L.U.	2,857,142	5.96%	2,857,142	4.26%
Ouest Croissance	2,535,880	5.29%	3,702,980	5.52%
Floating	17,584,407	36.70%	19,063,189	28.41%
of which treasury shares	*52,718*	*0.11%*	*0*[2]	*0%*[2]
TOTAL	**47,908,148**	**100%**	**67,090,330**	**100%**

(1) The company is 100% owned by Matthieu Guesné.

(2) Shares held in treasury by the Company do not carry voting rights.

Securities giving access to the Company's capital and the potential dilution they entail are described in paragraph 7.1.3 of the Universal Registration Document.

Each share carries one voting right. All fully paid-up shares registered in the name of the same shareholder for at least two years carry double the voting rights conferred on other shares, in proportion to the percentage of capital they represent. The calculation of this period will take into account the time during which the Company's shares were held prior to the date on which the Company's shares were admitted to trading on the Euronext Paris regulated market.

Subject to the existence of double voting rights, the main shareholders do not hold different voting rights to the Company's other shareholders.

7.2.3. Shareholdings of corporate officers

7.2.3.1. Corporate officers' shareholdings and instruments giving access to the Company's capital

The table below shows the interests 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 on 31 December 2023.

The specific features of these instruments are described in Section 7.2.4 of the Universal Registration Document.

Person	Shares held directly	Shares held by related parties	Total shares held directly and indirectly	Number of shares to be issued on exercise of BSPCE	Free shares	Percentage of diluted capital(1)
Matthieu Guesné, Chairman and Chief Executive Officer	1.403	8,950,000	**8,951,403**	170,000(2)	954,500(3)	**19.70%**
Nolwenn Belléguic, Deputy Chief Executive Officer	150.280	-	**150,280**	89,300(4)	18,600(5)	**0.50%**
Antoine Hamon, Deputy Chief Executive Officer	150.890	-	**150,890**	202,100(6)	18,600(5)	**0.73%**
Maria Pardo Saleme, director	650	-	**650**	11,000(7)	103,600(8)	**0.23%**
Alena Fargere, independent director	1.000	-	**1,000**	-	-	**0%**
Amaury Bierent, director	-	3,770,305	**3,770,305**	-	-	**7.37%**
Christopher Sorensen, director	-	-	**-**	-	-	**-**
Bruno Le Jossec, independent director	2.050	-	**2,050**	-	-	**0%**
Valérie Bouillon-Delporte, independent director	-	-	**-**	-	-	**-**
Noria, observer	7,002,800	537,811	**7,540,611**	-	-	**14.74%**
Mitsui & Co. Ltd, observer	1,269,842	-	**1,269,842**	-	-	**2.48%**

(1) OCA LB2 and OCA LB2 Bis, which are not intended to be converted, are not included in the dilution calculation.

(2) Allocated under the BSPCE Premium plan.

(3) Allocated under the AGA 2022 MG plan.

(4) Allocated under the BSPCE Salariés and BSPCE 2023 plans.

(5) Allocated under the AGA 2022 Cadres - DGD and AGA 2023 plans.

(6) Allocated under the BSPCE Salariés, BSPCE Premium and BSPCE 2023 plans.

(7) Allocated under the BSPCE 2023 plan.

(8) Allocated under the AGA 2022 Cadres, AGA NE and AGA 2023 plans.

7.2.3.2. Transactions carried out by directors and closely related parties

No transactions involving the Company's shares carried out by the Company's senior executives or persons related to them were reported during the year ended 31 December 2023.

7.2.4. Employee profit-sharing

On 31 December 2023, the Company had no profit-sharing, incentive or company savings plans.

Some employees hold founder's share warrants (BSPCE) and have been granted Stock Options and free shares (AGA), the characteristics of which are described below.

Unless indicated otherwise, the numbered tables in the following paragraphs have been prepared in accordance with Appendix 2 of AMF Position-Recommendation 2021-02.

7.2.4.1. Founder's share warrants and stock options

Table 8

History of BSPCE and Stock Option allocations	BSPCE Salariés	BSPCE Premium	BSPCE 2023	Stock Options 2023
Date of shareholders' meeting that allocated (or delegated its authority to allocate) the BSPCE or Stock Options	16/10/2019	16/10/2019	23/05/2023	23/05/2023
Date of the allocation decision	12/04/2021	12/04/2021	23/05/2023	23/05/2023
Maximum number of BSPCE or Stock Options authorised	17,000	17,000	660,000	660,000
Number of BSPCE or Stock Options issued	8,500	6,800	205,000	39,000
Total number of shares that may be subscribed by exercising the BSPCE or stock options as of the date on which they were allocated	850,000	680,000	205,000	39,000
o/w may be subscribed by corporate officers	-	*170,000*	*22,000*	-
Officers concerned (on the allocation date)				
Matthieu Guesné [1]	-	*170,000*	-	-
Nolwenn Belléguic	-	-	*11,000*	-
Antoine Hamon	-	-	*11,000*	-
Number of beneficiaries who are not corporate officers (on the allocation date)	18	3	42	5
Starting date for exercising BSPCE or Stock Options	01/04/2022	31/12/2024	03/07/2026[2] 03/07/2027[2]	03/07/2026[2] 03/07/2027[2]
Expiry date of BSPCE or Stock Options	12/04/2031	12/04/2031	03/07/2032	03/07/2032
Exercise price of each BSPCE or Stock Option[3]	€42.84	€42.84	€8.75	€8.75
Terms of exercise	See notes [4] and [6]	See notes [5] and [6]	See notes [7] and [8]	See notes [7] and [8]
Number of BSPCE or Stock Options exercised on 31/12/2023	77	0	0	0
Cumulative number of BSPCE or Stock Options lapsed or cancelled on 31/12/2023	78	0	0	11,000
Number of BSPCE or Stock Options outstanding on 31/12/2023	8,345	6,800	205,000	28,000
Maximum total number of shares that may be subscribed by exercising outstanding BSPCE or Stock Options on 31/12/2023	834,500	680,000	205,000	28,000
Number of shares likely to result from the exercise of BSPCE or Stock Options exercisable on 31/12/2023	625,875	0	0	0

(1) On the date of the allocation, the Company's only executive was Fresh Future, of which Mr. Matthieu Guesné, the Company's current Chairman and Chief Executive Officer, is the sole shareholder and manager.

(2) 3 July 2026 for the first vesting period and 3 July 2027 for the second vesting period.

(3) Following the division of the nominal value by 100 and the creation of 100 new shares for one existing share on 11 March 2022, each BSPCE entitles the beneficiary to subscribe for 100 shares, for a total price of €42.84.

(4) Terms of exercise of the BSPCE Salariés: each holder has the right to subscribe, on a single occasion, for a number 'N' of BSPCE Salariés from among those allocated to them, calculated according to the following formula:
When 'T' is < 1, then "N" = 0;
*When 'T' is > or = 1, then 'N' = 'T' * (Number of BSPCE Salariés al'ocated to the holder/');*
When 'T' is > or = 4, then 'N' = Number of BSPCE Salariés allocated to the holder.
'T' corresponds to the number of full years of presence as 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, manager or member of a body required by law or by the Articles of Association meeting the criteria of Article 163bis, II, of the French General Tax Code.

(5) Terms of exercise of the BSPCE Premium: each holder has the right to subscribe, on a single occasion, for a number 'N' of BSPCE Premium from among those allocated to them, calculated on the basis of an installed production capacity target on 31/12/2024.

(6) Each holder will have the option of exercising all or part of their BSPCE (Premium or Salariés) in advance in the event of the effective transfer of at least 95% of the Company's shares (the 'Transfer') before the date(s) agreed in points (4) and (5) above. In the case of BSPCE Premium, the number 'N' of BSPCE Premium that may be exercised will be determined 60 days before the Transfer date instead of 31/12/2024. Any BSPCE not exercised by the Transfer date will automatically lapse.

(7) Terms of exercise of the 2023 BSPCE and 2023 Stock Options: each holder has a right to subscribe for a number of 2023 BSPCE or 2023 Stock Options subject to both a presence condition and a performance condition, as follows:
Presence condition: the exercisability of the 2023 BSPCE is linked to the status of employee or corporate officer, subject to the Group's employee scheme, on 3 July 2026 (first vesting period) or 3 July 2027 (second vesting period);
Performance condition: deployed production capacity targets on 31 December 2024 and 31 December 2026 and sales target on 31 December 2026.
For each of these performance conditions:
- no BSPCE 2023 or Stock Options 2023 will be exercisable if less than 75% of the performance condition is achieved;
- 75% of the BSPCE 2023 or Stock Option - 2023 will be exercisable if 75% of the performance condition is achieved;
- if more than 75% and up to 100% of the performance condition is achieved, the number of BSPCE 2023 or Stock Options 2023 exercisable will be proportional to the degree of achievement of this performance condition between these two limits, between the minimum of 75% of the BSPCE 2023 or Stock Options 2023 referred to in the point above and the maximum of 100% referred to in the point below;
- 100% of the BSPCE 2023 or Stock Options 2023 will be exercisable if 100% of the performance condition is achieved;
- 115% of the BSPCE 2023 or Stock Options 2023 will be exercisable if at least 115% of the performance condition is achieved; and
- 130% of the BSPCE 2023 or Stock Options 2023 will be exercisable if at least 130% the performance condition is achieved.
Each exercise of BSPCE 2023 or Stock Options 2023 must relate to a minimum of 1,000 BSPCE 2023 or Stock Options 2023 or, if the number of BSPCE 2023 or Stock Options 2023 remaining to be exercised is less than 1,000, to the number of BSPCE 2023 or Stock Options 2023 remaining to be exercised.

(8) Acceleration clause applicable to the BSPCE 2023 or Stock options 2023 plan: the BSPCE 2023 or Stock Options 2023 allocated and not yet exercisable will become exercisable in the event of a merger of the Company, a compulsory takeover bid and/or exchange offer for the Company's shares or any other situation resulting from a takeover of the Company within the meaning of Article L. 233-3 of the French Commercial Code by one or more persons acting in concert within the meaning of Article L. 233-10 of the French Commercial Code, without taking into account the condition of presence and the performance conditions set out below.

Table 9

Stock options granted to the top ten employees who are not corporate officers and options exercised by them	Total number	Weighted average price
Options granted by the Group during financial year 2023 to the ten employees of the Group, other than corporate officers, who received the largest number of options (total number)	110,000	N/A
Options held over the Group and exercised during financial year 2023 by the ten employees of the Group, other than corporate officers, with the highest number of options purchased or subscribed (total number)	77	N/A

The table below sets out the information referred to in Article L. 225-184, paragraph 4 of the French Commercial Code and not mentioned elsewhere in the Universal Registration Document:

	Number of options granted	Number of employee beneficiaries	Breakdown of options granted by category of beneficiary	Option prices *(in euros)*
Stock options granted during financial year 2023 by the Company and by companies or groupings affiliated to it under the conditions set out in Article L. 225-180, to all employee beneficiaries, as well as the number of beneficiaries and the allocation of shares granted to each category of beneficiary	244,000	49	Executives (*cadres*): 244,000	555,832

7.2.4.2. Free shares

Table 10

History of free share allocations (AGA)	AGA 2022 MG	AGA 2022 Cadres - DGD	AGA 2022 Cadres	AGA 2022 PC	AGA 2022 NE	AGA 2023
Date of shareholders' meeting that allocated (or delegated its authority to allocate) the free shares	14/04/2022	14/04/2022	14/04/2022	14/04/2022	14/04/2022	23/05/2023
Date of the allocation decision	20/09/2022[1]	20/09/2022[1]	20/09/2022	20/09/2022	20/09/2022	23/05/2023
Maximum number of AGA authorised	954,500	87,500[2]	87,500[2]	33,000	425,000	600,000
Total number of free shares allocated	954,500	25,000	62,500	33,000	85,000	209,300
o/w granted to corporate officers	*954,500*	*25,000*	*0*	*0*	*0*	*12,200*
Officers concerned (on the allocation date)						
Matthieu Guesné	*954,500*	-	-	-	-	-
Nolwenn Belléguic	-	*12,500*	-	-	-	*6,100*
Antoine Hamon	-	*12,500*	-	-	-	*6,100*
Vesting date of shares	31/12/2027	31/12/2025	20/09/2025	20/09/2026	20/09/2027	03/07/2026[3] 03/07/2027[3]
End of holding period	31/12/2027	31/12/2025	20/09/2025	20/09/2026	20/09/2027	03/07/2026[3] 03/07/2027[3]
Number of shares vested on 31/12/2023	0	0	0	0	0	0
Cumulative number of shares cancelled or lapsed on 31/12/2023	0	0	12,500	12,400	0	13,100
Free shares remaining on 31/12/2023	954,500	25,000	50,000	20,600	85,000	196,200

(1) The shares were allocated on 20 September 2022 with an effective date of 1 January 2023.

(2) The AGA Cadres – DGD and AGA Cadres were allocated under the same resolution (6th resolution of the general meeting of 14 April 2022).

(3) 3 July 2026 for the first vesting period and 3 July 2027 for the second vesting period.

The tables below set out the information referred to in Article L. 225-197-4, paragraphs 3 and 4, of the French Commercial Code and not mentioned elsewhere in the Universal Registration Document:

	Total number	Value of shares *(in euros)*	Date of allocation decision
Free shares allocated during financial year 2023 by the Company and by the companies or groupings affiliated to it under the conditions set out in Article L. 225-197-2 to each of the ten employees of the Company who are not corporate officers to whom the highest number of free shares were allocated	56,660	396,620	23/05/2023

	Number of free shares allocated	Number of employee beneficiaries	Breakdown of shares allocated by category of beneficiary	Value of shares *(in euros)*	Date of allocation decision
Free shares allocated during financial year 2023 by the Company and by companies or groupings affiliated to it under the conditions set out in Article L. 225-197-2, to all employee beneficiaries, as well as the number of beneficiaries and the allocation of shares granted to each category of beneficiary	209,300	187	Supervisors (*agents de maitrise*): 1,300 Executives (*cadres*): 208,000	1,465,100	23/05/2023

7.2.5. Crossing of thresholds set out by law and by the Articles of Association

In addition to the declarations of the crossing of thresholds expressly provided for by the laws and regulations in force, any natural person or legal entity that holds, directly or indirectly through companies or any other entities that they control within the meaning of Article L. 233-3 of the French Commercial Code, acting alone or in concert 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 Regulation of the Autorité des Marchés Financiers, equal to or greater than 2% of the share capital or voting rights, or any multiple of this percentage, including above the reporting thresholds provided for by law, must inform the Company of the total number of shares and voting rights they hold, as well as the securities giving future access to the Company's share capital that they hold and the voting rights potentially attached thereto, by registered letter with acknowledgement of receipt sent to the registered office, within four trading days of the date on which the threshold in question is exceeded.

The obligation to inform the Company also applies, within the same deadlines and under the same conditions, when the shareholder's holding in terms of share capital or voting rights falls below one of the thresholds mentioned in the paragraph above.

The penalties provided for by law in the event of failure to comply with the obligation to declare the crossing of the statutory thresholds also apply in the event of failure to declare the crossing of the thresholds provided for by the Articles of Association, at the request of one or more shareholders holding at least 5% of the Company's share capital or voting rights, recorded in the minutes of the general meeting.

The Company reserves the right to inform the public and shareholders either of the information notified to it or of any failure by the person concerned to comply with the aforementioned obligation.

No crossing of thresholds set out by the law or the Articles of Association was notified during financial year 2023.

7.2.6. Control and shareholder agreements relating to share capital

7.2.6.1. Control of the company

As of the date of the Universal Registration Document, the Company is not controlled within the meaning of Article L. 233-3 of the French Commercial Code.

7.2.6.2. Agreement that may result in a change of control

To the best of the Company's knowledge, there is nothing in the Company's Articles of Incorporation and Articles of Association or in any Company charter or rules that would have the effect of delaying, deferring or preventing a change in its control.

7.2.6.3. Mechanisms for delaying, deferring or preventing a change of control

All fully paid-up shares registered in the name of the same shareholder for at least two years carry double the voting rights conferred on other shares, in proportion to the percentage of capital they represent. The calculation of this period will take into account the time during which the Company's shares were held prior to the date on which the Company's shares were admitted to trading on the Euronext Paris regulated market.

The Company's Articles of Association do not contain any other mechanism for delaying, deferring or preventing a change of control.

7.3. Dividends and financial communication

7.3.1. Dividend policy

7.3.1.1. Dividend distribution policy

Given the Company's stage of development, there are no plans to initiate a dividend payment policy in the short or medium term, in order to mobilise the resources available to finance its development plan.

7.3.1.2. Dividends paid in the last three years

The Company has not paid any dividends in the last three financial years.

7.3.2. Shareholder dialogue and relations with investors and analysts

The Company maintains an ongoing dialogue with its shareholders, first and foremost at the Annual General Meeting but also throughout the year, in particular via a contact email address (investors@lhyfe.com) for exchanging views and answering shareholders' questions. To supplement this shareholder information, the Company publishes a Letter to Shareholders several times a year. The Company maintains a regular dialogue with institutional investors, meeting them several times a year at roadshows and conferences, whether or not they are already shareholders. Lastly, the Company maintains a dialogue with the financial analysts who cover the Lhyfe share, in particular when the annual and half-yearly results are published and when any significant announcement is made.

7.3.3. Provisional timetable for 2024 financial communications

Shareholders' general meeting: 23 May 2024

1st half 2024 results: 24 September 2024

8 Additional Information

8.1. Legal information 226

8.1.1. Legal and commercial name 226
8.1.2. Place of registration, registration number and legal entity identifier 226
8.1.3. Date of incorporation and length of life 226
8.1.4. Registered office, legal form, applicable legislation and other information about Lhyfe SA 226
8.1.5. Corporate purpose 226
8.1.6. Material contracts 226
8.1.7. Legal and arbitration proceedings 226

8.2. Organisational structure 227

8.2.1. Functional organisation chart 227
8.2.2. Presentation of the Company's management 227
8.2.3. Legal organisation chart 229
8.2.4. Subsidiaries 229
8.2.5. Significant equity investments 229

8.3. Persons responsible 230

8.3.1. Person responsible for the Universal Registration Document and declaration 230
8.3.2. Auditors 230

8.4. Historical financial information incorporated by reference 230

8.5. Documents available to the public 230

8.6. Concordance tables 231

8.6.1. Appendices 1 and 2 of Regulation (EU) 2019/980 231
8.6.2. Annual financial report 233
8.6.3. Management report 234
8.6.4. Corporate governance report 235

8.1. Legal information

8.1.1. Legal and commercial name

The Company's legal name is: 'Lhyfe'.

The Company's commercial name is: 'Lhyfe'.

8.1.2. Place of registration, registration number and legal entity identifier

The Company is registered with the trade and companies registry of Nantes under number 850 415 290.

The Company's Legal Entity Identifier (LEI) is 969500RTYSRSTZAJCG72.

8.1.3. Date of incorporation and length of life

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

8.1.4. Registered office, legal form, applicable legislation and other information about Lhyfe SA

As of the date of the Universal Registration Document, the Company is incorporated as a public limited company (société anonyme) under French law. The Company was incorporated as a simplified joint stock company (société par actions simplifiée), then transformed into a public limited company (société anonyme) with a Board of Directors by a unanimous decision of the shareholders dated 3 March 2022.

The Company's registered office is at 1 ter mail Pablo Picasso, 44000 Nantes, France.

Its sole branch (secondary establishment) is located at 2 port du Bec, 85230 Bouin, France.

The Company's contact details are as follows:

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

Email: investors@lhyfe.com

Website: www.lhyfe.com

The information on the Company's website does not form part of the Universal Registration Document.

8.1.5. Corporate purpose

Pursuant to Article 2 of its Articles of Association, the Company's purpose in France and abroad is as follows:

- all activities relating to energy, the environment and sustainable development, notably the electricity, gas and water sectors; in particular the production, purchase, sale, marketing, transport, distribution and storage of energy (notably electricity and hydrogen);
- all services, consultancy and management in all areas of activity, including the engineering, development, construction, operation and maintenance of energy technologies, in particular energy production and storage facilities;
- all arbitrage, development and marketing services for derivatives and for the hedging, aggregation and balance management of such products; all management and consultancy services relating to the energy sector;
- active participation in the determination, direction, management and control of general policy and, more generally, in the effective management of any companies or legal entities, with or without legal personality, in which it may acquire a holding in the future, and of any companies controlled directly or indirectly by such companies or legal entities, provided that the Company controls them within the meaning of Article L. 233-3 of the French Commercial Code;
- participation by the Company, by any means, directly or indirectly, in any transactions related to its purpose, in particular by creating new companies, acquiring interests in, contributing to, subscribing for or purchasing shares or corporate rights in, merging with or otherwise acquiring shares in any existing or future companies, or entering into any type of commercial contracts;
- the acquisition, exploitation or transfer of all processes, trademarks and patents relating to these activities;
- and, in general, any industrial, commercial, economic, financial, civil or real or personal property transactions directly or indirectly related to the corporate purpose or to any similar, related or complementary purpose.

8.1.6. Material contracts

The Group has not entered into any material contracts other than those entered into in the normal course of its business.

8.1.7. Legal and arbitration proceedings

In the normal course of its business, the Group may become involved in legal, arbitration, administrative or regulatory proceedings, which may include disputes with customers, suppliers, competitors and employees, as well as with the tax or other authorities. As of the date of the Universal Registration Document, there are no administrative, legal or arbitration proceedings (including any pending or threatened proceedings of which the Company and/or the Group are aware) likely to have, or having had in the past 12 months, a material impact on the financial position or profitability of the Company and/or the Group.

8.2. Organisational structure

8.2.1. Functional organisation chart

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

- **Central functions**: this team comprised 41 people on 31 December 2023, split between the Finance/Legal team led by Maria Pardo Saleme and the Human Resources/ Communications team led by Nolwenn Belléguic. The central functions are responsible for ensuring the smooth running of the Group and providing day-to-day support to the teams in the other three divisions on administrative, financial, legal, human resources, marketing and communications issues.
- **Business development**: this team, led by Taia Kronborg, comprised 53 people in 10 countries (France, Germany, Belgium, the Netherlands, Denmark, Sweden, Finland, Norway, Spain and Portugal) on 31 December 2023. It is responsible for developing the Group's business by deploying the Group's sites commercially 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 seeking subsidies. It is also responsible for negotiating hydrogen sales contracts and electricity purchase agreements.
- **Engineering and research and development (R&D)**: this team, led by Thomas Creach, comprised 74 people on 31 December 2023. It is responsible for the EPC stage of project development (permits and authorisations, technological design, engineering and construction). It is also responsible for developing onshore, offshore and digital technological solutions, with a view, in particular, to optimising the production process and deployment times. It draws up and implements the Group's R&D programmes and oversees the roll-out of all hydrogen production sites in France and abroad. The Engineering and R&D team is described in more detail in paragraphs 1.5.2 and 1.7.1 of the Universal Registration Document.
- **Operations**: this team, led by Antoine Hamon, comprised 27 people on 31 December 2023. It is responsible for operating the Group's production sites in France and abroad, maintaining the Group's assets and supplying customers. It is also responsible for monitoring regulatory changes, analysing risks and ensuring the safety of the Group's installations and employees.

The Group's legal organisation chart is presented in Section 8.2.3 of the Universal Registration Document.

8.2.2. Presentation of the Company's management

The biographies of the members of the Executive Board in charge of the Group's various divisions are as follows:

Matthieu Guesné – Founder, Chairman and Chief Executive Officer

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

He was Director of the Commissariat à l'énergie atomique et aux énergies alternatives (French Alternative Energies and Atomic Energy Commission – CEA) Tech Pays de la Loire et Bretagne dedicated to marine energy. The CEA is a French public research organisation that created 40% of French patents on hydrogen technology. Matthieu Guesné was in charge of a €45 million investment plan. He also managed the contracting team, which signed R&D partnerships worth €34 million.

Prior to working at this public research organisation, Matthieu Guesné was the international sales director of an SME specialising in microwave electronics. 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 travelled the world and acquired a strong international culture. Finally, he worked in the United States as Key Account Manager at Hewlett-Packard in the tests and measurement division.

Philippe Desorme – Vice Chief Executive Officer

Philippe Desorme holds a degree in cryogenics and thermodynamics from Toulouse III University, as well as an Executive Master's in sales & marketing from ESADE.

With more than 20 years' experience at Linde, Philippe Desorme held successive positions as Sales and Marketing Director in Algeria, Tunisia and Libya, Market Segments and Applications Director, first for Spain and Portugal, then for the Southern Europe region, and Sales Director in France.

After spending three years at Air Flow as Managing Director, Philippe joined Lhyfe in October 2022, initially as Vice President for Sales & Business Development, before being appointed Vice Chief Executive Officer.

Nolwenn Belléguic - Human Resources/Communication

Nolwenn Belléguic holds a Master's degree in innovation and European project management. She began her career in Germany and worked in Paris as a marketing strategy consultant before specialising in supporting companies and their teams in their innovation processes. She also has RNCP (National Directory of Professional Certifications) certification as a professional coach. Nolwenn Belléguic has over 20 years of experience in defining companies' (including start-ups) strategic and organisational model through the deployment of effective solutions dedicated to innovation, collective intelligence and performance optimisation.

Thomas Creach – Chief Technical Officer

Thomas Creach is a mechatronics engineer with extensive experience in the rapid development of innovative technologies and R&D activities.

He began his career at Renault-Nissan. He oversaw the development of batteries, directing all technical activities (from specifications to design) and managing the suppliers (mainly Korean). He was also responsible for developing the first battery plant in France. He helped accelerate the development of electric vehicles.

Thomas Creach worked at the CEA between 2014 and 2019. He was responsible for developing the energy activities (mainly marine energies and hydrogen) of the centre in Nantes, including the development of the R&D platform (€20 million in investment in 3 years), commercial development, project development and team growth.

Antoine Hamon – Chief Operating Officer

Antoine Hamon is an electronics engineer with a degree in operations management and is CPIM (Certified in Production and Inventory Management) certified in supply chain management. He worked for 13 years in the oil and gas equipment industry in various management positions.

He began his career as a production project engineer, then managed 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 joining the Group, he worked as a global supply chain manager, overseeing supply chain operations for seven sites worldwide.

Taia Kronborg – Chief Business Officer

Taia Kronborg holds a PhD 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 10 years, establishing strategic R&D partnerships between industry and research bodies at French and European level.

She began her career as Chief Networking Officer for a regional organisation. She then spent five years as Business Development Manager at the CEA, where she was responsible for 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 solid international experience in developing and managing European projects, particularly within the Fuel Cells and Hydrogen Joint Undertaking (FCH-JU), whose mission is to support research, technological development and demonstration activities in the field of fuel cell and hydrogen energy technologies in Europe. She has also worked as an independent expert for the European Commission on several occasions.

Maria Pardo Saleme – Chief Financial Officer

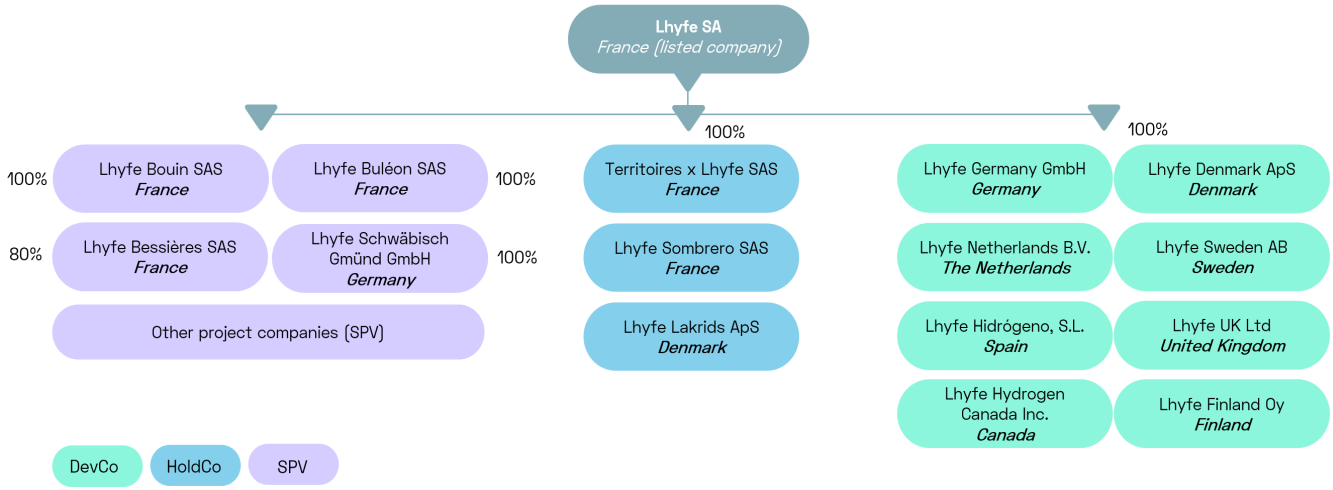
Maria Pardo Saleme has almost 20 years' experience in investment banking, where she carried out a number of assignments in risk and derivatives modelling, later specialising in providing corporate finance advice to public and private companies at BNP Paribas. From 2015, she headed the equity capital markets teams for the Iberian region, with whom she led a number of strategic projects (IPOs, share capital increases, equity financing and share sales). From 2020, she contributed to the creation and launch of BNP Paribas' EMEA private fundraising advisory business dedicated to innovative companies.

Maria is fluent in five languages, has a degree in engineering from ENSTA Paris and is a member of the Institut Polytechnique de Paris. She also holds a Master's degree in Modelling and Mathematical Methods in Economics from Université Paris 1 Panthéon-Sorbonne.

8.2.3. Legal organisation chart

Born out of a project initiated in 2017 and which took shape with the creation of the Company (Lhyfe SA) in April 2019, the Group has put in place an adapted organisational model based on:

- the Company, which, as the Group's holding company, is responsible for all business activities, project development and engineering, operations (operational management of sites), the financing of related costs in whatever form (convertible bonds, subsidies, bank loans, etc.), and more generally, all support functions for all Group entities (communications, information technology, legal affairs, etc.). Once the sites are operational, it makes its resources available to the production subsidiaries through long-term contracts with each of them;
- holding companies (HoldCo) with stakes in the project companies, which may receive bank financing, mezzanine financing such as convertible bonds or other debt taken out with partners to finance part of the needs of the project companies (see below) in addition to the funds provided by the Company. Depending on the project, the Group plans to hold a majority or minority stake in the capital of the project companies;
- development companies (DevCo) to provide development services for projects in a specific geographical area; and
- project companies (SPVs) in various countries (France, Germany, Denmark, Sweden, the Netherlands, etc.) housing a single production site.



The percentages shown in the chart above represent the percentage of capital and voting rights held on 31 December 2023.

8.2.4. Subsidiaries

The Company's subsidiaries are listed in Note 8 'List of Subsidiaries and Affiliates' to the Financial Statements included in Section 6.3 of the Universal Registration Document.

8.2.5. Significant equity investments

Details of the investments made during the year ended 31 December 2023 are provided in Note 1.4 'Equity investment' to the Financial Statements included in Section 6.3 of the Universal Registration Document.

8.3. Persons responsible

8.3.1. Person responsible for the Universal Registration Document and declaration

8.3.1.1. Person responsible

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

8.3.1.2. Declaration by the person responsible

"*I certify that, to the best of my knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.*"

Signed in Nantes, on 25 April 2024

Mr Matthieu Guesné Chairman and Chief Executive Officer of the Company

8.3.2. Auditors

Baker Tilly Strego SAS

Represented by François Pignon-Hériard

4 rue Papiau de la Verrie, 49000 Angers, France

Member of the Compagnie Régionale des Commissaires aux Comptes d'Angers

Appointed in the Company's Articles of Association dated 10 April 2019 for a term of six financial years, i.e. until the general meeting called to approve the financial statements for the year ending 31 December 2024.

Deloitte & Associés

Represented by Guillaume Radigue

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

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre

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

8.4. Historical financial information incorporated by reference

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the following information is incorporated by reference into the Universal Registration Document:

- the information relating to the year ended 31 December 2022 included in Chapters 7 and 8 and Sections 5.10 and 17.1 of the Universal Registration Document approved by the AMF on 25 April 2023 under number R.23-017, as well as the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with statutory auditors' report, presented in Appendix 1 and paragraph 18.3.1 respectively;
- the information relating to the financial year ended 31 December 2021 included in Chapters 7 and 8 and Sections 5.10 and 17.1 of the Registration Document approved by the AMF on 21 April 2022 under number I.22-009 and, with regard to Chapter 7, the Supplement to the Registration Document approved by the AMF on 6 May 2022 under number I.22-02, as well as the consolidated financial statements for the years ended 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.

Parts not included in these documents are either irrelevant to the investor or covered elsewhere in the document.

8.5. Documents available to the public

Copies of the Universal Registration Document are available free of charge at the Company's registered office at 1 ter mail Pablo Picasso, 44000 Nantes, France, as well as in electronic form on the Company's website (fr.lhyfe.com) and on the AMF website (www.amf-france.org).

The Company's Articles of Association, minutes of general meetings and other corporate documents, as well as historical financial information and any valuation or statement drawn up by an expert at the Company's request and that must be made available to shareholders in accordance with applicable legislation, may be consulted, free of charge, at the Company's registered office.

Regulated information within the meaning of the General Regulation of the AMF is available on the Company's website (fr.lhyfe.com).

8.6. Concordance tables

8.6.1. Appendices 1 and 2 of Regulation (EU) 2019/980

The concordance table below shows the sections of the Universal Registration Document corresponding to Appendix 1 (pursuant to Appendix 2) of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

Required documents		Universal Registration Document
1.	**Persons responsible, third-party information, experts' report and approval by the competent authority**	**-**
1.1	Name and function of the person responsible	8.3.1.1
1.2	Declaration by the person responsible	8.3.1.2
1.3	Experts' statements or reports and declaration of interests	N/A
1.4	Information from third parties	N/A
1.5	Approval by the competent authority	Cover page
2.	**Statutory auditors**	**-**
2.1	Statutory auditors	8.3.2
2.2	Statutory auditors who have resigned, been removed or have not been re-appointed	N/A
3.	**Risk factors**	**Chapter 4**
4.	**Information about the issuer**	**-**
4.1	Legal and commercial name	8.1.1
4.2	Place of registration, registration number and legal entity identifier (LEI)	8.1.2
4.3	Date of incorporation and length of life	8.1.3
4.4	Registered office, legal form, applicable legislation and website	8.1.4
5	**Business overview**	**-**
5.1	Principal activities	1.1, 1.2, 1.5 to 1.7
5.2	Principal markets	1.2
5.3	Important events	1.9
5.4	Strategy and objectives	1.3
5.5	Dependence of the issuer on patents, licences, contracts and manufacturing processes	1.11
5.6	Competitive position of the issuer	1.2.2
5.7	Investments	5.4
5.7.1	Material investments made	5.4.1
5.7.2	Material investments for which firm commitments have been made	5.4.2
5.7.3	Investments in companies in which the issuer has a holding	N/A
5.7.4	Environmental issues that may affect the issuer's use of its tangible fixed assets	2.2
6.	**Organisational structure**	**-**
6.1	Brief description of the Group	8.2.3
6.2	List of significant subsidiaries	8.2.4
7.	**Operating and financial review**	**-**
7.1	Financial condition	5.1
7.1.1	Evolution of the issuer's results	5.2
7.1.2	Issuer's likely future development and activities in the field of R&D	5.1.4
7.2	Operating results	5.2
7.2.1	Unusual or infrequent events or new developments with a significant impact on operating income	5.2
7.2.2	Reasons for material changes in net turnover or revenue	5.2

Required documents		Universal Registration Document
8.	**Capital resources**	**-**
8.1	Information concerning the issuer's capital	5.3.1
8.2	Issuer's cash flow	5.3.2
8.3	Issuer's financing requirements and financing structure	5.3.3
8.4	Issuer's restriction on the use of capital	5.3.4
8.5	Sources of financing for expected cash flows	5.3.5
9.	**Regulatory environment**	**1.10**
10.	**Trend information**	**-**
10.1	Main trends and any significant changes in financial performance	1.8.3
10.2	Any trend, uncertainty, constraint, commitment or event likely to have a material effect on the issuer's prospects	1.8.1
11.	**Profit forecasts or estimates**	**N/A**
12.	**Administrative, management and supervisory bodies and general management**	**-**
12.1	Composition of administrative, management, supervisory and general management bodies.	3.2 and 3.3
12.2	Conflicts of interest in administrative, management, supervisory and general management bodies	3.2.1.4
13.	**Remuneration and benefits**	**-**
13.1	Remuneration and benefits in kind paid to corporate officers	3.4
13.2	Total amounts set aside for pensions, retirement or other benefits	3.4.4
14.	**Board practices**	**-**
14.1	Expiry date of terms of office	3.2.1.2
14.2	Service contract between the issuer's administrative, management or supervisory bodies	3.2.1.4
14.3	Committees	3.2.2.2
14.4	Declaration on corporate governance	3.1.1 and 3.5
14.5	Impact of future changes in the composition of governing bodies	3.7.3
15.	**Employees**	**-**
15.1	Number and breakdown of employees	2.3.1
15.2	Shareholdings and stock options	7.2.4
15.3	Agreement providing for employee share ownership	7.2.4
16.	**Major shareholders**	**-**
16.1	Shareholders holding more than 5% of the share capital or voting rights	7.2.2
16.2	Existence of different voting rights	7.2.2
16.3	Control of the Company by the main shareholders	7.2.6.1
16.4	Agreement whose implementation could lead to a change of control	7.2.6.2
17.	**Related-party transactions**	**6.1, Note 4.2**
18.	**Financial information concerning the Company's assets and liabilities, financial position and profits and losses**	**-**
18.1	Historical financial information	-
18.1.1	Historical financial information for the last three years	Chapter 6
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	6.1, Note 1.5.1 6.3, Note 3
18.1.4	Change in accounting standards	N/A
18.1.5	Financial information prepared in accordance with national accounting standards	N/A
18.1.6	Consolidated financial statements	6.1
18.1.7	Date of latest financial information	6.1
18.2	Interim and other financial information	N/A

Required documents		Universal Registration Document
18.3	Audit of historical annual financial information	-
18.3.1	Audit reports	6.2 and 6.4
18.3.2	Other information audited by the statutory auditors	N/A
18.3.3	Information not extracted from the issuer's audited financial statements	N/A
18.4	Pro forma financial information	N/A
18.5	Dividend policy	7.3.1
18.5.1	Dividend policy and applicable restrictions	7.3.1.1
18.5.2	Dividends paid in the last three years	7.3.1.2
18.6	Legal and arbitration proceedings	8.1.7
18.7	Significant change in the issuer's financial position	6.6
19.	**Additional information**	**-**
19.1	Share capital	7.1
19.1.1	Amount of issued capital	7.1.1
19.1.2	Shares that do not represent capital	7.1.4
19.1.3	Shares held by the issuer or its subsidiaries	7.1.5
19.1.4	Convertible or exchangeable securities or securities with warrants	7.1.3
19.1.5	Vesting right and/or obligation attached to authorised but unissued capital or to any undertaking to increase the capital	7.1.6
19.1.6	Information relating to capital under option or under a conditional or unconditional agreement to place it under option	N/A
19.1.7	History of the share capital	7.1.2
19.2	Memorandum and Articles of Association	-
19.2.1	Corporate purpose	8.1.5
19.2.2	Rights, privileges and restrictions attaching to each class of shares	7.1.7
19.2.3	Provisions of the Articles of Association that would have the effect of delaying, deferring or preventing a change of control	7.2.6.3
20.	**Material contracts**	**8.1.6**
21.	**Documents available**	**8.5**

8.6.2. Annual financial report

The Universal Registration Document includes all the information contained in the annual financial report.

To facilitate the readability of the Universal Registration Document, the concordance table below indicates the documents required under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulation of the Autorité des Marchés Financiers (AMF) which constitute the annual financial report.

Required documents	Universal Registration Document
Group consolidated financial statements (IFRS)	6.1
Company financial statements (French standards)	6.3
Management report	See dedicated table in 8.6.3
Corporate governance report	See dedicated table in 8.6.4
Declaration by the person responsible	8.3.1.2
Statutory auditors' report on the consolidated financial statements	6.2
Statutory auditors' report on the financial statements of the Company	6.4
Statutory auditors' fees	6.1, Note 4.3

8.6.3. Management report

The Universal Registration Document includes all the information contained in the management report referred to in Article L. 225-100 of the French Commercial Code.

To facilitate the readability of the Universal Registration Document, the concordance table below indicates the main information in the management report required by current laws and regulations.

Required documents	Universal Registration Document
Position and business activity	
The position of the Company during the past financial year and an objective and exhaustive analysis of the development of the Group's business, results and financial position, in particular its debt situation in relation to the volume and complexity of its business	Chapter 5
Business activity and results of the Company, its subsidiaries and controlled companies by business segment	5.2, 6.5.1 and 6.3, Note 8
Key financial and, where applicable, non-financial performance indicators relating to the Group's specific business, including information on environmental and personnel issues	2.1, 2.2, 2.3 and 5.1.3
Main risks and uncertainties facing the Group	Chapter 4
Financial risks related to the effects of climate change and measures taken by the Company	4.1.4.9
Internal control and risk management procedures implemented by the Company at Group level relating to the preparation and processing of financial information	4.2.2
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)	4.1.5.1, 4.1.5.3 and 4.1.5.7
Reintegration of overheads and expenditure on luxury items (Articles 39.4 and 223 quater, Articles 39.5 and 223 quinquies of the French General Tax Code)	6.5.3 and 6.5.4
Research and development activities	5.1.4 and 5.4
Significant events since the end of the financial year	6.1, Note 1.4
Foreseeable developments in the position of the Company and the Group and outlook	1.8
Significant shareholdings or controlling interests in companies based in France	8.2.5
Activities of the Company's subsidiaries	8.2.3
Summary of the Company's results over the past five financial years	6.5.2
Information on the payment terms of the Company's suppliers and customers	6.5.5
Information and amounts relating to inter-company loans and Statutory Auditors' declaration	N/A
Legal and shareholder information	
Employee share ownership on the last day of the financial year	7.2.4
Identity of shareholders holding more than 5% of the share capital or voting rights and details of changes during the financial year	7.2.2
Names of companies directly or indirectly controlled by the Company and the percentage of the Company's capital they hold (treasury shares)	N/A
Disposal of cross-shareholdings	N/A
Information on share repurchases	7.1.5
Amount of dividends distributed in respect of the last three financial years and amount of income distributed in respect of the same financial years	7.3.1.2
Summary of transactions involving the Company's shares by directors and related parties	7.2.3.2
Existing branches	8.1.4
Mention of possible adjustments to securities giving access to the capital in the event of share repurchases or financial transactions	N/A

8.6.4. Corporate governance report

The Universal Registration Document includes all the information contained in the corporate governance report referred to in Article L. 225-37, paragraph 6, of the French Commercial Code.

To facilitate the readability of the Universal Registration Document, the concordance table below indicates the main information in the corporate governance report required by current laws and regulations.

Required documents	Universal Registration Document
Tasks, composition, preparation and organisation of the Board of Directors	3.2.1.4 and 3.2.2
List of all offices and positions held in any company by each officer during the financial year	3.2.1.2 and 3.3
General Management procedures	3.3
Limitations placed by the Board of Directors on the powers of the Chairman and Chief Executive Officer	3.3.1.2
Reference to the Middlenext Code and application of the *comply or explain* principle	3.1.1 and 3.5
Description and implementation of the procedure for assessing ordinary course agreements	3.6.2
Review of members' independence and potential conflicts of interest	3.2.1.4
Agreements between a director or a significant shareholder of the Company and a subsidiary	3.6.3
Remuneration policy for corporate officers	3.4.1
Remuneration and benefits of all kinds paid to corporate officers	3.4.2
Relative proportion of fixed and variable remuneration	3.4.1 and 3.4.2
Use of the possibility of requesting the return of variable remuneration	N/A
Remuneration paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	N/A
Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of the Company's employees	3.4.2.1
Annual changes in remuneration, company performance, average remuneration of Company employees and the aforementioned ratios over the past five financial years	3.4.2.1
Explanation of how total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied	3.4.1 and 3.4.2
How the vote at the last ordinary general meeting was taken into account	3.4.2.2
Deviation from the procedure for implementing the remuneration policy and any derogations	N/A
Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of non-compliance with the Board's gender equality policy)	N/A
Allocation and retention of stock options by corporate officers	7.2.3.1 and 7.2.4
Allocation and retention of free shares to executive corporate officers	7.2.3.1 and 7.2.4
Special arrangements for shareholder participation in general meetings	3.7.1
Factors likely to have an impact in the event of a takeover bid or public exchange offer as referred to in Article L. 22-10-11 of the French Commercial Code	3.7.2
Summary of current delegations of authority and powers granted by the shareholders' general meeting to the Board of Directors to increase the share capital, and the use made of these delegations during the past financial year	7.1.6

Glossary

"Annual Financial Statements" refers to the annual financial statements produced by the Company for the fiscal year ending 31 December 2023, produced in accordance with French accounting standards

"Assets under management" refers to green hydrogen production sites managed by the Group under an asset management agreement

"Backbone" refers to the European hydrogen transport pipeline network

"Backbone project" refers to a project for a production site where the green hydrogen produced is primarily intended to be injected and transported to end customers via the proposed European gas pipeline network or a secondary gas pipeline network

"Blue hydrogen" refers to hydrogen produced from fossil fuels, by steam reforming of natural gas, but where the CO_2 emitted during its production is captured, then reused or stored

"Bulk project" refers to a green hydrogen production site project where the green hydrogen produced is primarily intended to be delivered to a diverse customer base via containers (previously referred to as Mobility projects)

"Company" refers to the company Lhyfe, a limited company (*société anonyme*) with registered office at 1 ter mail Pablo Picasso, 44000 Nantes, France, registered with the trade and companies registry of Nantes under number 850 415 290

"Compressor" refers to a device which increases the pressure of hydrogen by reducing its volume, as required for the delivery of green hydrogen in containers

"Electrolyser" refers to a system comprising a water (H_2O) recipient containing electrolyte and two electrodes, in which a chemical reaction occurs on both sides of the electrolyte by applying an electrical current to the two electrodes, which enables the separation of hydrogen (H_2) from the oxygen (O) molecules

"Green hydrogen" refers to hydrogen produced by water electrolysis using renewable or low-carbon electricity

"Grey hydrogen" refers to hydrogen produced from fossil fuels, by steam reforming of natural gas, coal gasification or co-produced from hydrocarbons

"Group adjusted EBITDA refers to the consolidated current operating earnings before amortisation and provisions, and before charges linked to equity-based compensation

"Group adjusted EBITDA margin" refers to the ratio of "Adjusted EBITDA / Revenue"

"IFRS Financial Statements" refers to the annual consolidated financial statements produced by the Company for the fiscal year ending 31 December 2023, produced in accordance with IFRS standards as adopted by the European Union

"Low-carbon hydrogen" generally refers to hydrogen produced by a process which generates lower CO_2 emissions than grey hydrogen, but which does not satisfy the criteria to qualify as renewable hydrogen

"Lhyfe" or **"the Group"** refers to the group comprising the Company and its consolidated subsidiaries

"Net share of assets held by Lhyfe" refers to the ratio between the installed capacity of the assets under management and the percentage of the capital of the project companies held (directly or indirectly) by Lhyfe

"Offshore project" refers to a project for a green hydrogen production site installed at sea

"Onshore project" refers to a project for a green hydrogen production site installed on land

"On-site project" refers to a green hydrogen production site project where the green hydrogen produced is primarily intended to be delivered to a main customer via a direct link (previously referred to as Industry projects)

"*Power purchase agreement*" or **"PPA"** refers to an agreement by which an electricity producer sells all or part of its production to a buyer at a determined price

"Project company" or **"SPV"** refers to a company operating a green hydrogen production site project or a production site in operation

"Renewable hydrogen" or **"Renewable Fuels of Non Biological Origin"** or **"RFNBO"** refers to hydrogen satisfying the criteria set out in the delegated act to Directive (EU) 2018/2021 of the European Parliament and of the Council on Renewable Energies, and the certification programmes defined at national level

"Total installed capacity" refers to the cumulative maximum capacity of Group production units in the Operations stage

"Universal Registration Document" refers to this universal registration document approved by the Financial markets authority

The Universal Registration Document is drawn up in accordance with Annex 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 information

The Universal Registration Document contains information on the Company's outlook and development strategy. These indications are sometimes identified by the use of the future tense, the conditional tense or expressions of a forward-looking nature such as "consider", "envisage", "think", "aim for", "expect", "intend", "should", "aspire", "estimate", "believe", "wish", "may" or, where applicable, the negative form of these same words, or any other similar variant or expression. This information is not historical data and should not be interpreted as a guarantee that the stated facts and data will occur. This information is based on data, assumptions and estimates considered reasonable by the Company. It may changed or be modified due to uncertainties associated with the technological, economic, financial, competitive and regulatory environment. This information is referred to in various Sections and paragraphs of the Universal Registration Document and contains data relating to the Company's intentions, estimates, and objectives concerning the Company's markets, products, strategy, commercial deployment, growth, results, financial position and cash flow. Unless otherwise stated, the forward-looking information contained in the Universal Registration Document is valid only as at the date of approval of the Universal Registration Document. Except as required by applicable laws or regulations (including Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the Company does not assume any obligation to publish updates to the forward-looking information contained in the Universal Registration Document to reflect any change impacting on its objectives or the events, conditions or circumstances on which the forward-looking information contained in the Universal Registration Document is based. The Company operates in a highly competitive and constantly changing environment. As a result, it may not be able to anticipate all the risks, uncertainties or other factors that could affect its business, their potential impact on its business or the extent to which the materialisation of a risk or combination of risks could lead to results that differ materially from those indicated in any forward-looking information, it being recalled that none of this forward-looking information constitutes a guarantee of actual results.

Market information and competition

Chapter 1 of the Universal Registration Document contains information about the Company's business activity and its competitive positioning. Certain information contained in the Universal Registration Document is publicly available information which the Company considers reliable but which has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods to gather, analyse or calculate data on the business segments would obtain the same results. Given the particularly active technological and competitive environment, it is possible that this information may prove to be incorrect or no longer up to date. As a result, the Company's business may develop differently from the outcome described in the Universal Registration Document. The Company makes no commitment to publish updates of this information, except in the context of any legislative or regulatory obligation that may be applicable, and in particular Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

Risk factors

Investors should carefully read the risk factors described in Chapter 4 of the Universal Registration Document before making any investment decision. The realisation of some or all of these risks could have an adverse effect on the Company's business, results, financial situation or prospects. Furthermore, other risks not yet identified or considered immaterial by the Company at the date of the Universal Registration Document could also have an adverse effect.

Rounding up/down

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


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