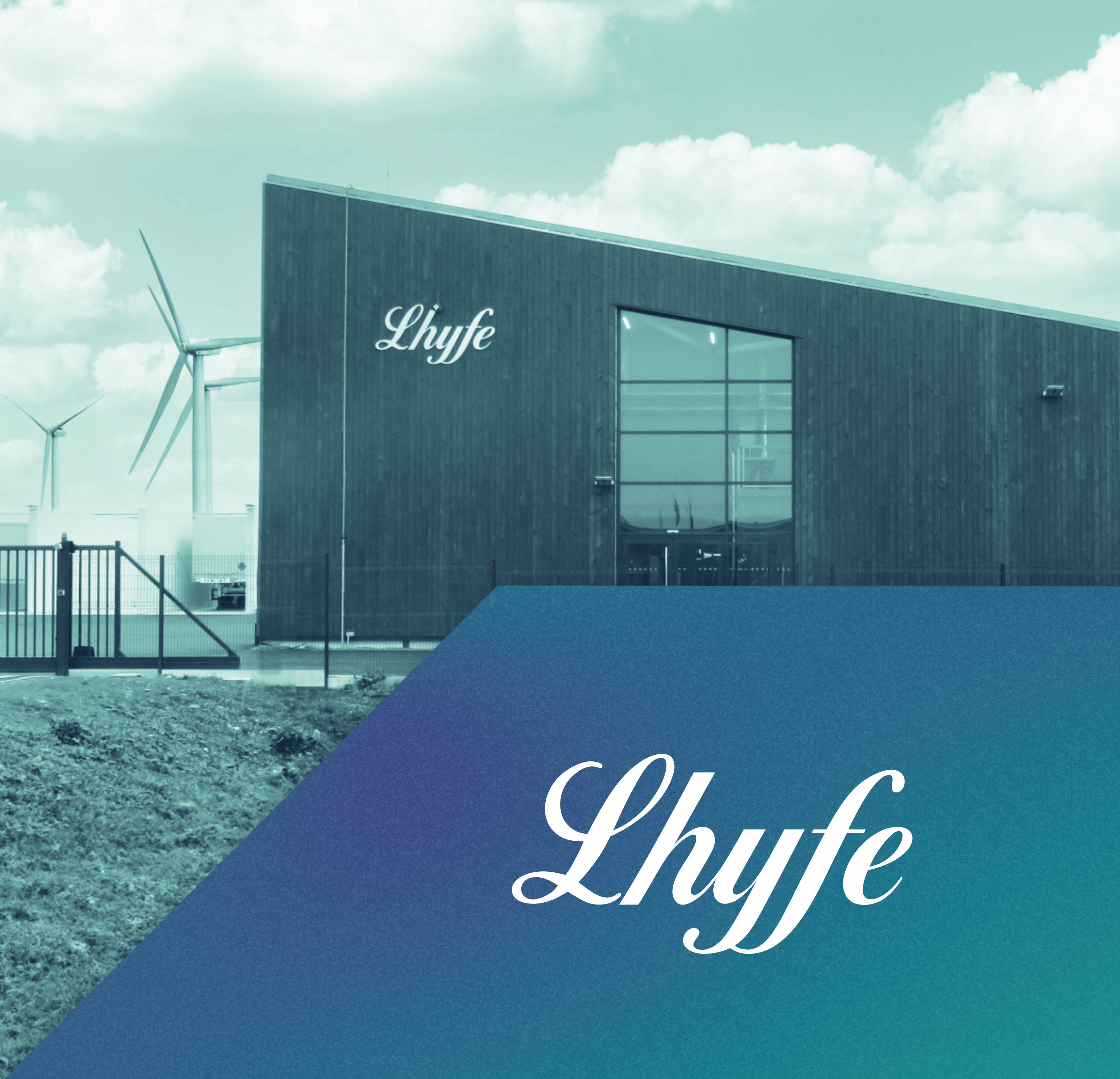

Lhyfe

PRODUCER AND SUPPLIER OF
GREEN & RENEWABLE HYDROGEN

FOR MOBILITY AND INDUSTRY

2024 HALF-YEAR FINANCIAL REPORT

2024

HALF-YEAR FINANCIAL REPORT

Disclaimer

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Statement by the person responsible

I certify, to my knowledge, that the condensed financial statements for the past half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and financial performance of the Company and of all the companies included in the consolidation, and that the half-yearly activity report appearing on page 5 presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main related party transactions and describes the main risks and uncertainties for the remaining six months of the financial year.

Nantes, 23 September 2024

Matthieu Guesné, Chairman and Chief Executive Officer of Lhyfe

1 Half-year activity report

1.1. Significant events of the period

1.1.1. A growing portfoflio of customers

New customers were signed up over the period and add visibility to Lhyfe's sales volume.

In France, they include notably the transport specialist Hyliko, the Karp Kneit road projects group, Géométhane and a taxi company

In Germany, the customer portfolio also expanded with, among others, the inclusion of the Leipziger Stadtwerke group and, more recently, with the signing during the summer 2024 of a 5-year offtake agreement with H2 Mobility Deutschland, Europe's largest operator of public hydrogen stations (see paragraph 1.3.2.1 below for more information on this contract).

Other long term contracts signed since the beginning of the year include a 3-year offtake contract with a refuelling station operator in France for more than 45 tons of green hydrogen per year, as well as a 3-year offtake contract signed in August 2024 with a large energy player in Germany for more than 40 tons of green hydrogen per year on average. All these contracts will contribute to the commercial ramp-up of our existing and coming sites in France and in Germany.

The main long term contracts signed over the last twelve months are summarised below:

HYmpulsion Auvergne-Rhône-Alpes France Signed in H2 2023	10 years From 2026	> 600 tons/year on average
H2MOBILITY Germany Signed in H2 2024	5 years From 2025	> 240 tons/year on average
Refuelling station operator France Signed in H1 2024	3 years From 2025	> 45 tons/year on average
Utilities player Germany Signed in H2 2024	3 years From 2025	> 40 tons/year on average

1.1.2. Progress of the projects

Bouin

The Bouin production site in Vendée (France), with an installed electrolysis capacity of 0.75 MW, has continued to ramp up and is now operating at full capacity. Since the start of 2024, the Group has made 290 deliveries to date in France and Germany, with a 100% service rate. This performance is in line with the expansion of the Group's customer portfolio in France and Germany. The first deliveries of green hydrogen in Germany took place in the second half of 2023.

To meet growing demand from customers in the region, the Group aims to increase the site's current production capacity to 2.5 MW (i.e. a maximum of 1 ton of green hydrogen per day) in the coming months. On-site storage authorisation increased from 1 ton to 5 tons.

Buléon and Bessières

The Buléon and Bessières sites, each with an electrolysis capacity of 5 MW - seven times greater than the historic Bouin site - have now been installed. These two new sites in Brittany and Occitanie represent the two largest bulk green and renewable hydrogen production sites in France. The two production units have adopted a new 'containerised' format, which has the dual advantage of reducing the footprint of the sites and making them more scalable to support the development of uses in the regions.

The first deliveries to customers will take place by the end of the year.

Buléon site, Morbihan, France

Le Cheylas

In Le Cheylas, between Grenoble and Chambéry, Lhyfe has taken FID for a green hydrogen production plant and civil works have just started in the second half of 2024.

From 2025, and for a period of 10 years, Lhyfe will supply anchor client HYmpulsion with up to 1.6 ton of green hydrogen per day to meet the needs of 7 hydrogen stations in the Alps. Lhyfe will also supply regional manufacturers looking to replace grey hydrogen or natural gas by green hydrogen. To meet the growing customer demand in the region, the initial production capacity of 2 tons of green hydrogen per day has been increased to 4 tons (representing an installed electrolysis capacity of 10 MW).

For this project Lhyfe received a grant of €5.5m in the first half of 2024.

Croixrault

In Croixrault, in the Hauts-de-France region, Lhyfe launched civil works in the first half of 2024 after obtaining all the permits and authorisations needed to launch construction of a production unit designed to produce up to 2 tons of green hydrogen per day (representing an installed electrolysis capacity of 5 MW), and after taking FID.

The production unit, located on the Mine d'Or industrial park alongside the A29 motorway, is intended to supply local uses in mobility and industry.

Schwäbisch Gmünd

In Schwäbisch Gmünd, Germany, construction of the production site (up to 4 tons of green hydrogen per day, representing an installed electrolysis capacity of 10 MW) continued in the first half of 2024. Most of the equipment has been delivered and installed on site. Electrical and piping installation is in progress.

Schwäbisch Gmünd site, Bade-Wurtemberg, Germany

Tübingen (Deutsche Bahn)

Lhyfe has built and will operate a green hydrogen production plant for Deutsche Bahn in Tübingen, Germany. It is the first site installed and operated by Lhyfe in Germany. The electrolysis plant in the innovation hub of DB Energie, a Deutsche Bahn subsidiary, has an annual production capacity of up to 30 tons (representing an installed electrolysis capacity of 1 MW), with energy supplied from Deutsche Bahn's green electricity portfolio. At the Tübingen innovation hub, DB Energie is indeed testing new technologies for sustainable rail energy supply, including in the "H2goesRail" project. Using the green hydrogen produced, a climate-neutral hydrogen train will be put into operation this year on a test route in Baden-Württemberg, between Tübingen, Horb and Pforzheim.

Tübingen site, Bade-Wurtemberg, Germany

Commissioning of a complex system, with many different dynamics, from hydrogen production to compression, storage and refuelling, is the challenge that Lhyfe has taken up in order to provide Deutsche Bahn and its partners with a fully operational hydrogen production facility, which also enables the testing of the integration of green hydrogen production within onsite facilities and at the heart of customers' processes.

1.1.3. New projects and developments in the first half of 2024

1.1.3.1. Confirmation from the French government of a financial support to the Green Horizon project through a grant of up to €149m

Lhyfe has received in March 2024 confirmation from the French government of a financial support in the form of a grant of up to €149m for the Green Horizon project, which provides for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre. This project, led by Lhyfe for over two years, has been approved by the European Commission as part of the third wave of IPCEI (Important Projects of Common European Interest) on hydrogen.

With this project, Lhyfe intends to produce up to 34 tons of green hydrogen per day near the Grand Canal du Havre, one of Europe's largest industrial port areas.

The Lhyfe production site, which would be built on a 2.8-hectare plot of land in Gonfreville-l'Orcher, would be located close to the Yara plant in Le Havre, whose decarbonisation roadmap includes the use of green hydrogen. Yara is interested in and supports Lhyfe's project, and will explore with Lhyfe all possible collaborations to decarbonise its industrial process.

1.1.3.2. Launch of a first project in the UK with plans for 20MW green hydrogen plant

Lhyfe has unveiled in February 2024 plans for its first UK plant to support the country's net zero ambitions.

This project is receiving support from Shepherd Offshore, a leading maritime and energy service provider, following the signing of a land deal for the plant, which aims to supply a range of organisations seeking to decarbonise their manufacturing and transport operations.

If plans are approved, Lhyfe's facility on the brownfield site of the historic Neptune Bank Power Station in Wallsend (North Tyneside), would have an initial capacity of 20 megawatts (MW), capable of producing up to 8 tons of green hydrogen per day.

The site will use green electricity from the grid, complying with the UK Low Carbon Hydrogen Standard. Lhyfe is also exploring options to source power from local renewable assets, such as solar and wind.

1.1.3.3. Granting of a grant of c. €11m in Sweden

Lhyfe has obtained in July 2024 a grant of c. €11m from Klimatklivet, an investment programme supported by the Swedish Environmental Protection Agency, to build a local renewable hydrogen production system in Trelleborg, in the south of Sweden.

As part of this project, Lhyfe will be able to produce up to 4 tons of green hydrogen per day (based on a 10 MW installed electrolysis capacity) to serve the needs of transport and logistics companies which are looking to replace their fleet with less polluting vehicles like hydrogen-powered electric vehicles[1] and thus contribute to efforts to reach zero carbon emissions. The grant, which will fund the development and design phases, the supply of equipment and the construction work, represents about 40% of the total estimated investment in the project.

1.1.4. Contracts and partnerships

1.1.4.1. Conclusion of a long-term contract for the supply of renewable electricity in Germany with EDP Renewables

In January 2024, Lhyfe has concluded with EDP Renewables (EDPR), a global leader in the development of renewable energy, a 15-year renewable electricity supply contract (Corporate Power Purchase Agreement or CPPA).

This CPPA is the first materialization of the industrial agreement signed in 2022 between the two companies.

Under this CPPA, Lhyfe will buy renewable energy generated by a 39 MWac (55 MWp) solar project in Germany developed by EDPR, through Kronos Solar EDPR, that is expected to be connected to the grid during 2025.

For Lhyfe, this CPPA is its largest to date and secures the renewable power supply for its future green hydrogen production sites in Germany, thus consolidating its sustained growth.

1.1.4.2. Conclusion of a memorandum of understanding with SAF+

Lhyfe has signed in early 2024 with SAF+ International Group (SAF+), a world leader in the production and marketing of e-SAF (electro Sustainable Aviation Fuel), a memorandum of understanding to assess the potential for developing e-SAF production in the Le Havre area and to sign a co-development agreement.

The partners are aiming for a facility in the port region of Le Havre, where Lhyfe would build a green hydrogen production site with a capacity of more than 100 tons per day (300 MW of installed electrolysis capacity) to supply an e-SAF production site that SAF+ is planning to build. This industrial complex would be connected to the hydrocarbon transport network in order to transport the e-SAF obtained from Le Havre to airports in the Paris region, as well as in northern and eastern France via the existing infrastructure.

1.1.4.3. Conclusion of a partnership with Source Galileo

Lhyfe and European renewable energy developer Source Galileo announced their joint agreement to develop commercial-scale green and renewable hydrogen production units in the UK and Ireland, for a variety of customers across industry and transport, helping them decarbonise their operations.

The companies have signed a memorandum of understanding with the goal of deploying production facilities powered by renewable energy, providing a boost to the Net Zero goals of both countries. The UK Government has doubled its low-carbon hydrogen production target from 5GW to 10GW by 2030, with at least half of this coming from green hydrogen. Ireland, for its part, published its National Hydrogen Strategy in July 2023, outlining plans to develop 2GW of hydrogen production from offshore wind farms in the country by 2030.

Under the agreement, Lhyfe and Source Galileo will combine their expertise to generate and supply the environmentally-friendly gas.

1.1.4.4. Conclusion of a memorandum of understanding with Swiss Steel Group subsidiary Ugitech

In April 2024, Lhyfe has entered into a memorandum of understanding with Ugitech, a subsidiary of Swiss Steel Group, the world leader in long stainless steel products. This agreement aims at creating a green hydrogen production unit at Ugitech's Ugine site in Savoie, France, with a capacity up to 12 tons per day (representing a maximum electrolysis capacity of 30 MW).

The green hydrogen thus produced would be used mainly at the Ugitech plant, supplied via a pipeline, to decarbonise part of the steelmaker's industrial operations.

Lhyfe would also supply hydrogen to local mobility and industry players, to help develop the local hydrogen ecosystem, particularly in the run-up to the 2030 Winter Olympics.

This is the first agreement in Europe aiming at replacing fossil fuels with green hydrogen in the stainless steel sector. The two partners are now entering the feasibility study phase of the project.

1 In 2030, 6% of all new trucks > 16t sold worldwide are expected to be hydrogen trucks (source: Roland Berger views on H2 market development, Dec. 2023)

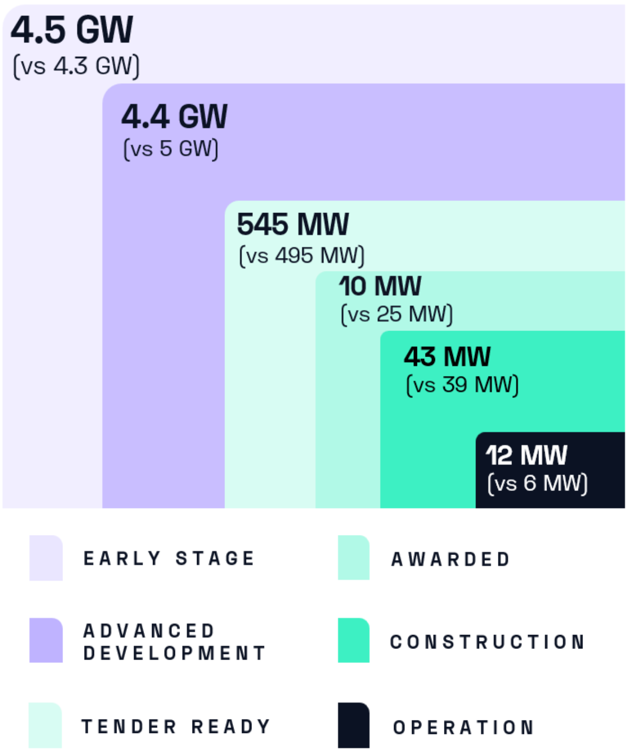
1.1.5. Stable workforce in France and Europe

The Group's headcount as at 30 June 2024 was 200 employees, against 192 as at 30 June 2023 and 195 as at 31 December 2023, as the Group is structuring an optimized organisation.

For 2024 headcount is expected to stabilise near current level, with additions to reflect mainly operation and maintenance at new sites following installation and commercial start-up.

1.1.6. Pipeline

As of 30 June 2024, the allocation of Lhyfe's pipeline between the different project stages[1] was as follows:



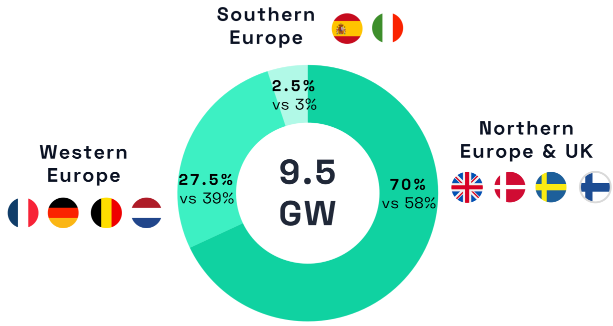
Projects at an advanced stage of development[2], corresponding to the most mature project stage of the pipeline, now represent an installed capacity of over 598 MW (against 559 MW at the end of 2023), due to the conversion within the period of news projects in Tender Ready stage (545 MW vs 495 MW in December 2023).

Among these projects, projects in Construction stage now represent an installed capacity of 43 MW, versus 39 MW as at the end of 2023 period.

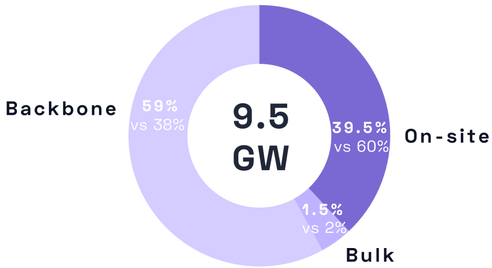
Lhyfe's total projects pipeline represents, as of 30 June 2024, an installed capacity of 9.5 GW (versus 9.9 GW at the end of 2023). Lhyfe benefits from a market environment supported by the European energy independence plan RepowerEU and by major national plans to support the deployment of the green hydrogen sector.

The breakdown of pipeline projects by geographical area and project type is as follows (vs. data at of 31 December 2023):

Pipeline by geography



Pipeline by type of project



As regards backbone projects, the Group plans to install certain units in locations selected for their proximity 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.

1.1.7. Secured subsidies

As of the date of this report, secured grants[3], intended to finance the Group's research activities, as well as production sites currently being deployed, represents more than €243m.

This amount includes notably the three following subsidies, obtained or confirmed during the first half of 2024:

- a €5.5m grant from the Auvergne Rhône-Alpes Region for the construction of a production unit at Le Cheylas, in France;
- a subsidy of c. €11m obtained in June 2024 from Klimatklivet, an investment programme supported by the Swedish Environmental Protection Agency, to build a local renewable hydrogen production system in Trelleborg, Sweden, which will be able to produce up to 4 tons of green hydrogen per day (based on a 10 MW installed electrolysis capacity);
- a subsidy up to €149m, confirmed by the French government during the first half of 2024, for the construction of a green hydrogen production plant with an installed electrolysis capacity of 100 MW near Le Havre.

1 The differents stages of a project are described in paragraph 1.8.1 of the 2023 Universal registration document approved by the AMF on 25 April 2024 and available on the Lhyfe website
2 Projects in Tender Ready, Awarded and Construction stages. See paragraph 1.8.1 of the 2023 Universal registration document approved by the AMF on 25 April 2024 and available on the Lhyfe website for definitions of these terms
3 Including signed grants and awarded grants currently under contractualisation process

1.1.8. Confirmation of guidance

Building on its strong commercial portfolio, and on the basis of the hypothesis detailed in paragraph 1.8.3 of the 2023 Universal registration document approved by the AMF on 25 April 2024 and available on its website, Lhyfe aims at becoming one of the leaders in the production of green hydrogen in Europe, by rapidly deploying green hydrogen sites developed on the basis of a modular industrial design aimed at derisking the industry and boosting efficiency.

By 2025, Lhyfe aims to be a major player for mobility use (bulk), in France and Germany, where national ambitions for the deployment of infrastructures and uses are becoming clearer and accelerate.

The Group has decided at the beginning of 2024 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.

This new strategic development plan is set out in Section 1.3 of the 2023 Universal registration document.

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 c. €5m. The Company also estimates that at this date, the Group will have a total installed capacity of around 20 MW;
- **for the fiscal year ending 31 December 2026**, Group adjusted EBITDA margin[1] of 10% on consolidated revenue of around €100m;
- **by 2030**, to have a total installed capacity of 3 GW of assets under management[2] and a Group adjusted EBITDA margin in excess of 30%. As an indication, at this date, the net share of assets held by Lhyfe[3] should be around 20%.

1.1.9. Governance

On 28 May 2024, the Company announced the resignation of Valérie Bouillon-Delporte, independent director, with effect from 31 May 2024, this resignation entailing the cessation of her duties as member and Chairman of the Appointment and Remuneration Committee and as member of the Social and Environmental Responsibility Committee.

On 17 June 2024, as a consequence of this resignation, the Board of Directors has decided to modify the composition of the Board Committees.

As of the date of this report, the composition of the Board Committees is as follows:

- **Audit Committee**: Bruno Le Jossec (Chair of the Committee), Alena Fargere and Amaury Bierent;
- **Appointment and Remuneration Committee**: Bruno Le Jossec (Chair of the Committee), Alena Fargere and Christopher Sorensen;
- **Social and Environmental Responsibility Committee**: Alena Fargere (Chair of the Committee) and Maria Pardo Saleme.

1.1.10. Amendment of the BSPCE Premium (options) rules dated 2021

At its meeting of 23 September 2024, the Board of Directors decided to adjust the performance condition set out in the BSPCE Premium (options) rules granted in 2021, prior to the Company's IPO, and benefiting at the time to employees and Matthieu Guesné, now Chairman and Chief Executive Officer, consisting in an installed production capacity target on 31 December 2024, based on (i) the cumulative capacity, in MW, of installed sites and (ii) the number of installed sites. Given that the average size of sites has risen sharply since 2021 (from around 1 MW in 2021 to around 5 MW today), the Board of Directors has decided to withdraw the criteria relating to the number of installed sites. The criteria relating to the cumulative capacity in MW remains unchanged.

1 "Group adjusted EBITDA margin" is defined in the Glossary at the end of the Half-Year Financial Report
2 "Assets under management" is defined in the Glossary at the end of the Half-Year Financial Report
3 "Net share of assets held by Lhyfe" is defined in the Glossary at the end of the Half-Year Financial Report

1.2. Review of the financial statements

Readers are invited to read the following information on the Group's financial position and results in conjunction with the Half-Year Financial Report as a whole, and in particular the IFRS Financial Statements, as set out in Section 2 of the Half-Year Financial Report.

These IFRS financial statements have been prepared in accordance with International Financing Reporting Standards (IFRS), as adopted by the European Union as at 30 June 2024. They were approved by the Company's Board of Directors on 23 September 2024 and were the subject of a limited review report by the Statutory Auditors presented in Section 3 of the Half-Year Financial Report.

The comments on the financial statements below are based solely on these consolidated financial statements.

1.2.1. Turnover

In the first half of 2024, Group revenues rose by €1,285k compared with the same period in 2023, from €387k to €1,672k. This fourfold increase in revenues is the result of the expansion of the Group's customer portfolio in France over the past year and during the period. This sharp rise in revenues reflects the ramp-up of the Bouin production site. At the same time, the Group expanded its business in Germany. For the record, the first deliveries of green hydrogen to Germany took place in the second half of 2023.

1.2.2. Adjusted EBITDA

Since the financial year ended 31 December 2023, the Group has changed the definition of EBITDA, by restating expenses relating to share-based payments. In the first half of 2024, as a result of the first-time recognition of the impacts of derivative financial instruments, the Group also decided to restate these impacts from Adjusted EBITDA, as they do not reflect its operating performance. Adjusted EBITDA is now as follows:

In thousands of euros	**30/06/2024 (6 months)**	**30/06/2023 (6 months)**
Revenue	1 672	387
Purchase consumed	-233	-60
External expenses	-5 949	-5 839
Personnel expenses excluding share-based payments	-9 275	-9 090
Taxes, duties and similar payments	-153	-77
Other current operating income and expenses	666	367
Change in fair value of derivative financial instruments	192	-
Adjusted EBITDA	**-13 080**	**-14 312**

Adjusted EBITDA came to €13,080k for the first half of 2024, compared with €14,312k for the first half of 2023. This improvement in EBITDA is attributable to a number of factors, the main ones being the increase in sales, which generated an additional margin, and the Group's efforts to contain its costs.

The four-fold increase in sales has enabled the Group to generate an additional gross margin of €1.1m, after deducting purchases consumed, which mainly comprise electricity costs.

At the same time, external expenses are almost stable at €5.9m for the first half of 2024, compared with €5.8m for the same period in 2023. The main components of this item have changed as a result of the increase in hydrogen sales, with transport costs linked to the transportation of hydrogen impacting this item by €0.6m and maintenance costs for hydrogen production sites by €0.4m. However, these cost increases have been offset by a rationalisation of expenditure, in particular a more limited use of external service providers, consultants or advisers (- €1m).

Personnel costs adjusted for share-based payments rose by a limited €0.2m, or 2%. While the average number of employees rose by 10% over the period, most of the additional staff contributed to the progress of projects that have passed the Tender Ready stage, which are capitalised in the balance sheet and therefore have no impact on first-half expenses. As at 30 June 2024, the closing headcount was 200, compared with 192 as at 30 June 2023, reflecting a slowdown in recruitment. For 2024, headcount is expected to remain stable, although some new recruits will be needed mainly to operate and maintain the new sites, following their installation and commercial launch.

Other current operating income and expenses rose by €0.3m, reflecting the increase in operating subsidies recognised over the period.

1.2.3. Operating result

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Adjusted EBITDA	**-13 080**	**-14 312**
Depreciation and amortisation of fixed assets	-1 578	-888
Provisions for liabilities and charges	-31	-38
Expenses calculated related to share-based payments	1 866	-1 005
Change in fair value of derivative financial instruments	-192	-
Current operating result	**-13 015**	**-16 243**
Other non-current operating revenues and charges	-246	1
Non-current operating result	**-246**	**1**
Operating result	**-13 261**	**-16 242**

Group operating result came to €(13,261)k compared with €(16,242)k for the first half of 2023. It was strongly impacted by the recognition of income relating to share-based payments, generating income of €1.9m, compared with an expense of €1m in the first half of 2023. Indeed, due to adaptation of the strategy decided by the Board of Directors on 27 March 2024, the performance conditions of one of these share-based compensation plans would not be met. At the same time, depreciation and amortisation charges, before taking into account the share of subsidies transferred to profit and loss (€0.2m), increased by €0.9m following the commissioning of research and development projects in late 2023 and early 2024 (+€0.6m). The refinancing of hydrogen transport assets and the conclusion of new leases for future production sites generated an additional charge for rights of use (+€0.4m). Other non-current operating expenses in the first half of 2024 reflect the Group's decision to write down the fixed assets relating to the GreenHyScale project.

1.2.4. Net result

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Operating result	**-13 261**	**-16 242**
Cost of financial debt	-958	-162
Other financial revenue and expenses	1 618	802
Financial result	**660**	**640**
Income before tax	**-12 601**	**-15 601**
Income taxes	-	-
Share of income of companies accounted for under the equity method	-1 385	-344
Consolidated net result	**-13 986**	**-15 945**

The cost of financial debt increased by €0.8m following the syndicated green loan of €22.2m taken out by the Group at the end of 2023 and the refinancing of hydrogen transport assets. At the same time, cash investments generated additional income of €0.8m.

1.2.5. Assets

In thousands of euros	30/06/2024	31/12/2023
Intangible assets	14 540	11 004
Property, plant and equipment	62 559	50 306
Right-of-use assets	15 980	7 761
Investments in companies accounted for under the equity method	978	2 387
Non-current derivative instruments	17	-
Other non-current assets	2 641	3 249
Non-current assets	**96 715**	**74 707**
Inventory	205	176
Trade receivables	827	604
Current derivative instruments	1 080	-
Other current assets	13 292	10 743
Cash and cash equivalents	92 811	114 252
Current assets	**108 215**	**125 775**
Assets	**204 930**	**200 482**

1.2.5.1. Non-current assets

Intangible assets

The €3.5m increase of intangible assets is mainly attributable to the Group's investments in projects that have passed the Tender Ready stage (+€4m), with the biggest contributors being projects in the Construction stage This item was also impacted downwards by the depreciation of R&D projects, following their commissioning at the end of 2023 and beginning of 2024.

Property, plant, equipment and right-of-use assets

The strong increase of €12.3m in property, plant and equipment reflects the Group's significant investment of €16.5m in equipment for future hydrogen production sites. This item was also impacted downwards by the sale and leaseback refinancing of hydrogen transport assets (-€7.3m). Rights of use, on the other hand, rose sharply by €8.2m, largely as a result of this refinancing operation and the signing of long-term leases as part of the construction and development of future hydrogen production sites.

Investments in companies accounted for under the equity method

The decrease in investments in companies accounted for under the equity method is explained by the results for the period of the companies concerned.

Other non-current assets

This item fell by €0.6m, reflecting subsidies receivables, some of which are now classified as current assets because they are expected to be received within the next 12 months.

1.2.5.2. Current assets

Current derivative financial instruments

The Group recognised the change in fair value of its derivative financial instruments linked to the resale of part of the secured electricity capacity. The impact is €1.1m over a one-year period.

Other current assets

The €2.5m increase in other current assets was mainly due to a significant rise in government grants receivable in less than one year (up €2.6m), particularly in respect of Deeptech development subsidy.

Cash and cash equivalents

The cash outflow of €21.4m over the period was due to operating cash flow of €14.4m, plus major investments of €16.5m in the construction of future hydrogen production sites. At the same time, the Group refinanced a large part of its hydrogen transport assets to the tune of €7.2m, and obtained additional financing of €3m as part of the syndicated green loan contracted at the end of 2023. It also received €2.2m in subsidies. This resulted in a cash flow from financing of €9.8m, after taking into account interest paid and repayments of bank and leasing debt.

1.2.6. Liabilities

In thousands of euros	30/06/2024	31/12/2023
Equity	**86 458**	**102 418**
Non-current provisions	3 198	3 167
Non-current borrowings and financial liabilities	34 482	49 314
Non-current derivative instruments	428	-
Other non-current liabilities	16 166	16 273
Non-current liabilities	**54 274**	**68 754**
Current provisions	44	44
Current borrowings and financial liabilities	30 550	4 353
Current derivative instruments	861	-
Trade payables	18 973	15 225
Other current liabilities	13 769	9 688
Current liabilities	**64 197**	**29 310**
Liabilites	**204 930**	**200 482**

1.2.6.1. Equity

The Group's shareholders' equity fell by €16m as a result of the loss for the period and share-based payment expenses.

1.2.6.2. Non-current liabilities

Non-current provisions

Non-current provisions mainly comprise provisions for costs relating to the dismantling and deconstruction of sites acquired by the Group.

Non-current borrowings

The €15m reduction in non-current borrowings is mainly due to the reclassification as current debt of €25m owed under the syndicated green loan. As at 30 June 2024, the Group was in breach of the installed capacity covenant, with installed capacity of 12 MW compared with the contractually agreed installed capacity of 13 MW. Following a waiver obtained from the banking syndicate in respect of this covenant on 13/09/2024, the debt is no longer due in the short-term. Non-current debt was also increased by the refinancing of hydrogen transport assets (+€7.3m) and new leases signed for the needs of future hydrogen production sites (€1.6m).

Non-current derivative instruments

This item includes the non-current portion of the change in fair value of derivative financial instruments relating to the purchase of electricity capacity for the Group's production needs.

Other non-current liabilities

Other non-current liabilities are stable and mainly relate to government subsidies received in advance when contracts are signed.

1.2.6.3. Current liabilities

Current borrowings and financial liabilities

Current borrowings increased by €26.2m due to the reclassification as current borrowings of the syndicated green loan of €22m explained in Note 3.8.2 to the interim financial statements and the additional drawdown of €3m during the first half, which was classified in the same way. This aggregate was also impacted by the increase in accrued interest on the green loan taken out at the end of 2023 and new rental debt during the period.

Trade payables

The €3.7m increase in trade payables is linked to investments made by the Group as part of the construction of future hydrogen production sites.

Current derivative instruments

These financial assets correspond to the first-time recognition of changes in the fair value of the current portion of secured electricity derivatives.

1.3. Events after the end of the interim period

1.3.1. New partnerships

1.3.1.1. Conclusion of a partnership with Elyse Energy

Lhyfe has signed in July 2024 an exclusive partnership with Elyse Energy, a pioneer in the production of low-carbon molecules, in order to develop the production of e-methanol from green hydrogen, at the heart of the Loire Estuary's industrial and logistics port ecosystem.

This partnership follows the selection of Lhyfe as the winner of a call for expression of interest (CEI) launched in late 2022 by the Nantes Saint-Nazaire port authority (Grand Port Maritime de Nantes Saint-Nazaire), to set up an industrial green hydrogen production and distribution operation (with a maximum production capacity of 85 tons per day, representing an installed electrolysis capacity of 210 MW) at the Montoir-de-Bretagne site, with a view to decarbonising maritime transport.

As part of this partnership, Lhyfe and Elyse Energy will conduct a technical, economic, financial and regulatory feasibility study of a project to produce e-methanol from green hydrogen.

1.3.1.2. Conclusion of a partnership with OX2 and Velarion

Lhyfe has announced in August 2024 a partnership with OX2, one of Europe's largest onshore wind developers, and Velarion, an innovative company within green fertilizer sector, to create a hydrogen-based industrial cluster in Ånge, Sweden. This project, situated just north of Torpshammar, will combine wind power with large-scale green hydrogen production to generate carbon-negative neutral products.

OX2 is developing a wind farm in Marktjärn, Torpshammar, with a planned annual production capacity of 1.4 TWh. In the context of the project, the green electricity produced by OX2 will power the hydrogen production unit that Lhyfe plans to install in Torpshammar with a capacity of up to 100 tons of green hydrogen per day (electrolysis capacity of approximately 300 MW). The green hydrogen thus produced will be notably used by Velarion, which would build one of the world's first carbon-neutral fertilizer plants within this industrial cluster.

1.3.2. Other recent developments

1.3.2.1. Signature of an offtake agreement with H2 Mobility

Lhyfe has announced in September 2024 a five-year agreement with H2 Mobility Deutschland, Europe's largest operator of public hydrogen stations, to provide green hydrogen for some of H2 Mobility's fuel stations in Germany. This is the first long-term offtake agreement signed by Lhyfe in Germany for bulk green hydrogen. This contract follows on from the long-term contracts recently signed by Lhyfe, such as the one signed with HYmpulsion in the second half of 2023 to supply 7 of its service stations in France. Total volume will reach more than 1,200 tons over the period.

The green hydrogen will be supplied from Lhyfe's future production site in Schwäbisch Gmünd. The deliveries will be used in four fuel stations across the states of Baden-Württemberg and Rhineland-Palatinate (Mannheim, Heidelberg, Ludwigshafen et Frankenthal), developed and operated by H2 Mobility Deutschland, beginning with the sites Ludwigshafen and Frankenthal.

1.4. Information on risks and uncertainties for the next half-year

The risk factors presented in the 2023 Universal registration document published by Lhyfe and approved by the AMF on 25 April 2024 have not undergone any significant changes in nature or level.

1.5. Main related party transactions

During the interim period, there were no transactions between related parties other than those in the ordinary course of business.

2

Consolidated interim financial statements

2.1. Consolidated profit and loss

In thousands of euros	Notes	30/06/2024 (6 months)	30/06/2023 (6 months)
Turnover	2.1.2	1 672	387
Revenue		**1 672**	**387**
Purchases consumed	2.1.4	-233	-60
External expenses	2.1.5	-5 949	-5 839
Personnel expenses	2.1.6	-7 409	-10 095
Taxes, duties and similar payments	2.1.7	-153	-77
Other current operating income and expenses	2.1.8	666	367
Depreciation and amortisation of fixed assets	2.1.9	-1 578	-888
Provisions for liabilities and charges	2.1.9	-31	-38
Current operating result		**-13 015**	**-16 243**
Other non-current operating income and expenses	2.1.10	-246	1
Non-current operating result		**-246**	**1**
Operating result		**-13 261**	**-16 242**
Cost of financial debt	2.2	-958	-162
Other financial revenue and expenses	2.2	1 618	802
Financial expenses	**2.2**	**660**	**640**
Income before tax		**-12 601**	**-15 601**
Income taxes	2.3	-	-
Share of income of companies accounted for under the equity method		-1 385	-344
Consolidated net result		**-13 986**	**-15 945**
Minority interests		-16	-53
Net result (Group share)		-13 970	-15 892
Earnings per share *(in euros)*	**2.4**	**-0,29**	**-0,33**

2.2. Consolidated statement of comprehensive income

In thousands euros	Notes	30/06/2024 (6 months	30/06/2023 (6 months
Net result for the period		**-13 986**	**-15 945**
Change in the fair value of hedging instruments		-	-
Currency translation adjustments		-21	-5
Change in the fair value of debt securities		-	-
Gains and losses recognised in the equity that can be recycled to profit or loss		**-21**	**-5**
Actuarial gains and losses on employees benefits		-	-
Tax effect		-	-
Gains and losses recognised in equity that cannot be recycled to profit or loss		**-**	**-**
Comprehensive income		**-14 007**	**-15 950**

2.3. Consolidated statement of financial position

ASSETS *In thousands of euros*	Notes	30/06/2024	31/12/2023
Intangible assets	3.1.1	14 540	11 004
Property, plant and equipment	3.1.2	62 559	50 306
Right-of-use assets	3.1.3	15 980	7 761
Investments in companies accounted for under equity method	3.2	978	2 387
Non-current derivative financial instruments	3.11	17	-
Other non-current assets	3.5	2 641	3 249
Deferred tax assets	3.14	-	-
Non-current assets		**96 715**	**74 707**
Inventory	3.3	205	176
Trade receivables	3.4	827	604
Current derivative financial instruments	3.11	1 080	-
Other current assets	3.5	13 292	10 743
Cash and cash equivalents	3.6	92 811	114 252
Current assets		**108 215**	**125 775**
Assets		**204 930**	**200 482**

LIABILITIES *In thousands of euros*	Notes	30/06/2024	31/12/2023
Share capital	3.7.1	479	479
Premiums	3.7.1	163 839	163 824
Reserves	3.7.1	-63 805	-28 328
Net result	3.7.1	-13 970	-33 488
Equity (Group share)		**86 543**	**102 487**
Minority interests	3.7.1	-85	-69
Equity		**86 458**	**102 418**
Non-current provisions	3.12	3 198	3 167
Non-current borrowings and financial liabilities	3.8	34 482	49 314
Non-current derivative financial instruments	3.11	428	-
Deferred tax liabilities	3.13	-	-
Other non-current liabilities	3.10	16 166	16 273
Non-current liabilities		**54 274**	**68 754**
Current provisions	3.12	44	44
Current borrowings and financial liabilities (1)	3.8	30 550	4 353
Current derivative financial instruments	3.11	861	-
Trade payables	3.9	18 973	15 225
Other current liabilities	3.10	13 769	9 688
Current liabilities		**64 197**	**29 310**
Liabilities and equity		**204 930**	**200 482**

(1) As at 30 June 2024, the Group was not in compliance with the covenant in the green syndicated loan agreement relating to installed capacity. As the Group obtained a waiver in respect of this covenant on 13/09/2024, this debt is not currently due in the short-term (see Note 3.8).

2.4. 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 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**
Share capital increases		-	15	-	-	-	15	-	15
Share-based payments		-	-	-	-1 866	-	-1 866	-	-1 866
Currency translation reserves		-	-	-	-21	-	-21	-	-21
Change in treasury shares		-	-	-102	-	-	-102	-	-102
Net result		-	-	-	-13 970	-	-13 970	-16	-13 986
Equity on 30 June 2024	3.7.1	**479**	**163 839**	**-511**	**-77 264**	**-**	**86 544**	**-85**	**86 458**

2.5. Cash flow statement

In thousands of euros	Notes	30/06/2024 (6 months)	30/06/2023 (6 months)
Consolidated net result		**-13 986**	**-15 945**
Share of income of companies accounted for under the equity method		1 385	344
Adjustment for:			
○ Depreciation, amortisation and provisions	2.1.9	2 245	926
○ Net financial result	2.2	825	118
○ Expenses calculated related to share-based payments	2.1.6	-1 866	1 005
○ Change in fair value of financial instruments		325	43
○ Other non-cash effects	2.1.10	-391	-1
Income taxes paid		-	-
Net working capital:			
○ Change in inventory	3.3	-29	-20
○ Change in trade receivables	3.4	-223	-44
○ Change in current non-trade receivables	3.5	-1 126	-2 719
○ Change in trade payables	3.10	-2 009	2 317
○ Change in other current liabilities	3.11	478	2 555
Net cash flows from operating activities		**-14 372**	**-11 421**
Purchase of intangible assets	3.1.1	-4 529	-2 947
Purchase of property, plant and equipment	3.1.2	-12 281	-2 365
Disposals of property, plant and equipment	3.1.2	-	-
Purchase of financial assets	3.5	-39	-378
Interests received	2.2	-	-
Impact of changes in scope of consolidation	3.2	-	-2 150
Net cash flows from investment activities		**-16 849**	**-7 839**
Share capital increases, net of expenses	3.7.1	15	3
Issue of new loans, net of expenses	3.8	10 249	-
Repayable advances received	3.8	-	49
Subsidies received	3.11	2 240	3 791
Loan and current account repayments	3.8	-330	-144
Repayment of lease liabilities		-803	-311
Sales / (Purchases) of treasury shares		-102	-50
Interests paid	3.8	-1 490	-836
Net change in bank loans	3.8	-	-
Net cash flows from financing activities		**9 779**	**2 502**
Impact of changes in foreign exchange rates		1	-6
Net change in cash and cash equivalents		**-21 441**	**-16 764**
Cash and cash equivalents at beginning of the period	3.6	114 252	144 492
Cash and cash equivalents at end of the period		92 811	127 728

2.6. Notes to the consolidated interim financial statements

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"). Lhyfe's shares are quoted on the regulated market of Euronext Paris.

These notes are an integral part of the Group's IFRS consolidated financial statements for the period ending on 30 June 2024.

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 the Company on 23 September 2024.

Note 1.2. Highlights of the financial period

Note 1.2.1. Development of the business

In the first half of 2024, the Group quadrupled its turnover to €1.7m, compared with €0.4m over the same period in 2023. This performance reflects the ramp-up of the Bouin production unit and the expansion of the customer portfolio following the signing of new contracts for the sale of green hydrogen. During the first half of 2024, the Group also grew its business in Germany.

Note 1.2.2. Financing

During the period, the Group continued to secure its cash position and the financing of its projects through various sources of finance.

Finance lease

In 2024, the Group obtained new finance leases for its hydrogen transport and storage assets. This financing amounts to €7.3m and has been restated in the financial statements in accordance with IFRS 16.

Grants

During the first half of 2024, the Group contracted four new grants totalling €32.6m for the construction of future hydrogen production sites, the largest of which are in Sweden (€11m), France (including Le Cheylas for €5.5m) and Spain (€14m).

Bank financing

Following on from the green syndicated bank loan of an amount contracted at the end of 2023, the Group extended this financing by €3m on 27 June 2024, bringing it to €25.2m. This debt has a maturity of 5 years and is repayable at maturity.

Note 1.2.3. Deployment of renewable hydrogen production units

During the period, the Group continued to invest heavily in the construction and development of its future onshore hydrogen production sites. This strong investment resulted in the acquisition of €12m of property, plant and equipment, mainly dedicated to the purchase of production equipment. The Group also devoted €4.5m of its internal and external resources to developing its sites.

Note 1.2.4. Creation of companies

The Company is continuing to develop its activities in Europe, with the creation of four entities in 2024:

- Lhyfe Wallsend and Lhyfe Kemsley, created in January 2024 and intended to support future projects in the United Kingdom;
- Lhyfe Oostende, created in January 2024 and registered in Belgium, whose purpose is to support the Hope project;
- Lhyfe Green Power Traceability France, created on 15 February 2024, intended to support the Group's renewable electricity supply management activities.

Note 1.2.5. Impact of the crisis in Ukraine

As regards the current situation linked to the war between Russia and Ukraine, apart from the macroeconomic consequences, theCompany believes that it is not currently suffering any impact insofar as it does not achieve any sales or obtain supplies in either offhese countries, or in areas directly affected by the war, and none of its assets are established there.

Note 1.3. Basis for preparation of accounts

The accounting principles used as of 30 June 2024 are consistent with those used for theconsolidated financial statements at 31 December 2023, except for the standards and/oramendments adopted by the European Union for which application is mandatory from 1January 2024.

The interim condensed consolidated financial statements for the six months ending 30 June2024 were prepared in accordance with IAS 34 "Interim financial reporting".

These interim condensed consolidated financial statements do not include all theinformation required for a full set of financial statements prepared according to the IFRSand should be read in conjunction with the Group's most recent annual consolidatedfinancial statements for the year ending 31 December 2023 prepared on the basis of theIFRS.

The purpose of the explanatory notes included in these interim condensed consolidatedfinancial statements is to explain the significant events and operations and thus provide anunderstanding of the changes in the Group's financial position and performance since themost recent annual financial statements.

Amendments to IFRS standards that have come into force since 1 January 2024:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 – Suppliers Finance Arrangements.

These amendments had no impact on the Company's consolidated financial statements.

In addition, the Group has not chosen to apply in advance the standards, amendments andinterpretations for which application will be mandatory from 1 January 2025 or later. TheGroup is currently assessing the potential impacts of their implementation.

At 30 June 2024, the Group recognised for the first time the changes in fair value of forward contracts relating to the supply of electricity contracted for its production needs, and meeting the qualification criteria of IFRS 9 "Financial instruments". The change in fair value results in the recognition of a derivative financial instrument as an asset when the change in fair value is positive, or as a liability when the change in fair value is negative (see Note 3.11.). The offsetting entry is recorded in the income statement for the period under Other current operating income and expenses (see Note 2.1.8.)

A valuation method specific to the interim condensed consolidated accounts has been usedto calculate the income tax: as part of the half-yearly reporting, in accordance with IAS 34,the Group's tax expense has been determined on the basis of an average tax rate estimatedfor the 2024 financial year. This estimated average rate is obtained from the tax rates thatwill apply and the forecasts of the pre-tax profit or loss of the Group's tax entities.

Note 1.4. Translation of accounts established in foreign currencies

The exchange rates used in the 1st half of 2024 are as follows:

		30/06/2024		30/06/2023	
Code	Currency	Average rate	Closing rate	Average rate	Closing rate
DKK	Danish krone	0,1341	0,1341	0,1343	0,1343
SEK	Swedish krona	0,0878	0,0880	0,0882	0,0847
GBP	Pound sterling	1,1701	1,1815	1,1411	1,1651
CAD	Canadian dollar	0,6810	0,6817	0,6866	0,6937

Note 1.5. Scope and methods of consolidation

During 2024, the Group continued to expand by creating four subsidiaries, including two in the United Kingdom dedicated to hydrogen production. These subsidiaries are fully consolidated.

The Group comprised 43 companies at 30 June 2024.

Company	Location	30 June 2024			31 December 2023		
		% 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
Territoires 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 Sorigny	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 Bussy-Saint-Georges	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 5	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 6	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 7	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 8	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 9	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Production 10	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Croixrault	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Ingrandes SAS	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Ingrandes PS SAS	France	50%	50%	Equity method	50%	50%	Equity method
Lhyfe Gonfreville-l'Orcher	France	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Green Power Traceability France	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
Lhyfe Wasserstoff GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Hydrogen Bay GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Duisburg Hydrogen GmbH	Germany	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Oostende BV	Belgium	100%	100%	Full consolidation			
Hydrogène 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 Hidrogeno SL	Spain	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Finland	Finland	100%	100%	Full consolidation	100%	100%	Full consolidation
Flexens	Finland	49%	49%	Equity method	49%	49%	Equity method
Lhyfe Netherlands BV	Netherlands	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Delfzijl BV	Netherlands	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe UK Ltd	United Kingdom	100%	100%	Full consolidation	100%	100%	Full consolidation
Lhyfe Wallsend	United Kingdom	100%	100%	Full consolidation			
Lhyfe Kemsley	United Kingdom	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	32,50%	39,20%	Equity method	32,50%	39,20%	Equity method

Note 1.6. Alternative performance measures

In addition to turnover, the two financial performance indicators defined by the Group are:

- Adjusted EBITDA (earnings before interest, tax, depreciationand amortisation) since the financial year2023. The Group has changed the definition of the EBITDA,by also restating the expenses linked to equity-basedcompensation.In the first half of 2024, the Group recognised the impact of the fair value of derivative financial instruments for the first time but it considers that these expenses donot reflect its current operating performance and have nodirect impact on the cash flow (see Note 2.1.3). These two items are therefore restated to calculate adjusted EBITDA;
- Net financial debt, which corresponds to the loans andborrowings less cash and cash equivalents (see Note 3.6).

These performance indicators do not replace the IFRSindicators and should not be seen as such. They are used inaddition to the IFRS indicators. Although they are used by theBoard of Directors as an important factor for setting thetargets and measuring the performance of the Group, theseindicators are neither required nor defined by IFRS.

As an internal measure of the Group's performance, theseoperational indicators have their limits and the management ofthe Group's performance is not restricted to these indicatorsalone.

Note 2 Income statement

Note 2.1. Current operating activity items

Note 2.1.1. Segment reporting

The Group only reports on one operating segment on the basisof the reports that it examines regularly in order to makedecisions about allocating resources to the segment andassessing its performance.

Note 2.1.2. Turnover

The Group's consolidated turnover amounted €1,672k for the period, compared with €387k in the first half of 2023. This increase is attributable 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 the acceleration of deliveries in Germany.

Note 2.1.3. Adjusted EBITDA

The main financial performance indicator monitored by the Group is adjusted EBITDA. As the Group has identified only one operating segment for the two periods presented, this indicator is monitored as a whole. Since the year ended 31 December 2023, share-based compensation expenses have been restated from this indicator, whereas they were included in the EBITDA published in the 2023 half-year financial report. At 30 June 2024, the change in the fair value of derivative financial instruments is recognised for the first time in other current operating income and expenses. This change is excluded from adjusted EBITDA as the Group considers that it does not reflect its operating performance.

In thousands of euros	**30/06/2024 (6 months**	**30/06/2023 (6 months**
Revenue	1 672	387
Purchase consumed	-233	-60
External expenses	-5 949	-5 839
Personnel expenses excluding share-based payments	-9 275	-9 090
Taxes, duties and similar payments	-153	-77
Other current operating income and expenses	666	367
Change in fair value of derivative financial instruments	192	-
Adjusted EBITDA	**-13 080**	**-14 312**

Note 2.1.4. Purchases consumed

In thousands of euros	**30/06/2024 (6 months)**	**30/06/2023 (6 months)**
Purchases of non-inventory materials and supplies	-262	-80
Change in inventory	29	20
Purchases consumed	**-233**	**-60**

Purchases consumed include in particular the cost of purchasing the electricity and water to produce hydrogen, their increase being linked to the growth in the Group's activity.

Note 2.1.5. External expenses

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Leases and lease expenses	769	719
Maintenance and repairs	431	68
Insurance premiums	89	52
Other external services	113	359
Seconded staff	776	748
Fees	1 467	2125
Advertising, publications, public relations	288	437
Transport	690	98
Travel and reception expenses	1 036	912
Postal and telecommunications costs	86	47
Bank fees	107	53
Other external expenses	97	221
External expenses	**5 949**	**5 839**

Generally speaking, external expenses increased, mainly as a result of the growth in the Group's business, which had an impact on transport costs (+€592k) and site maintenance costs (+€363k). At the same time, the Group has taken steps to rationalise its external expenses, in particular by relying less on service providers, especially in the areas of legal affairs and subsidies research.

Note 2.1.6. Personnel expenses and workforce

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Wages and salaries	6 650	6 485
Social security expenses	2 625	2605
Charges linked to equity-based compensation	-1 866	1 005
Personnel expenses	**7 409**	**10 095**

Personnel expenses allocated to development projects amounted to €2,436k for the period, compared with €1,450k in the first half of 2023. For more information on development costs, please refer to Note 3.1.1.

The decrease in personnel expenses is mainly due to the reversal of expenses recognised in previous years in respect of share-based compensation plans. Indeed, due to adaptation of the strategy decided by the Board of Directors on 27 March 2024, the performance conditions of one of these plans would not be met.

Workforce (Full Time Equivalent) is shown below:

Workforce	30/06/2024 (6 months)	30/06/2023 (6 months)
Engineering and R&D	74	67
Business development	50	54
Operations and maintenance	27	20
Central functions	48	39
Workforce - Full-time equivalents (FTE)	**198**	**180**

	30/06/2024 (6 months)	30/06/2023 (6 months)
Workforce - FTE	198	180
Workforce at year-end	200	192

Note 2.1.7. Tax and duties

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Taxes on wages and salaries	109	77
Other taxes and duties	44	0
Taxes, duties and similar payments	**153**	**77**

Note 2.1.8. Other current operating income and expenses

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Income from subsidies	1053	678
Other expenses	-369	-316
Other income	174	5
Change in fair value of derivative financial instruments	-192	0
Other current operating income and expenses	**666**	**367**

Other current operating income and expenses totalled €666k for the period, compared with €367k in the first half of 2023. This item mainly comprises income from subsidies, most of which relates to:

- R&D tax credit (CIR) income for the period of €177k. It should be noted that an amount of €122k corresponds to the portion of the CIR relating to activated development costs recognised under « Other non-current liabilities »;
- the ARENH mechanism for €606k;
- €194k to the carbon compensation mechanism.

For more information on liabilities linked to subsidies, see Note3.10.

Changes in the fair value of derivative financial instruments during the period are explained by the recognition of derivative financial instruments as assets and liabilities in the balance sheet during the half-year presented in Note 3.11. Changes in the fair value of these contracts are recognised in current operating result in the Group's financial statements.

Note 2.1.9. Current operating depreciation, amortisation and provisions

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Depreciation of property, plant and equipment	379	494
Amortisation of intangible assets	703	122
Depreciation of right of use assets	669	272
Provisions for liabilities and charges	31	38
Operating subsidies	-173	-
Current operating depreciation, amortisation and provisions	**1 609**	**926**

- **Depreciation of tangible assets:** depreciation of property, plant and equipment fell slightly, reflecting the impact of the depreciation of assets relating to the SEM REV project in the first half of 2023, which was non-recurring over the period.
- **Amortisation of intangible assets:** amortisation of intangible assets relates to software and research and development costs capitalised in the second half of 2023 and early 2024 (see Note 3.1.1).
- **Amortisation of rights of use:** amortisation of rights of use has risen sharply as a result of the refinancing operations carried out in 2023, which will have an impact on the first half of 2024, and the leases entered into in connection with the construction of future hydrogen production sites.

Note 2.1.10. Other non-current operating income and expenses

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Operating subsidies	-	-
Capital gains on the sale of fixed assets	-4	1
Other non-current operating income and expenses	-242	-
Other non-current operating income and expenses	**-246**	**1**

Other non-current operating income and expenses for the first half of 2024 reflect the Group's decision to write down the fixed assets relating to the GreenHyScale project.

Note 2.2. Financial result

In thousands of euros	30/06/2024 (6 months)	30/06/2023 (6 months)
Interest on loans	-572	-62
Interest expenses on lease liabilities	-253	-57
Change in fair value of derivatives	-133	-43
Cost of financial debt	**-958**	**-162**
Interest income	1 628	864
Foreign exchange gains and losses on financial statements	-10	-62
Other financial revenue and expenses	**1 618**	**802**
Financial result	**660**	**640**

Financial result mainly comprises the cost of financial debt: interest paid, accrued interest, interest expenses on lease liabilities, changes in the fair value of convertible bond derivatives and the decapitalisation impact on repayable advances. Other financial revenue and expenses comprise interest revenue and foreign exchange gains and losses on financial transactions. As a reminder, investment income was presented as a deduction from the cost of debt in the 2023 interim financial report.

The significant increase in interest expense over the period is mainly due to the new bank loans taken out at the end of 2023.

The significant increase in interest income over 2024 is mainly due to the volume effect of cash investments over the entire half-year.

In accordance with IAS 23, borrowing costs relating to fixed assets whose production is spread over a long period are capitalised. They amounted to €1,183k in the first half of 2024, compared with €514k in the first half of 2023.

Note 2.3. Income taxes

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 3.13).

Note 2.4. Earnings per share

	30/06/2024 (6 months)	30/06/2023 (6 months)
Net result attributable to shareholders *(in euros)*	-13 985 795	-15 945 450
Weighted average number of outstanding shares	47 859 157	47 863 335
Basic earnings per share *(en euro)*	**-0,29**	**-0,33**
Diluted earnings per share *(en euro)*	**-0,29**	**-0,33**

Note 3 Balance sheet

Note 3.1. Property, plant, equipment and intangible assets

Note 3.1.1. Intangible assets

During the first half of 2024, changes in intangible assets were as follows:

Gross value *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licenses	Other intangible assets	Total
Gross value on 31/12/2023	**10 255**	**1 071**	**66**	**60**	**11 452**
Acquisitions	4 522	-	6	-	4 528
Capitalisation of borrowing costs	191	-	-	-	191
Disposals	-	-864	-	-	-864
Other changes	-2 246	2 214	32	-	-
Gross value on 30/06/2024	**12 722**	**2 421**	**104**	**60**	**15 307**

Depreciation and amortisation *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licenses	Other intangible assets	Total
Depreciation and amortisation 31/12/2023	**-**	**382**	**21**	**45**	**448**
Depreciation	-	1120	12	10	1 142
Reversals	-	-864	-	-	-864
Other charges	-	41	-	-	41
Depreciation and amortisation au 30/06/2024	**-**	**679**	**33**	**55**	**767**

Net value *In thousands of euros*	Development costs in progress	Development costs	Concessions, patents and licenses	Other intangible assets	Total
Net value on 31/12/2023	**10 255**	**689**	**45**	**15**	**11 004**
Acquisitions	4 522	-	6	-	4 528
Capitalisation of borrowing costs	191	-	-	-	191
Depreciation and amortisation	-	-1 121	-12	-10	-1 143
Disposals / reversals	-	-	-	-	-
Other changes	-2 246	2 173	32	-	-41
Net value on 30/06/2024	**12 722**	**1 741**	**71**	**5**	**14 539**

In the first half of 2024, research and development projects carried out by the Group comprise those presented at 31 December 2023.

The development costs capitalized relate to the design of an industrial and modular solution for the production of 100% green onshore hydrogen, for which the total amount capitalized reached €471k at the end of June 2024, and to the design of proprietary software tools (€534k capitalized during the first half of 2024, bringing the total amount to €2,661k in Group assets at the end of June 2024).

The Group also capitalized €3,958k of development costs related to project company projects during the first half of 2024. €11,133k of capitalized costs at the end of the period include personnel costs, as well as studies related to the various projects that have achieved the Tender Ready stage. This item therefore covers a range of projects, with projects in the Construction stage being the biggest contributors to the increase of this aggregate.

Other movements mainly comprise borrowing costs capitalized under IAS 23.

Non-capitalized research and development costs amounted to €82k in the first half of 2024.

Impairment tests

Analyses carried out by management on capitalized projects did not lead to the recognition of any impairment loss at 30 June 2024.

Note 3.1.2. Property, plant and equipment

During the first half of 2024, changes in property, plant and equipment were as follows:

Gross value *In thousands of euros*	Under construction	Land	Plant and equipment	Other property, plant and equipment	Total
Gross value on 31/12/2023	**37 884**	**8 313**	**3 482**	**1 751**	**51 430**
Acquisitions	17 341	423	173	50	17 987
Capitalisation of borrowing costs	993	-	-	-	993
Provision for restoration	-	-	-	-	-
Disposals	-	-	-8	-	-8
Sale and leaseback	-	-	-7 309	-	-7 309
Other charges	-7 065	-	8 032	-	967
Gross value on 30/06/2024	**49 153**	**8 736**	**4 370**	**1 801**	**64 060**

Depreciation and amortisation *In thousands of euros*	Under construction	Land	Plant and equipment	Other property, plant and equipment	Total
Depreciation and amortisation on 31/12/2023	**-**	**-**	**471**	**653**	**1 124**
Depreciation and amortisation	-	-	168	235	403
Reversals	-	-	-5	-	-5
Sale and leaseback	-	-	-21	-	-21
Other charges	-	-	-	-	-
Depreciation and amortisation on 30/06/2024	**-**	**-**	**613**	**888**	**1 501**

Net value *In thousands of euros*	Under construction	Land	Plant and equipment	Other property, plant and equipment	Total
Net value on 31/12/2023	**37 884**	**8 313**	**3 011**	**1 099**	**50 307**
Acquisitions	17 341	423	173	50	17 987
Capitalisation of borrowing costs	993	-	-	-	993
Provision for restoration	-	-	-	-	-
Depreciation, amortisation and provisions	-	-	-167	-236	-403
Disposals / reversals	-	-	-4	-	-4
Sale and leaseback	-	-	-7 289	-	-7 289
Other charges	-7 065	-	8 033	-	968
Net value on 30/06/2024	**49 153**	**8 736**	**3 757**	**913**	**62 559**

Property, plant and equipment under construction mainly comprises equipment acquired as part of the construction of future hydrogen production sites.

Other property, plant and equipment includes land acquired for future projects and assets relating to the industrial site located at 2 Port du Bec in Bouin. Other movements mainly relate to the sale and leaseback of several containers at the end of June 2024.

Indication of impairment

No indication of impairment was identified for property, plant and equipment.

Note 3.1.3. Leases

During the first half of 2024, leases rights-of-use including property leases and hydrogen transport and storage assets, changed as follows:

In thousands of euros	Right of use - Leasing	Property	Others
Net value on 31/12/2023	**7 761**	**3 672**	**4 089**
New leases	1 560	1 094	466
Sale and leaseback	7 289	-	7 289
Revaluations	39	39	-
Depreciation and amortisation	-669	-470	-199
Net value on 30/06/2024	**15 980**	**4 335**	**11 645**

In the first half of 2024, the main transaction of the period concerned the sale and leaseback of hydrogen transport and storage assets for €7,289k (see Note 1.2 Highlights of the financial period).

Note 3.2. Investment in companies accounted for under the equity method

At 30 June 2024, the Group held a 39.20% stake in Botnia Hydrogen and a 49% stake in Flexens. These two entities are consolidated using the equity method.

In thousands of euros	**Investment in companies accounted for under the equity method**
Net value on 31/12/2023	**2 387**
Acquisitions	-
Profit and loss for the period	-1 385
Currency translation adjustments	-23
Net value on 30/06/2024	**979**

Note 3.3. Inventory

Inventory amounted to €206k at 30 June 2024 and comprised maintenance parts for the Lhyfe Bouin operating site. No impairment of inventories was recognised during the year.

Note 3.4. Trade receivables and related items

Gross trade receivables amounted to €828k at 30 June 2024 and €604k at 31 December 2023, an increase resulting from the growth in the Group's business.

No credit risk was identified. Consequently, the Group did not recognised any impairment.

Note 3.5. Other current and non-current assets

In thousands of euros	**30/06/2024**	**31/12/2023**
Other financial assets	1 788	1 883
Subsidies receivable	854	1 367
Other non-current assets	**2 642**	**3 250**
Subsidies receivable	5 767	3 177
VAT receivables	4 891	5 549
Other tax and social security receivables	2	2
Advances and payment on account	840	1 117
Prepaid expenses	1 385	896
Other current assets	406	1
Other current assets	**13 291**	**10 742**
Other assets	**15 933**	**13 992**

The increase of other assets is linked to the increase of public subsidies receivable, mainly related to Deeptech project.

Note 3.6. Cash and cash equivalents

In thousands of euros	**30/06/2024**	**31/12/2023**
Cash	33 191	74 238
Cash equivalents	59 620	40 014
Short-term investments	-	-
Cash and cash equivalents	**92 811**	**114 252**

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 first semester 2024 are detailed in the consolidated 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 periods presented:

	Number of shares	Nominal value *(€)*	In thousands of euros		
			Capital	Premiums	Total
On 30 June 2024	**47 908 148**	**0,01**	**479**	**163 824**	**164 303**
Share capital increase - 7 mai 2024	35 700	0,01	-	15	15
On 30 June 2024	**47 943 848**	**0,01**	**479**	**163 839**	**164 318**

Following the exercise of BSPCE Salariés, a share capital increase of €357 (i.e. 35,700 shares) with a share premium of €14,937 was carried out.

Note 3.8. Loans and borrowings

The Group's net financial debt is as follows:

In thousands of euros	30/06/2024	31/12/2023
Bank loans	33 411	30 570
Bond issues	11 430	11 543
Other loans	808	808
Lease liabilities	16 058	7 973
Conditional advances	2 071	2 037
Interest accrued but not due	1 254	736
Financial debt (B)	**65 032**	**53 667**
Cash and cash equivalents (A)	92 811	114 252
Net financial debt (B – A)	**-27 779**	**-60 585**

The following table shows changes in non-current and current financial debts:

In thousands of euros	31/12/2023	Issues	New contracts - Sale and leaseback	New contracts - Operating leases	Repayment	Reclassification	Other changes	30/06/2024
Bank loans	29 996	2 960	-	-	-	-24 916	86	8 126
Bond issues	9 892	-	-	-	-	-	12	9 904
Other loans	765	-	-	-	-	-	-	765
Lease liabilities	6 702	-	7 288	1 561	-	-1 655	38	13 934
Conditional advances	1 959	-	-	-	-	-241	35	1 753
Interest accrued but not due	-	-	-	-	-	-	-	-
Non-current financial debt	**49 314**	**2 960**	**7 288**	**1 561**	**-**	**-26 812**	**171**	**34 482**
Bank loans	574	-	-	-	-205	24 916	-	25 285
Bond issues	1 651	-	-	-	-125	-	-	1 526
Other loans	43	-	-	-	-	-	-	43
Lease liabilities	1 272	-	-	-	-804	1 655	-	2 123
Conditional advances	78	-	-	-	-	241	-	319
Interest accrued but not due	735	2 186	-	-	-1 667	-	-	1 254
Current financial debt	**4 353**	**2 186**	**-**	**-**	**-2 801**	**26 812**	**-**	**30 550**
Financial debt	**53 667**	**5 146**	**7 288**	**1 561**	**-2 801**	**-**	**171**	**65 032**
Cash	114 252							92 811
Net cash position	**60 585**							**27 779**

At 30 June 2024, the Group did not comply with the covenant relating to installed capacity in MW set out in the syndicated green loan agreement. The installed capacity at 30 June 2024 was 12 MW, compared with 13 MW provided for in the covenants. As a result, the debt linked to this bank loan was reclassified as current debt at 30 June 2024 in an amount of €25m However, on 13/09/2024, the Group obtained a waiver from the banking syndicate. As a result, this €25.2m debt is no longer due in the short term. As a reminder, following the waiver, this loan has a long maturity and will only be repaid after 5 years, without prior reimbursement.

New bank loans issues of €3m during the period correspond to an additional drawdown under the syndicated green loan contracted in December 2023.

In addition, new lease liabilities of €8.8m were recognised during the year. This includes leasing contracts for hydrogen transport and storage assets (€7.3m), operating leases for the same type of assets (€0.4m) and leases for future hydrogen production sites (€1.1m).

Other changes relate to the recognition of the effective interest rate (EIR) on bonds, 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	25 285	3 800	4 326	33 411
Bond issues	1 526	7 555	2 348	11 429
Other loans	43	170	595	808
Lease liabilities	2 123	6 271	7 664	16 058
Conditional advances	319	965	788	2 072
Interest accrued but not due	1 254	-	-	1 254
Accrued interest	-	-	-	-
Financial debt on 30 June 2024	**30 550**	**18 761**	**15 721**	**65 032**
	30 550	**34 482**		

Note 3.8.2. Bank loans and other loans

Loans granted to the Group, net of issue costs, amounted to €34,219k at 30 June 2024, compared with €31,378k at 31 December 2023.

During the first half of 2024, the Group drew down an additional €3.0m on the green syndicated bank loan subscribed at the end of 2023, bringing the amount subscribed to €25.2m. This 5-year Euribor-indexed green financing facility, which is repayable at maturity, was structured by the Crédit Agricole Group and is backed by Groupe BPCE, HSBC and Crédit Mutuel Océan. It has an extension clause allowing it to be increased for two years.

This syndicated loan agreement includes default clauses ("covenant"'). At 30 June 2024, as one of the covenants in the agreement had not been met, the corresponding debt of €25m was reclassified as current debt. However, this debt is no longer due in the short-term following the waiver obtained on 16/09/2024.

Note 3.8.3. Conditional advances

Conditional advances relate to the same financings as those mentioned in the notes to the financial statements at 31 December 2023.

Note 3.8.4. Leases 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 intoforce, discounted at the lessee's incremental borrowing rate, then repaid and accreted according to the schedule of rentalpayments. The assets concerned are those presented in Note 3.1.3, i.e. property leases and hydrogen transport and storage assets

Note 3.9. Trade payables and related items

In thousands of euros	30/06/2024	31/12/2023
Trade payables	3 449	6 035
Trade payables for fixed assets	15 524	9 189
Trade payables	**18 973**	**15 224**

Trade payables represent short-term debt owed to the Group's suppliers, payable within one year. The increase of this item is linked to orders in progress for equipment in connection with the construction of future hydrogen production sites.The decrease in other trade payables is mainly due to non-recurring transactions at the end of 2023.

Note 3.10. Other current and non-current liabilities

In thousands of euros	30/06/2024	31/12/2023
Subsidies	16 166	16 273
Other debt	-	-
Other non-current liabilities	**16 166**	**16 273**
Subsidies	4 961	923
Social security liabilities	3 584	3 510
Tax liabilities	3 733	2 848
Other debt	1 491	2 407
Other current liabilities	**13 769**	**9 688**
Other liabilities	**29 935**	**25 961**

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 Group has recognised in other liabilities the amounts of subsidies for which it believes it meets the conditions for obtaining and calling. 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 3.11. Derivative financial instruments

Changes in the fair value of the Group's derivative financial instruments were recorded in the balance sheet under financial assets for €1.1m (of which €1m was current) and under financial liabilities for €1.3m (of which €0.9m as current). These are forward energy contracts for the Group's electricity supply needs, valued in accordance with IFRS 9.

Note 3.12. Provisions

Provisions amounted to €3,242k at 30 June 2024, compared with €3,211k at 31 December 2023.

Current provisions relate to ongoing litigation. Non-current provisions mainly relate to obligations to restore production sites.

Note 3.13. Deferred tax assets and liabilities

No deferred tax assets have been recognised in addition to deferred tax liabilities in the Group's consolidated financial statements at 30 June 2024 and 31 December 2023.

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 30 June 2024, the Group's cash and cash equivalents amounted to €92,8m; the Group's external financing is detailed in Note 3.8. As one of the covenants in the agreement was not met at 30 June 2024, the corresponding debt was reclassified as current debt in the financial statements. However, this debt is no longer due in the short term following the waiver obtained on 13/09/2024.

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 30 June 2024, its liquidity horizon is more than 12 months.

Interest rate risk

Interest rate risk arises on variable-rate debt, term accounts and deposits.

On 30 June 2024, the Group's external financing detailed in Note 3.8 included a syndicated bank loan for a total of €25.2m, 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 turnover and income are denominated in euros for all financial periods, and the foreign currency expenses are not material.

The Group has not taken any hedging measures to protect its business against exchange rate fluctuations, in view of the insignificant nature of transactions carried out in foreign currencies.

According to the development of its business, the Group cannot rule out a 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 trade receivables and initiated transactions.

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 during the first half of 2024.

Note 4.3. 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	**30/06/2024**	**31/12/2023**
Pledges	2 939	3 096
Including on equipment	651	733
Including on business assets	605	680
Including on leases	875	875
Including on land mortgages	808	808
Guarantees given	19 477	7 528
Total commitments given	**22 416**	**10 624**
Guarantees received	27 508	16 263
Total commitments received	**27 508**	**16 263**
Net commitments	**-5 092**	**-5 639**

Guarantees given

In the first half of 2024, the Group entered into new first demand guarantees amounting to €11m in connection with the conclusion of or commitments to PPAs.

Pledges

During the first half of 2024, the Group did not grant any new pledges.

Commitments received

In the first half of 2024, the Group was granted:

- a €5m parent company guarantee from an equipment supplier;
- a €5m parent company guarantee from an energy supplier.

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 €170k. This reserve may be used by Lhyfe Bouin for future electricity supplies.

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. This contract is recognised at fair value in the financial assets presented in Note 3.11. Finally, the Group has signed a new 15-year CPPA with EDPR for a 39 MW solar power plant.

Note 4.4. Post-balance sheet events

N/A.

Statutory Auditors’ report on the interim financial information

For the period from January 1 to June 30, 2024

To the Shareholders,

In compliance with the assignment entrusted to us by Annual General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code (*"code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of LHYFE, for the period from January 1 to June 30, 2024,
- the verification of the information presented in the half-yearly management report.

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

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

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

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

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Nantes and Rennes, September 23, 2024

The statutory auditors

Baker Tilly Strego SAS	**Deloitte & Associés**
François Pignon-Hériard	Guillaume Radigue

Glossary

"Assets under management" refers to green hydrogen production sites managed by the Group under an asset management agreement

"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

"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

"Green hydrogen" refers to hydrogen produced by water electrolysis using renewable or low-carbon electricity

"Group adjusted EBITDA refers to the consolidated current operating result before amortisation and provisions, before charges linked to equity-based compensation and before fair value adjustment on derivative financial adjustments

"Group adjusted EBITDA margin" refers to the ratio of "Adjusted EBITDA / Revenue"

"IFRS Financial Statements" refers to the interim financial statements produced by the Company for the period from 1 January 2024 to 30 June 2024 in accordance with IFRS standards as adopted by the European Union

"Interim Financial Statements" refers to the interim condensed financial statements produced by the Company for the period from 1 January 2024 to 30 June 2024 in accordance with French accounting standards

"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

"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

"Total installed capacity" refers to the cumulative maximum capacity of Group production units in the Operations stage

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