IFRS financial statements of Haffner Energy SA

Half-Year Financial Report ended September 30, 2023

PROFIT AND LOSS ACCOUNT

In k€	Notes	30/09/2023	30/09/2022
Turnover	6.2	(343)	-
Other income	6.3	18	18
Purchases consumed		0	
Non-stock purchases and supplies	6.4	(345)	(99)
Other purchases and external expenses	6.4	(1,869)	(1,405)
Staff costs	6.5.2	(2,996)	(2,035)
Depreciation of property, plant and equipment, intangible assets and rights of use	8	(1,956)	(134)
Change in inventories of goods in production and finished goods		417	-
Other income and expenses		3,544	(1,587)
Operating profit		**(3,531)**	**(5,242)**
Financial income	7	236	-
Financial expenses	7	(40)	(36)
Net financial result		**196**	**(36)**
Share in the result of the company accounted for using the equity method (net of tax)		-	-
Profit before tax		**(3,335)**	**(5,278)**
Income tax	8.1	2	4
Net result for the year		**(3,333)**	**(5,274)**
Profit for the period attributable to:			
Company owners		(3,333)	(5,274)
Non-controlling interests		-	-
Earnings per share			
Basic earnings per share (in euros)	16.2	(0.08)	(0.12)
Diluted earnings per share (in euros)	16.2	(0.08)	(0.12)

STATEMENT OF COMPREHENSIVE INCOME

In k€	Notes	30/09/2023	31/03/2023
Net income for the period		**(3,333)**	**(16,461)**
Other comprehensive income			
Revaluation of defined benefit liabilities (actuarial gains and losses)		13	11
Related tax		(3)	(3)
Equity investment associates - share of other comprehensive income (actuarial gains and losses, net of tax)			
Total items not subsequently reclassified to profit or loss		**10**	**8**
Total items to be reclassified to profit or loss in the future		**-**	**-**
Other comprehensive income for the year, net of tax		**-**	-
Overall income for the period		**(3,323)**	**(16,453)**
Comprehensive income for the period attributable to:			
Company owners		(3,323)	(16,453)
Non-controlling interests		-	-

Balance sheet

In k€	*Note*	30/09/2023	31/03/2023
Intangible assets	10.1.	9,530	7,951
Goodwill	9.	497	
Tangible assets	10.2.	806	276
Rights of use	11.	959	375
Financial assets	12.	248	281
Deferred tax assets		44	24
Other non-current assets		-	-
Non-current assets		**12,085**	**8,907**
Inventories and work-in-progress	13.	6,422	250
Accounts receivable	14.	1,002	87
Current customer contract assets	14.	177	541
Current tax receivables		-	-
Other current assets	14.	9,848	11,646
Cash and cash equivalents	14.	21,007	35,476
Current assets		**38,456**	**48,000**
Total assets		**50,541**	**56,907**

		30/09/2023	31/03/2023
Share capital	16.1	4,469	4,469
Share premium	16.1	58,682	58,682
Other reserves		582	797
Carried forward		-	-
Retained earnings		(30,412)	(27,061)
Other comprehensive income		-	-
Net investment grants - non-current		-	-
Equity attributable to the owners of the Company		**33,321**	**36,887**
Non-current loans and financial debts	17.	2,069	3,242
Non-current lease liabilities	11 & 17.	485	223
Defined benefit liabilities	6.5.3.	91	66
Non-current provisions	17.	-	-
Other non-current liabilities	18.	752	630
Non-current liabilities		**3,397**	**4,161**
Current loans and financial debts	19.	2,256	1,501
Current lease liabilities	11 & 19.	450	181
Trade payables	20.	3,570	4,432
Current customer contract liabilities (deferred income)	20.	1,934	1,500
Current provisions	17.	1,973	5,820
Other current liabilities	20.	3,639	2,425
Current liabilities		**13,821**	**15,859**
Total liabilities		**17,219**	**20,020**
Total equity and liabilities		**50,541**	**56,907**

STATEMENT OF CHANGES IN EQUITY

In k€	Equity	Share premium	Other reserves	Retained earnings	Total
Situation as of March 31, 2022	**4,469**	**58,682**	**23**	**(8,921)**	**54,253**
Impact of changes in accounting method				-	-
Net income for the period				(5,274)	(5,274)
Other comprehensive income for the period				6	6
Share-based payments				361	361
Overall result for the period	**-**	**-**	**-**	**(4,908)**	**(4,908)**
Capital increases	-	-			-
Changes in treasury shares				(176)	(176)
Share-based payments					-
Total transactions with owners of the Company	**-**	**-**	**-**	**(176)**	**(176)**
Situation as of September 30, 2022	**4,469**	**58,682**	**23**	**(14,005)**	**49,170**
Situation as of March 31, 2023	**4,469**	**58,682**	**797**	**(27,061)**	**36,887**
Impact of changes in accounting method				-	-
Net income for the period				(3,333)	(3,333)
Other comprehensive income for the year				2	2
Share-based payments					-
Overall result for the period	**-**	**-**	**-**	**(3,332)**	**(3,332)**
Capital increases	-	-			-
Changes in treasury shares				(20)	(20)
Share-based payments			(215)		(215)
Total transactions with owners of the Company	**-**	**-**	**(215)**	**(20)**	**(234)**
Situation as of September 30, 2023	**4,469**	**58,682**	**582**	**(30,412)**	**33,321**

CASH FLOW STATEMENT

In k€	Note	30/09/2023	31/03/2023
Net income for the period		**(3,333)**	**(16,461)**
Adjustments for :			
- Depreciation of fixed assets and rights of use	11.-12.	1,956	520
- Net financial result	7.	36	71
- Share in the result of the company accounted for using the equity method (net of tax)		-	-
- Profit or loss on disposal of fixed assets		75	597
- Income tax	8.	(2)	(13)
- Income and expenses related to share-based payments		(215)	*773*
- Other items		(4,339)	3,497
Total adjustments		**(2,488)**	**5,446**
Total cash flow from operations		**(5,821)**	**(11,015)**
Variations in :			
Impact of changes in trade & work in progress		(5,765)	(250)
Impact of changes in trade & other receivables		1,398	(9,210)
Impact of changes in trade & other payables		655	4,001
Total changes		**(3,712)**	**(5,459)**
Cash flow from operating activities		**(9,533)**	**(16,475)**
Taxes paid		-	(382)
Net cash flow from operating activities		**(9,533)**	**(16,857)**
Impact of changes in the scope of consolidation		(250)	-
Acquisition of tangible and intangible assets	10.	(3,832)	(5,970)
Proceeds from disposal of tangible and intangible assets		-	-
Investment grants	18.	-	-
Increase in financial assets	12.	-	(108)
Decrease in financial assets		33	-
Interest received		-	-
Net cash used in investing activities		**(4,049)**	**(6,078)**
Capital increase	16.3	(20)	(1,685)
Proceeds from long-term borrowings and financial debt	19.	-	81
Repayment of long-term borrowings and financial debt	19.	(834)	(1,342)
Interest paid		(37)	(72)
Net cash flow from financing activities		**(890)**	**(3,018)**
Net change in cash and cash equivalents		**(14,473)**	**(25,953)**
Cash and cash equivalents at April 1	15.	35,476	61,429
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at March 31	**15.**	**21,004**	**35,476**

1. Description of the Company and the business

Haffner Energy ("the Company" or "Haffner Energy") has been a French player in the energy transition for 30 years.

Haffner Energy designs and provides technologies and services enabling its customers to produce green hydrogen and renewable gas to replace natural gas, while capturing carbon through the co-production of biochar. Its Hynoca® and Synoca® processes, based on biomass thermolysis and protected by 14 patent families, are marketed for industrial and mobility applications. The company is also developing a new Safnoca® offering of sustainable aviation fuel (SAF).

Haffner Energy operates through:

- research, design, construction, realization and marketing of facilities for the production of renewable gas and green hydrogen from biomass thermolysis;
- all the technical studies and then the installation of machines, equipment and complete modules for production of renewable gas and green hydrogen;
- associated services, such as the maintenance of the equipment sold and the supply of biomass.

These half-yearly IFRS financial statements include the accounts of Haffner Energy as well as the investment in equity associates in R-Hynoca, which is 15% owned as of September 30, 2023 and is under the significant influence of Haffner Energy. Also included is Jacquier, 100% of which was acquired on June 13, 2023, and which has been fully consolidated as of July 1, 2023.

2. Basis of preparation

The IFRS financial statements of Haffner Energy for the six-month period have been prepared on the basis of the individual financial statements as of September 30, 2023, and have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and interpreted by the IFRS *Interpretations Committee and the Standard Interpretations Committee* as of September 30, 2023.

They do not include all the information required for full annual financial statements and should be read in conjunction with the latest annual financial statements prepared in accordance with the IFRS framework as adopted by the European Union for the year ending March 31, 2023 of the Company.

With regard to the treatment of events occurring after the dates on which the financial statements for each of the years presented were prepared, events occurring between September 30, 2023 and the date on which the IFRS financial statements were closed have been treated in accordance with IAS 10 " Post-closing events". These events are described in Note 4 "Post-closing events ", which presents the significant events that occurred during the abovementioned period.

2.1. Declaration of conformity

The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and applicable to the years covered by the accounts.

All the texts adopted by the European Union are available on the European Commission's website at the following address: https://eur-lex.europa.eu/legal-content/EN/TXT/

2.2. Evolution of the accounting framework

The following new standards, amendments and interpretations, which are mandatory for accounting periods beginning on January 1, 2023, do not have a material impact on the financial statements:

- Amendment to IAS 1 related to disclosures of material accounting policies,
- Amendment to IAS 8 related to accounting estimates,
- Amendment to IAS 12 related to assets and liabilities arising from a single transaction.

In addition, the Company did not choose to early adopt the standards, amendments and interpretations that will be mandatory on or after January 1, 2024.

The expected impacts of these amendments are not considered significant.

2.3. Use of estimates and judgments

In preparing these half-year financial statements, Management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual values may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new circumstances, if any arises. The impact of changes in estimates is recognised prospectively.

Assumptions and estimation uncertainties

Information on judgments and uncertainties related to the application of accounting policies that have the most significant impact and involve a risk of material adjustment to the carrying amounts of assets and liabilities on the amounts recognized in the financial statements are disclosed in the following notes:

- Note 4.1 – Ongoing discussions on the execution of contracts with Carbonloop.
- Notes 10.1 and 10.3 – Capitalized development costs: assessment of recoverability.
- Note 12 – Trade receivables and other current assets: assessment of their recoverability and evaluation of impairment.
- Note 17 – Provisions and contingent liabilities.

2.4. Basis of assessment

The financial statements are prepared on the historical cost basis.

2.5. List of consolidated companies

Company name	Country	% control	Consolidation method
Haffner Energy	France	-	Parent company
Jacquier	France	100%	Fully consolidated
R-Hynoca	France	15%	equity method

2.6. Business continuity

Haffner Energy will persist in having substantial short-term financing requirements to sustain the ongoing structuring of its future growth (covering salaries and overheads) and to invest in the rollout of its R&D. The company's capability to generate cash flows, meeting or exceeding its future needs, is contingent on its ability to effectively market its products and solutions. This involves swiftly converting its potential prospects pipeline into confirmed orders and subsequently executing them profitably.

The company has conducted a targeted assessment of its liquidity risk and believes it will have enough cash to fund its operations for the next 12 months. This outlook is based on the action plan initiated by management, which involves achieving savings, ongoing negotiations with specific suppliers, and either i) converting a portion of its pipeline into contracts, resulting in immediate advance payments upon signature, or ii) exploring additional sources of financing.

2.7. Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional currency. Amounts are rounded to the nearest thousand euros, unless otherwise stated.

There are no foreign currency transactions.

3. Significant events of the first half of the 2023/2024 fiscal year

3.1. 3.1 Expanding the product offering to include high-power renewable gas and sustainable aviation fuel

Haffner Energy's groundbreaking biomass thermolysis technology and its derived solutions have the potential to provide a versatile response to the increasing demands for decarbonization. This not only opens up new development opportunities, but it also goes beyond renewable hydrogen, whose deployment has faced delays. Considering the sharp increase in the cost and volatility of natural gas, the Company has taken action to create new offerings based on its technology. The aim is to seize the market for renewable gas as a substitute for fossil natural gas and sustainable aviation fuel (SAF) as an alternative to fossil kerosene.

By expanding the product portfolio, these innovative offerings have reshaped commercial priorities. The renewable gas offering (Synoca®) addresses immediate and often urgent needs, while a syngas offering targets the production of sustainable aviation fuel for the longer term.

Haffner Energy is now actively engaged in three primary markets, each with distinct horizons:

Sales outlook: *Short-term* / *Middle-term* / *Long-term*

	HYNOCA® To replace fossil hydrogen with renewable hydrogen	**SYNOCA®** To replace fossil natural gas with renewable synthetic gas (Hypergas®)	**SAFNOCA®** To replace fossil kerosene with sustainable aviation fuel (SAF) via a renewable precursor gas
Industry	Targeted customers: **companies using hydrogen for their industrial processes**: refining, oil industry, glassmaking, steelmaking, methanol production, chemicals ...	Targeted customers : **industries using natural gas as an energy carrier**: metallurgy, glassmaking, ceramics, textiles, paper mills, brickworks, food processing, petrochemicals...	NA
Mobility Light-duty vehicles	Targeted customers: Public or private H2 distributors	NA	NA
Heavy-duty vehicles	Targeted customers: Public or private H2 distributors	NA	
Aviation	Targeted customers: **Operators of future H2 aircraft** (post 2035) for short and medium-haul routes	NA	Targeted customers: Energy distributors, airlines, energy providers, airports... MOU (Partnership agreements) Projects

The deployment of the HYNOCA® solution, aimed at producing renewable hydrogen as a substitute for fossil hydrogen, has faced delays in a market evolving slower than anticipated, particularly since the Company's IPO in February 2022 (before the conflict in Ukraine). This situation is impeding the conversion of the project pipeline into firm contracts and is evident in the ongoing discussions concerning contracts with Carbonloop, the execution of which has been temporarily halted. Additionally, the R-Hynoca contract has been terminated (please, refer to post-closing events). At the same time, Haffner Energy has received new expressions of interest in the potential of its technology, both in France and in the United States, where discussions are ongoing for 12 hydrogen projects.

The SYNOCA® solution, designed to replace fossil natural gas with renewable synthesis gas (Hypergas®), has been enhanced with a more powerful offering, available in a 10MW format and beyond. This economically competitive option compared to natural gas is entirely renewable and easy to install both technically (requiring no significant modification of existing industrial tools) and administratively. It has become the top commercial priority in Europe's substantial industrial market, consisting of 14,000 consumers of fossil natural gas for their industrial thermal needs, heating networks, or independent power generation. The anticipated development of this solution, officially launched in October 2023, is expected to, at the very least, offset the short-term slowdown observed in the renewable hydrogen market.

The SAFNOCA® solution, launched in July 2023, marks a crucial stride in replacing fossil kerosene with sustainable aviation fuel (SAF) and decarbonizing air transport without the need for fleet replacement. It stands out as the sole solution currently recognized for effectively addressing the abundant and diverse solid biomass deposits required to meet SAF challenges. Haffner Energy has garnered substantial interest from key players in the sector, and preliminary Memorandums of Understanding (MOUs) are in active discussions, poised for signing in the near future in both Europe and the United States. The goal is to commence mass production of SAF starting in 2026. An External Relations and Partnerships department has been set up over the half-year to manage the identification and formation of partnerships in this specific area of business.

In terms of geography, Haffner Energy has made significant strides to enhance its commercial presence in two primary regions: Europe, with a primary focus on SYNOCA® given the context of energy independence and the imperative to decarbonize industry; and the United States, where emphasis is placed on SAFNOCA® and HYNOCA® due to heightened market interest, easier access to biomass, and regulations offering greater incentives for decarbonization. A dedicated organization has been established for this region: the company has become a part of the Greentown Labs community of tech companies in Houston, the energy capital of the world, where it has an address and an office, as well as a wide range of services at its disposal.

3.2. Continued operation of the Strasbourg industrial demonstrator, enabling technological progress

Haffner Energy's patented biomass thermolysis technology has continued to progress thanks to ongoing tests on the industrial demonstrator installed since mid-2021 in Strasbourg as part of the R-Hynoca contract, which is currently in an intermediate phase, not invoiced to the customer.

Over the half-year, the following results were recorded on this demonstrator:

- Production of renewable synthesis gas: stable production for up to 100 hours in a row (the plant is shut down at weekends), consistent and compliant gas quality.
- Concurrent production of renewable hydrogen of mobile quality (99.97% pure).
- Production of biochar with properties chemically in line with existing certifications (European Biochar Certificate, Puro Earth, Verra).

3.3. Carbonloop contract execution

Carbonloop and Haffner Energy signed a commercial contract in October 2021, defining the partnership between the two companies. As part of this agreement, an advance payment of €1.5 million was made to Haffner Energy by Carbonloop in January 2022. An initial order for a SYNOCA® unit was signed in September 2022, followed by two HYNOCA® orders in March 2023, for a total of €14.9 million. The first invoicing settlements were charged against the aforementioned down payment of €1.5 M, which was fully cleared by March 31, 2023.

⇨ Evolution of the SYNOCA® contract signed in September 2022

In April 2023, an amendment to the contract was signed, adding an extra option worth €0.3 million. The contract proceeded as planned, and the initial equipment was manufactured and delivered to Jacquier, with invoicing taking place in September 2023.

⇨ Evolution of the two HYNOCA® contracts signed in March 2023

Execution of the initial contract for supplying a hydrogen station kicked off with the development of civil engineering plans, which were completed and handed over to the customer, leading to invoicing in early October. There was no activity or financial transactions during the first half of the year related to the second contract.

The fulfillment of performance criteria by July 31, 2023, for the demonstrator installed at the R-Hynoca site in Strasbourg was a prerequisite for the finalization of advance payments and the continuation of both HYNOCA® contracts. These performance tests were conducted in mid-July, and the results, deemed conclusive and in line with Haffner Energy's commitments, are now under dispute by Carbonloop. Subsequent discussions between the two parties have taken place regarding the future of the complete order book with Carbonloop. *Please, refer to post-closing events for further details.*

3.4. Start of industrialization with the acquisition of Jacquier and the launch of the Gigafactory project

On June 13, 2023, Haffner Energy acquired Jacquier, a family business specializing in industrial boilermaking and general mechanics located in the Marne region of France. This acquisition follows on from a partnership entered into with Jacquier since 2017 to manufacture and assemble strategic equipment for the hydrogen and renewable gas production modules developed by Haffner Energy. Housed in a 2, 500 sq.m. building, the Jacquier company now has seven overhead travelling cranes and a machine park of 23 units operated by eight employees. This acquisition of 100% of the shares and the industrial building, carried out for €880,000, is fully consolidated in Haffner Energy's accounts as of July 1, 2023.

HAFFNER ENERGY's strong commitment to scaling its decarbonization technology and solutions is further underscored by a broader initiative—the launch of a project for a high-capacity assembly plant, as initially disclosed by the Company during its IPO in February 2022. This Gigafactory, which was submitted as a proposal to the France 2030 "Première Usine" call for projects by Bpifrance in the fall of 2022, has been successfully chosen. The project is set to receive €5.9 million in financing, with 60% allocated as subsidies and the remaining 40% as repayable advances, to be paid in instalments starting in November 2023.

3.5. Further structuring and roll-out of a CSR policy

Over the 18 months since the Company's IPO, significant progress has been made in accelerating its organizational development and establishing the necessary foundations for growth. As part of this process, Haffner Energy recruited a large number of new staff, particularly in sales and operations. As a result, the Company's headcount, which stood at 25 at March 31, 2022, had risen to 72 by March 31, 2023, and 88 by September 30, 2023 (including 7 Jacquier employees). This initial hiring phase is now complete.

At the same time, with the support of the CSR Committee, Haffner Energy has begun to roll out a CSR policy and has identified avenues for progress outlined in an action plan focusing on the following areas:

- Social policy: emphasis on equal opportunities and internal promotion (12% of employees changed jobs during the 2022-2023 financial year), greater diversity within teams (4% of employees with disabilities, 13 different nationalities), and stable gender distribution in a context of strong growth, with a notable increase in the proportion of women in managerial positions;
- Business ethics policy: all employees and key partners have signed charters aimed at preventing and combating corruption, respecting human rights and labor legislation, and audits have been set up to monitor their effective application;
- Biodiversity management: impact assessment of biomass harvesting on the soil, impact assessment of the company's own facilities on biodiversity;
- Environmental policy: implementation of an Environmental Management System with the eventual aim of ISO 14001 certification.

The Company underwent an ESG assessment by the independent body EthiFinance, an innovative European rating, research and advisory group serving sustainable finance. EthiFinance's analysis assessed the progress of Haffner Energy's performance over the last three years and on four levers: governance, environment, social, and finally stakeholders. For 2022, Haffner Energy received an overall score of 67/100, up significantly on 2021 (48/100), broken down as follows: 61/100 for governance, 71/100 for social issues, 57/100 for the environment and 100/100 for external stakeholders.

4. Post-closing events

4.1. Ongoing discussions with Carbonloop regarding contract execution

As explained in section 1.C, discussions are currently underway with Carbonloop on the execution of signed contracts, putting the order backlog of €14.9 million with this customer at risk as of September 31, 2023. Since the end of September 2023, Haffner Energy has not incurred any costs or study hours.

Given the uncertainty surrounding the outcome of these discussions, it has been decided not to include any progress on these contracts in the financial statements as of September 30, 2023. As a reminder, sales of €303k under the percentage-of-completion method had been recognized on the SYNOCA® contract as of March 31, 2023, along with a loss on completion of €1,104k. Work carried out during the half-year (development hours and external engineering studies) was capitalized for €417k and depreciated at 100%, resulting in a €275k reversal of the loss on completion.

As of September 30, 2023, net balance sheet exposures were as follows:

- Accounts receivable of 1.048 million euros, overdue and unpaid at the date of this report;
- Deferred income of 1.934 million euros;
- Loss on completion of 1.429 million euros.

4.1. Termination of R-Hynoca contract and installation of a new-generation industrial demonstrator on a site owned by Haffner Energy

On December 13, 2023, R-Hynoca and Haffner Energy mutually agreed to terminate the turnkey contract that was to have produced 720 kg of renewable hydrogen per day in Strasbourg by 2024. This termination was accompanied, as contractually agreed, by the repayment of the balance of K€ 461 of phase 1, booked in sales in previous years, and the cancellation of phase 2 in the amount of K€ 2,854 with a deficit of K€ 4,084.

In the context of this termination, Haffner Energy will set up a new-generation demonstrator at its Marolles site, 3 km from its head office. The purposes of this new demonstrator will be to qualify the biomasses of the Company's customers, to train its own staff and those of its customers, and to improve its feedback. Commissioning is scheduled for the end of the first quarter 2024, and its operation will be doubled in the first half of 2024 by that of the Strasbourg module. Most of the investment for the new demonstrator has already been made, and its installation at the Marolles site will begin in January 2024. The module set up in Strasbourg will be, for his part, shut down by June 30, 2024 at the latest, and dismantled from July 1, 2024.

The termination of the turnkey contract is accompanied by the termination of R-Hynoca shareholders' agreement and license agreement between R-Hynoca and Haffner Energy, and the withdrawal of Haffner Energy from the capital of R-Hynoca, in which it held a 15% stake. The commissions on sales under the above-mentioned agreement until 2039, are replaced by a lump-sum settlement by Haffner Energy to R-Hynoca of a lump sum of 3 million euros, spread over the period from signature to December 31, 2026. The cancellation of these commissions, whose cumulative amount should have been around 9M€ by 2027 based on the forecast sales growth trajectory, will significantly improve Haffner Energy's EBITDA as from the financial years ending March 31, 2025. This transaction will be recorded in the accounts for the second half of 2023/2024.

This reorientation is positive for the Company, which from an operational standpoint, will now be able to benefit from full control of a demonstrator on its own site, facilitating long endurance tests while reducing logistics costs.

The effects of terminating the R-Hynoca contract have been reflected in the financial statements for the year ending September 30, 2023, with the following impacts:

- Cancellation of sales amounting to -€461k recognized in previous years;
- Impairment of the industrial module and associated dismantling costs totaling -€1,532k;
- Reversal of the loss on completion of €4,084k.

The consequences of the termination of the pact and license agreement will be recorded in the financial statements in the second half of the year ending March 31, 2024, as the negotiations relating to this event took place after September 30, 2023.

5. Equity method participation in project companies

5.1. Participation in the company R-Hynoca

Haffner Energy has held 15% of the shares of R-HYNOCA since its creation on June 26, 2019, these shares constituting a contribution in kind, for an amount of €15k, of an exclusive license to use and exploit patents protecting the HYNOCA® process for the production of hydrogen.

It was concluded that Haffner Energy exercised significant influence over R-HYNOCA based on the following:

- ✓ Haffner Energy is a member of the R-HYNOCA Board of Directors,
- ✓ Haffner Energy has granted an exclusive license to R-HYNOCA and conducts sales transactions with them.

R-Hynoca finalizes its accounts as of December 31, with an initial closing as of December 31, 2020.

As of December 31, 2022, the company reported a loss of €108k, and negative shareholders' equity amounted to -€1,534k.

By September 30, 2023, Haffner Energy's share (€114k) of R-Hynoca's losses exceeded the carrying amount of its investment in the company (€15k). In line with IAS 28.38, the investor has consequently ceased to recognize its share of the losses up to €15k.

According to IAS 28.39, the additional losses have not been acknowledged as a liability since Haffner Energy holds no legal or constructive obligation in this regard and has not made any payments on behalf of R-Hynoca.

5.2. Interests in the project companies Pôle du Bourdonnais and SAS AEVHC

During the period ending March 31, 2022, Haffner Energy invested in the capital of two project companies, SAS Pôle du Bourbonnais and SAS AEVHC, at the time of their establishment. The company holds a 10% stake in both entities, with half of the capital paid up as of March 31, 2022. Haffner Energy serves on the Supervisory Boards of both companies and takes part in voting on their budgets, indicating significant influence. An additional capital injection was made into SAS Pôle du Bourbonnais in the fiscal year ending March 31, 2023.

During the year ended March 31, 2023, Haffner Energy subscribed to the capital of ECOH2 CVL, in which it holds a 10% stake. The shareholders' agreement is currently being drawn up.

As of September 30, 2023, no activity had been recorded by these companies.

6. Operational data

6.1. Segment information

Haffner Energy's entire activity is based on the unique processes, SYNOCA® and HYNOCA®, that it is developing to produce renewable gas and green hydrogen.

Under IFRS 8, the Company operates in a single operating segment and all of its business and assets are currently located in France.

6.2. Sales figures

In k€	30/09/2023	30/09/2022
Production of Hynoca units	(461)	-
Sundry income from Jacquier sales	118	
Total sales	**(343)**	**-**

Haffner Energy recognizes its revenues in accordance with IFRS 15.

In the first half ending September 30, 2023, the Company reported negative sales of -€343k, comprising:

- A sales cancellation of €461k associated with the termination of the R-Hynoca contract (please, refer to note 4.2).
- Sales of €118k generated by Jacquier through the sale of boiler-making equipment.

As of September 30, 2023, the order book stood at €14,926k and comprised the 3 contracts signed with Carbonloop during the 2022/23 financial year (see notes 3.3 and 4.1). Phase 2 of the R-Hynoca contract, worth €2,854k, has been removed from the order book (see note 4.2).

6.3. Other income

As of September 30, 2023, other income includes income from subsidies.

As of September 30, 2022, other income consisted of income from the termination of finance leases.

In k€	30/09/2023	30/09/2022
Licensing	-	-
Other products	18	18
Total other products	**18**	**18**

6.4. Operating expenses

Operating expenses break down as follows:

In k€	30/09/2023	30/09/2022
Purchase of studies	(207)	(51)
Non-stock purchases of materials and supplies	(138)	(48)
Total non-stock purchases and supplies	**(345)**	**(99)**
Subcontracting of studies, engineering and maintenance	(22)	-
Rentals	(170)	(168)
Maintenance and repairs	(146)	(35)
Remuneration of intermediaries and fees	(612)	(542)
Travel and mission expenses	(265)	(89)
Advertising and communications	(26)	(54)
Other external expenses	(628)	(517)
Total purchases and external charges	**(1,869)**	**(1,405)**
Total depreciation of fixed assets and rights of use	**(1,956)**	**(134)**
Taxes	(168)	(39)
Other income and expenses	3,712	(1,548)
Total other income & expenses	**3,544**	**(1,587)**

As of September 30, 2023, external purchases and expenses totaled €1,869k (€1,405k as of September 30, 2022). They include fees of €612k (recruitment, lawyers and consultants) and other external expenses of €628k (notably temporary or seconded staff).

Depreciation of fixed assets and rights of use mainly comprise the depreciation of the demonstration module (please, refer to note 4.2).

Other expenses break down as follows:

In k€	30/09/2023	30/09/2022
Net operating provisions	3,902	(903)
Net impairment of current assets	-	-
Other income and expenses	(190)	(644)
Other income and expenses	**3,712**	**(1,548)**

As of September 30, 2023, net charges to operating provisions correspond mainly to the reversal of losses on completion amounting to €4,359k (refer to notes 4.1 and 4.2) and to the write-down of work-in-progress amounting to €417k. Other income and expenses include directors' fees of €200k.

As of September 30, 2022, they mainly include €923k in provisions for losses on completion (additional losses on completion of phase 2 of the R-Hynoca contract and losses on completion of the Carbonloop contract), €362k in patent registration fees and €250k in directors' fees.

6.5. Personnel and staffing

6.5.1. Workforce

The average number of employees rose by 46, including 2 due to the acquisition of Jacquier, a company with 7 employees. In addition, the Company has continued its major recruitment plan to support and structure its strong future growth.

	30/09/2023	30/09/2022
Managers	54	25
Non-managers	24	7
Average headcount over the period	**78**	**32**

6.5.2. Personnel costs

Personnel expenses are analyzed as follows:

In k€	30/09/2023	30/09/2022
Wages and salaries	(2,172)	(1,085)
Social contributions	(742)	(343)
Termination benefits	(37)	
Expenses for defined contribution post-employment plans	(193)	(134)
Expenses for defined-benefit post-employment benefit plans	2	(33)
Equity-settled share-based payments	227	(411)
Other personnel expenses	(81)	(29)
Total	**(2,996)**	**(2,035)**

Share-based payments settled in equity instruments for an amount of +€240,000 correspond to the portion of the free share plan granted on April 22, 2022 recorded over the period.

6.5.3. Employee benefits

The change in the present value of the retirement benefit obligation is as follows:

In k€	Defined benefit obligations 30/09/2023	Defined benefit obligations 30/09/2022
Balance as of April 1	**(65)**	**(33)**
Change in scope of consolidation	**(30)**	
Impact of changes in accounting method		
Recognized in net income		
Cost of services for the year	2	(33)
Financial cost for the year	-	
Included in other comprehensive income		
Loss (gain) on liability revaluation (actuarial gain/loss)	2	7
Total	**(26)**	**(26)**
Other		
Benefits paid		
Total		
Balance as of September 30	**(91)**	**(59)**

The Company applies the IFRIC decision dated May 2021 regarding the method of calculating the liability for certain defined benefit plans.

The main actuarial assumptions used at the balance sheet date are as follows:

	30/09/2023	30.09.22
Discount rate	4.06%	3.30%
Rate of wage increase	1.00%	1.00%
Turnover	1.57%	1.57%
Retirement age	64 years old	62 years old
Mortality table	Table 2018-2020	Table 2015-2017

7. Financial result

The Company's financial income and expenses include:

In k€	30/09/2023	30/09/2022
Interest expense on borrowings	(26)	(32)
Interest expense on lease liabilities IFRS 16	(10)	(4)
Other net financial expenses	(4)	-
Total financial expenses	**(40)**	**(36)**
Total financial income	**236**	**-**
Financial result	**196**	**(36)**

8. Income taxes

8.1. Income tax expense

In k€	30/09/2023	30/09/2022
Tax payable	-	-
Deferred tax	2	8
Tax on corporate value added	-	(5)
TOTAL	**2**	**4**

Deferred taxes have been determined on the basis of the 25% corporate tax rate applicable in France from January 1, 2022.

8.2. Uncertainty of tax treatment

The Company has not identified any significant uncertainties relating to the tax treatment of income taxes.

9. Goodwill

The Company adheres to the revised IFRS 3 standard concerning the acquisition of assets and the assumption of liabilities constituting a business. On the acquisition date, the Company measures and recognizes the difference between:

- The purchase price of the acquired company, plus the amount of minority interests in the acquired company,
- The balance of identifiable assets and liabilities assumed.

The acquisition date is the point at which the Company effectively gains control of the acquiree. In June 2023, the Group acquired Jacquier for €370k. In the September 30 financial statements, provisional goodwill of €497k was acknowledged, representing the disparity between the acquisition price and Jacquier's negative net worth of €127k.

Haffner Energy has a 12-month window post-acquisition to finalize the allocation of this goodwill, which was not realized in the September 30, 2023 financial statements.

10. Intangible and tangible assets

10.1. Intangible assets

The intangible assets break down as follows:

In k€	31/03/2023	Acquisitions	Disposals	Reclassifications	Allocation for the period	30/09/2023
Concessions, patents & similar rights	978	24	-	38	-	1,040
Development costs	4,054	-	-	-	-	4,054
Ongoing development costs	3,172	3,245	(75)	-	-	6,343
Other intangible assets	-	-	-	-	-	-
Intangible assets (gross value)	**8,204**	**3,270**	**(75)**	**38**	**-**	**11,437**
Amortization of trademarks, patents and similar rights	(209)	-	-	(38)	(59)	(306)
Impairment of development costs	-	-	-	-	(1,532)	(1 532)
Other intangible assets impairment	(44)	-	-	-	(25)	(69)
Other intangible assets impairment	-	-	-	-	-	-
Depreciation of intangible assets	**(253)**	**-**	**-**	**(38)**	**(1,616)**	**(1 907)**
Total net value	**7,951**	**3,270**	**(75)**	**-**	**(1,616)**	**9,530**

Changes in intangible assets reflect the development costs incurred by the Company in connection with the Hynoca process. This notably includes the acquisition of €1,703k in parts for the new demonstrator to be installed at Marolles (please see notes 4.3) and €2,122k in design, testing, and manufacturing costs for this new-generation module. As of September 30, 2023, CIR deducted from capitalized development costs amounted to €841k.

An ERP implementation project incurred costs of €200k, which have been capitalized as development costs. The impairment of development costs of €1,532k corresponds to the planned cessation of operation of the Strasbourg demonstrator, adjusted for the CIR charge. The termination of the R-Hynoca contract (see notes 4.2) entails the removal of the module by June 30, 2024, at the latest, and the write-down of the share of assets not considered to be at the heart of R&D for the Hynoca solution. This includes the acquisition cost from R-Hynoca of the 1st generation demonstrator amounting to €700k, €912k of non-reusable parts, and €356k of manufacturing hours, of which €435k CIR has been deducted.

10.2. Property, plant and equipment

The property, plant and equipment can be broken down as follows:

In k€	31/03/2023	Acquisitions	Disposals	Reclassifications	Depreciation during the period	30/09/2023
Land	-	92	-	-	-	92
Facilities	-	208	-	-	-	208
Other industrial plant, machinery & equipment	182	205	-	266	-	653
Fixtures	-	-	-	-	-	-
Office furniture	-	-	-	-	-	-
Hardware	107	24	-	12	-	143
Other tangible assets	284	33	(6)	34	-	346
Property, plant and equipment (gross value)	**573**	**563**	**6)**	**312**	**-**	**1,442**
Depreciation of buildings	-	-	-	-	(4)	(4)
Depreciation of other technical installations, equipment & tools	(87)	-	-	(253)	(27)	(368)
Depreciation Fixtures	-	-	-	-	-	-
Depreciation of office furniture	-	-	-	-	-	-
Depreciation of hardware	(47)	-	-	(11)	(16)	(74)
Depreciation of other property, plant and equipment	(163)	-	6	(13)	(24)	(193)
Depreciation of property, plant and equipment	**(297)**	**-**	**6**	**(277)**	**(67)**	**(635)**
Total net value	**276**	**563**	**-**	**35**	**(67)**	**806**

Acquisitions made as of September 30, 2023 correspond mainly to the acquisition of the Jacquier building and industrial equipment.

10.3. Impairment testing

The discount rate applied as of September 30, 2023, to discount future cash flows is 18%. The operational assumptions (revenue, margins, cash flow forecasts) considered for the impairment test align with the data from the Business Plan presented to the Board of Directors. They also account for the expansion of the product offering to include high-power renewable gas and sustainable aviation fuel initiated by the Company. Impairment tests conducted for the fiscal year did not result in the recognition of any impairment loss on the technologies in progress.

11. Leases

In the course of its business, the Company rents premises, vehicles and equipment:

- ✓ 3 property leases (3-6-9)
- ✓ vehicle rental contracts with a duration exceeding 24 months
- ✓ equipment rental contracts for R&D

- ✓ office and IT equipment leases and software leases

Short-term exempted contracts correspond mainly to construction equipment leases, one-off property leases, small R&D equipment leases and software leases.

The contracts exempted for low value correspond mainly to telephony contracts.

These contracts represent expenses of €170k as of September 30, 2023 and €166k as of September 30, 2022, included in the "rent" item.

The rights of use are broken down as follows:

In k€	Facilities	Vehicles	Materials	TOTAL
Balance as of March 31, 2023	**263**	**103**	**10**	**375**
Inclusion of depreciation in the scope of consolidation	-	-	(559)	(559)
Recognition of rights of use	-	-	945	945
Depreciation charge for the period	(202)	(37)	(33)	(273)
Write-back of depreciation for the period	131	-	-	131
Additions to "rights of use" assets	444	53	0	497
Derecognition of "rights of use" assets	(156)	(0)	-	(156)
Balance as of September 30, 2023	**478**	**119**	**363**	**960**

In addition, the related impacts on the income statement and in terms of cash flows are as follows:

- Amounts recognized in net income

In k€	30/09/2023	30/09/2022
Interest expense on lease liabilities	(10)	(4)
Depreciation expense for the year	(273)	(73)
Expenses on short-term leases	(162)	(128)
Expenses related to leases on low-value assets, excluding short-term leases on low-value assets	(3)	(5)
Balance as of September 30, 2023	**(447)**	**(210)**

- Amounts recognized in cash flow:

In k€	30/09/2023	30/09/2022
Total cash outflow from leases	**(297)**	**(55)**

12. Non-current financial assets

Non-current financial assets break down as follows:

In k€	30/09/2023	31/03/2023
Investments in equity associates	23	23
Deposits and guarantees paid	225	258
Other non-current financial assets		
Non-current financial assets	**248**	**281**

Investments in companies accounted for by the equity method include the 15% stake in R-Hynoca, which has been fully written down (see 5.1), and the stake in the companies Pôle du Bourbonnais and AEVHC (5.2).

13. Inventories

In k€	30/09/2023	31/03/2023
Stocks of materials, supplies and other proc.	326	-
Inventories - work in progress	427	-
Merchandise inventories	6,085	250
Depreciation of inventories - work in progress	(417)	-
Inventories and work-in-progress	**6,422**	**250**

Inventories of goods amounted to €6,085k, of which €5.4m related to advance purchases (furnaces, compressors and PSA) and €0.7m to non-specific purchases for the Syngaz supply contract for Carbonloop.

In view of the uncertainty surrounding the outcome of the Carbonloop negotiations (please refer to note 4.1), costs incurred on projects have been booked as work-in-progress and 100% written down in the amount of €417k.

14. Trade receivables and other current assets

Trade receivables and other current assets break down as follows:

In k€	30/09/2023	31/03/2023
Trade receivable	1,548	590
Current assets on customer contracts	177	541
Impairment of receivables for expected losses	(545)	(503)
Total trade receivables	**1,179**	**627**
Total current tax receivables	**-**	**-**
Prepaid expenses	208	321
Tax receivables	3,750	2,070
Social claims	-	6
Other current assets	5,890	9,249
Total other current assets	**9,848**	**11,646**

As of September 30, 2023, trade receivables include:

- receivables of €1,048k (incl. VAT) from Carbonloop,
- receivables due in more than one year for €604k (including €177k in assets on customer contracts), provisioned at 100% for €503k,
- receivables from Jacquier amounting to €72k (incl. VAT), for which a provision of €42k has been set aside.

Tax receivables include VAT receivables (respectively €1,921k as of September 30, 2023 and €1,112k as of March 31, 2023) and the CIR receivable (respectively €1,818k as of September 30, 2023 and €778k as of March 31, 2023).

As of September 30, 2023, other current assets include supplier advances of €5,386 k, mainly on purchases of strategic components.

15. Cash and cash equivalents

In k€	30/09/2023	31/03/2023
Bank accounts	11,927	12,877
Cash equivalents	9,080	22,599
Cash and cash equivalents in the statement of financial position	**21,007**	**35,476**
Bank overdrafts repayable on demand and used for cash management purposes	-	-
Cash and cash equivalents in the cash flow statement	**21,007**	**35,476**

Cash equivalents include €9,000k in term deposits and €77k relating to the liquidity contract with Portzamparc.

16. Shareholder's equity

16.1. Share capital

The Company's share capital is composed solely of ordinary shares:

	Ordinary shares	
Number of shares:	**30/09/2023**	**31/03/2023**
In circulation, beginning of the period	44,693,457	44,693,457
Division of the nominal	-	-
Capital decrease	-	-
Capital increase	-	-
Outstanding at end of period - fully paid-up shares	**44,693,457**	**44,693,457**

16.2. Earning per share

	30/09/2023	30/09/2022
In k€		
Net income for the period, attributable to owners of the Company	(3,333)	(5,273)
Net income attributable to ordinary shareholders	**(3,333)**	**(5,273)**

Weighted average number of ordinary shares (basic)	**30/09/2023**	**30/09/2022**
Number of ordinary shares at April 1	44,693,457	44,693,457
Division of the nominal	-	-
Capital decrease	-	-
Capital increase (in number of shares)	-	-
Dilutive effect of stock options and free shares		(50,280)
Treasury shares	(463,582)	(36,322)
Weighted average number of common shares at March 31	**44,229,875**	**44,606,855**
Basic earnings per share in €	**(0.08)**	**(0.12)**
Diluted earnings per share in €	**(0.08)**	**(0.12)**

17. Provisions and contingent liabilities

As of September 30, 2023, the Company has reversed the loss on onerous contracts of €4,084,000 relating to the R-Hynoca contract (refert to note 4.2) and €275,000 relating to the Carbonloop contracts.

The Group has set aside a provision of €51 k for dismantling the demonstration module.

The cancellation of sales in the amount of 461 k€ linked to the termination of the R-Hynoca contract (see note 4.2) has been recognized under current provisions.

In k€	31/03/2023	Charge for the year	Reversals for the year	Changes in scope of consolidation	Reclassifications	30/09/2023
Provisions for litigation - non-current	-	-	-	-	-	-
Provisions for guarantees - non-current	-	-	-	-	-	-
Other provisions for risks - non-current	-	-	-	-	-	-
Provision for site restoration - non-current	-	-	-	-	-	-
Non-current provisions	**-**	**-**	**-**	**-**	**-**	**-**
Provisions for litigation - current	5	-	(10)	10	-	5
Provisions for guarantees - current	28	-	-	-	-	28
Other provisions for risks - current	5,787	-	(4,359)	-	-	1,428
Other provisions for charges - current	-	-	-	-	461	461
Provision for site restoration - current	-	51	-	-	-	51
Current provisions	**5,820**	**51**	**(4,369)**	**10**	**461**	**1,973**

18. Other non-current liabilities

Other non-current liabilities amounted to €731k as of September 30, 2023, compared with €630k as of March 31, 2023. This amount mainly comprises an investment grant awarded on March 15, 2021 by the BPI for a total amount of €700k (recorded for €700k under other non-current liabilities as of September 30, 2023 and for €630k under other non-current liabilities as well as for €70k under current liabilities as of March 31, 2023). The purpose of this grant is to finance part of the modernization of Haffner Energy's industrial facilities. It finances expenditure initially scheduled to take place between January 21, 2021 and January 21, 2023. The Company has obtained a two-year postponement of the program end date to January 21, 2025. This grant gave rise to an initial payment of €350,000, recorded in the Company's financial statements as of March 31, 2021. The balance is to be paid on completion of the work.

19. Loans, financial debts and rent debts

19.1. Main terms and conditions of loans and financial debts

The terms and conditions of the outstanding loans are as follows:

In k€	31/03/2023	Cash flow				Non-cash changes				30/09/2023
		Proceeds from new debt	Interest paid	Change in scope of consolidation	Debt repayment	Interest expense	Impact of IFRS 16 - Leases	Change in scope of consolidation	Reclassification	
Other loans	3,242	-	-	150	-				(1,297)	2,095
Bond issues										
Other financial debts of more than one year										
Total non-current borrowings	**3,242**	**-**	**-**	**150**	**-**	**-**	**-**	**-**	**(1,297)**	**2,095**
Non-current rent payable	**223**	**-**	**-**	**-**	**-**	**-**	**51**	**211**		**485**
Other borrowings	1,494	-	(26)	-	(568)	26	-	-	**1,297**	2,223
Associates' current accounts	5	-			-					5
Total current borrowings	**1,499**	**-**	**(26)**	**-**	**(568)**	**26**	**-**	**-**	**1,297**	**2,228**
Current rent payable	**181**	**-**	**(10)**	**-**	**-**	**10**	**170**	**99**	**-**	**450**
Total borrowings	**5,145**	**-**	**(36)**	**150**	**(568)**	**36**	**221**	**310**	**-**	**5,258**

The BPI France repayable advance corresponds to 4 Regional Innovation Loan ("PRIs") covering various components of the Hynoca® technology. The maturity date is March 31, 2026.

The ADEME repayable advance corresponds to an innovation support contract signed in January 2018 to finance the Vitrhydrogène project (design of a biomass thermolysis/gasification process for hydrogen production). The company received €997k in respect of the initial funding and validation of milestone #1. The company has decided not to continue with the project, and the ADEME steering committee meeting of November 16, 2022 decided to terminate the project. The company has opted for early repayment of the advance, including €318k in October 2023 and the balance in September 2024.

The loan guaranteed by the State ("PGE") of €150k corresponds to the entry of Jacquier into the Group's scope of consolidation.

20. Trade payables and other current and non-current liabilities

Trade payables and other liabilities break down as follows:

In k€	30/09/2023	31/03/2023
Total trade payables	**3,570**	**4,432**
Social debts	1,758	1,519
Tax liabilities	586	632
Customer advances and deposits	1,000	-
Other current liabilities	202	203
Deferred grant income	38	70
Contract liabilities	1,934	1,500
Total other current liabilities	**5,519**	**3,925**

Haffner Energy received an advance payment of €1,000k from SARA under the long-term strategic agreement signed on March 31, 2023.

Contract liabilities of €1,934k correspond to deferred income recognized in connection with contracts with the customer Carbonloop (please, refer to note 4.1).

21. Financial instruments and risk management

21.1. Classification and fair value of financial instruments

In k€	Accounting category	Level in fair value hierarchy	30/09/2023 Total net book value	30/09/2023 Fair value	31/03/2023 Total net book value	31/03/2023 Fair value
Deposits and guarantees	Fair value	Level 2 - Note 2	225	225	258	258
Total non-current financial assets			**225**	**225**	**258**	**258**
Trade receivables	Amortized cost	Note 1	1,002	1,002	87	87
Other current financial assets	Amortized cost	Note 1			-	-
Cash and cash equivalents	Amortized cost	Note 1	21,004	21,004	35 476	35 476
Total current financial assets			**22,006**	**22,006**	**35 563**	**35 563**
Total assets			**22,231**	**22,231**	**35 821**	**35 821**
Loans and financial liabilities	Amortized cost	Level 2 - Note 4	2,069	2,069	3,242	3,242
Total non-current financial liabilities			**2,069**	**2,069**	**3,242**	**3,242**
Non-current lease liabilities	Amortized cost	Level 2 - Note 3	**485**	**485**	**223**	**223**
Associated current accounts	Fair value	Level 2 - Note 4	5	5	5	5
Borrowings and financial debts	Amortized cost	Level 2 - Note 4	2,250	2,250	1,494	1,494
Trade payables	Amortized cost	Note 1	3,570	3,570	4,432	4,432
Total current financial liabilities			**5,820**	**5,820**	**5,926**	**5,926**
Current lease liability	Amortized cost	Note 3	**450**	**450**	**181**	**181**
Total liabilities			**7,888**	**7,888**	**9,168**	**9,168**

Note 1 - The net book value of current financial assets and liabilities is deemed to be an approximation of their fair value.

Note 2 - The difference between the net book value and the fair value of loans and guarantees is not considered to be material.

Note 3 - As permitted under IFRS, the fair value of rental debt and its level in the fair value hierarchy is not provided.

Note 4 - The fair value of loans and borrowings has been estimated using the discounted cash flow method at market rates.

21.2. Risk management

The Company is exposed to interest rate risk, credit risk and liquidity risk. Foreign exchange risk is not significant.

21.2.1. Interest rate risk

The Company's interest rate risk is limited insofar as its main borrowings are at fixed rates. The Company does not use any derivative financial instruments to hedge its interest rate risk.

21.2.2. Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets represent the maximum exposure to credit risk.

Cash and cash equivalents

The Company's cash and cash equivalents are held with senior bank counterparties and financial institutions.

The Company considers that its cash and cash equivalents present a very low risk of credit risk in view of the external credit ratings of their counterparties.

Trade receivables and contract assets

The credit risk associated with customer receivables is considered to be under control. Impairment losses recognized concern receivables with a significant past due date and for which, at the IFRS balance sheet date, Management considers the risk of non-recovery to be high.

Trade receivables associated with Carbonloop projects, totaling €1,048k (net of the €1.5m advance payment on commercial contracts), are reflected in the financial statements as of September 30, 2023. Despite the uncertainty surrounding the completion of contracts (refer to note 4.1), these receivables have not been written down. The non-recovery of these receivables would not affect the income statement, as sales are recognized on a percentage-of-completion basis, and losses on completion are acknowledged.

21.2.3. Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that will be settled by delivery of cash or other financial assets. The Company's objective in managing liquidity risk is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or damaging the Company's reputation.

The remaining contractual maturities of financial liabilities at the balance sheet date are as follows. The amounts, expressed on a gross and undiscounted basis, include contractual interest payments.

	In k€	Contractual cash flows				
30/09/2023	**Book value**	**Total**	**Less than one year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Other loans	4,323	4,323	2,254	1,074	961	34
Lease liabilities	935	935	450	253	182	50
Trade payables	3,570	3,570	3,570			
Other financial liabilities	6,732	6,732	6,032	-	700	
Total financial liabilities	**15,560**	**15,560**	**12,306**	**1,326**	**1,843**	**84**

22. Transactions with related parties

k€	30/09/2023	31/03/2023
Transactions with R-Hynoca		
Turnover	-	-
Trade receivables (incl. VAT)	-	-
Contract assets	-	-
Transactions with Kouros and its subsidiaries		
License fees	-	-
Turnover	-262	303
Trade receivables (incl. VAT)	1,048	163
Contract liabilities	1,934	-
Transaction with SCI Darian, owned by Philippe Haffner and his children		
SCI Darian lease	34	32
SCI Darian lease - IFRS 16 debt	151	200

23. Off-balance sheet commitments

In k€	30/09/2023	31/03/2023
Guarantees given:	**3,753**	**4,991**
BNP Paribas Vitry	2,710	3,599
KOLB	148	436
Caisse d'Epargne	896	957