IFRS financial statements of Haffner Energy SA

Financial year ended March 31, 2023

INCOME STATEMENT

In € thousands	31/03/2023	31/03/2022
Revenue	303	384
Other income	26	1 013
Non-inventoried purchases and supplies	(673)	(503)
Other purchases and external expenses	(3 188)	(1 385)
Employee expenses	(5 185)	(2 007)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(520)	(239)
Other income and expenses	(7 247)	(1 990)
Operating income	**(16 484)**	**(4 726)**
Finance income	82	-
Financial expenses	(72)	(77)
Net financial income (expense)	**10**	**(77)**
Share of profit (loss) of associates (net of tax)	-	(0)
Profit (loss) before tax	**(16 474)**	**(4 803)**
Income tax	13	(4)
Net profit (loss) for the period	**(16 461)**	**(4 807)**
Profit (loss) for the period attributable to:		
Company owners	(16 461)	(4 807)
Non-controlling interests	-	-
Earnings per share		
Basic earnings per share (in euros)	(0,37)	(0,30)
Diluted earnings per share (in euros)	(0,37)	(0,30)

STATEMENT OF COMPREHENSIVE INCOME

In € thousands	Notes	31/03/2023	31/03/2022
Profit (loss) for the period		**(16 461)**	**(4 807)**
Total other comprehensive income			
Remeasurement of defined benefit plan liabilities (actuarial gains and losses)	6.5.3	11	1
Related tax		(3)	(0)
Associates - share of other comprehensive income (actuarial gains and losses, net of tax)			
Total items that will not subsequently be reclassified to profit or loss		**8**	**1**
Total items that will subsequently be reclassified to profit or loss		**-**	**-**
Other comprehensive income for the year, net of tax		**-**	-
Comprehensive income for the period		**(16 453)**	**(4 806)**
Comprehensive income for the year attributable to:			
Company owners		(16 453)	(4 806)
Non-controlling interests		-	-

STATEMENT OF FINANCIAL POSITION

In € thousands	*Note*	**31/03/2023**	**31/03/2022**
Intangible assets	9.1	7 951	2 878
Property, plant and equipment	9.2	276	193
Right-of-use assets	10.	375	377
Financial assets	11.	281	173
Deferred tax assets		24	13
Other non-current assets		-	-
Non-current assets		**8 907**	**3 634**
			-
Inventories and work-in-progress	12.	250	-
Trade receivables	13.	87	654
Current customer contract assets	13.	541	-
Current tax receivables		-	-
Other current assets	13.	11 646	2 027
Cash and cash equivalents	14.	35 476	61 429
Current assets		**48 000**	**64 110**
			-
Total assets		**56 907**	**67 744**

		31/03/2023	31/03/2022
Share capital	15.1	4 469	4 469
Share premiums	15.1	58 682	58 682
Other reserves		797	23
Retained earnings		-	-
Retained earnings		(27 061)	(8 922)
Total other comprehensive income		-	-
Net investment grants - non-current		-	-
Equity attributable to owners of the Company		**36 887**	**54 253**
Non-current borrowings and financial debt	18.1	3 242	4 671
Non-current lease liabilities	10 & 18.	223	266
Defined benefit plan liability	6.5.3.	66	33
Non-current provisions	16.	-	2 277
Other non-current liabilities	17.	630	630
Non-current liabilities		**4 161**	**7 878**
Current borrowings and financial debt	18.	1 501	1 086
Current lease liabilities	10.- 18.	181	129
Trade payables	19.	4 432	1 620
Current customer contract liabilities (deferred income)		1 500	-
Current provisions	16.	5 820	59
Other current liabilities	19.	2 425	2 718
Current liabilities		**15 859**	**5 613**
Total liabilities		**20 020**	**13 490**
Total equity and liabilities		**56 907**	**67 744**

STATEMENT OF CHANGES IN EQUITY

In € thousands	Note	Capital	Share premiums	Other reserves	Retained earnings	Total
Position at 31 March 2021		**3 635**	**190**	**23**	**(4 042)**	**(194)**
Impact of changes in accounting policies					22	22
Net profit (loss) for the period					(4 807)	(4 807)
Other comprehensive income for the year					2	2
Other movements						-
Comprehensive income for the period		**-**	**-**	**-**	**(4 805)**	**(4 805)**
Capital increases		834	58 493			59 327
Treasury stock transactions				-	(96)	(96)
Total transactions with owners of the Company		**834**	**58 493**	**-**	**(96)**	**59 230**
Position at 31 March 2022		**4 469**	**58 682**	**23**	**(8 921)**	**54 253**
Impact of changes in accounting policies					(0)	(0)
Net profit (loss) for the period					(16 461)	(16 461)
Other comprehensive income for the year					7	7
Other movements						-
Comprehensive income for the period		**-**	**-**	**-**	**(16 454)**	**(16 454)**
Capital increases		-	-			-
Treasury stock transactions					(1 685)	(1 685)
Share-based payments				773		773
Total transactions with owners of the Company		**-**	**-**	**773**	**(1 685)**	**(912)**
Position at 31 March 2023		**4 469**	**58 682**	**797**	**(27 061)**	**36 887**

STATEMENT OF CASH FLOWS

In € thousands	Note	31/03/2023	31/03/2022
Net profit (loss) for the period		**(16 461)**	**(4 807)**
Adjustments for:			
- Depreciation of non-current assets and right-of-use assets	9.-10.	520	239
- Net finance income (expense)	7.	71	77
- Share of profit (loss) of associates (net of tax)		-	-
- Profit (loss) on disposal of non-current assets		597	0
- Income tax	8.	(13)	4
- Expenses and income related to share-based payments		773	*0*
- Other items		3 497	1 802
Total adjustments		**5 446**	**2 122**
Total cash flow		**(11 015)**	**(2 685)**
Changes in:			
Impact of change in inventories and work-in-progress		(250)	*(144)*
Impact of change from customers & other receivables		(9 210)	*(196)*
Impact of change in suppliers & other payables		4 001	*2 831*
Total changes		**(5 459)**	**2 635**
Cash flows generated by operating activities		**(16 475)**	**(50)**
Tax paid		(382)	(8)
Net cash from operating activities		**(16 857)**	**(58)**
Acquisition of property, plant and equipment and intangible assets	9.	(5 970)	(865)
Proceeds from disposals of property, plant and equipment and intangible assets		-	-
Investment grants	17.	-	-
Increase in financial assets	11.	(108)	(32)
Decrease in financial assets		-	1
Interest received		-	-
Net cash used by investing activities		**(6 078)**	**(896)**
Capital increase	15.1	(1 685)	59 231
Cash inflows on new borrowings and financial debt	18.	81	1 000
Repayment of borrowings and financial debt	18.	(1 342)	(1 107)
Interest paid		(72)	*(77)*
Net cash from financing activities		**(3 018)**	**59 046**
Net change in cash and cash equivalents		**(25 953)**	**58 092**
Cash and cash equivalents at 1 April	14.	61 429	3 337
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 31 March	**14.**	**35 476**	**61 429**

NOTES TO THE FINANCIAL STATEMENTS

1. Description of the Company and its business

Haffner Energy SA ("the Company" or "Haffner Energy") is a French company whose registered office is located in Vitry-Le-François (51300).

A player in the energy transition for 30 years, HAFFNER ENERGY designs and provides technologies and services enabling its customers to produce green hydrogen as well as renewable gas to replace natural gas, while capturing carbon via -biochar coproduction. Its processes Hynoca® and Synoca®, based on biomass thermolysis and protected by 14 patent families, are marketed for industrial or mobility applications.

Haffner Energy operates through:

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

These IFRS financial statements include the financial statements of Haffner Energy as well as the investments in the associate R-Hynoca, in which Haffner Energy held a 15% stake as of March 31, 2023, and which is subject to significant influence by Haffner Energy.

2. Basis of preparation

The IFRS financial statements of Haffner Energy were prepared on the basis of the individual financial statements as of March 31, 2023, and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the IFRS Interpretations Committee and Standard Interpretations Committee, as of March 31, 2023.

Although it does not meet the conditions for the application of Regulation No. 1606/2002 of the European Council adopted on July 19, 2002, the Company has chosen to provide, on a voluntary basis, financial information prepared in accordance with IFRS adopted by the European Union. The date of transition to IFRS is April 1, 2019, so the year ending March 31, 2023, is the Company's fourth financial year under IFRS.

Concerning the treatment of events occurring after the dates on which the financial statements for each of the financial years presented were prepared, the events occurring between March 31, 2023, and the reporting date of the IFRS financial statements were treated in accordance with IAS 10 "Events after the reporting date". These events are described in Note 4 "Events after the reporting period" which presents the significant events that occurred during the aforementioned period.

2.1. Declaration of compliance

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

All the texts adopted by the European Union are available on the European Commission's website at: https://ec.europa.eu/commission/index_en .

2.2. Changes in accounting basis

Application of the new standards, amendments and interpretations that have entered into force and are applicable to the financial year beginning on April 1, 2022, such as the amendments to IAS 16, IAS 37 and IFRS 3 and the annual improvements of the 2018-2020 cycle had no impact on the financial statements at March 31, 2023.

The Company has not applied in advance the standards and interpretations published by the IASB and adopted by the European Union, the application of which is not mandatory as of March 31, 2023. The texts likely to be relevant to the Company are:

- the amendment to IAS 1 relating to significant disclosures of accounting policies and principles,
- the amendment to IAS 8 relating to accounting estimates,
- the amendment to IAS 12 relating to assets and liabilities arising from the same transaction,

The Company does not expect any significant impact from these texts on its financial statements and on the information to be presented.

The standards and interpretations published by the IASB but not yet adopted by the European Union will only come into force once adopted and are therefore not applied by the Company as of March 31, 2023.

2.3. Use of estimates and judgments

In preparing these financial statements, Management has made judgments and estimates that have an impact on the application of the Company's accounting policies and on the amounts of assets and liabilities, income and expenses. Actual values may differ from estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis to take into account any new circumstances. The impact of changes in estimates is recognized prospectively.

Judgments

Information relating to the judgments made in applying the accounting policies that have the most significant impact on the amounts recognized in the financial statements is included in the following notes:

- Note 5.1 - Investments in associates: determination of the level of influence on project companies
- Note 10 - Term of leases: determine whether the Company is reasonably certain to exercise its extension/termination options.
- Note 15 - Provision for losses on onerous contracts

Assumptions and estimation uncertainties

Information on assumptions and estimation uncertainties that involve a risk of material adjustment to the carrying amount of assets and liabilities is given in the following notes:

- Note 6.2 - Revenue: assumptions concerning the probability of paying underperformance penalties or cashing outperformance bonuses, and the valuation of the margin on completion.
- Note 9.3 - Capitalized development costs: assessment of their recoverability.
- Note 10 - Lease: determination of the main assumptions, in particular lease term and discount rate.
- Note 12 - Trade receivables and other current assets: assessment of their recoverability and measurement of impairment
- Note 15 - Estimated loss on onerous contracts

2.4. Basis of valuation

The financial statements are prepared on the basis of historical cost.

2.5. Business continuity

The financial statements at March 31, 2023, were approved on a going concern basis for a period of at least 12 months from the date of approval of the financial statements.

2.6. 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 indicated.

There was only one foreign currency transaction during the financial year.

3. Significant events of the 2022/2023 financial year

3.1. Signature on May 31, 2022, of an amendment to the R-Hynoca contract

On May 31, 2022, Haffner Energy signed an amendment to the R-Hynoca contract signed in July 2020. The initial contract called for the assembly and installation of a pilot module (phase 1) in 2021, followed by two additional modules (phase 2) in 2022, for total production of the three 33 kg hydrogen modules by mid-2023. The sale price of phase 1 was €1,536 thousand and that of phase 2 was €2,854 thousand.

The amendment of May 31, 2022, marks the end of phase 1. It modifies the initial contract, with Haffner Energy buying back the phase 1 module for €700 thousand and supplying, at its own expense, a new-generation pilot module on which tests will be carried out, prior to installation of phase 2, which will comprise two modules producing a total of 30 kg of hydrogen per hour. The invoiced amount for phase 2 remains unchanged at €2,854 thousand.

The financial statements for the year ended March 31, 2022, approved by the Board of Directors on June 27, 2022, took into account the impact of this amendment, with the recognition of the completion of phase 1, additional costs at completion for phase 2 and an off statement of financial position commitment for the buyback of the demonstrator.

For the financial year ended on March 31, 2023, in connection with this amendment:

- Haffner Energy bought back the first-generation demonstrator on which it continues to carry out development and technological improvement tests. In addition, the Company launched the development of the 2nd generation, which should be installed at the customer's site in the second half of 2023. The total expenditure of €5,322k was recorded under development costs, of which €4,056k was commissioned for the first generation.
- No revenue recognition took place during the financial year, as the Company is currently in an intermediate stage between phase 1 and phase 2.

A new amendment was signed on May 26, 2023 (see events after the reporting, Note 4.2).

3.2. Signature of 3 contracts with Carbonloop

On September 30, 2022, HAFFNER ENERGY signed a contract with CARBONLOOP for the supply, installation and commissioning of a SYNOCA® unit. This equipment is intended to produce renewable gas for a CARBONLOOP customer site located in Yvelines (78).

Two additional contracts were signed with CARBONLOOP on March 31, 2023. They relate to the production of a total of 450 metric tons of hydrogen per year for heavy mobility.

These three orders, worth a total of €14.9 million, fall within the scope of the Framework Commercial Contract signed in October 2021 and amended by an amendment signed on March 31, 2023, with Carbonloop's shareholder, Kouros SA. As a result, the down payments and invoicing on these contracts were charged against the €1.5 million down-payment received on signature of the framework commercial contract, which has now been fully cleared. Failure to meet performance criteria by July 31, 2023, on the demonstrator installed at the R-Hynoca site in Strasbourg would result in the refund of the down payments received on the two contracts of March 31, 2023. Losses on completion were also recognized on these contracts.

As of March 31, 2023, revenue of €303 thousand was recognized relating to the contract signed on September 30, 2022.

3.3. Signature of a strategic partnership contract with SARA

On March 31, 2023, HAFFNER ENERGY signed a long-term strategic partnership contract with SARA, (Société Anonyme de la Raffinerie des Antilles) for the deployment of hydrogen production facilities, to be extended to the production of sustainable aviation fuel (SAF). Under its terms, this agreement will result in a firm order from HAFFNER ENERGY for a first HYNOCA® installation to produce up to 240 tons per year of green hydrogen from residual biomass.

3.4. Anticipation of supplier orders in a tight supply environment

Taking into account the current tensions in the supply chain, as well as the rising cost of raw materials and certain components, Haffner Energy has launched orders as early as June 2022 to guarantee reasonable delivery times for its customers and to benefit from volume effects on contracts signed with its suppliers. These orders mainly involve PSA cracking furnaces, compressors and pressure-modulated absorption systems. For the financial year ended March 31, 2023, downpayments of €8.9 million were paid (excluding Xebec downpayments below).

3.5. Supplier default of Xebec Adsorption Inc.

As part of the anticipation of its supplier orders (see 3.4 above), in June 2022, Haffner Energy contracted for a supply of eight PSA (Pressure Swing Adsorption) filters from the Canadian company. Xebec Adsorption Inc., a global provider of clean energy solutions. On a total order of €4.4 million, Haffner Energy paid €2.4 million before Xebec Adsorption Inc. was placed under the creditor protection regime (LACC) on September 29, 2022.

XEBEC's PSA production assets were acquired under a newly formed Canadian-entity, Ivys Adsorption Inc. (IVYS) specializing in hydrogen purification, carbon capture and renewable natural gas industries, on February 24th, 2023, led by US-based Ivys Energy Solutions specializing in hydrogen refueling stations, Canadian-based Enbridge Emerging Technology Inc., and a group of private owners.

Discussions took place between Haffner Energy and Ivys and a non-exclusive supply contract was signed on April 6, 2023, for the supply, by March 31, 2024, of eight PSA systems, for a total amount that mainly takes into account the €2.4 million deposit paid to Xebec.

The annual financial statements as of March 31, 2023, include the €2.4 million loss on Xebec's advance payment. In return, Haffner Energy will benefit, in the year ending March 31, 2024, from PSA prices at a discount to those initially agreed with Xebec.

Haffner Energy has also diversified its PSA supply sources by placing additional orders with two other PSA suppliers.

3.6. Establishment of partnerships with strategic shareholders

On June 28, 2022, Haffner Energy placed an order for a hydrogen refueling station from its partner HRS. This first project brings the partnership between Haffner Energy and HRS, signed in January 2022, into its operational phase, thus initiating the commercial deployment of joint infrastructures. An advance of €156 thousand was paid on this contract.

Together with Vicat and other European partners, Haffner Energy worked during the year to bid for a European Call for Tenders under the Horizon Europe Project on April 18, 2023. The aim is to develop a high-capacity demonstrator to produce hydrogen for industry from sustainable biomass residues and sewage sludge. The result of the call for tenders is expected at the beginning of the fourth quarter of 2023.

Contacts with Eren Industries also continued during the year. The objective of the two partners is to set up a 70% Eren/30% Haffner Energy joint venture and to develop a first project to supply hydrogen for industrial applications.

3.7. Grant of a free share plan and share buyback

Four free share plans were granted during the financial year:

- A first plan of 290,507 shares (0.65% of the share capital) by the Board of Directors on April 26, 2022. It concerns three people, all of whom are employees and not corporate officers, and has no performance criteria.
- Three additional plans for a total of 322,809 shares (0.722% of the share capital) by the Board of Directors on October 27, 2022. These plans are intended for employees on the workforce on the date of listing of the Company's shares on Euronext Growth, February 14, 2022, as well as the Group's key managers, excluding corporate officers. One of these three plans is subject to the same performance criteria as those applicable to the variable compensation of executive corporate officers.

These four plans have a two-year vesting period and a one-year holding period. They represent an expense of €773 thousand excluding the social contribution in the annual financial statements.

To cover these plans and as part of the implementation of its share buyback program authorized by the General Meeting of September 8, 2022 (6th resolution), HAFFNER ENERGY purchased 390,507 treasury shares during the financial year for a total of €1,381 thousand.

4. Events after the reporting period

4.1 New organization to support the development strategy

In a press release dated May 25, 2023, Haffner Energy announced a new organization to support its development strategy and capture new growth opportunities, in France and abroad, in the decarbonized hydrogen market, e-fuels and sustainable aviation fuels. The Company is structured around three divisions with expanded skills: Technology and R&D, Business Development and External Relations and Operations including industrialization, Finance, Human Resources and Corporate Social Responsibility. Two new departments, one dedicated to deployment in North America and the other to External Relations and Partnerships, were created.

4.2 R-Hynoca Amendment

On May 26, 2023, Haffner Energy and R-Hynoca signed an amendment to the initial contract of July 21, 2020, which provides for the validation of the next-generation module by November 30, 2023, compared to a date previously set at May 31, 2023. The trial run, then the industrial commissioning and validation of the performance tests at nominal power on this new module, will lead to the transition to phase 2 of the contract.

4.3 Acquisition of Jacquier

On June 13, 2023, Haffner Energy acquired Jacquier, a family-owned company specializing in industrial boiler making, and general mechanics located in the Marne region. This acquisition is part of a partnership initiated with Jacquier since 2017 for the manufacture of strategic equipment for renewable gas and hydrogen production modules developed by Haffner Energy.

Located in a 2,500 m² building, Jacquier has seven overhead cranes and a fleet of 23 units operated by eight employees.

Through the €880 thousand acquisition of Jacquier and its industrial plant, Haffner Energy is acquiring an industrial facility with the aim of supporting its growth, complementing its technical expertise in process validation with additional technology tests, and controlling the quality and cost of modules delivered to customers.

5. Investments in project company associates

According to IAS 28, the Company’s investments in associates, i.e., under significant influence, are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the Company’s financial statements include the Company’s share in the income and other comprehensive income of the associate, until the date on which the significant influence ends.

Significant influence is presumed to exist when the percentage of ownership exceeds 20%. But other criteria must also be taken into account to determine the existence of significant influence such as representation on the board of directors of the entity held, the existence of significant transactions between the investor and the entity held, the provision of essential technical information.

Gains arising from transactions with associates are eliminated through the equity method to the extent of the Company's interest in the associate. Losses are eliminated in the same way as gains, but only to the extent that they do not represent an impairment. Immaterial as of March 31, 2023.

5.1. Investment in R-Hynoca

Haffner Energy has held 15% of the shares in R-HYNOCA since the company was founded on June 26, 2019. These shares represent a contribution in kind of €15 thousand for an exclusive license to use and exploit patents protecting the "HYNOCA" process for hydrogen production.

It was concluded that Haffner Energy exercised significant influence over R-HYNOCA taking into account the following:

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

R-Hynoca closes its financial statements on December 31, with a first closing on December 31, 2020.
As of December 31, 2022, the Company recorded a loss of €108 thousand and its negative equity amounted to -€1,534 thousand.

At March 31, 2023, Haffner Energy's share of R-Hynoca's accumulated losses exceeded the carrying amount of its investment in the company (€15 thousand). In accordance with IAS 28.38, the investor has therefore ceased to recognize its share of losses in the amount of €15 thousand.

In accordance with IAS 28.39, the additional losses have not been recognized as a liability, as Haffner Energy has no legal or constructive obligation in this respect and has not made any payments on behalf of R-Hynoca.

5.2. New equity investments

During the financial year ended March 31, 2022, Haffner Energy subscribed to the capital of two project companies at the time they were established: SAS Pôle du Bourbonnais and SAS AEVHC. It holds 10% of the capital of these two companies, half paid up on March 31, 2022. Haffner Energy is a member of the Supervisory Board of both companies and participates in the budget vote. On the basis of these factors, it is deemed to exercise significant influence. An additional capital contribution was made during the financial year ended March 31, 2023, in SAS Pôle du Bourbonnais.

During the financial year ended March 31, 2023, Haffner Energy subscribed to the capital of ECOH2 CVL (in which it holds 10%). The shareholders’ agreement is currently being drafted.

No activity had been recorded by these companies as of March 31, 2023.

6. Operational data

6.1. Segment information

According to IFRS 8, an operating segment is a component of a company:

- Which is engaging in activities likely to generate income and incur expenses,
- Whose operating results are regularly monitored by the main operational decision-maker,
- For which separate financial information is available.

Haffner Energy's ambition is to focus its development on the unique process (HYNOCA®) it is developing to produce affordable 100% renewable hydrogen.

As of November 23, 2021, the date the Company was transformed into a public limited company (*société anonyme*) with a Board of Directors, the Board of Directors has become the Principal Operational Decision-maker (PDO): it makes all decisions relating to the approval of the budget, investments and resource allocation. It is also responsible for assessing the entity's performance, defining the Company's audit and control policy and approving the appointment and compensation of corporate officers.

In accordance with IFRS 8, the Company operates in a single operating segment. In addition, all of its activities and assets are located in France.

6.2. Revenue

In accordance with IFRS 15 "Revenue from Contracts with Customers", revenue recognition reflects the transfer of promised goods and services to customers for an amount corresponding to the remuneration to which the seller expects to be entitled. As the transfer of goods and services is based on the notion of transfer of control to the customer; this transfer may occur on a given date or over a given period. Revenue recognition by the Company is based on a continuous transfer of control to the customer over a given period. It is also specified that, by symmetry, the costs of certain specific equipment are recorded as soon as they are produced and received in the workshop, due to an anticipated transfer of control from the supplier to the Company. Non-specific purchases are recorded in inventory when their alternative use is not demonstrated.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of termination or performance of the contract, the latter being determined on the basis of the additional costs necessary to fulfill the obligations under the contract. Prior to the determination of a provision, the Company recognizes any impairment on the assets dedicated to this contract.

Revenue breaks down as follows:

In € thousands	31/03/2023	31/03/2022
Construction of cogeneration plants	-	42
Production of Hynoca units	303	342
Total revenue	**303**	**384**

Revenue of €303 thousand corresponds to the percentage-of-completion recognition of the contract signed with CARBONLOOP on September 30, 2022, for the supply, installation and commissioning of a SYNOCA® renewable gas production unit for a site in Yvelines (78).

Revenue by geographic area breaks down as follows:

In %	31/03/2023	31/03/2022
France	100%	89%
The Netherlands	0%	11%
Total revenue	**100%**	**100%**

The changes in contract liabilities (deferred income) are explained as follows:

In € thousands	31/03/2023	31/03/2022
Contract liabilities at 1 April	**-**	**42**
Increase in financial expenses for the year on contracts		
Deferred revenue from customer invoices	1 500	(42)
Contract liabilities at 31 March	**1 500**	**-**
Of which current liabilities	1 500	-
Of which non-current liabilities		

Deferred revenue from customer invoices relates to Carbonloop contracts.

Order book:

The “backlog” is the sum of undiscounted services still to be performed at the reporting date under customer contracts as defined under IFRS 15, i.e., contracts creating enforceable rights and obligations between the parties.

This is the revenue expected from multi-year firm orders at the reporting date.

As of March 31, 2023, the order book stood at €17,460 thousand, comprising phase 2 of the R-Hynoca contract and the three contracts signed with Carbonloop in fiscal 2022/23, from which revenues of €303 thousand have been deducted.

In € thousands	Less than 1 year	From 1 to 2 years	From 2 to 5 years	TOTAL
Total amount of the transaction price allocated to services not performed (or partially) at the reporting date	13 521	3 473	466	17 460

As of March 31, 2022, the backlog stood at €2,854 thousand and consists of phase 2 of the R-Hynoca contract.

In € thousands	Less than 1 year	From 1 to 2 years	From 2 to 5 years	TOTAL
Total amount of the transaction price allocated to services not performed (or partially) at the reporting date	344	2 510	-	2 854

6.3. Other income

Revenues from licensing concessions are recognized in “Other income”. Revenues from licenses granting a right of access to intellectual property evolving throughout the term of the contract are recognized over the term of the contract, while revenues from licenses granting a right to use intellectual property as it exists at the date of signature of the license are recognized at contract signature.

Government operating subsidies that offset expenses incurred by the Company are systematically recognized in the income statement under “Other income” over the period in which the expenses are recognized.

Government investment grants are initially recognized at fair value as deferred income if there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. They are then recognized in the income statement under other income on a systematic basis over the useful life of the related asset.

The research tax credit is treated as a public subsidy by analogy. It is thus recognized as:

- an investment grant for the portion that offsets capitalized development costs,
- an operating subsidy for the portion of research expenses that are not capitalized.

The research tax credit received by Haffner Energy is entirely an investment grant, not an operating grant. This investment grant is recognized as a deduction from the value of the financed asset (development costs). See 9.1

In € thousands	31/03/2023	31/03/2022
Licensing	-	1 000
Other income	26	13
Total other income	**26**	**1 013**

As of March 31, 2023, there was no significant other income.

As of March 31, 2022, "other income" mainly consists of fixed license fees generated by a patent, know-how and trademark license agreement signed with Kouros in October 2021. They include €500 thousand in fixed royalties for the exclusive patent and know-how license granted by Haffner Energy, and €500 thousand in fixed non-exclusive royalties for patents and know-how granted by Haffner Energy for Kouros' own use.

6.4. Operating expenses

Operating expenses break down as follows:

In € thousands	Note	31/03/2023	31/03/2022
Non-inventoried purchases of materials and supplies		(488)	(319)
Purchases of studies		(18)	(124)
Electricity purchases		(167)	(60)
Total non-inventoried purchases and supplies		**(673)**	**(503)**
Subcontracting of studies, engineering, and maintenance		(4)	(5)
Leases		(270)	(134)
Maintenance and repairs		(136)	(83)
Remuneration of intermediaries and fees		(1 396)	(620)
Travel expenses and missions		(283)	(101)
Advertising and communication		(95)	(59)
Other external expenses		(1 003)	(382)
Total purchases and external expenses		**(3 188)**	**(1 385)**
Total depreciation of non-current assets and right-of-use assets		**(520)**	**(239)**
Taxes		(116)	(32)
Other expenses		(7 131)	(1 959)
Total other income & expenses		**(7 247)**	**(1 990)**

The €488 thousand of purchases not carried in inventory mainly include the cracking furnace for the Carbonloop contract for which the Company recognized revenue on a percentage-of-completion basis.

As of March 31,2023, purchases and external expenses amounted to €3,188 thousand (€1,385 thousand as of March 31, 2022). They include fees of €1,396 thousand (legal and consulting fees) and other external expenses, recruitment costs for €428 thousand and staff secondment costs for €409 thousand. As of March 31, 2022, this item mainly included fees (€620 thousand, legal and consulting) and other external expenses (recruitment costs).

Other expenses break down as follows:

In € thousands	31/03/2023	31/03/2022
Net allowances to operating provisions	(3 484)	(1 799)
Net allowances for impairment of current assets	-	15
Other income and expenses	(3 646)	(175)
Other expenses	**(7 131)**	**(1 959)**

They mainly include:

- Net allocations to provisions of €3,505 thousand for losses on completion in respect of contracts
- The loss of the advance paid to the supplier Xebec on the PSA supply contract for €2,418 thousand (see Note 3.5)
- The scrapping, for an amount of €585 thousand (net of the associated research tax credit) of capitalized development expenditure on discontinued technologies (see Note 9.1)
- Compensation of the members of the Board of Directors for €438 thousand (see related parties)

As of March 31, 2022, they included the additional loss on termination on phase 2 of the R-Hynoca contract (€1,882 thousand).

6.5. Personnel and workforce

6.5.1. Workforce

The workforce corresponds to the average headcount for the period, including fixed-term and open-ended contracts on a full-time equivalent basis.

	31/03/2023	31/03/2022
Executives	38	15
Non-managerial staff	12	5
Average headcount over the financial year at 31 March	**50**	**20**

6.5.2. Employee benefits expense

Employee benefits expenses are recognized as and when services are rendered.

Employee benefits expenses break down as follows:

In € thousands	31/03/2023	31/03/2022
Wages and salaries	(2 587)	(1 392)
Social security contributions	(912)	(477)
Termination benefits	(455)	-
Expenses for post-employment defined-contribution plans	(277)	(93)
Defined benefit post-employment benefit plans	(42)	(12)
Equity-settled share-based payments	(774)	
Employee benefits expense	(138)	(34)
Total	**(5 185)**	**(2 007)**

6.5.3. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed when the corresponding service is provided. A liability is recognized for the amount that the Company expects to pay if it has a current legal or constructive obligation to make such payments in return for past services rendered by the employee and the obligation can be reliably estimated.

Defined benefit plans

The defined benefit plans of the Company correspond to retirement benefits paid to employees in France.

The Company's obligation under this plan is recognized as a liability and measured using an actuarial method that takes into account the employees' turnover rate, their life expectancy, the rate of salary increases and a discount rate. The calculation is based on the projected unit credit method with final salary.

The cost of services is recognized in employee benefits expenses. It includes the cost of services rendered during the period, the cost of past services resulting from the amendment or reduction of a plan, recognized in full in the income statement for the period during which it occurred, and the gains and losses from liquidations.

The interest expense, corresponding to the effect of unwinding the discount on commitments, is recognized in financial expenses.

Revaluation of liabilities (actuarial gains and losses) are recognized in other items not recyclable to comprehensive income.

Defined contribution plans

The contributions to be paid to a defined contribution plan are recognized as expenses when the corresponding service is rendered. Prepaid contributions are recognized as assets to the extent that a cash repayment or a reduction in future payments is possible. This is the general social security pension scheme and supplementary schemes.

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

In € thousands	31/03/2023	31/03/2022
Balance at 1 April	**(33)**	**(50)**
Impact of changes in accounting policies		29
Recognised in net profit (loss)		
Cost of services for the year	(42)	(10)
Financial cost for the year	-	-
Included in other comprehensive income		
Loss (gain) related to the revaluation of the liability (actuarial difference)	10	2
Total	**(32)**	**20**
Others		
Benefits paid		
Total		
Balance at 31 March	**(65)**	**(33)**

As of March 31, 2022, the Company applied for the first time the IFRIC decision of May 2021 concerning the method for calculating commitments relating to certain defined benefit plans. The retrospective application of this method resulted in a €29 thousand impact recognized in retained earnings as of April 1, 2021.

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

	31/03/2023	31/03/2022
Discount rate	3,62%	1,80%
Rate of salary increase	1,00%	1,00%
Turnover	1,57%	1,57%
Retirement age	62 years	62 years
Mortality table	2018-2020 table	2015-2017 table

At the reporting date and in view of the materiality of the amounts of €65 thousand at March 31, 2023, and €33 thousand at March 31, 2022, reasonably possible changes in any of the relevant actuarial assumptions would have had only a minor impact on the retirement benefit obligation.

6.5.4. Compensation of key executives (related parties)

The compensation recognized as expenses for the main executives (Chief Executive Officer and Chairperson) as well as that of the Board of Directors are as follows:

In € thousands	31/03/2023	31/03/2022
Short-term employee benefits	569	259
Defined benefit post-employment benefits	16	5
Compensation of the members of the Board of Directors	438	
Total	**1 023**	**264**

The liability related to defined-benefit post-employment benefits for the main executives was €32 thousand at March 31, 2023, and €15 thousand at March 31, 2022.

7. Net finance income (expense)

Expenses from interest on borrowings, financial liabilities and lease liabilities are recognized using the effective interest rate method.

The Company has chosen to present the interest paid in financing flows.

The Company's finance income and financial expenses include:

In € thousands	31/03/2023	31/03/2022
Interest expense on borrowings	(61)	(69)
Interest expense on lease liabilities IFRS 16	(11)	(9)
Other net financial expenses	(1)	-
Total financial expenses	**(72)**	**(77)**
Total finance income	**82**	**-**
Net finance income (expense)	**10**	**(77)**

8. Income tax

Income tax

Income tax includes current tax expense (income) and deferred tax expense (income), calculated in accordance with the tax laws in force in France. They are recognized in the income statement, unless they relate to items recognized in other comprehensive income, directly in equity or as part of business combinations. Tax assets and liabilities are offset provided that they meet certain criteria.

According to the analysis of the texts, the Company considered that the contribution on the added value of companies (CVAE) meets the definition of an income tax as set out in IAS 12.2 ("Taxes due on the basis of taxable profits ").

Current tax

Current tax includes the estimated amount of tax due (or receivable) in respect of taxable profit (or loss) for a period and any adjustment to the amount of tax payable in respect of previous periods. The amount of tax due (or receivable) is determined on the basis of the best estimate of the amount of tax that the Company expects to pay (or receive) reflecting, where applicable, the uncertainties related to it. It is calculated on the basis of the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is recognized on the basis of temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and tax credits only to the extent that it is probable that the Company will have future taxable profits against which they can be charged. Future taxable profits are measured against the reversal of taxable temporary differences. If the amount of temporary differences is not sufficient to recognize the full amount of a deferred tax asset, future taxable profits, adjusted for the reversal of temporary differences, are measured against the Company's business plan. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available. These reductions are reversed when the probability of future taxable profits increases.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date, taking into account, where appropriate, the uncertainty surrounding income taxes.

8.1. Income tax expense

In € thousands	31/03/2023	31/03/2022
Current tax	-	-
Deferred tax	13	3
CVAE	-	(8)
TOTAL	**13**	**(4)**

8.2. Income tax proof

The reconciliation between the effective tax rate and the theoretical tax rate is as follows:

In € thousands	31/03/2023	31/03/2022
Profit (loss) before tax	(16 474)	(4 803)
Neutralization of the share in the profit / (loss) of associates (net of tax)	-	-
Profit/(loss) before tax and share of profit/(loss) of associate (net of tax)	(16 474)	(4 803)
Normative tax rate	25,00%	25,83%
Theoretical tax (expense) / income	**4 119**	**1 240**
Reconciliation with the effective rate		
Other non-reclassifiable RTC tax income or expenses or tax savings	-	-
- RTC	194	-
- Other tax credits		
- CVAE tax expense	-	(8)
- Deferred taxes on tax losses for the period not recognised	(3 160)	(2 998)
- Deferred taxes on IFRS restatements not capitalised	(152)	
- Tax temporary differences not capitalised	(876)	
- Permanent differences	(111)	8
- Other differences		(11)
Tax (expense) / income actually recognised	**13**	**(4)**

8.3. Breakdown of net deferred tax assets (liabilities)

Changes in deferred tax balances are as follows:

					31/03/2023		
In € thousands	**avr-22**	**Change in the income statement**	**Change in other comprehensive income**	**Change in equity**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Deferred tax assets related to tax loss carryforwards	-						
Defined benefit liability	9	11	(3)		16	16	
Leases	4	3			7	7	
TOTAL DEFERRED TAXES	**13**	**13**	**(3)**	**-**	**24**	**24**	**-**

8.4. Unrecognized deferred tax assets

At this stage, the Company has not recognized any deferred tax assets relating to unused tax losses as their recoverability is not expected in the near enough future, in line with the Company's Business Plan.

31/03/2023		31/03/2022	
Gross amounts (in thousands of €)	Tax effect (in thousands of €)	Gross amounts (in thousands of €)	Tax effect (in thousands of €)
32 124	8 031	19 486	5 032

Tax losses can be carried forward indefinitely.

8.5. Uncertainty over tax treatments

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

9. Intangible assets and property, plant and equipment

9.1. Intangible assets

Research and development expense

Research expenses are recognized as expenses when they are incurred.

Development expenses are recognized as intangible assets if and only if they meet all the criteria set out in IAS 38: the expenses can be reliably measured and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention and the availability of sufficient resources to complete the development and use or sell the asset. Otherwise, they are expensed as incurred. After initial recognition, development expenses are recognized at cost less accumulated amortization and impairment.

The Company has chosen to use the IFRS 1 exemption allowing the prospective application of the provisions of IAS 23 relating to borrowing costs to be capitalized. In addition, as of the transition date, the impact of taking into account borrowing costs related to the financing of capitalized development costs is not considered significant in view of the amounts of interest costs borne by Haffner Energy.

Other intangible assets

Other intangible assets mainly correspond to patents and computer software. They have a finite useful life and are carried at cost less accumulated depreciation, amortization and impairment.

Amortization

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of the assets or using a “variable” method.

For straight-line depreciation and amortization, the estimated useful lives for the current period and the comparative period are as follows:

- Development costs: 7 years
- Patents: 20 years
- Computer software: 1 year

Variable depreciation and amortization are the depreciation or amortization of an asset according to a unit of work, and only applies to non-current assets that allow a forecast. Haffner Energy thus amortizes its development costs according to the number of modules sold (work unit) and on the basis of a business plan established over seven years.

Depreciation and amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Impairment tests are performed in accordance with IAS 36.

Intangible assets break down as follows:

In € thousands	31/03/2022	Acquisitions	Disposals	Allowances for the year	Reclassifications	31/03/2023
Concessions, patents & similar rights	524	472	(18)	-	-	978
Development costs	-	-	-	-	4 054	4 054
Ongoing development costs	2 489	5 322	(585)	-	(4 054)	3 172
Other intangible assets	-	-	-	-	-	-
Intangible assets (gross value)	**3 013**	**5 794**	**(603)**	**-**	**-**	**8 204**
Amortisation conc, patents & similar rights	(134)	-	18	(93)	-	(209)
Amortisation of other intangible assets	-	-	-	(44)	-	(44)
Amortization of intangible assets	**(134)**	**-**	**18**	**(137)**	**-**	**(253)**
Total net carrying amount	**2 878**	**5 794**	**(585)**	**(137)**	**-**	**7 951**

Changes in intangible assets mainly correspond to development costs incurred by the Company relating to the Hynoca process:

- Tests and improvements of the 1st generation demonstrator acquired from R-Hynoca for €700 thousand

- Design of the new 2nd generation demonstration plant, due under the R-Hynoca contract
- Qualification of modifications of this new design on the existing demonstration plant.
- First purchases related to the 2nd generation demonstrator (mainly cracking furnaces)

The amount of the CIR deducted from capitalized development costs amounted to €775 thousand in financial year 2023.

The amount of €(585) thousand in disposals corresponds to a write-off of €752 thousand of development costs, of which €167 thousand of capitalized research tax credit was deducted. It corresponds to the dismantling or scrapping of the first demonstrators of certain parts of the modules (cracking, thermolysis, drying, etc.) and the identification of development costs for innovations no longer part of the Hynoca concept.

The other changes correspond to acquisitions of patents and software.

9.2. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

The gain or loss on disposal of property, plant and equipment is recognized in net income.

Depreciation is calculated on a straight-line basis over the estimated useful life.

The estimated useful lives of property, plant and equipment for the current period and the comparative period are as follows:

- Equipment and tools: 3 to 5 years
- General installations: 5 to 10 years
- Transport equipment: 3 years
- Office equipment: 3 to 5 years
- Furniture: 3 to 10 years

Depreciation and amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Impairment tests are performed in accordance with IAS 36.

Property, plant, and equipment can be broken down as follows:

In € thousands	31/03/2022	Acquisitions	Disposals	Allowances for the year	Reclassifications	31/03/2023
Other industrial tech facilities, equipment & tools	138	49	(6)	-	-	182
Fixtures	-	-	-	-	-	-
Office furniture	-	-	-	-	-	-
IT equipment	158	58	(109)	-	-	107
Other property, plant and equipment	229	68	(13)	-	-	284
Property, plant and equipment (gross value)	**526**	**176**	**(128)**	**-**	**-**	**573**
Amortisation/depreciation of other tech facilities, equipment & toolii	(60)	-	5	(32)	-	(87)
Amortisation/depreciation of fixtures and fittings	-	-	-	-	-	-
Amortisation of office furniture	-	-	-	-	-	-
Amortisation of IT equipment	(129)	-	109	(27)	-	(47)
Depreciation/amort. of other property, plant & equip.	(144)	-	13	(32)	-	(163)
Depreciation/amort of property, plant and equipment	**(333)**	**-**	**127**	**(91)**	**-**	**(297)**
Total net carrying amount	**193**	**176**	**(1)**	**(91)**	**-**	**276**

Acquisitions made during the financial year ended on March 31, 2023, correspond mainly to office fixtures, IT equipment and construction site equipment.

9.3. Impairment tests

In accordance with IAS 36 “Impairment of assets”, the Company examines, at each reporting period, whether there is any indication that an asset is impaired. If there are such indications, the Company performs an impairment test to assess whether the carrying amount of the assets (or groups of assets corresponding to the cash-generating unit to which they relate) is not greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

This impairment test is performed by comparing the net carrying amount to the value in use corresponding to the present value of cash flows. Future cash flows are taken from the seven-year business plan prepared and approved by management, plus a terminal value based on discounted normalized cash flows. Cash flows are discounted using a discount rate corresponding in practice to the Company's after-tax weighted average cost of capital. The terminal value is determined by discounting a normative cash flow, taking into account the discount rate used for the explicit horizon and a perpetual growth rate. In addition, and in accordance with IAS 36.10, an annual impairment test must be performed on ongoing development costs that have not yet been amortized.

The discount rate used at March 31, 2023, to discount future cash flows was 13%. The operating assumptions (revenue, margins, cash flow forecasts) taken into account for the impairment test correspond to the data prepared as part of the budget for the next two years, approved by the Board of Directors, and the Business Plan prepared at the time of the IPO. Impairment tests carried out during the financial year did not result in the recognition of an impairment on the technologies in progress.

The review of development costs by type also resulted in the write-off of a net carrying amount of CIR of €585 thousand (see Note 9.1) for more used technologies.

10. Leases

When a contract is signed, the Company determines whether it constitutes or contains a lease.

The contract is, or contains, a lease if it confers the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract gives the right to control an identified asset throughout the asset's useful life, the Company evaluates whether: i) the contract involves the use of an identified asset, ii) the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use, and iii) the Company has the right to decide on the use of the asset.

The Company recognizes a "right-of-use" asset and a lease liability on the date the leased asset is made available (i.e., on the commencement date of the lease). The right-of-use asset is initially measured at cost, i.e., the initial amount of the lease liability plus any lease payments already made at the commencement date of the contract, any initial direct costs incurred, and an estimate of the costs of dismantling and removing the underlying asset or restoring it or the site where it is located, less any lease incentives received.

The right-of-use asset is then depreciated on a straight-line basis from the beginning to the end of the lease, unless the latter provides for a transfer to the Company of the ownership of the underlying asset at the end of the lease or if the cost of the right-of-use asset considers the fact that the Company will exercise a purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, determined on the same basis as that of the property, plant and equipment. In addition, the right-of-use asset will be regularly revised downwards if impaired and will be subject to adjustments for certain revaluations of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet paid at the commencement date of the contract. The discount rate used is the interest rate implicit in the contract or, if it cannot be easily determined, the Company's incremental borrowing rate. The Company generally uses this latter rate as the discount rate.

The Company determines its incremental borrowing rate based on the interest rates granted by various external financing sources for a term equivalent to that of the lease.

The lease payments included in the measurement of the lease liability include the following items:

- Fixed rents, including fixed rents in substance,
- Variable rents indexed to an index or rate, initially measured on the basis of the index or rate in question at the commencement date of the contract,
- Amounts payable under the residual value guarantee, and
- The exercise price of a purchase option that the Company is reasonably certain of exercising, rents paid during the renewal period if the Company is reasonably certain of exercising an extension option, and penalties for early termination of the lease, unless the Company is reasonably certain of not terminating the lease early,
- After deduction of the incentives granted by the lessor.

The lease liability is measured at amortized cost using the effective interest rate method. It is revalued in the event of a change in future rents due to a change in index or rate, in the event of revaluation by the Company of the amount expected under the residual value guarantee, if the Company reviews its probabilities of exercising an option to purchase, extend or terminate, or in the event of a revision of a substantially fixed rent.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the amount of the right-of-use asset has been reduced to zero.

Lastly, the Company has chosen not to recognize right-of-use assets and lease liabilities for short-term contracts with a term of less than or equal to 12 months, as well as for contracts whose underlying is of low value (less than €5,000). These rents are recognized as expenses.

The Company recognizes deferred tax assets and liabilities on the lease liability and the right-of-use, respectively, considering that the tax deductions are attributable to the liability.

In the event of renegotiation of a lease (amount of rent and / or term) that goes beyond the initial provisions of the contract, the contract amendments generally lead the lessee to recalculate the lease liability using a discount rate. revised in exchange for a modification of the right of use.

In the course of its business, the Company leases premises, vehicles and equipment.

Short-term exempt contracts comprise equipment leases for construction sites, one-off real estate leases such as Algeco and marquees, leases for small-scale R&D equipment such as gas analyzers, and software leases.

Contracts exempted for low value mainly correspond to telephony contracts.

These contracts represented expenses of €252 thousand in 2023 and €134 thousand in 2022 included within “leases”.

Rights-of-use break down as follows:

In € thousands	Premises	Vehicles	Equipment	TOTAL
Balance at 31 March 2022	**317**	**51**	**9**	**377**
Depreciation/amort. expense for the year	(225)	(61)	(6)	(292)
Reversal of depreciation/amort. for the year	-	32	11	43
Additions to the right-of-use assets	170	116	16	302
Derecognition of the right-of-use assets	-	(35)	(20)	(55)
Balance at 31 March 2023	**263**	**102**	**8**	**375**

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

- Amounts recognized in net income

Amounts recognised in net profit (loss)

In € thousands	31/03/2023	31/03/2022
Interest expense on borrowing - Leases	(11)	(9)
Interest expense on lease liabilities	(11)	(9)
Depreciation/amort. expenses for the year	(292)	(144)
Expenses related to short-term leases	(144)	(124)
Expenses related to leases of low-value assets, excluding short-term leases on low-value assets	(109)	(10)
Balance at 31 March 2023	**(556)**	**(286)**

- Amounts recognized as cash flows:

In € thousands	31/03/2023	31/03/2022
Total cash outflows attributable to leases	**(275)**	**(228)**

11. Non-current financial assets

Loans and guarantees paid mainly under leases are initially recognized at their fair value and then at amortized cost.

Non-current financial assets break down as follows:

In € thousands	31/03/2023	31/03/2022
Investments in associates	23	20
Deposits and guarantees paid	258	153
Other non-current financial assets		
Non-current assets	**281**	**173**

Haffner Energy subscribed to 10% of the capital of three project companies, Pôle du Bourbonnais, AEVHC and ECOH2 CVL (see 5.2).

Pôle du Bourbonnais, AEVHC and ECOH2 CVL had no activity as of March 31, 2023, and did not generate any income for the period.

12.Inventories

In accordance with IAS 2 “Inventories”, inventories are valued at the lower of cost and net realizable value.

Inventories of materials and goods are valued at their acquisition cost. Storage costs were not taken into account for the valuation of inventories.

Finished and in-process products are valued at their production cost. Indirect manufacturing costs were taken into account on the basis of the Company’s normal production capacity.

Inventories and work-in-progress are impaired, where applicable, by means of a provision to take into account their current value, according to a case-by-case approach, with regard to the quality of the products, at the reporting date of the financial year.

As of March 31, 2023, inventories consisting of materials and components, were €250 thousand.

13. Trade receivables and other current assets

Trade and other operating receivables are initially recognized at fair value, and subsequently at amortized cost, which generally corresponds to their nominal value.

In accordance with IFRS 9, the Company applies the simplified method to measure trade receivables and recognizes expected impairments over their lifetime.

Trade receivables and other current assets break down as follows:

In € thousands	31/03/2023	31/03/2022
Trade receivables	590	1 157
Current customer contract assets	541	-
Impairment of receivables for expected losses	(503)	(503)
Total trade receivables	**627**	**654**
Total current tax receivables	**-**	**-**
Prepaid expenses	321	144
Tax receivables	2 070	1 490
Social receivables	6	-
Other current assets	9 249	393
Total other current assets	**11 646**	**2 027**

As of March 31, 2023, trade receivables included:

- A receivable of €163 thousand on one of the Carbonloop contracts signed on March 31, 2023
- Receivables older than one year for €427 thousand including tax, fully provisioned.

Assets on customer contracts include an invoice to be issued of €177 thousand on the Synnov customer (provisioned at 100%) and an outstanding amount on the Carbonloop contract taken to completion on March 31, 2023.

The decrease in the customer balance is mainly due to the receipt of R-Hynoca's phase 1 invoice for €553 thousand.

As of March 31, 2022, trade receivables mainly included:

- Invoices to be issued for R-Hynoca's phase 1 for €553 thousand
- Receivables older than one year for €604 thousand incl. tax, fully provisioned (€503 thousand)

On the statement of financial position, the change in impairment of trade receivables and assets on customer contract assets is as follows:

	31/03/2023	31/03/2022
Balance at 1 April	**(503)**	**(528)**
Dot./dép. des actifs circulants	-	(25)
Rep. excep./ dép. des créances (actif circulant)	-	-
Reversal	-	40
Reclassification	-	9
Balance at 31 March	**(503)**	**(503)**

Tax receivables include VAT receivables (respectively €1,112 thousand at March 31, 2023, and €989 thousand at March 31, 2022) as well as the CIR receivable (respectively €778 thousand at March 31, 2023, and €396 thousand at March 31, 2022).

Other current assets include:

- Advances paid to suppliers for €8,855 thousand as of March 31, 2023, and €26 thousand as of March 31, 2022)
- A receivable of €350 thousand related to an investment grant to be received (see Note 18).

14. Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid assets held with other banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. Within the statement of cash flows, the item corresponds to cash and cash equivalents, after deduction of bank overdrafts.

In € thousands	31/03/2023	31/03/2022
Bank accounts	12 877	61 025
Cash equivalents	22 599	404
Cash and cash equivalents in the statement of financial position	**35 476**	**61 429**

Cash equivalents consist of €22,500 thousand in term deposits and € 99 thousand in the liquidity contract with Portzamparc.

At March 31, 2022, cash equivalents consisted of the liquidity contract with Portzamparc.

15. Equity

15.1. Share capital

The capital consists solely of ordinary shares.

The costs of capital transactions directly attributable to the issue of shares are recognized in equity as a deduction from the share premium.

Number of shares:	Ordinary shares 31/03/2023	 31/03/2022
Outstanding at opening	44 693 457	363 506
Nominal split	-	35 987 094
Capital decrease	-	
Capital increase	-	8 342 857
Outstanding at year-end - fully paid-up shares	**44 693 457**	**44 693 457**

On November 23, 2021, the Company voted to divide the nominal value by 100 with the creation of 35,987,094 new shares with a nominal value of €0.10 each.

On February 14, 2022, it also issued and offered to the public 8,342,857 new ordinary shares with a nominal value of €0.10 each, at a price of €8 per option, with an issue premium of €7.90 per share.

Treasury shares

Haffner Energy entrusted Portzamparc with the implementation of a liquidity contract. As of March 31, 2023, the Company held 67,047 shares valued at € 336,588.

Number of shares:	31/03/2023
Number of shares purchased	153 045
Value of shares purchased	824 117
Average unit price	5
Number of shares sold	85 998
Value of shares originally sold	487 529
Selling price of securities sold	423 456
Capital gains or losses	(64 073)
Number of shares canceled	
Number of shares	**67 047**
Original value of shares	**336 588**

Haffner Energy also bought back 390,507 shares for a total amount of €1,381 thousand as part of the free share plan (see 3.7).

15.2. Capital management

The Company's policy is to maintain a solid capital base in order to preserve investor, creditor and market confidence and to support development.

In addition, the Company's activities are mainly financed by raising funds through borrowing, grants, repayable advances and capital increases.

15.3. Earnings per share

Basic earnings per share are calculated on the basis of earnings attributable to ordinary shareholders and the following weighted average number of ordinary shares outstanding.

Diluted earnings per share have been calculated on the basis of earnings attributable to ordinary shareholders and the following weighted average number of ordinary shares outstanding, adjusted for the effects of all potentially dilutive ordinary shares.

Net profit (loss) attributable to holders of ordinary shares (basic)

In € thousands	31/03/2023	31/03/2022
Net profit (loss) for the period attributable to owners of the Company	(16 461)	(4 807)
Net profit (loss) attributable to holders of ordinary shares	**(16 461)**	**(4 807)**

Weighted average number of ordinary shares (basic)

	31/03/2023	31/03/2022
Number of ordinary shares at 1 April	44 693 457	363 506
Nominal split	-	35 987 094
Capital decrease	-	-
Capital increase (in number of shares)	-	8 342 857
Dilutive effect of stock options and free shares	-	
Treasury shares	(228 951)	(12 133)
Weighted average number of ordinary shares at 31 March	**44 464 506**	**15 782 374**
Basic earnings per share in €	**(0,37)**	**(0,30)**
Diluted earnings per share in €	**(0,37)**	**(0,30)**

16. Provisions and contingent liabilities

A provision is recognized when the Company has a legal or constructive obligation at the reporting date that is the result of a past event that is likely to result in an outflow of resources and whose amount can be reliably estimated.

The amount recognized as a provision is measured in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" on the basis of the most probable estimate of the obligation necessary to achieve the present obligation at the reporting date.

As of March 31, 2023, the Company recorded an additional provision on loss-making contracts of €3,744 thousand and used €239 thousand, bringing the provision to €5,787 thousand.

In € thousands	31/03/2022	Allowances for the year	Reversals during the year	Reclassifications	31/03/2023
Provisions for litigation - non-current	-	-	-	-	-
Provisions for guarantees - non-current	-	-	-	-	-
Other provisions for risks - non-current	2 277	-	-	(2 277)	-
Non-current provisions	**2 277**	**-**	**-**	**(2 277)**	**-**
Provisions for litigation - current	5	-	-	-	5
Provisions for guarantees - current	50	-	(22)	-	28
Other provisions for risks - current	5	3 744	(239)	2 277	5 787
Current provisions	**59**	**3 744**	**(261)**	**2 277**	**5 820**

17. Other non-current liabilities

Other non-current liabilities amounted to €630 thousand at March 31, 2023, and March 31, 2022.

This amount relates to an investment grant granted on March 15, 2021, by BPI for a total amount of €700 thousand (€630 thousand recorded in other non-current liabilities and €70 thousand in current liabilities). This aid is intended to partly finance the modernization of Haffner Energy's industrial facilities. It finances expenses over a period between January 21, 2021, and January 21, 2023. It resulted in a first payment of €350 thousand recorded in the Company's financial statements as of March 31, 2021. The balance must be paid upon completion of the work. It is currently planned to spread the proceeds of this grant on a straight-line basis over 10 years.

Haffner Energy is currently negotiating with Bpifrance to extend the expenditure period until the end of January 2025 while modifying the nature of the expenses financed.

18. Borrowings, financial debt and lease liabilities

18.1. Main terms and conditions of borrowings and financial debt

Financial debt is initially recognized at fair value less transaction costs, then at amortized cost using the effective interest rate method.

In addition, in accordance with the exemption from IFRS 1 relating to government loans, the Company has applied IFRS 9 and IAS 20 prospectively from the date of transition to loans and repayable advances (Bpifrance, Oséo, Ademe) contracted prior to the transition date. As such, these loans are maintained at their nominal value, without being remeasured at their fair value at the date of initial recognition and without recognition of a grant component.

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

In € thousands	Currency	Variable / fixed interest rate	Contractual rate	Maturity date	Nominal value	31/03/2023 Carrying amount	31/03/2022 Carrying amount
CE loan	EUR	Fixed rate	1,80%	30.04.2025	750	321	470
Loan Atout BPI	EUR	Fixed rate	2,50%	31.05.2025	1 300	731	1 056
CE loan	EUR	Fixed rate	1,25%	30.09.2028	500	500	500
CE loan	EUR	Fixed rate	1,25%	31.01.2029	500	500	500
Total borrowings					**2 550**	**2 052**	**2 527**
State-guaranteed loan (SGL) - BNP	EUR	Fixed rate	0,75%	04.05.2026	780	632	780
State-guaranteed loan (SGL) - KOLB	EUR	Fixed rate	0,57%	19.05.2026	520	413	520
Total State guaranteed loans (SGLs)					**1 300**	**1 045**	**1 316**
Bpifrance repayable advance	EUR	Fixed rate			1 660	577	909
Ademe repayable advance	EUR	Fixed rate			997	997	997
Repayable advance BPI Ass Prospection	EUR	Fixed rate			65	65	-
Total repayable advances					**2 722**	**1 639**	**1 906**
Related current accounts					**5**	**5**	**5**
Lease liabilities	EUR	Fixed rate			**404**	**404**	**395**
Total					**6 981**	**5 145**	**6 149**

18.2. Statement of changes in borrowings, financial debt and lease liabilities, distinguishing between cash flows and other flows

Changes in borrowings and financial liabilities as well as lease liabilities at March 31, 2023, break down as follows:

In € thousands	31/03/2022	Cash flows			Non-cash change			31/03/2023
		Cash related to new debt	Interest paid	Repayments of debts	Interest expenses	Impact of IFRS 16 - Leases	Reclassification	
Other borrowings	4 671	65		-			(1 494)	3 242
Bonds								
Other financial debt of more than one year								
Total borrowings and non-current financial debt	**4 671**	**65**	**-**	**-**	**-**	**-**	**(1 494)**	**3 242**
Non-current lease liabilities	**266**	**134**	**-**	**-**	**-**	**(177)**		**223**
Other borrowings	1 078	16	(61)	(1 078)	61	-	**1 478**	1 494
Associates' current accounts	5	-		-				5
Total current borrowings and financial debt	**1 083**	**16**	**(61)**	**(1 078)**	**61**	**-**	**1 478**	**1 499**
Current lease liabilities	**129**	**140**	**(11)**	**(264)**	**11**	**177**	**-**	**181**
Total borrowings and financial debt	**6 149**	**355**	**(71)**	**(1 342)**	**71**	**-**	**(16)**	**5 145**

The main changes during the financial year ended March 31, 2023, are mainly related to the obtaining of a prospecting advance obtained from BPI for €65 thousand.

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

Trade payables are initially recognized at their fair value and then at amortized cost, which generally corresponds to their nominal value.

Trade payables and other liabilities break down as follows:

In € thousands	31/03/2023	31/03/2022
Total trade payables	**4 432**	**1 620**
Social liabilities	1 519	928
Tax liabilities	632	218
Other current liabilities	203	2
Deferred grant income	70	70
Contract liabilities	1 500	
Total current liabilities	**3 925**	**2 718**

Trade payables are mainly payables related to orders in progress.

Social security liabilities include provisions for bonuses and allowances to be paid to employees.

Contract liabilities correspond to down payments received from customers.

20. Financial instruments and risk management

20.1. Classification and fair value of financial instruments

The levels in the fair value hierarchy are as follows:

- Level 1: fair value based on quoted prices of the instrument in an active market;
- Level 2: fair value measured using observable market data (other than the quoted prices of the instrument included in level 1);
- Level 3: fair value determined using valuation techniques based on unobservable market data.

In € thousands	Accounting category	Level in the fair value hierarchy	31/03/2023 Total net carrying amount	31/03/2023 Fair value	31/03/2022 Total net carrying amount	31/03/2022 Fair value
Deposits and guarantees	Fair value	Level 2 - Note 2	258	258	153	153
Total non-current financial assets			**258**	**258**	**153**	**153**
Trade receivables	Amortised cost	Note 1	87	87	654	654
Other current financial assets	Amortised cost	Note 1			-	-
Cash and cash equivalents	Amortised cost	Note 1	35 476	35 476	61 429	61 429
Total current financial assets			**35 563**	**35 563**	**62 083**	**62 083**
Total assets			**35 821**	**35 821**	**62 236**	**62 236**
Borrowings and financial debt	Amortised cost	Level 2 - Note 4	3 242	3 242	4 671	4 671
Total non-current liabilities			**3 242**	**3 242**	**4 671**	**4 671**
Non-current lease debt	Amortised cost	Level 2 - Note 3	**223**	**223**	**266**	**266**
Associates' current accounts	Fair value	Level 2 - Note 4	5	5	171	171
Borrowings and financial debt	Amortised cost	Level 2 - Note 4	1 494	1 494	1 078	1 078
Trade payables	Amortised cost	Note 1	4 432	4 432	1 620	1 620
Total current liabilities			**5 926**	**5 926**	**2 698**	**2 698**
Current lease liabilities	Amortised cost	Note 3	**181**	**181**	**129**	**129**
Total liabilities			**9 168**	**9 168**	**7 370**	**7 370**

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

Note 2 - The difference between the net carrying amount and the fair value of loans and guarantees is not material.

Note 3 - As permitted by IFRS, the fair value of the lease liability and its level in the fair value hierarchy is not provided.

Note 4 - The fair value of borrowings and financial liabilities has been estimated using the discounted future cash flow method.

20.2. Risk management

The Company is exposed to interest rate risk, credit risk and liquidity risk. The foreign exchange risk is immaterial.

20.2.1. 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.

20.2.2. Credit risk

Credit risk is the risk of financial loss for the Company in the event that 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 leading banking counterparties and financial institutions.

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

Trade receivables and contract assets

The credit risk related to receivables held on customers is considered to be under control. The impairments recognized concern receivables with a significant age and for which at the reporting date of the IFRS financial statements, Management considers the risk of non-recovery to be high (see Note 13).

20.2.3. Liquidity risk

Liquidity risk is the risk to which the Company is exposed when it experiences difficulties in fulfilling its obligations relating to financial liabilities that will be settled by remitting 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 honor its liabilities when they fall due, under normal or "stressed" conditions, without incurring unacceptable losses or damaging the Company's reputation.

The residual contractual maturities of financial liabilities at the reporting date break down as follows. The amounts, expressed as gross and non-discounted, include contractual interest payments.

	In € thousands	Contractual financial flows				
31/03/2023	**Carrying amount**	**Total**	**less than a year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
Other borrowings and financial debt	4 741	4 741	1 499	1 897	1 208	137
Lease liabilities	404	404	181	141	82	-
Trade payables	4 432	4 432	4 432			
Other financial liabilities	4 555	4 555	4 555	-	-	
Total financial liabilities	**14 132**	**14 132**	**10 667**	**2 037**	**1 291**	**137**

21. Related-party transactions

€ thousands	31/03/2023	31/03/2022
Transactions with R-Hynoca		
Revenue	-	342
Trade receivables (incl. Tax)	-	-
Contract assets	-	553
Transactions with Kouros and its subsidiaries		
License fees	-	1 000
Revenue	303	-
Trade receivables (incl. Tax)	163	-
Advances and deposits received	-	1 500
Liability	-	56
Expense	-	131
Transaction with SCI Darian, owned by Philippe Haffner and his children		
Lease SCI Darian	32	61
Lease SCI Darian - IFRS 16 debt	200	221

22.Off-statement of financial position commitments

In € thousands	31/03/2023	31/03/2022
Guarantees given:	**4 991**	**5 986**
BNP Paribas Vitry	3 599	4 167
KOLB	436	725
Caisse d'Epargne	957	1 094

23.Statutory Auditors' fees

The amount of fees invoiced to the Company by its statutory auditor breaks down as follows for the financial years ended March 31, 2023, and 2022:

In € thousands	31/03/2023	31/03/2022
Certification of individual financial statements	57	45
Other due diligence and services directly related to the Statutory Auditors' work	98	220,5
Statutory Auditor Audit fees	**155**	**265,5**